



2016/17

DEPARTMENT OF DEFENCE  
**Annual Report**

“Together we move South Africa forward”



**defence**

Department:  
Defence  
REPUBLIC OF SOUTH AFRICA



DEPARTMENT OF DEFENCE

# Annual Report

FY2016/17

Vote 19

*“Together we move South Africa forward”*

The Department of Defence Annual Report is available on the DOD website ([www.dod.mil.za](http://www.dod.mil.za))

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**RP: 134/2017**  
**ISBN: 978-0-621-45461-1**



defence

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Department:  
Defence  
**REPUBLIC OF SOUTH AFRICA**

## **DEPARTMENT OF DEFENCE ANNUAL REPORT FOR THE FY2016/17**

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

Dear Minister

### **THE DEPARTMENT OF DEFENCE ANNUAL REPORT FOR THE FY2016/17**

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 2016 to 31 March 2017.

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

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



# defence

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Department:  
Defence  
**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 the 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. This should however be considered in conjunction with the modified audit opinion by the Auditor-General South Africa.
- 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 were engaged to express an independent opinion on the Annual Financial Statements.
- In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year which ended on 31 March 2017.

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.

2016/17

**PART A**

**General Information**







## DEPARTMENT OF DEFENCE GENERAL INFORMATION

- Physical Address:**                    **Department of Defence**  
Defence Headquarters  
ARMSCOR Building  
Corner of Delmas Road and Nossob Street  
Erasmusrand  
Pretoria  
0181
- Postal Address:**                    **Department of Defence (Defence Headquarters)**  
Private Bag X910  
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- Cover Design Courtesy of:**        **Marius Whittle**

## LIST OF ABBREVIATIONS/ACRONYMS<sup>1</sup>

<b>A</b>	AAD	African Aerospace and Defence
	ACIRC	African Capacity for Immediate Response to Crisis
	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
<b>B</b>	BMA	Border Management Authority
<b>C</b>	CBR	Chemical, Biological and Radiological
	CCB	Castle Control Board
	CFO	Chief Financial Officer
	CHATSEC	Combating HIV/Aids through Spiritual and Ethical Conduct
	C HR	Chief Human Resources
	CMIS	Command and Management Information Systems
	C SANDF	Chief of the South African National Defence Force
	CSIR	Council for Scientific and Industrial Research
<b>D</b>	DA	Defence Attaché
	DACAF	Defence Anti-Corruption and Anti-Fraud
	DFSC	Defence Force Service Commission
	DIRCO	Department of International Relations and Cooperation
	DLSD	Defence Legal Services Division
	DOD	Department of Defence
	DODI	Department of Defence Instruction
	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
	DRIPT	Defence Review Implementation Project Team
	DSBD	Department of Small Business Development
	DSD	Department of Social Development
	<b>E</b>	EA
EISP		Employer Initiated Severance Package
EU		European Union
Ex		Exercise
<b>F</b>	FARDC	Forces Armées de la République Démocratique du Congo
	FMD	Financial Management Division

<sup>1</sup> Excludes abbreviations utilised in tables on pages 29 to 33, Part B Appendices as well as Part D tables.

## Part A – General Information

	FMS	Financial Management System
	FSEs	Force Structure Elements
	FY	Financial Year
<b>G</b>	GDA	General Defence Account
	GITO	Government Information Technology Officer
	GRAP	Generally Recognised Accounting Practice
<b>H</b>	HOA	Home Owners Allowance
	HQ	Headquarters
	HR	Human Resource
	HRD	Human Resource Development
<b>I</b>	ICA	Intangible Capital Assets
	ICT	Information and Communication Technology
	ICTS	International Cooperation Trade and Security
	IDES	Integrated Defence Enterprise System
<b>J</b>	JCPS	Justice, Crime Prevention and Security
	JIIM	Joint, Interdepartmental, Interagency and Multinational
<b>K</b>	KPA	Key Performance Area
<b>L</b>	Log	Logistics
<b>M</b>	MEM	Mobility Exit Mechanism
	MCS	Modified Cash Standard
	MOD&MV	Minister of Defence and Military Veterans
	MONUSCO	United Nations Organisation Stabilisation Mission in the Democratic Republic of the Congo
	MOU	Memorandum of Understanding
	MPAT	Management Performance Assessment Tool
	MPD	Military Police Division
	MSDS	Military Skills Development System
	MTEF	Medium-Term Expenditure Framework
	MTSF	Medium-Term Strategic Framework
<b>N</b>	NACH	National Anti-Corruption Hotline
	NARYSEC	National Rural Youth Service Corps
	NCACC	National Conventional Arms Control Committee
	NCO	Non-Commissioned Officer
	NDIC	National Defence Industry Council
	NDPW	National Department of Public Works
	NEHAWU	National Education, Health and Allied Workers Union
	NICOC	National Intelligence Coordinating Committee
	NSF	Non-Statutory Force
	NT	National Treasury

<b>O</b>	OHS	Occupational Health and Safety
	Op	Operation
<b>P</b>	PFMA	Public Finance Management Act
	PMDS	Performance Management and Development System
	PRC	People's Republic of China
	PSA	Public Servants Association of South Africa
	PSAP	Public Service Act Personnel
	PSO	Peace Support Operation
	PSR	Public Service Regulations
<b>R</b>	RFC	Reserve Force Council
	RSA	Republic of South Africa
<b>S</b>	SABC	South African Broadcasting Corporation
	SADC	Southern African Development Community
	SAMHS	South African Military Health Service
	SAMRO	South African Music Rights Organisation
	SANDF	South African National Defence Force
	SAPS	South African Police Service
	SASSETA	Safety and Security Sector Education and Training Authority
	SBD	Standard Bidding Document
	SCM	Supply Chain Management
	SCOPA	Standing Committee on Public Accounts
	SDA	Special Defence Account
	SDIP	Service Delivery Improvement Plan
	SETA	Sector Education Training Authority
	SITA	State Information Technology Agency
	SLA	Service Level Agreement
	SMME	Small, Medium and Micro-sized Enterprises
	SMS	Senior Management System
	SSA	State Security Agency
STCDSS	Specialised Technical Committee on Defence, Safety and Security	
STIs	Sexually Transmitted Infections	
<b>T</b>	TB	Tuberculosis
<b>U</b>	UAMP	User Assets Management Plan
	UN	United Nations
<b>V</b>	VIP	Very Important Person
	VSP	Voluntary Severance Package



*Centenary*

*Commemoration*

of the



**SS MENDI**





## FOREWORD BY THE EXECUTIVE AUTHORITY



**Ms N.N. Mapisa-Nqakula, MP**

**Honourable Minister of Defence and Military Veterans**

*“Lastly men and woman here in front of me, looking at you, still young and full of energy, I want to give you a quote from our former beloved President, Mr Mandela: ‘Sometimes, it falls on a generation to be great’. You can be that generation! Let your greatness blossom.”*

I am pleased to report that the Department of Defence, having completed the relevant plans, has begun implementing Milestone One of the Defence Review 2015, intended to mitigate the decline of the capabilities of the South African National Defence Force. These plans are our foundation for future engagement with the National Planning Commission, the Department of Planning, Monitoring and Evaluation and National Treasury. The primary focus of this engagement will be to address the disconnect between the current funding allocation and expectations placed on the Department of Defence.

In reality, the Defence allocation has been declining by five percent per annum in real terms over the past two decades, to a mere one percent of the Gross Domestic Product. The appropriate funding level, as articulated in the Defence Review 2015, would require a steady increase to at least two percent of the Gross Domestic Product over time. To this end, an interdepartmental Budget Task Team has been established to develop a joint Department of Defence and National Treasury proposal, to be endorsed by both Ministries. This proposal will inform future engagements with all role-players and inputs to the development of the next Medium Term Strategic Framework and Mandate Paper.

During the previous reporting year, I alluded to the appointment of the ARMSCOR Board and the development of a new strategy. I can now report that the ARMSCOR Turn-around Strategy resulted in a number of African countries showing interest in using ARMSCOR services. As a registered strategic supplier with the United Nations Procurement Division, I foresee an increased participation of the SA Defence Industry in the supply of requirements on the continent.

ARMSCOR hosted the bi-annual African Aerospace and Defence exhibition at the Waterkloof Air Force Base in Pretoria during September 2016. For the first time, the 2016 exhibition promoted Africa’s defence capabilities through the “Africa Unity Pavilion”, showcasing the technology products and services provided by the continent.

## Part A – General Information

The total impact of the African Aerospace and Defence 2016 to the economy is estimated to be in the region of R1.1 billion, with a R146 million contribution to the South African tax revenue, whilst creating more than 2 400 job opportunities.

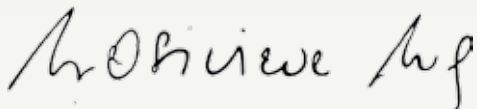
Transformation of our Defence Industry remains a critical strategic goal. In this regard, we established the National Defence Industry Council last year to create a platform for Government support and repositioning of the Defence Industry. The National Defence Industry Council developed the Defence Industry Strategy and the Defence Industry Charter, providing pathways for the transformation and growth of the Defence Industry. The Charter has been submitted to the Minister of Trade and Industry to initiate the process towards publication and public comment.

As a country, we have much to celebrate, given the role that South Africa, and specifically this Department played, along with the successes achieved to bring about peace and stability on the continent. Our involvement in peace missions is in support of the continent's collective efforts to create the necessary conditions for human development and improvement of all our people. The role of the South African National Defence Force as a "mid-wife for peace on the continent", has been integral in these efforts.

I am encouraged by the levels of support and appreciation shown by our people towards the work done by the Department of Defence.

In conclusion, I need to express my appreciation to the Secretary for Defence, Dr Sam Gulube, and the Chief of the South African National Defence Force, General Solly Shoke, for their diligent support during the reporting year. I salute you all!

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



**Dr S.M. Gulube**

**Secretary for Defence: Director-General**

*“We say ‘not just another hero’, because the sons and daughters of South Africa who respond to the call to become soldiers, are not ordinary heroes. They are a select few who choose to forfeit the glitz and glamour of other career opportunities and occupations, making the brave choice of defending the land of their birth with their own lives. Such is the sacrifice our soldiers make.”*

I opened the Rand Show on Good Friday, 14 April 2017, with the above words, confirming to all South Africans that the South African National Defence Force remains the apolitical Defence Force of the people, and its members are dedicated to defending the country and its people.

The Annual Report endeavours to account to South African citizens on collective initiatives undertaken during the reporting period, with the allocated resources entrusted to the Department of Defence. The Report tells the “good story” on how Defence contributed towards the African agenda, thereby bringing about peace and stability on the continent whilst improving the lives of all our people.

Allow me to mention a few of the collective initiatives undertaken by the Department of Defence on a daily basis:

- The South African National Defence Force provided water purification and fire extinguishing training courses to Reserve Force members, in collaboration with some of our provinces.
- Reserve Force members worked as Community Development Practitioners in provinces in order to assist Provincial Governments in rural development initiatives.
- We supported the Department of Rural Development and Land Reform, the Department of Social Development and the North West Provincial Government with the National Youth Service Programme, where a total of 4 680 youths participated.

Over the years, the relationship between the Department of Defence, the Defence Industry and Government agencies matured and improved significantly. As a collective, the Defence Industry and the South African Aerospace, Maritime and Defence Industry Association, participated and provided inputs to the Defence

## Part A – General Information

Review 2015. Some of these inputs resulted in the establishment of the National Defence Industry Council, which in turn provides a platform for the participation of Black Economic Empowerment projects. To this end, five black-owned small, medium and micro-sized enterprises have since been launched, whilst the National Defence Industry Council concentrated on radar-related technologies.

The newly developed ARMSCOR Strategy focuses on the South African National Defence Force as its primary client. The strategy deals with, amongst others, the rapid acquisition of equipment in support of urgent operational requirements and assists the Department of Defence Funding Model development, in support of the Defence Review 2015 implementation. During the FY2016/17, two projects in the landward defence domain made use of the rapid acquisition process. These projects addressed the acquisition of platoon weapons and it is expected that the urgent operational requirement will be satisfied within the next two financial years.

The Minister pronounced during her Budget Vote on 25 May 2017 that the Department will begin with the implementation of Milestone One of the Defence Review 2015. The “Plan to Arrest the Decline”, which will enable the implementation of Milestone One, was approved by the Minister at the Council on Defence on 07 March 2017, during which Option 2 of the Plan (arrest the decline within a 6-year period) was accepted as the most feasible path to follow. Option 2 to the Plan will form the basis for further engagement with the Portfolio Committee on Defence and Military Veterans, the Joint Standing Committee on Defence, National Treasury and political decision makers. Progress made with the implementation of this Plan will be reported on during FY2017/18.

I am grateful to my staff for the personal sacrifices made and for doing *what must be done, on time*. Please know that I do not take your continued support and dedication to me and the Department of Defence for granted.

In conclusion, I wish to convey my sincere appreciation to our Minister, the Honourable Ms N.N. Mapisa-Nqakula, MP, for her leadership and loyalty to our country and its people.

It is my privilege to present the Department of Defence Annual Report for the FY2016/17.



(DR S.M. GULUBE)

**SECRETARY FOR DEFENCE: DIRECTOR-GENERAL**

## INTRODUCTION BY THE CHIEF OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE



**General S.Z. Shoke**

Notwithstanding the fact that the South African National Defence Force (SANDF) is underfunded and / or operating in an environment where the country is facing economic challenges which impact negatively on the budget and the mandate of the Defence Force, the Defence Force was able to fulfil its international obligations, both in diplomacy and operationally.

The SANDF was able to perform what is required against the backdrop of its deteriorating facilities and equipment which requires the country to pay urgent attention to. We are, however, grateful that Parliament approved the Defence Review, and we are in the process of implementing the Defence Review in phases and it is against that background that we promulgated the Implementation Plan to arrest the decline as an urgent intervention.

Given the conditions under which the SANDF operates, the achievement we made as a Defence Force would not have been possible had it not been for the commitment, loyalty and patriotism of our soldiers towards the country.

A handwritten signature in black ink, appearing to read 'S.Z. Shoke', written in a cursive style.

**(S.Z. SHOKE)**

**CHIEF OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE: GENERAL**





The Chief of the SA National Defence Force, General Solly Shoke, handing over blankets to the elderly at the Happy Times Elderly Care Project Centre in Atteridgeville.  
(Photo by Pte Paul Mpangala and Mr Witney Rasaka)



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

### VALUES

#### Organisational Values

The Department of Defence (DOD) has committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion. For the period under review, in delivering the defence mandate, the DOD pursued and adhered to the following organisational values, as informed by the DOD Strategic Plan 2015-2020:

- Accountability
- Consultation rooted in effective and efficient partnership and collaboration
- Discipline
- Ethics
- Excellence
- Openness and transparency
- People
- Service standards
- Teamwork

#### Individual Values

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

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

# ORGANISATIONAL AND LEGISLATIVE MANDATES

## CONSTITUTIONAL MANDATE

The DOD derives its mandate from Section 200(2) of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). The objectives of the DOD are 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
- provide for the political responsibility and employment of the Defence Force.

## LEGISLATIVE MANDATE

The Minister of Defence & Military Veterans (MOD&MV), as a member of the Cabinet, is responsible for defence (Section 201 of the Constitution of the Republic of South Africa, 1996). This mandate is given substance by the Defence Act, 2002 (Act No. 42 of 2002), the Defence Review 2015<sup>2</sup> and delegated legislation. The DOD comprises of the Defence “Civilian” 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 below:

- Defence Act, 2002 (Act No. 42 of 2002).
- Defence Amendment Act, 2010 (Act No. 22 of 2010).
- Public Service Act, 1994 (Act No. 103 of 1994).
- Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).
- National Conventional Arms Control, 2002 (Act No. 41 of 2002).
- National Strategic Intelligence, 1994 (Act No. 39 of 1994).
- Defence Special Account Act, 1974 (Act No. 6 of 1974).
- Military Ombud Act, 2012 (Act No. 4 of 2012).
- Castle Management Act, 1993 (Act No. 207 of 1993).
- Armaments Corporation of South Africa (ARMSCOR) Act, 2003 (Act No. 51 of 2003).
- Non-proliferation of Weapons of Mass Destruction Act, 1993 (Act No. 87 of 1993).
- Promotion of Access of Information Act, 2000 (Act No. 2 of 2000).

The following progress regarding the Constitutional and legislative mandates were achieved:

**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. To date, seven of fourteen Departments and Organs of State have submitted comments and inputs. Inputs from seven other Departments / Organs of State are still outstanding. On 09 November 2016, the Office of the Coordinator for Intelligence within the National Intelligence Coordinating Committee requested the DOD to consult with the State Security Agency

<sup>2</sup> 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.

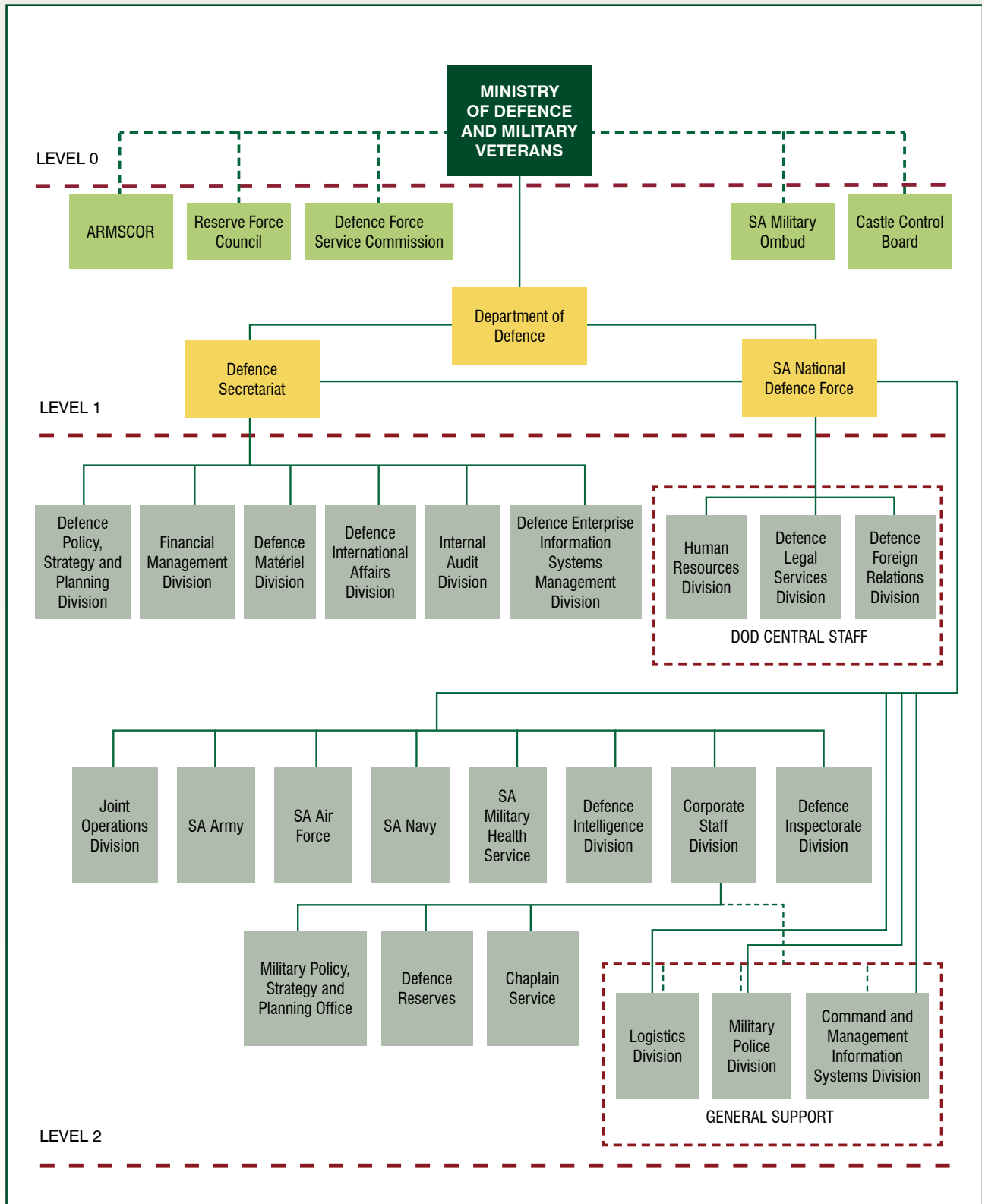
as a stakeholder. The Military Discipline Bill Task Team has subsequently drafted and submitted to the State Security Agency, a letter for the Secretary for Defence signature, in order to obtain input on the Bill. Further consultations with role-players were scheduled for May and June 2017 to satisfy the Justice, Crime Prevention and Security (JCPS) Cluster Development Committee Socio-Economic Assessment requirements.

**Military Detention and Correctional Facilities Regulations.** Defence Legal Services Division (DLSD) provided assistance and advice to the Provost Marshall General to pursue the approval of this Regulation. The Regulation was approved by Council on Defence on 07 March 2017. Once approved by the MOD&MV, the Regulation will be published in the Government Gazette for further implementation.

**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. On 06 December 2016 the draft Bill was presented to the JCPS Cluster requesting permission for the draft Bill to be submitted for Cabinet's approval in order to publish the Bill for public comments. The JCPS Cluster subsequently recommended the draft Bill for submission to Cabinet as requested, subject to further consultations with the Department of Transport.

## 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 terms 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 (Act No. 1 of 1999).

The following Public Entities report to the Executive Authority:

#### Armaments Corporation of South Africa (ARMSCOR)

##### Legislative Mandate

The ARMSCOR mandate is derived from the ARMSCOR Act, 2003 (Act No. 51 of 2003). ARMSCOR is to meet:

- The Defence matériel requirements of the DOD effectively, efficiently and economically.
- The Defence technology, research development, analysis, test and evaluation requirements of the DOD effectively, efficiently and economically.

ARMSCOR is required 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.

##### Outputs

To manage the acquisition and technology projects, the following themes underpin the current focus:

- Financial Turnaround and Business Re-orientation.
- Acquisition Excellence.
- Technology Advancement.
- Industry Sustainability.
- Stakeholder Engagement.

#### Castle Control Board (CCB)

##### Legislative Mandate

The CCB as a public entity, under the PFMA, 1999 (Act No. 1 of 1999) Section 1, has the mandate to manage and protect the Castle of Good Hope on behalf of the MOD&MV, who has the ultimate ownership responsibility for the Castle of Good Hope.

##### Outputs

The CCB is responsible for 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.

## Part A – General Information

- 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

#### Legislative Mandate

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 (RFC)

#### Legislative Mandate

The RFC is a statutory body under the Defence Act Section 48(4). The RFC 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 (DFSC)

#### Legislative Mandate

The DFSC was established under the Defence Amendment Act, 2010 (Act No. 22 of 2010), Section 62(b). The output of the DFSC is to make 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.

## DEFENCE DIPLOMACY

Consistent with the international relations policy of Government, which emphasises the interconnectedness of South Africa with countries of the world, and in particular the African continent, the DOD kept true to its approach of a layered defence through a substantial footprint of Defence Attachés.

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 agenda of the DOD.



## SANDF Defence Attaché (DA) Representation

The map below indicates the international representation of SANDF Defence Attachés for FY2016/17.



**During the FY2016/17, the DOD was represented by means of residential Defence Attachés in the following 42 countries, the African Union (AU) and the United Nations (UN):**

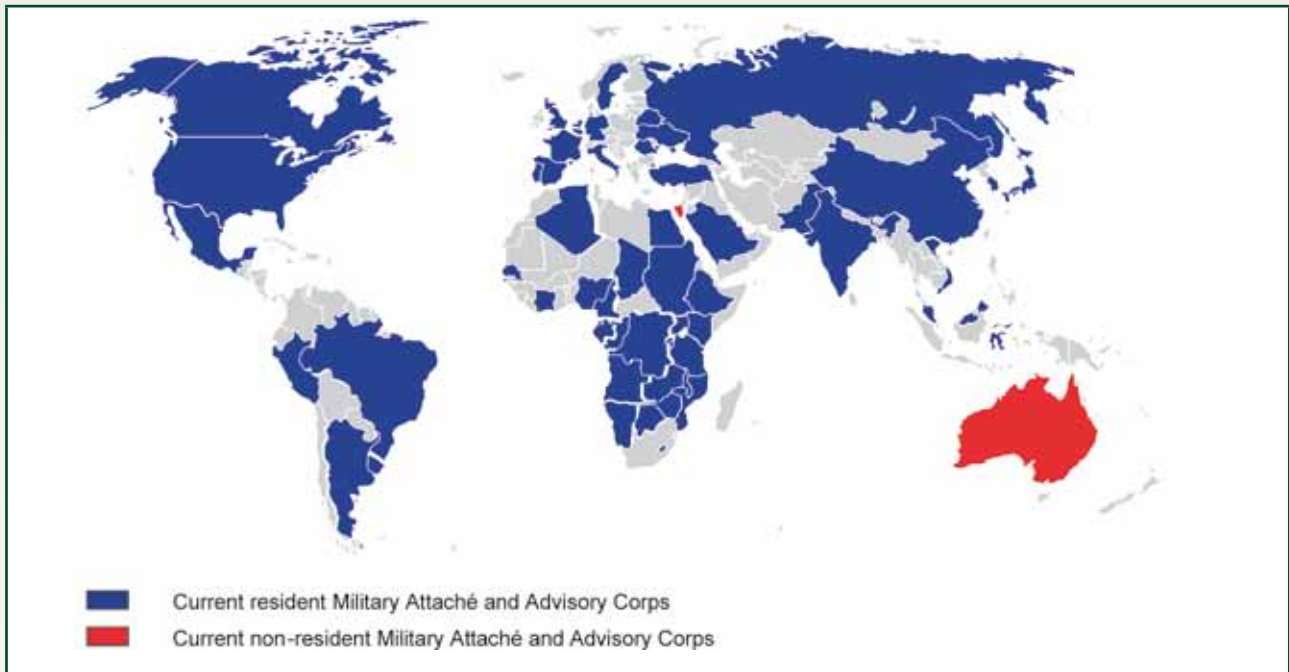
Algeria, Angola, Argentina, AU, Belgium, Botswana, Brazil, Burundi, Côte d'Ivoire, Cuba, Democratic Republic of the Congo (DRC), Egypt, Ethiopia, France, Germany, Ghana, India, Italy, Kenya, Lesotho, Malaysia, Mozambique, Namibia, Nigeria, Pakistan, People's Republic of China, Russian Federation, Saudi 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 FY2016/17, the DOD was represented by means of non-residential Defence Attachés in the following 20 countries and the European Union (EU):**

Bahrain, Brunei, Canada, Chile, Darussalam, EU, 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 Military Attaché Advisory Corps (MAAC) representation in South Africa for the FY2016/17.



**During the FY2016/17, 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, Côte d'Ivoire, DRC, 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 FY2016/17, 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 Southern African Development Community (SADC) as a region, together with the African continent as a whole, remained the main focus of the DOD for bilateral and multilateral interaction.

### DOD Foreign Aid Assistance

Foreign aid assistance received and / or given to and / or by the DOD was mostly in kind and took the form of providing air tickets and / or messing and / or accommodation and / or a daily stipend during foreign visits and / or training.



The Minister of Defence and Military Veterans, Ms Nosiviwe Mapisa-Nqakula, informed the viewers what to expect from the 2016 African Aerospace and Defence Expo and highlighted which exhibitors would for the first time exhibit their products, especially the African countries.

(Photo by S Sgt Lebogang Tlhaole, L Cpl Jonathan Mogano and Mr Witney Rasaka)

2016/17

**PART B**

**Performance Information**



The Minister of Defence and Military Veterans, Ms Nosiviwe Mapisa-Nqakula and the Secretary for Defence, Dr Sam Gulube, addressing members of the media during the 2016 African Aerospace and Defence Expo.  
(Photo by Mr Witney Rasaka)



## FINANCIAL PERFORMANCE INFORMATION

### THE DEFENCE VOTE

#### Aim of the Vote

To “Defend and protect the Republic of South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force. Provide for military veterans’ benefits”<sup>3</sup>.

#### Main Programmes

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

Defence Budget Programme Structure		
Programme	Programme	Purpose
Programme 1	Administration	Provide strategic leadership, management and support services to the Department of Defence; and provide for military veterans’ benefits through the Department of Military Veterans.
Programme 2	Force Employment	Provide and employ defence capabilities, including an operational capability, to successfully conduct all operations as well as joint, interdepartmental, interagency and multinational military exercises.
Programme 3	Landward Defence	Provide prepared and supported landward defence capabilities for the defence and protection of South Africa.
Programme 4	Air Defence	Provide prepared and supported air defence capabilities for the defence and protection of South Africa.
Programme 5	Maritime Defence	Provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.
Programme 6	Military Health Support	Provide prepared and supported health capabilities and services for the defence and protection of South Africa.
Programme 7	Defence Intelligence	Provide defence intelligence and counter intelligence capability.
Programme 8	General Support	Provide general support capabilities and services to the department.

#### 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			
	2014/15	2015/16	2016/17
	R'000	R'000	R'000
Vote	42 856 879	45 088 161	47 236 465
Expenditure	42 842 381	45 071 534	47 197 094
Over expenditure	0	0	0
Amount overspent as percentage of Vote	0	0	0
Amount surrendered	14 498	16 627	39 371
Amount surrendered as percentage of Vote	0.034%	0.037%	0.083%

<sup>3</sup> As per the “Estimate of National Expenditure” 2016.



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 versus Adjusted Appropriation for Current and Prior Years at Programme Level						
Programme	2015/16			2016/17		
	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	4 984 514	4 981 493	3 021	5 740 559	5 740 559	0
Force Employment	3 616 407	3 602 801	13 606	3 445 535	3 431 011	14 524
Landward Defence	15 118 951	15 118 951	0	15 557 822	15 557 822	0
Air Defence	7 085 719	7 085 719	0	6 782 585	6 782 585	0
Maritime Defence	3 732 748	3 732 748	0	4 323 232	4 298 385	24 847
Military Health Support	4 243 150	4 243 150	0	4 448 745	4 448 745	0
Defence Intelligence	830 060	830 060	0	881 289	881 289	0
General Support	5 476 612	5 476 612	0	6 056 698	6 056 698	0
<b>TOTAL</b>	<b>45 088 161</b>	<b>45 071 534</b>	<b>16 627</b>	<b>47 236 465</b>	<b>47 197 094</b>	<b>39 371</b>

### 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 Ltd (ARMSCOR) to subsidise the mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of defence matériel, related products and services.
- The Safety and Security Sector Education and Training Authority (SASSETA), which acts as the Sector Education Training Authority (SETA) for Defence, to subsidise their administrative expenditure in terms of the Skills Development Act, 1998 (No. 97 of 1998).
- The Reserve Force Council (RFC) to subsidise 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 SA National Defence Force (SANDF).
- The St John Ambulance Brigade to provide accreditation for training of Defence members and making their members and equipment available to be called-up by the SA Military Health Service (SAMHS) during times of national disaster and emergency.
- The Special Defence Account (SDA) to acquire, procure and develop armaments and technology. Audited financial statements for FY2015/16 form part of the financial statements of the Department.
- To Defence members that are being separated from the Department through the Mobility Exit Mechanism (MEM) for uniform members and the Employer Initiated Severance Package for non-uniform members in terms of the employment and social benefits due to them.

## Part B – Performance Information

- To the Department of Military Veterans to provide national policy and standards on socio-economic support to military veterans and to their dependents, including benefits and entitlements. Payments are made according to the 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	Vote 2016/17	Expenditure 2016/17
			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.	5 633 469	5 633 469
Armaments Corporation of South Africa Ltd (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.	1 043 387	1 043 387
Military Veterans Management	To provide national policy and standards on socio-economic support to military veterans and their dependants, including benefits and entitlements.	As approved by the National Treasury and Accounting Officer of the Department of Defence.	597 607	597 607
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 MOD&MV.	133 255	133 255
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.	28 923	28 923
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).	As approved by the Accounting Officer.	20 675	20 675
Reserve Force Council (RFC)	To subsidise the RFC in their aim to secure community and private sector support for the Reserve Forces and to maintain a sound relationship and communication between the Reserve Forces, the MOD&MV and the SANDF.	The 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.	8 620	8 620
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.	As approved by the Accounting Officer.	683	683

Transfer Payments				
Transferee	Reason for Payment	Accountability Arrangements	Vote 2016/17	Expenditure 2016/17
			R'000	R'000
Municipalities	To provide for the payment made to municipalities to ensure that all vehicles are licensed annually.	As approved by the responsible budget holder.	185	185
South African Broadcasting Corporation (SABC)	To provide for the annual payment made to the SABC and other licensing authorities such as South African Music Rights Organisation for television and radio licences.	As approved by the responsible budget holder.	16	16
<b>TOTAL</b>			<b>7 466 820</b>	<b>7 466 820</b>

### Transfer Payments

All transfer payments budgeted for the period 01 April 2016 to 31 March 2017 were transferred to the relevant institutions.

### Conditional Grants

The DOD did not receive any conditional grants during the period 01 April 2016 to 31 March 2017.

### Donor Funds

The DOD did not receive any donor funds from external sources during the period 01 April 2016 to 31 March 2017.

### Public/Private Partnerships

The DOD did not enter into any public/private partnerships during the period 01 April 2016 to 31 March 2017.

### CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

The table below provides the financial performance information relating to the DOD Capital Investment, Maintenance and Asset Management Plan.

Financial Performance: Capital Investment, Maintenance and Asset Management Plan for FY2016/17						
Infrastructure projects	FY2015/16			FY2016/17		
	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
<b>New and replacement assets</b>	10 855	20 675	9 820	72 112	26 385	(45 727)
<b>Existing infrastructure assets</b>	929 660	513 093	(416 567)	601 838	542 328	(59 510)
- Upgrades and additions	101 902	16 353	(85 549)	69 931	72 274	2 343

## Part B – Performance Information

Financial Performance: Capital Investment, Maintenance and Asset Management Plan for FY2016/17						
Infrastructure projects	FY2015/16			FY2016/17		
	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
- Rehabilitation, renovations and refurbishments	691 782	341 495	(350 287)	531 907	468 886	(63 021)
- Maintenance and repairs	135 976	155 245	19 269	-	1 168	1 168
<b>Infrastructure transfer</b>	-	-	-	-	-	-
- Current	-	-	-	-	-	-
- Capital	-	-	-	-	-	-
<b>TOTAL</b>	<b>940 515</b>	<b>533 768</b>	<b>(406 747)</b>	<b>673 950</b>	<b>568 713</b>	<b>(105 237)</b>

### Progress Made on Implementing the Capital, Investment and Asset Management Plan

During the year under review, various capital, refurbishment and maintenance projects were undertaken on facilities occupied by the DOD. The progress made on these projects are reflected in the tables below.

The DOD submitted the User Immoveable Asset Management Plan for FY2017/18 to FY2019/20 to the National Department of Public Works (NDPW) and National Treasury (NT) during September 2016, for inclusion into the National budgetary programme.

### Infrastructure Projects Completed during FY2016/17

Eight capital infrastructure projects planned for FY2016/17, were completed during the year. An amount of Rm101,58, representing 63.6% of the planned expenditure, was spent on 36 out of the planned 94 capital infrastructure projects during the year under review. The under achievement in planned expenditure was 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 FY2016/17 and to be rolled over to FY2017/18 are indicated in the table below.

Capital Infrastructure Projects in Progress for FY2016/17			
Location	Project Description	Progress Status	Expected Completion Date
Bloemfontein	Construction of new main hospital at 3 Military Hospital (Mil Hosp)	Final Delivery Stage	Expected to be completed in 2017
Bloemfontein	Army Support Base (ASB) Bloemfontein Building, 560 pathways and ramps for disabled personnel, access to parking, classrooms and ablutions	Final Delivery Stage	Expected to be completed in 2017
Bloemfontein	Upgrading of water reservoir at Air Force Base (AFB) Bloemspruit	Design Stage	Expected to be completed in 2019
Bloemfontein	Upgrading of kitchen equipment at 1 SA Tank Regiment (Regt)	Design Stage	Expected to be completed in 2018
Bloemfontein	Upgrading of kitchen equipment at Mobile Centre De Brug	Design Stage	Expected to be completed in 2018

Capital Infrastructure Projects in Progress for FY2016/17			
Location	Project Description	Progress Status	Expected Completion Date
Cape Town	Repair and renovations for VIP aircrew and pilot facilities at AFB Ysterplaat	Final Delivery Stage	Completed
Langebaan	Replacement of breakwater at Salamander Boat Park at 4 Special Forces (SF) Regt	Construction Stage	Expected to be completed in 2018
Langebaan	Re-surfacing of Donkergat Road at 4 SF Regt	Tender Stage	Expected to be completed in 2018
Langebaan	Upgrading of mess facilities at 4 SF Regt Langebaan	Design Stage	Expected to be completed in 2018
Cape Town	Construction of a security fence and guard house at Wynberg Military Base	Tender Recommendation Stage	Expected to be completed in 2017
Saldanha	Construction of new sick bay at Saldanha Military Base	Tender Stage	Expected to be completed in 2018
Simon's Town	Upgrading of water reticulation system at Naval Base Simon's Town East Yard	Construction Stage	Expected to be completed in 2017
Cape Town	Upgrading of kitchen equipment at ASB Western Cape, Non-Commissioned Officer (NCO) Mess Wynberg	Design Stage	Expected to be completed in 2018
Cape Town	Upgrading of kitchen equipment at ASB Western Cape, Officers Mess Wynberg	Design Stage	Expected to be completed in 2018
Oudtshoorn	Upgrading of kitchen equipment at Infantry (Inf) School	Design Stage	Expected to be completed in 2018
Cape Town	Upgrading of kitchen equipment at 9 SA Infantry Battalion (Inf Bn)	Funds Approved Stage	Expected to be completed in 2017
Langebaan	Replacement of security fence at 4 SF Regt Headquarters (HQ)	Design Stage	Expected to be completed in 2017
Cape Town	Replacement of perimeter fence with palisade fence at SAS Wingfield	Design Stage	Expected to be completed in 2018
Langebaan	Replace existing security fence with palisade fencing at Mahonia Donkergat at 4 SF Regt	Design Stage	Expected to be completed in 2018
Langebaan	Upgrading of security fence at Ammunition Stores, Donkergat at 4 SF Regt	Design Stage	Expected to be completed in 2018
Langebaan	Replace existing security fence with new palisade fence at the dog kennels at Donkergat at 4 SF Regt	Planning Instruction Issued	Expected to be completed in 2017
Wynberg	Installation of high level security thermal and radar perimeter intrusion management system at 2 Mil Hosp	Design Stage	Expected to be completed in 2019
Langebaan	Replacement of air conditioning system in the Air Traffic Control Tower	Design Stage	Expected to be completed in 2019
Simon's Town	Replacement of air conditioning system in the Maritime Warfare Building at Naval Base Simon's Town	Design Stage	Expected to be completed in 2019
Langebaan	Upgrading of high voltage electrical supply to the Donkergat Training Area at 4 SF Regt	Design Stage	Expected to be completed in 2018
Durban	Durban Bluff Security Installations Maisonettes at Bluff and Essenhurst Estate	Construction Stage	Expected to be completed in 2019
Durban	Refurbishment of main kitchen at Naval Station Durban on Salisbury Island	Construction Stage	Expected to be completed in 2017
Durban	Upgrading of critical accommodation facilities at Naval Station Durban on Salisbury Island	Design Stage	Expected to be completed in 2020
Umdloti	Upgrading of kitchen equipment at Umdloti Signal Base	Design Stage	Expected to be completed in 2018
Durban	Upgrading of kitchen equipment at ASB KZN Bluff Military Base	Design Stage	Expected to be completed in 2017
Ladysmith	Upgrading of kitchen equipment at 5 SA Inf Bn, Ladysmith	Design Stage	Expected to be completed in 2019

## Part B – Performance Information

Capital Infrastructure Projects in Progress for FY2016/17			
Location	Project Description	Progress Status	Expected Completion Date
Heidelberg	Upgrading of kitchen equipment at SA Army Gymnasium	Design Stage	Expected to be completed in 2019
Johannesburg	Upgrading of kitchen equipment at ASB Johannesburg	Construction Stage	Expected to be completed in 2017
Pretoria	Phase 2 of the upgrading and refurbishment of SA Military Health Services (SAMHS) Training Formation (Nurses College)	Design Stage	Expected to be completed in 2020
Pretoria	Upgrading and installation of power supply to Defence Works Formation containerised office accommodation	Design Stage	Expected to be completed in 2018
Thabazimbi	Request for site clearance for the installation of a water purification unit at the Rooibokkraal Border Safeguarding Base under Op CORONA	Pre-design Stage	Expected to be completed in 2017
Wingfield	Upgrading of water reticulation system at SAS Wingfield and Naval Stores Depot	Pre-design Planning	Expected to be completed in 2018
Dunnottar	Request for site clearance for the construction of vehicle facilities at 1 Construction Regt	Pre-design Stage	Expected to be completed in 2017
Pretoria	Construction of inner security fence at SF HQ: Swartkop Park Nature Reserve	Planning Instruction Issued	Expected to be completed in 2017
Pretoria	Phase 2 of the upgrading of infrastructure at SA Defence Intelligence College	Design Stage	Expected to be completed in 2019
Kimberley	Re-surfacing and tarring of access road to Diskobolos Military Base Sick Bay	Construction Stage	Expected to be completed in 2017
Alexander Bay	Upgrading of kitchen equipment at Alexander Bay Signal Unit	Tender Stage	Expected to be completed in 2017
Kimberley	Upgrading of kitchen and replacement of kitchen equipment at Henry Slegkamp Combined Mess (Building 200)	Design Stage	Expected to be completed in 2019
Potchefstroom	Upgrading of kitchen and kitchen equipment at Shamrock Mess	Design Stage	Expected to be completed in 2018
Potchefstroom	Upgrading of kitchen equipment at Constand Viljoen Mess	Design Stage	Expected to be completed in 2018
Middelburg	Upgrading of buildings and construction of new Sick Bay at 4 SA Inf Bn	Construction Stage	Expected to be completed in 2018
Ermelo	Upgrading of kitchen equipment at Camden Military Base	Construction Stage	Expected to be completed in 2018
Phalaborwa	Construction of a new ammunition storage facility at 5 SF Regt	Final Delivery Stage	Completed
Phalaborwa	Upgrading of aquatic training facility at 5 SF Regt	Design Stage	Expected to be completed in 2018
Louis Trichard/ Makhado	Upgrading of kitchen equipment at 523 Signal Squadron	First Delivery Stage	Expected to be completed in 2017
Phalaborwa	Upgrading of kitchen equipment at 524 Signal Squadron	Tender Stage	Expected to be completed in 2018
Polokwane	Upgrading of kitchen equipment at Uitkoms Base Junior Ranks Mess	Design Stage	Expected to be completed in 2019
Thohoyandou	Upgrading of kitchen equipment at 15 SA Inf Bn	Design Stage	Expected to be completed in 2018
Phalaborwa	Upgrading of kitchen equipment at 5 SF Regt	Tender Stage	Expected to be completed in 2018
Port Elizabeth	Construction of Base Hospital and medical staff housing at Area Military Health Unit (AMHU) Eastern Cape	Design Stage	Expected to be completed in 2021
Pretoria	Upgrading of facilities for disabled members including wheel chair lift at Air Defence Artillery Group	Construction Completed	Completed
Thaba Tshwane	Security Installations on perimeter and at stores at Northern Military Police HQ	Final Delivery Stage	Completed
Pretoria	Refurbishment of Belmont House to be used for accommodation	Design Stage	Expected to be completed in 2019
Pretoria	Upgrading of kitchen equipment at National Ceremonial Guard	Design Stage	Expected to be completed in 2018



Capital Infrastructure Projects in Progress for FY2016/17			
Location	Project Description	Progress Status	Expected Completion Date
Pretoria	Upgrading of kitchen equipment at SA Army Engineering Formation Combined Mess	Tender Recommendation Stage	Expected to be completed in 2018
Thaba Tshwane	Upgrading of kitchen equipment at Joint Support Base (JSB) Garrison Gerbera Officers Mess	Design Stage	Expected to be completed in 2018
Thaba Tshwane	Upgrading of kitchen equipment at JSB Garrison Kiepersol Officers Mess	Tender Stage	Expected to be completed in 2018
Thaba Tshwane	Upgrading of kitchen equipment at SA Army College	Design Stage	Expected to be completed in 2018
Thaba Tshwane	Upgrade of uninterrupted power supply at 1 Mil Hosp	Construction Completed	Completed
Pretoria	Upgrading of security fencing at DOD Main Ordnance Depot	Planning Instruction Issued	Expected to be completed in 2019
Rooiwal	Construction of security fencing at Rooiwal Military Base	Design Stage	Expected to be completed in 2019
Langebaan	Site clearance for the construction of 20 married quarters at 4 SF Regt	Pre-design Planning	Expected to be completed in 2017
Thaba Tshwane	SAMHS Training Formation, Construction of New Requirements, Repair Maintenance and Upgrade of Administration Building	Pre-design Planning	Expected to be completed in 2020
Swartwater	Request for site clearance for the installation of a water purification unit at the Swartwater Border Safeguarding Base under Op CORONA	Pre-design Planning	Expected to be completed in 2017
Pontdrift	Request for site clearance at the Pontdrift Border Safeguarding Base under Op CORONA	Pre-design Planning	Expected to be completed in 2017
Port Elizabeth	Site clearance for the upgrading of a security fence at the Cape Recife shooting range ASB Eastern Cape	Pre-design Planning	Expected to be completed in 2017
Simon's Town	Site clearance for the construction of a new security fence with main guard house equipped with a biometric access control system at the Signal School	Pre-design Planning	Expected to be completed in 2017
Cape Town	Site clearance for the construction of a new medium level security fence with main entrance canopy and guard house equipped with a biometric access control system at the Wynberg Military base (AMHU Western Cape)	Pre-design Planning	Expected to be completed in 2017
Rooiwal	Site clearance for the construction of a security fence at Rooiwal Military Base	Construction Completed	Completed
Boekenhoutskloof	Site clearance for the construction of a security fence at Boekenhoutskloof Military Base	Pre-design Planning	Expected to be completed in 2017
Simon's Town	Replace existing security fence with palisade fence at SA Navy Signal School	Pre-design Planning	Expected to be completed in 2017
Simon's Town	Replace existing security fence with palisade fence at Glencairn Sports Complex	Pre-design Planning	Expected to be completed in 2017
Pretoria	Site clearance for SA Defence Intelligence College and Education Training Development College	Pre-design Planning	Expected to be completed in 2018
Jan Kempdorp	Site clearance for the construction of a security wall around 93 Ammunition Depot	Pre-design Planning	Expected to be completed in 2017
Langebaan	Site clearance for the replacement of the existing fence with a new concrete palisade fence at the 4 SF Regt Salamander (Donkergat) complex	Pre-design Planning	Expected to be completed in 2018

## Part B – Performance Information

Capital Infrastructure Projects in Progress for FY2016/17			
Location	Project Description	Progress Status	Expected Completion Date
Pretoria	Site clearance for the replacement of inner security fence at SF HQ Swartkop Park Nature Reserve	Construction Completed	Completed
Langebaan	Site clearance for the replacement of the existing fence with a new concrete palisade fence at the 4 SF Regt Mahonia (Donkergat) complex	Construction Completed	Completed
Langebaan	Site clearance for the placement of park home at 4 SF Regt	Pre-design Planning	Expected to be completed in 2017
Pretoria	Request for site clearance for Phase 2 of the Master Plan for SF School at Murrayhill	Pre-design Planning	Expected to be completed in 2017
Potchefstroom	Request for site clearance for the upgrading of pump station at 4 Art Regt	Pre-design Planning	Expected to be completed in 2017
Mafikeng	Request for site clearance for the replacement of leaking sewerage system at 10 SA Inf Bn	Pre-design Stage	Expected to be completed in 2017
Wynberg	Site clearance for the Facilities Management Contract at 2 Mil Hosp	Pre-design Planning	Expected to be completed in 2017
Pretoria	Upgrade facilities at Works Training School Elandsfontein	Pre-design Planning	Expected to be completed in 2018
Pretoria	Project SERETO (Old 91 Ammunition Depot), construction of new Head Office Building for Def Int Div	Pre-design Planning	Expected to be completed in 2021
Kroonstad	Site clearance for the construction of vehicle storage facilities at School of Engineers	Pre-design Planning	Expected to be completed in 2017
Langebaan	Request for site clearance for the upgrading of the Donkergat and Flamingo jetties and slipway at 4 SF Regt	Pre-design Planning	Expected to be completed in 2018
Kroonstad	Request for site clearance for the construction of an overhead power supply line to water pump station at Bossiespruit Training Base	Pre-design Stage	Expected to be completed in 2017
Maluti	Maluti Base upgrading of water reticulation system	Tender Recommendation Stage	Expected to be completed in 2018
Durban	Construction of single quarters at Lords Grounds Durban	Construction Stage	Expected to be completed in 2019

### Plans to Close Down or Downgrade Current Facilities

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

### Progress Made on the Maintenance of Infrastructure

#### Refurbishment

Five refurbishment projects<sup>4</sup> planned for FY2016/17, were completed during the year (refer Major Maintenance [Refurbishment] Projects table on page 34 to 36). An amount of Rm466,79, representing 73.4% of the planned expenditure, was spent on 37 out of the planned 57 refurbishment projects during the year under review. The under achievement in planned expenditure was due to supply chain challenges within NDPW as well as challenges experienced with certain appointed contractors.

<sup>4</sup> Major Maintenance Projects.

### Planned Maintenance

As on 31 March 2017, an amount of Rm222,47, representing 22.78% of the funds paid over to the NDPW<sup>5</sup>, was spent on planned maintenance of the facilities utilised by the DOD.

### Day-to-Day Maintenance

The DOD spent an amount of Rm75,4 on day-to-day maintenance of its facilities.

### Developments Expected to have an Impact on Current Expenditure

Once a mandate is received from the NDPW for the DOD to perform planned maintenance tasks and minor capital works on immovable assets utilised by the DOD, an increase in infrastructure expenditure will occur.

### Changes in Immovable Assets Holdings

During the period under review, no changes took place in respect of DOD immovable asset holdings.

### DOD Asset Register

Specific measures were taken during the period under review to ensure that the DOD Asset Register remained up-to-date. The Immovable Asset Register, hosted by the Council for Scientific and Industrial Research (CSIR), was updated with information provided by the DOD to ensure adherence to the Government Immovable Asset Management Act. Service providers have been appointed by the CSIR to conduct performance assessments on a certain part of the DOD Facility Portfolio and, concurrently, the Regional Works Units have commenced conducting performance assessments on the resultant part of the DOD Facility Portfolio.

### Current State of DOD Capital Assets

DOD facilities are generally in a fair state<sup>6</sup> and the condition of these facilities should not have a significant impact on the DOD service delivery mandate. As reported during the FY2015/16, these figures are similar and should remain as such, until a new performance assessment is done during the next financial year.

### Major Maintenance (Refurbishment) Projects undertaken during FY2016/17

The Major Maintenance (Refurbishment) Projects undertaken during FY2016/17 are indicated in the table below.

Major Maintenance (Refurbishment) Projects undertaken during FY2016/17			
Location	Project Description	Status	Expected Completion date
Bloemfontein	Refurbishment of 1 SA Inf Bn	Design Stage	Expected to be completed in 2019
Bloemfontein	Refurbishment of 44 Para (Parachute) Regt	Design Stage	Expected to be completed in 2019
Bloemfontein	Refurbishment of 1 Para Bn	First Delivery Stage	Expected to be completed in 2018
Kroonstad	Refurbishment of School of Engineers	Tender Recommendation Stage	Expected to be completed in 2019
Bethlehem	Refurbishment of 2 Field Engineering Regt	Construction Stage	Expected to be completed in 2017
Bloemfontein	Refurbishment of 1 Special Services Bn	Construction Stage	Expected to be completed in 2017

<sup>5</sup> An amount of Rm976,47 was paid over to NDPW for 'accommodation charges'.

<sup>6</sup> 1% of facilities condition is good, 38% acceptable, 55% fair, 4% poor, and only 2% can be described as in a very poor condition.

## Part B – Performance Information

Major Maintenance (Refurbishment) Projects undertaken during FY2016/17			
Location	Project Description	Status	Expected Completion date
Bloemfontein	Upgrade Electrical Power Supply at DOD Mobility Centre	First Delivery Stage	Expected to be completed in 2017
Bloemspruit	Refurbishment of AFB Bloemspruit	Design Stage	Expected to be completed in 2020
Bloemfontein	Refurbishment of Military Health Training Satellite Bloemfontein	Design Stage	Expected to be completed in 2019
Bloemfontein	Refurbishment of School of Armour	Construction Stage	Expected to be completed in 2018
Simon's Town	Refurbishment of Naval Base Simon's Town	Final Delivery Stage	Completed
Cape Town	Refurbishment of 2 Mil Hosp	Construction Stage	Expected to be completed in 2018
Eerste Rivier	Refurbishment of 9 SAI Battalion (SAMHS) Buildings 1, 9, 10, 11, 12, 19, 20, 22, 39 and 84	Final Delivery Stage	Completed
Simon's Town	Replacement of Kitchen Equipment in Job Mashego Mess	Final Delivery Stage	Completed
Cape Town	Refurbishment of the Castle of Good Hope, Cape Town	First Delivery Stage	Expected to be completed in 2017
Saldanha	Refurbishment of Military Academy (Including Malgaskop)	First Delivery Stage	Expected to be completed in 2017
Bredasdorp	Refurbishment of AFB Overberg sewer plant	Construction Stage	Expected to be completed in 2017
Simon's Town	Refurbishment and replacement of water distribution system at Mount Klaver Valley	Construction Stage	Expected to be completed in 2017
Bredasdorp	Refurbishment of AFB Overberg	Construction Stage	Expected to be completed in 2020
Muizenberg	Refurbishment of SA Navy Staff College	Design Stage	Expected to be completed in 2018
Langebaan	Refurbishment of Oesterskulp Duplex Flats	Construction Stage	Expected to be completed in 2017
Saldanha	Refurbishment of Sick Bay (Building 142) at the Military Academy	Construction Stage	Expected to be completed in 2017
Simon's Town	Refurbishment Pharmacy (Building 70) at the Institute for Maritime Medicine	Design Stage	Expected to be completed in 2018
Bredasdorp	Refurbishment and upgrade of Sick Bay complex at AFB Overberg	Design Stage	Expected to be completed in 2018
Oudtshoorn	Installation of centralised ventilation system at Oral Health Centre at the Infantry School	Tender Stage	Expected to be completed in 2018
Ysterplaat	Major refurbishment of Jack Frost Court at AFB Ysterplaat: Building no 340	Design Stage	Expected to be completed in 2019
Durban	Phase 2 refurbishment of SAS Salisbury Island	Design Stage	Expected to be completed in 2019
Zeerust	Replacement of kitchen equipment and kitchen roof and Ceiling at 2 SA Inf Bn	Construction Stage	Expected to be completed in 2017
Potchefstroom	Refurbishment of 1 Tactical Intelligence Reg	Design Stage	Expected to be completed in 2019
Potchefstroom	Installation of new air conditioners at Constand Viljoen Officers Mess	Design Stage	Expected to be completed in 2018
Musina	Refurbish MP Area Office Musina	Final Delivery Stage	Completed
Lephalale	Upgrading, repair and renovation of facilities at SAMHS Training Centre	Design Stage	Expected to be completed in 2020
Hoedspruit	Refurbishment of AFB Hoedspruit (Base and Flood Damage)	Construction Stage	Expected to be completed in 2018
Grahamstown	Refurbishment of 6 SA Inf Bn	Design Stage	Expected to be completed in 2020
Grahamstown	Replacement of perimeter and internal security fencing at 6 SA Inf Bn	Design Stage	Expected to be completed in 2019
Pretoria	Refurbishment of Institute for Aviation Medicine (IAM) Military Health Centre next to Auction Centre	Design Stage	Expected to be completed in 2019

Major Maintenance (Refurbishment) Projects undertaken during FY2016/17			
Location	Project Description	Status	Expected Completion date
Pretoria	Refurbishment of SAMHS complex in Tek Base	Design Stage	Expected to be completed in 2019
Swartkop Park	Re-surface 2km road at SF HQ: Swartkop Park	Design Stage	Expected to be completed in 2019
Thaba Tshwane	Refurbishment of JSB Garrison Finance Office	Design Stage	Expected to be completed in 2018
Pretoria	Refurbishment of Rooiwal Communication Facility	Design Stage	Expected to be completed in 2019
Thaba Tshwane	Refurbishment of Defence College	Design Stage	Expected to be completed in 2018
Thaba Tshwane	Refurbishment of Thaba Tshwane B-Mess	Tender Recommendation Stage	Expected to be completed in 2017
Thaba Tshwane	Repair and maintenance of mechanical and electrical infrastructure at 1 Mil Hosp	Final Delivery Stage	Expected to be completed in 2017
Dunottar	Refurbishment of 35 Engineering Sup Regt	Final Delivery Stage	Completed
Doornkop	Repair and maintenance of civil, building and wet services at 21 SA Inf Bn	First Delivery Stage	Expected to be completed in 2018
Lohatla	Major refurbishment of facilities and civil services at SA Army Combat Training Centre	First Delivery Stage	Expected to be completed in 2017
Upington	Major refurbishment of facilities and civil services at 8 SA Inf Bn	Construction Stage	Expected to be completed in 2017
Middelburg	Repair and maintenance to civil infrastructure at 4 SA Inf Bn	Construction Stage	Expected to be completed in 2017
Mmabatho	Repair and maintenance of civil, building and wet services at 10 SA Inf Bn	Construction Stage	Expected to be completed in 2018
Potchefstroom	Refurbishment of School of Artillery	Design Stage	Expected to be completed in 2019
Potchefstroom	Refurbishment of 4 Art Regt	Design Stage	Expected to be completed in 2018
Thaba Tshwane	Refurbishment of A Mess Thaba Tshwane not included in WCS 047936	Design Stage	Expected to be completed in 2020
Pretoria	Refurbishment of SA Air Force Blenny Complex	Design Stage	Expected to be completed in 2020
Pretoria	Refurbishment of the single quarters at AFB Waterkloof	Design Stage	Expected to be completed in 2019
Pretoria	Refurbishment of SA Army Office in Dequar Road	Design Stage	Expected to be completed in 2022
Umtata	Replacement of kitchen equipment at 14 SA Inf Bn	Construction Stage	Expected to be completed in 2017
Pretoria	Upgrading and refurbishment of the 1 <sup>st</sup> Floor at 1 Mil Hosp	Construction Stage	Expected to be completed in 2019

### Progress Made in Addressing the Maintenance Backlog

The maintenance backlog on DOD facilities is estimated at R6,8 billion. The maintenance backlog can be attributed to the low expenditure figure by NDPW in executing planned maintenance tasks on DOD facilities, resulting in an increase in the maintenance backlog year-on-year. As a control measure, a clause was included in the Service Level Agreement between the DOD and the NDPW, to the effect that the Annual Planned Maintenance Programme must be signed off by the DOD, prior to execution. The latter will provide the DOD with an opportunity to interrogate the contents of the Programme and provide inputs where applicable, before sign-off.

## NON-FINANCIAL PERFORMANCE INFORMATION

### AUDITOR-GENERAL'S REPORT ON PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) performs certain audit procedures on performance information to provide feedback for selected programmes<sup>7</sup> audited.

The audit conclusion on the performance against predetermined objectives is included in the Report to Management, with material findings being reported under 'Predetermined Objectives' heading in the 'Report on other legal and regulatory requirements' section of the auditor's report, if applicable.

Refer to page 215 to 221 of the Report of the Auditor-General, in Part E: Financial Information.

### STRATEGIC OUTCOME-ORIENTATED OUTPUTS

#### Introduction

The DOD Annual Report for the FY2016/17 provides an analysis on the manner in which the DOD performed against its set targets in meeting ordered commitments, providing capabilities, ensuring sound administration and management of the DOD.

The Executive Authority provided Ministerial direction to the DOD, aimed at facilitating the overall management and administration of the DOD.

During the period under review, the DOD progressed in many areas against set priorities. In support of Government's national imperatives (Creating a better South Africa and contributing to a better and safer Africa in a better World), SANDF soldiers were deployed outside the borders of South Africa in a United Nations (UN) Peace Support Operation in the Democratic Republic of the Congo (DRC) and an Anti-Piracy Operation in the Mozambican Channel. The SANDF was also deployed inside the borders of South Africa in four internal operations (All people in South Africa are and feel safe). The aim of these internal operations was twofold; to safeguard our borders and to assist other Government departments in areas such as search and rescue, disaster aid and relief as well as safety and security support tasks.

#### Mandate

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

- The Defence Act.
- The White Paper on Defence (1996).
- The Defence Review 2015<sup>8</sup>.
- 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.

<sup>7</sup> Force Employment, Landward Defence and Air Defence Programmes.

<sup>8</sup> 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.



**Outcomes**

Through the DOD Strategy Map (refer figure below), the DOD’s mandate is translated into the following defence **outcomes**:

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

**Outputs**

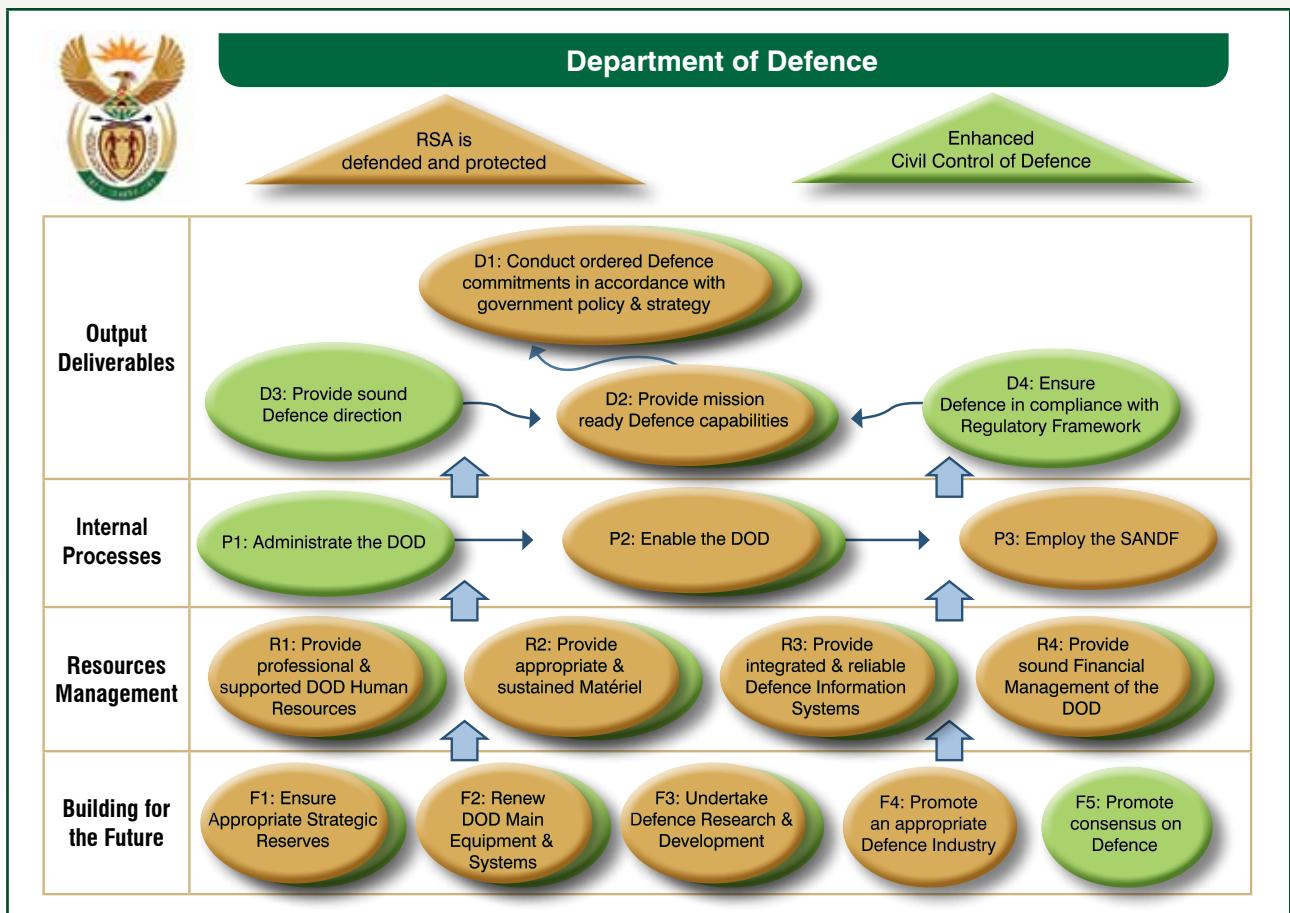
The DOD supports Government’s Medium-Term Strategic Framework (MTSF) through the following **output deliverables** (sustained agenda):

- Conduct ordered Defence Commitments in accordance with Government policy and strategy.
- Provide mission ready Defence capabilities.
- Provide sound Defence direction.
- Ensure Defence compliance with Regulatory Framework.

By achieving these outputs, the DOD supported the following MTSF outcomes, amongst others (changed agenda):

- **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's National Imperatives (Strategic Outcomes) for the FY2016/17 to FY2018/19

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 Government's 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.**

During the FY2016/17, the DOD contributed towards this sub-outcome<sup>9</sup> through the development of the Border Safeguarding Strategy, in support of the overarching strategy to defend, protect, secure and ensure well-managed borders by securing the land, airspace and maritime borders. A Border Management Framework has been developed and is undergoing consultation within the DOD, where after it will be completed and submitted for approval and promulgation through the Departmental approval process.

During the MOD&MV's Budget Vote on 19 May 2015, a pronouncement was made that the DOD will increase the number of companies (sub-units) for border safeguarding operations with two additional companies, increasing from 13 to 15 companies.

During FY2016/17, the SANDF continuously deployed 15 sub-units<sup>10</sup> to execute Op CORONA (Border Safeguarding) in Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape, Northern Cape and North West Provinces in an endeavour to safeguard and maintain the integrity of the country's borderline.

- **Sub-outcome 4: Secure Cyberspace.**

The DOD continued its contribution towards this sub-outcome by developing a Cyber Warfare Strategy<sup>11</sup> and Implementation Plan. The development of a Cyber Warfare Strategy will be undertaken through a phased approach, as follows:

- Phase 1: Establish a DOD Cyber Warfare Capability / Headquarters (HQ).
- Phase 2: Finalise the functions.
- Phase 3: Finalise the structures.
- Phase 4: Secure appropriate financial allocation (budget).
- Phase 5: Establish required capabilities.
- Phase 6: Create a cyber-awareness programme.

A Draft Cyber Warfare Strategy was completed and is in the Departmental approval process, prior to submission to the JCPS Cluster for approval. Performance Indicators and Targets have been developed for resourced implementation during the 2017/18 MTEF to address the DOD's contribution to establish a Cyber Command Centre<sup>12</sup>. During the period under review, the Cyber Roadmap, Awareness Programme,

<sup>9</sup> Sub-outcome 3.3.a.

<sup>10</sup> Sub-outcome 3.4.a.

<sup>11</sup> Sub-outcome 4.2.a.

<sup>12</sup> Sub-outcome 4.6.b.

Cyber Doctrine and Implementation Plan were developed. The establishment of a Cyber Command Centre (Phase 1) was not achieved during FY2016/17 due to financial constraints and will roll-over to FY2017/18<sup>13</sup>.

With respect to the DOD's contribution towards the development of a Sensor Strategy<sup>14</sup>, a draft Sensor Strategy has been developed and is in the Departmental approval process. It is foreseen that this Strategy will be submitted for consideration to the JCPS Cluster Ministers during FY2017/18<sup>15</sup>.

- **Sub-outcome 7: Corruption in the Public and Private Sectors Reduced.**

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.

The DOD conducted anti-corruption and fraud prevention awareness road shows with the main focus to attend to DOD corruption and fraud related cases where prevalent. During this campaign, DOD members were educated on anti-corruption and fraud prevention awareness. These awareness sessions contributed positively to assist members to report on fraudulent activities on the Whistle Blowing Hotline, which supported Government's imperative on *zero tolerance to corruption and fraud* related incidents.

During FY2016/17, no corruption and fraud cases of Rm5 and over were reported in the DOD.

**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 missions as well as the deployment of 10 Defence Attachés (DAs) in the Southern African Development Countries (SADC).

DAs were deployed in the following 10 SADC countries: Angola, Botswana, DRC, Lesotho, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe.

The following SADC countries did not have DAs, but they were served by non-residential DAs stationed in other countries: Malawi (non-residential DA in Zambia), and Mauritius (non-residential DA in Tanzania).

During the FY2016/17, the DOD fully complied 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 (MONUSCO).
- Anti-piracy operations in support of the Government of Mozambique in the Mozambican Channel (Op COPPER).

The DOD provided forces to the following two General Military Assistance (GMA) operations:

- **Mission THEBE.** Mission THEBE ensured that soldiers from the Forces Armées de la République Démocratique du Congo (FARDC) received individual and platoon weapon training by the SA Army tactical headquarters deployed at the Mura base. This mission was finalised during the 3<sup>rd</sup> quarter of FY2016/17.

<sup>13</sup> Refer DOD APP for 2017, page 133.

<sup>14</sup> Sub-outcome 4.3.a.

<sup>15</sup> Refer DOD APP for 2017, page 133.

- **Team BULISA.** Team BULISA provided assistance to the FARDC with respect to 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 (JIIM) military exercises:

- **Exercise WAYSIDE I and II.** Ex WAYSIDE is a Chemical, Biological and Radiological (CBR) defence exercise that was conducted concurrently by 7 Medical Battalion Group. The aim of these exercises was to enhance CBR Defence capabilities for the prevention of, and reaction to incidents involving chemical or biochemical agents and radioactive materials in the RSA. Members from 7 Medical Battalion Group, ARSMCOR and the supplier took part in these exercises over the period 09 to 14 October 2016.

**Training Objective for Exercise WAYSIDE I:** Testing and evaluation of detection and decontamination technologies and equipment and the procedures including sampling and perimeter decontamination.

**Training Objectives for Exercise WAYSIDE II:**

- Testing and evaluation of conventional detection and decontamination standard operating procedures.
  - Determination of the human resources required for mass casualty decontamination during big events.
  - Testing and evaluation of command and control procedures and the establishment of safety zones and communication.
  - Evaluation of the CBR capability (CBR Task Group) in terms of combat readiness.
  - Conducting of day time incident management exercises.
- **Exercise NDLOVU.** The aim of Ex NDLOVU was to exercise the SANDF's Reaction Force and Conventional (major combat) Capability. The exercise took place over the period 02 to 29 July 2016 at the SA Army Combat Training Centre.
  - **Exercise GOOD HOPE.** The aim of Ex GOOD HOPE was to exercise in all aspects of maritime warfare and seamanship. This exercise was a bi-national exercise in which the SA Navy participated in over the period 28 February 2017 to 10 March 2017 in the Baltic Sea, Germany.

## OVERVIEW OF DEPARTMENTAL PERFORMANCE

### Mid-Term Performance against Strategic Indicators and Targets

The Medium-Term Strategic Framework (MTSF) 2014 – 2019 was approved by Cabinet on 23 July 2014. Subsequently, the DOD Strategic Plan (2015 – 2020) was developed to support Government's MTSF during this electoral cycle.

The DOD's Strategic Performance Indicators and Targets are linked to the National MTSF Outcomes, it relates to the Strategic Outputs of the DOD and also reflects the implementation of the SA Defence Review 2015 (Milestone 1 "Plan to Arrest the Decline"), as resourced, for the FY2016/17.

A mid-term status report on progress made<sup>16</sup> on these Strategic (5-year) Performance Indicators and Targets is reflected in Appendix A (Page 87). The analysis provided in Appendix A reflects the progress made so far and relates to actual achievements as at the end of FY2015/16 and FY2016/17. The final analysis of actual achievement will be reported on during the End of Term Report.

<sup>16</sup> Mid-term progress made reflects a description of performance against planned 5-year targets for the FY2015/16 and FY2016/17.

## 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 Estimate of National Expenditure.

An analysis of the DOD’s year-on-year performance against Selected Performance Indicators and Targets over the period 01 April 2013 to 31 March 2017 is reflected in Appendix B (Page 101). The final analysis of actual achievement on these Selected Indicators will be reported on at the end of the MTSF 2015 – 2020.

The table below provides an analysis of achievements of targets for the DOD Selected Performance Indicators for the FY2016/17.

DOD Selected Performance Indicators for FY2016/17		
Performance Indicator	Accountability / Reporting Responsibility	Analysis
<b>MTSF Outcome to which it contributed: Outcome 11</b>		
Total number of defence Attaché Offices	Administration (Defence Foreign Relations)	<p><b>Target</b> 46</p> <p><b>Actual</b> 44</p> <p><b>Deviation</b> Budgetary constraints prohibited the opening of the two outstanding offices for FY2016/17. The target for FY2017/18 was amended to 44 Offices.</p> <p><b>Comment</b> Defence Attachés (DAs) are at present deployed in the following 10 SADC countries: Angola, Botswana, DRC, Lesotho, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe.</p> <p>The following SADC countries do not have DAs, but they are served by non-residential DAs stationed in other countries: Malawi (non-residential DA in Zambia), and Mauritius (non-residential DA in Tanzania).</p> <p>DAs are also deployed in the Rest of Africa in the following 13 countries: Algeria, AU, Burundi, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Kenya, Nigeria, Senegal, South Sudan, Sudan, and Uganda.</p> <p>DAs are resident in the following 21 Rest of the World countries as well: Argentina, Belgium, Brazil, Cuba, France, Germany, India, Italy, Malaysia, Pakistan, PRC, Russia, Saudi Arabia, Spain, Sweden, Turkey, United Arab Emirates, United Kingdom, UN, United States of America, and Vietnam.</p>
<b>MTSF Outcome to which it contributed: Outcome 5</b>		
Number of military skills development members in the system per year <sup>17</sup>	Administration (Human Resources Services)	<p><b>Target</b> 4 001</p> <p><b>Actual</b> 3 759</p> <p><b>Deviation</b> The deviation of 242 less members in the system for FY2016/17 was as a result of reduced January 2016 and January 2017 intakes, due to departmental HR financial constraints.</p>

<sup>17</sup> During the MOD&MV Budget Vote (May 2015) an announcement by the MOD&MV was made with regard to the MSDS members "We need to increase the intake of MSDS recruits to rejuvenate the Defence Force." Therefore the MSDS target was revised from 3 861 in FY2015/16 to 4 001 for FY2016/17.

## Part B – Performance Information

DOD Selected Performance Indicators for FY2016/17		
Performance Indicator	Accountability / Reporting Responsibility	Analysis
<b>MTSF Outcome to which it contributed: Outcome 3</b>		
Number of reserve force person days	Administration (Human Resources Services)	<p><b>Target</b> 2 701 681</p> <p><b>Actual</b> 2 679 142</p> <p><b>Deviation</b> Due to departmental human resource financial constraints, budget control measures were implemented to prevent an over expenditure on the DOD's human resource budget, resulting in the deviation of 22 539 reserve force person days.</p>
<b>MTSF Outcome to which it contributed: Outcome 11</b>		
Percentage compliance with the Southern African Development Community standby force Pledge	Force Employment	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> The SANDF force structure elements deployed in peace missions constituted part of the SANDF's contribution to the Standby Force. These pledges were not additional to SANDF force requirements.</p>
<b>MTSF Outcome to which it contributed: Outcome 11</b>		
Percentage compliance with number of ordered commitments (external operations)	Force Employment	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> SANDF forces deployed in the following two external operations during FY2016/17: • Op MISTRAL (UN Peace Support Operation in DRC [MONUSCO]). • Op COPPER (Anti-Piracy Operation in support of the Mozambican Government).</p>
<b>MTSF Outcome to which it contributed: Outcome 3</b>		
Percentage compliance with number of ordered commitments (internal operations) <sup>18</sup>	Force Employment	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> SANDF forces deployed in the following four internal operations during FY2016/17: • Op PROSPER (Support to Government departments, mainly SAPS [ie Safety and Security Support]). • Op CHARIOT (Disaster Aid and Relief [Humanitarian Assistance]). • Op ARABELLA (Search and Rescue). • Op CORONA (Border Safeguarding).</p>

<sup>18</sup> Internal operations include border safeguarding and operations in support of other Government departments.



DOD Selected Performance Indicators for FY2016/17		
Performance Indicator	Accountability / Reporting Responsibility	Analysis
<b>MTSF Outcome to which it contributed: Outcome 11</b>		
Number of Joint, Interdepartmental, Interagency and Multinational (JIIM) military exercises conducted per year <sup>19</sup>	Force Employment	<p><b>Target</b> 4</p> <p><b>Actual</b> 4</p> <p><b>Comment</b> SANDF forces participated in the following four JIIM exercises during FY2016/17:</p> <ul style="list-style-type: none"> <li>• Ex NDLOVU (Exercise the SANDF's Reaction Force and Conventional [major combat] Capability. The exercise took place over the period 02 – 29 July 2016 at the SA Army Combat Training Centre).</li> <li>• Ex WAYSIDE I &amp; II (Chemical, Biological and Radiological defence exercise conducted concurrently by 7 Medical Battalion Group over the period 09 – 14 October 2016).</li> <li>• Ex GOOD HOPE (Exercise in all aspects of maritime warfare and seamanship. This exercise was a Bi-National exercise in which the SA Navy participated in over the period 28 February 2017 to 10 March 2017 in the Baltic Sea, Germany).</li> </ul>
<b>MTSF Outcome to which it contributed: Outcome 3</b>		
Number of landward sub-units <sup>20</sup> deployed on border safeguarding per year	Force Employment	<p><b>Target</b> 15</p> <p><b>Actual</b> 15</p> <p><b>Comment</b> The SANDF deployed 15 sub-units to execute Op CORONA (Border Safeguarding) in Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape, Northern Cape and North West Provinces.</p>
<b>MTSF Outcome to which it contributed: Outcome 11</b>		
Number of force employment hours flown per year	Air Defence	<p><b>Target</b> 5 000<sup>21</sup></p> <p><b>Actual</b> 4 032.40</p> <p><b>Deviation</b> The 4 032.40 hours flown, represents 80.65% of the planned target. The number of force employment hours flown are dependent on operational taskings received and the number of deployable aircraft available. The underachievement on force employment flying hours are largely due to less taskings than estimated.</p> <p><b>Comment</b> The following force employment hours were flown:</p> <ul style="list-style-type: none"> <li>• 3 692.10 hours in support of joint force requirements</li> <li>• 340.30 VIP hours</li> </ul>
<b>MTSF Outcome to which it contributed: Outcome 11</b>		
Number of hours at sea per year	Maritime Defence	<p><b>Target</b> 12 000</p> <p><b>Actual</b> 8 131.55</p> <p><b>Deviation</b> The 8 131.55 hours at sea represents 67.76% of the planned target. Unavailability of vessels at the required level of capability due to maintenance cycle delays and operational defects.</p>

<sup>19</sup> Refinement of the MTSF 2014 – 2019, in collaboration with the Department of Planning, Monitoring and Evaluation, resulted in a decision that the DOD would only address the SANDF's participation on the higher level of SADC and JIIM exercises, as South Africa is not always the leading country during these exercises.

<sup>20</sup> A typical sub-unit (eg Infantry company) consists of approximately 170 members.

<sup>21</sup> Planned hours (DOD APP for 2016, p 53): VIP operations – 1000 hours and joint force employment requirements - 4 000 hours (subject to resource allocation).

### Service Delivery Improvement Plan

According to the Public Service’s Batho Pele *“People First”* principles, introduced on 01 October 1997, the DOD’s FY2016/17 Service Delivery Improvement Plan (SDIP) was developed to promote and support 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 Departmental administration and management functions 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.
- HR Public Service Act Personnel (PSAP) Staffing.
- PSAP Disciplinary cases.

The table below highlights the Main Services and Improved Service Standards as at 31 March 2017.

Main Services and Improved Service Standards for FY2016/17		
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><b>Desired Standard of Service</b> Publish and distribute the DOD Promotion of Access to Information Manual.</p> <p><b>Actual Achievement</b> The “Promotion of Access to Information Manual” was translated in three official languages. The English version was published on the DOD Intranet and Internet, the isiXhosa and Sesotho versions are in process of being published on the DOD Intranet and Internet. The printing by the Government Printers of 1 000 manuals per specific language, for distribution throughout the DOD, is in process.</p> <p><i><b>This task is finalised.</b></i></p>
		<p><b>Desired Standard of Service</b> Prepare the Section 15 notification for publication in the Government Gazette.</p> <p><b>Actual Achievement</b> The Government Gazette, No 39411, dated 13 November 2015 was printed and published on the DOD Intranet and Internet, respectively.</p> <p><i><b>This task is finalised.</b></i></p>
Procurement	Effective, efficient and economical Procurement Processes.	<p><b>Desired Standard of Service</b> Update Edition 5 of the DOD Procurement delegation.</p> <p><b>Actual Achievement</b> The update of Edition 5 of the DOD Procurement delegation, is in the process of being updated.</p>

Main Services and Improved Service Standards for FY2016/17		
Main Services	Improved Service Standard	Analysis
Procurement	Effective, efficient and economical Procurement Processes.	<p><b>Desired Standard of Service</b> Update DOD Procurement policy.</p> <p><b>Actual Achievement</b> The new SA Procurement Bill, initially scheduled for promulgation in April 2017, will have a significant impact on the current draft DOD Procurement policy. When the Bill is available, the current draft DOD Procurement policy will be updated for promulgation.</p>
		<p><b>Desired Standard of Service</b> Standardise DOD Procurement Standard Operating Procedures/Standard Work Procedures.</p> <p><b>Actual Achievement</b> The Logistics Division is in the process of developing Standard Working Procedures for DOD procurement processes.</p>
Human Resources Acquisition	PSAP staffing process completed in 90 days.	<p><b>Desired Standard of Service</b> Plan the devolution of functions from the Head Office to the Services and Divisions.</p> <p><b>Actual Achievement</b> Planning for the devolution of functions from the Head Office to the Services and Divisions was done and is awaiting Ministerial approval.</p>
		<p><b>Desired Standard of Service</b> 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><b>Actual Achievement</b> Delegations, as per the delegation directive received from the DPSA, to guide the delegations from the Executive Authority to the Head of Department, and from the Head of Department to performer levels, have been implemented.</p> <p><i><b>This task is finalised.</b></i></p>
PSAP Disciplinary Cases	Finalisation of disciplinary cases within 90 days.	<p><b>Desired Standard of Service</b> Submit a requirement for a dedicated structure to deal with PSAP disciplinary cases.</p> <p><b>Actual Achievement</b> A requirement for a dedicated structure to deal with PSAP disciplinary cases was not submitted due to the moratorium on the creation of new structures in the DOD. No progress in this regard.</p>

## Organisational Environment

### Minister of Defence and Military Veterans' Priorities for the FY2016/17 to FY2018/19

The Minister provides the DOD with strategic direction and sets out priorities to be pursued by the DOD over multiple MTSF and electoral periods. The execution of these priorities enhances the effective realisation of the Defence mandate.

The Minister indicated that the focus of the DOD during FY2016/17 would be to ensure the continued execution of the 5-year programme as set out in the DOD's Strategic Plan for 2015 to 2020 (see Appendix A for the mid-term performance against the 5-year strategic targets). The Minister's priorities for FY2016/17 were directly

related to the Defence Review 2015 and gave impetus to the implementation of the Defence Review 2015. The priorities for FY2016/17 were as follows (Refer Appendix C for the Implementation Progress made during the period 01 April 2016 to 31 March 2017):

- Defence Strategic Direction.
- Strategic Resourcing Direction.
- Organisational Renewal.
- Human Resources Renewal.
- Capability Sustainment Direction.
- Ordered Defence Commitments Direction.

These priorities have directed the Defence Review 2015 Milestone 1 envisaged implementation in FY2016/17 onwards, within allocated resources.

Under authority of the Chief Defence Policy, Strategy and Planning and the Chief of Staff, as the Defence Review Implementation Project Team (DRIPT) Project Leaders, a technical team was constituted which developed the Implementation Framework of the Defence Review. The DOD Plan to Arrest the Decline was completed and endorsed by the Secretary for Defence and Chief of the SANDF during the DOD Work Session on 01 March 2017, and subsequently approved by the Minister at the Council on Defence (COD) on 07 March 2017. Option 2 of the Plan (Arrest the decline within a 6-year period) was accepted as the most feasible path to follow. Option 2 to the Plan is thus the basis for further engagement with the Portfolio Committee on Defence and Military Veterans (PCD&MV), Joint Standing Committee on Defence (JSCD), National Treasury (NT) and political decision makers.

Of noteworthy importance, the DOD made significant progress with the following Defence commitments:

### ***Maritime Security***

The transfer of the Dockyard to the SA Navy is underway as recommended by the Defence Review 2015. The multi-lateral agreement between the DOD, Denel and ARMSCOR was signed and Denel is awaiting NT approval.

Consultations with the employees of the Dockyard are continuing to ensure that all labour matters are attended to. The SA Navy has continued to deploy vessels in support of the Maritime Security Strategy. Over the period under review, the SA Navy has conducted three protracted patrols in the Mozambican Channel, utilising a Frigate, an Offshore Patrol Vessel and the SAS DRAKENSBERG, respectively.

During the period under review, the SAS AMATOLA, one of the SA Navy Frigates, successfully participated in the SS MENDI Centenary Commemoration in the United Kingdom and Ex GOOD HOPE in Germany. Progress was made in terms of converting Naval Station Durban to a fully-fledged Naval Base.

### ***Border Safeguarding***

The SANDF continued to register operational achievements,<sup>22</sup> particularly in the area of stock theft, recovery of stolen vehicles, and prevention of cross-border crime. The DOD will submit a Border Safeguarding Strategy to the JCPS Ministers for approval during FY2017/18. It remains a priority for the DOD to increase the required number of companies deployed on South Africa's borders from 15 to 22, in order to make the borders more secure. The increase of sub-units is however impeded by continuous reductions in the Defence budget allocation.

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<sup>22</sup> Refer page 65 for operational successes.

***Collateral Benefits***

The SANDF continued to assist during disasters, in South Africa and elsewhere on the Continent. During the period under review, units of the SANDF participated in various rescue missions, including aircraft accidents and fire disasters.

***Development of Cyber Warfare and Sensor Capabilities***

During the FY2017/18, the DOD will provide a comprehensive Departmental Cyber Warfare Strategy and Sensor Strategy<sup>23</sup> to the JCPS Cluster Ministers for approval.

**Key Policy Developments and Legislative Changes**

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

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<sup>23</sup> Refer page 39 for progress made with the development of Cyber Warfare and Sensor Capabilities.

### PERFORMANCE INFORMATION BY PROGRAMME

#### Programme 1: Administration<sup>24</sup>

##### 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<sup>25</sup>.

##### Outputs

The main outputs of the Administration programme are to provide Ministerial direction, departmental direction, defence policy advice, departmental strategic direction and corporate planning, budgeting and reporting. The Defence Secretariat discharges its mandate to assist the Executive Authority executing civil control over the SANDF through the various Administration subprogrammes.

The Administration mandate finds expression in the following subprogrammes, *et alia*:

- Ministry of Defence.
- Departmental Direction.
- Policy and Planning.
- Financial Services.
- Human Resources Support Services.<sup>26</sup>
- Legal Services.<sup>27</sup>
- Inspection and Audit Services.
- Acquisition Services.<sup>28</sup>
- Communication Services.
- SANDF Command and Control.
- Religious Services.
- Defence Reserve Direction.
- Defence Foreign Relations<sup>29</sup> and International Affairs.

##### 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 Minister as well as Departmental direction, from the Office of the Secretary for Defence and the Chief of the SANDF.

During the year 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, effective management and processing of official Departmental documents, chairing of

<sup>24</sup> The Administration Programme consists of both Defence Secretariat and SANDF subprogrammes.

<sup>25</sup> This Administration Programme purpose is aligned with the National Estimate of Expenditure, as determined/standardised by National Treasury for all national departments as from FY2015/16 onwards.

<sup>26</sup> Central Staff.

<sup>27</sup> Central Staff.

<sup>28</sup> The amendments to the DOD Macro-organisational structure and the DOD Budget Programme structure will be dealt with as a function of the DOD Defence Review 2015 Implementation, as a holistic approach.

<sup>29</sup> Central Staff.



various DOD management bodies, as well as the attendance of Directors-General meetings, Cabinet Lekgotlas and Government Clusters.

The Secretary for Defence ensured that the DOD took cognisance of all the Ministerial, Cabinet, Parliamentary and Cluster decisions and duly implemented all governance and accountability related decisions. In its capacity as the Secretariat to the JCPS Cluster and Inter-Ministerial Committee, the DOD planned, convened and supported the JCPS Directors-General and Ministers in various actions, events and activities during the year. Amongst others, such key activities included the following:

- Integration of the DOD's inputs and comments into the Draft Procurement Bill. Placement of the Draft Procurement Bill on the agenda of the Development Committee and the JCPS Directors-General Cluster meeting, in line with Cabinet's approach of integrated decision-making. This was to ensure that proper consultation took place before the Act was referred to Cabinet for further processing.
- The planning and subsequent convening of a special JCPS Ministers Cluster meeting to discuss the student unrest. The JCPS Cluster Secretariat facilitated the formulation of the intervention plan and attended daily meetings at National Joint Operational and Intelligence Structure (NATJOINTS) during December 2016 to deal with the student unrest in the country. An "Interdepartmental Intervention Plan to Ensure Safety and Security in Institutions" was consolidated and circulated to key role-players within Government.
- Facilitating of the Hydrographic Bill to the Economic Cluster for recommendation and further processing. Subsequently, a comprehensive progress report on the Hydrographic Bill was tabled during the Development Committee (Sub-committee on the JCPS Cluster) meeting. The Bill was recommended by the JCPS Cluster to be submitted to Cabinet as requested, subject to further consultations with the Department of Transport.
- The planning and convening of Security Cluster meetings to discuss security arrangements in preparation of the State of the Nation Address 2017.

Through the Offices of the Chief Defence, Policy Strategy and Planning and the Chief Financial Officer (CFO), the DOD submitted all accountability documents (ie Planning Instruments, Annual Report, Estimate of National Expenditure, Annual Financial Statements etc.), in accordance with the regulatory framework and prescribed target dates.

In terms of defence diplomacy, the DOD ensured a 100% validity of the enabling bilateral international agreements mandating the conducting of bilateral and multilateral engagements with various partner countries.

In executing the responsibility of effective regulation of arms transfer in South Africa, administrative and secretariat support were provided to the National Conventional Arms Control Committee (NCACC) and 5 301 permits were issued during the period under review.

The Expedited Armaments Acquisition Process, as reported on during the previous financial year, was created to allow for the rapid acquisition of urgent operational requirements. During the past financial year, two projects in the landward domain made use of this process. It is expected that urgent operational requirements will be satisfied more rapidly in future.

The DOD supported the Department of Rural Development and Land Reform (DRDLR), the Department of Social Development (DSD) and North West Provincial Government with the National Youth Service Programme by means of:

- Presented the Youth Leadership Development Programme (YLDP), consisting of three intakes for the FY2016/17.

## Part B – Performance Information

- Provided a command and control group, consisting of military personnel, for the assembly phase during the National Rural Youth Service Corps (NARYSEC) intakes.
- Provided health assessment and post-counselling to youth participants.
- Provided accommodation, meals, training facilities, as well as health care to youth participants as part of the YLDP.
- Hosted the DSD Annual National Youth Camp.

A total of 4 680 youths participated in the National Youth Service Programmes during FY2016/17. The support provided by the DOD to the DRDLR, the DSD and North West Provincial Government contributed towards the Government's imperative to promote youth empowerment and poverty alleviation.

Through the Logistics Division (Refer page 81), the DOD continued to manage the payment of "Accommodation charges, leases and municipal services", thereby providing appropriate and sustained facilities for the DOD.

The inability of the DOD to pay all of its supplier invoices within a period of 30-days remains a Departmental concern. Discussions within the Forum for South African Directors-General and other statutory forums have indicated that the DOD has not been able to show sustainable progress on the action plans that have been developed to address the situation. A task team, led by the Department of Planning, Monitoring and Evaluation (DPME), agreed that the DOD will not be in a position to significantly improve on the payment of legitimate invoices until such time that a new accounting system is provided.

During the period under review, the DOD however managed to achieve 77% of its set target of 75% payment of legitimate invoices within 30-days. This represents the payment of 362 377 legitimate invoices out of the 470 359 invoices received.

### Performance Status<sup>30</sup>

The table below provides details of the Administration programme performance status, performance indicators and an analysis of target achievement as specified in the DOD Annual Performance Plan (APP) for 2016.

Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
<b>Ministry</b>		
Provide sound Defence direction	Percentage compliance with submission dates of DOD accountability documents  (DOD APP tabled in Parliament)  (ARMSCOR Corporate Plan tabled in Parliament)  (Castle Control Board APP tabled in Parliament)  (Military Ombud APP tabled in Parliament)	<b>Target</b> 100% (4 APPs tabled in line with National Prescripts)  <b>Actual</b> 100% (4 APPs tabled in line with National Prescripts)

<sup>30</sup> Refer Part E, Financial Information, "Appropriation Statement", pages 236 to 254 for detailed expenditure figures for the Administration programme and subprogrammes.

Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Provide sound Defence direction	<p>Percentage compliance with submission dates of DOD accountability documents</p> <p>(DOD Annual Report tabled in Parliament)</p> <p>(ARMSCOR Annual Report tabled in Parliament)</p> <p>(Castle Control Board Annual Report tabled in Parliament)</p> <p>(Military Ombud Annual Report tabled in Parliament)</p>	<p><b>Target</b> 100% (4 Annual Reports tabled in line with National Prescripts)</p> <p><b>Actual</b> 100% (4 Annual Reports tabled in line with National Prescripts)</p>
<b>Office of the Military Ombud</b>		
Provide sound Defence direction	<p>Percentage compliance with submission dates of DOD accountability documents</p> <p>(Military Ombud APP submitted to the Executive Authority)</p>	<p><b>Target</b> 100% (1 APP submitted to the Executive Authority)</p> <p><b>Actual</b> 100% (1 APP submitted to the Executive Authority)</p>
	<p>Percentage compliance with submission dates of DOD accountability documents</p> <p>(Military Ombud Annual Report submitted to the Executive Authority)</p>	<p><b>Target</b> 100% (1 Annual Report submitted to the Executive Authority)</p> <p><b>Actual</b> 100% (1 Annual Report submitted to the Executive Authority)</p>
	<p>Percentage of written complaints finalised</p>	<p><b>Target</b> 60%</p> <p><b>Actual</b> 55%</p> <p><b>Deviation</b> Due to capacity constraints, only 236 out of 428 active complaints were assessed and finalised, whilst 192 cases were carried over to FY2017/18.</p>
<b>Reserve Force Council (RFC)</b>		
Provide sound Defence direction	<p>Percentage compliance with submission dates of DOD accountability documents</p> <p>(2 Reports on RFC Activities submitted to the Executive Authority)</p>	<p><b>Target</b> 100% (2 Reports on RFC Activities submitted to the Executive Authority)</p> <p><b>Actual</b> 100% (2 Reports on RFC Activities submitted to the Executive Authority)</p>
<b>Defence Force Service Commission (DFSC)</b>		
Provide sound Defence direction	<p>Percentage compliance with submission dates of DOD accountability documents</p> <p>(Annual Report regarding DFSC Activities submitted to the Executive Authority)</p>	<p><b>Target</b> 100% (1 Annual Report regarding DFSC Activities submitted to the Executive Authority)</p> <p><b>Actual</b> 100% (1 Annual Report regarding DFSC Activities submitted to the Executive Authority)</p>

## Part B – Performance Information

Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
<b>Departmental Direction (Office of the Secretary for Defence)</b>		
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule  (SA Defence Review 2015 Implementation status)	<p><b>Target</b> 100% (Monitor implementation of the approved SA Defence Review 2015 Implementation Plan)</p> <p><b>Actual</b>  <ul style="list-style-type: none"> <li>The SA Defence Review 2015 (DOD Plan to Arrest the Decline) was approved for implementation by the MOD&amp;MV on 07 March 2017.</li> <li>The monitoring of the implementation of non-resource driven deliverables was undertaken through the departmental quarterly performance reporting process.</li> </ul> </p>
	Percentage compliance with submission dates of DOD accountability documents  (DOD APP submitted to the Executive Authority)	<p><b>Target</b> 100% (1 DOD APP submitted to the Executive Authority)</p> <p><b>Actual</b> 100% (1 DOD APP for 2017 submitted to the Executive Authority and tabled in the National Assembly and National Council of Provinces on 16 March 2017)</p>
	Percentage compliance with submission dates of DOD accountability documents  (DOD Annual Report submitted to the Executive Authority)	<p><b>Target</b> 100% (1 DOD Annual Report submitted to the Executive Authority)</p> <p><b>Actual</b> 100% (1 DOD Annual Report for FY2015/16 submitted to the Executive Authority and tabled in the National Assembly and National Council of Provinces on 26 September 2016)</p>
	Established DOD strategic research capability status <sup>31</sup>	<p><b>Target</b> Policy Research Unit Concept document approved</p> <p><b>Actual</b> Not achieved, however the Draft Policy Research Unit Concept document was completed for departmental consideration.</p> <p><b>Comment</b> This draft document, once approved, will give substance to the Chief Defence Scientist capability.</p>
Ensure Defence compliance with Regulatory Framework	Status of external statutory responses to requests received	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> One enquiry from the Public Protector was received and processed within given timeframes.</p>
<b>Departmental Direction (Government Information Technology Officer [GITO])</b>		
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule  (Information and Communication Systems Policy Development Plan status)	<p><b>Target</b> 100% Monitor and Review</p> <p><b>Actual</b> 100% Monitored and reviewed</p>

<sup>31</sup> Various forms of strategic research are done by the DOD in support of the National Government imperatives with regard to research and development.

Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule  (Department of Defence Information Strategy status)	<p><b>Target</b> 100% Monitor and Review</p> <p><b>Actual</b> 100% Monitored and reviewed</p> <p><b>Comment</b> The final draft of the reviewed Information Strategy was distributed for comments and collaboration sessions were held. Comments received were integrated into the Strategy, where appropriate. It is foreseen that the Strategy will be approved towards the latter part of FY2017/18.</p>
Policy and Planning (Defence Policy, Strategy and Planning)		
Provide sound Defence direction	Percentage adherence to DOD governance schedule  (Policy) <sup>32</sup>	<p><b>Target</b> 100%</p> <p><b>Actual</b> 60% (3 out of 5 planned policies established and maintained)</p> <p><b>Deviation</b> The achievement of targets on the two outstanding policies, namely the Defence International Affairs Policy Status and the DOD Procurement Policy Status, will be addressed in FY2017/18<sup>33</sup>.</p>
	Percentage adherence to DOD governance schedule  (Strategy)	<p><b>Target</b> 100%</p> <p><b>Actual</b> 44.44% (4 out of 9 strategies established and maintained)</p> <p><b>Deviation</b> The achievement of targets on the five outstanding strategies will be addressed in FY2017/18<sup>34</sup>:</p> <ul style="list-style-type: none"> <li>• Border Safeguarding Strategy</li> <li>• Sensor Strategy</li> <li>• Develop Cyber Warfare Strategy</li> <li>• DOD Ethics Management status</li> <li>• Overarching Logistic Strategy status</li> </ul>
	Percentage compliance with submission dates of DOD accountability documents	<p><b>Target</b> 100% (1 DOD Annual Report and 1 DOD APP submitted in line with National Prescripts)</p> <p><b>Actual</b> 100% (1 DOD Annual Report and 1 DOD APP submitted in line with National Prescripts)</p> <p><b>Comment</b> The DOD Annual Report for FY2015/16 and DOD APP for 2017 were tabled in the National Assembly and the National Council of Provinces on 26 September 2016 and 16 March 2017 respectively.</p>
	DOD Enterprise Risk Management maturity level achieved	<p><b>Target</b> Level 4</p> <p><b>Actual</b> Level 5 achieved</p>

<sup>32</sup> All Departmental policies and strategies are to adhere to the following phases, namely Phase 1 – Registration of the Policy; Phase 2 – Development of the Policy; Phase 3 – Functionally Approved Policy; Phase 4 – Corporate Approved Policy. All approved departmental policies and strategies are implemented in the department through departmental instructions.

<sup>33</sup> Refer DOD APP for 2017, pages 105 and 137 respectively.

<sup>34</sup> Refer DOD APP for 2017, pages 86, 111, 133 and 138.

## Part B – Performance Information

Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Ensure Defence compliance with Regulatory Framework	DOD Management Performance Assessment Tool (MPAT), assessment level achieved	<p><b>Target</b> Level 2.6</p> <p><b>Actual</b> Level 2.5 achieved</p> <p><b>Deviation</b> The DOD's MPAT 1.6 score for the Governance &amp; Accountability Key Performance Area declined from 2.3 in the MPAT 1.5 cycle to 1.9 in the MPAT 1.6 cycle.</p> <p><b>Comment</b> Improvement plans will be drawn up and performance on "non-compliance" and "partial compliance" standards will be monitored through the departmental quarterly performance reporting process to facilitate improvement during the MPAT 1.7 cycle.</p>
<b>Policy and Planning (Military Policy, Strategy and Planning Office)</b>		
Provide sound Defence direction	Percentage compliance with submission dates of DOD accountability documents  (SANDF quarterly reports submitted to the Executive Authority)	<p><b>Target</b> 100% (4 SANDF quarterly reports submitted to the Executive Authority)</p> <p><b>Actual</b> 100% (4 SANDF quarterly reports submitted to the Executive Authority)</p>
Ensure Defence compliance with Regulatory Framework	Percentage compliance with the progress of the establishment of the Military Strategic Direction Register <sup>35</sup>	<p><b>Target</b> 48% (17)</p> <p><b>Actual</b> 14% (5)</p> <p><b>Deviation</b> Due to higher order strategic documents not yet in place, certain lower order documents could not be completed.</p> <p><b>Comment</b> Finalisation of all outstanding documents is addressed in the DOD APP for 2017 over multiple years.</p>
<b>Financial Services</b>		
Provide sound Defence direction	Percentage compliance with submission dates of DOD accountability documents  (Percentage compliance with DOD financial management products)	<p><b>Target</b> 100% (37 Financial management products submitted in line with National Prescripts)</p> <p><b>Actual</b> 100% (37 Financial management products submitted in line with National Prescripts)</p>
Ensure Defence compliance with Regulatory Framework	Number of Audit Qualifications <sup>36</sup>	<p><b>Target</b> 0</p> <p><b>Actual</b> 1<sup>37</sup></p> <p><b>Deviation</b> The DOD General Vote was unqualified for the FY2015/16 audit cycle. Due to a "limitation of scope" on DOD Sensitive Activities, the Special Defence Account was qualified for FY2015/16. The "limitation of scope" relates to approximately 1% of the total DOD Vote.</p>

<sup>35</sup> This Performance Indicator measure the extent to which C SANDF contributes to the direction and guidance of the DOD's military component. The Military Strategic Direction Register consists of various strategic departmental products/documents which must be completed in a specific year. The number of strategic departmental products/documents will be reduced over the 2017 MTEF in line with the requirements stated within the SA Defence Review 2015.

<sup>36</sup> This Performance Indicator relates to AGSA Audit Cycle of FY2015/16.

<sup>37</sup> The DOD planned to receive a zero number of Audit Qualifications. However, due to the inherent nature of the Special Defence Account, which contains mainly classified information, the department will receive an Audit Qualification. Discussion with NT and the AGSA aimed at amending legislation in this regard, is underway.



Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Ensure Defence compliance with Regulatory Framework	Percentage payments within 30 days from receipt of legitimate invoices <sup>38</sup>	<p><b>Target</b> 75%</p> <p><b>Actual</b> 77%</p> <p><b>Comment</b> 362 377 legitimate invoices out of 470 359 invoices received were paid within 30 days. Invoices not paid within 30 days were due to non-integration of legacy DOD Information systems.</p>
Provide sound Financial Management of the DOD	Percentage deviation from approved drawing schedule <sup>39</sup>	<p><b>Target</b> &lt;8%</p> <p><b>Actual</b> 0,1%</p>
Human Resources Support Services (DOD Central Staff)		
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule (Internship Policy Status)	<p><b>Target</b> 100% (Policy Development)</p> <p><b>Actual</b> 100% (Policy Development)</p>
	Percentage adherence to DOD governance promulgation schedule (Human Resources Strategy status) <sup>40</sup>	<p><b>Target</b> 100% (Implemented Strategy)</p> <p><b>Actual</b> 100% (DOD Human Resource Development (HRD) Strategy &amp; Strategic Implementation Plan (SIP) implemented)</p>
	Percentage adherence to DOD governance promulgation schedule (DOD Ethics Management status)	<p><b>Target</b> 100% (DOD Ethics Policy Approved)</p> <p><b>Actual</b> DOD Ethics Policy is in the development process.</p> <p><b>Deviation</b> Due to the complexity of the content contained within the DOD Ethics Policy, finalisation of the Policy is time consuming, hence the set target could not be achieved and rolled-over to FY2017/18.</p> <p><b>Comment</b> Although the target for this indicator has been changed in future planning instruments to “DOD Ethics Strategy submitted for approval” (refer DOD APP for 2017, p 86), the datasheet will be updated to accommodate reporting on the progress of the DOD Ethics Policy as well.</p>
	Percentage compliance with submission dates of DOD accountability documents (SMS financial disclosures submitted)	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100% (292 SMS financial disclosures submitted)</p>

<sup>38</sup> The DOD confirms legitimate invoices as invoices that comply with the detail/specifications of the order placed against the supplier for goods and services and which adhere to the DOD prescripts for a legitimate payment.

<sup>39</sup> This Performance Indicator monitors and reports on the departmental performance as required in terms of Section (40)(4)(1-c) of the PFMA. Compliance indicates the ability to control expenditure and revenue collection against the approved budget allocation for the year.

<sup>40</sup> The Performance Indicator “Percentage adherence to DOD governance promulgation schedule (Human Resource Strategy status)” was incorrectly stated in the DOD APP for 2016, and should be “Percentage adherence to DOD governance promulgation schedule (Human Resource Development Strategy status)”.

## Part B – Performance Information

Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Provide sound Defence direction	Percentage compliance with submission dates of DOD accountability documents  (SMS performance agreements submitted)	<p><b>Target</b> 100%</p> <p><b>Actual</b> 94% (273 out of 292 performance agreements submitted)</p> <p><b>Deviation</b> Internal control measures are in place to address non-compliance during the FY2017/18.</p>
Administrate the DOD	Percentage disciplinary cases in the DOD finalised within 90 days  (PSAP Disciplinary Cases)	<p><b>Target</b> 100%</p> <p><b>Actual</b> 16% (9 out of 56 cases finalised within 90 days)</p> <p><b>Deviation</b> The complexity of some cases required more time for finalisation. Inadequate structures and lack of suitably qualified personnel to serve as chairpersons and departmental representatives, for finalisation of cases, contributed to the under achievement of the set target.</p> <p><b>Comment</b> The Department however managed to settle 47 cases outside of the required 90 day timeframe.</p>
	Percentage collective grievances and disputes resolved	<p><b>Target</b> 85%</p> <p><b>Actual</b> 64% (9 out of 14 grievances received in FY2016/17 were resolved)</p> <p><b>Deviation</b> The complexity of grievances and liaison process with all relevant role-players required more time for finalisation than anticipated.</p>
Enable the DOD	Percentage compliance with DOD training targets  (Number of PSAP attending training programmes)	<p><b>Target</b> 100% (2 587)</p> <p><b>Actual</b> 100.5% (2 601)</p>
Provide professional and supported DOD Human Resources	Percentage compliance with planned staffing of funded posts	<p><b>Target</b> 100% (80 064)</p> <p><b>Actual</b> 95.7% (76 617)</p> <p><b>Deviation</b> Due to NT HR budget cuts that were imposed on 18 January 2016 the DOD had to revise the FY2016/17 staffing targets to ensure that the HR ceiling for FY2017/18 will not be exceeded. The DOD consequently only recruited according to attrition rates (while evaluating the impact of appointments in the outer years).</p>

Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Provide sound Defence direction	Number of positions filled against allocated quota for international institutions	<p><b>Target</b> 12</p> <p><b>Actual</b> 14</p> <p><b>Comment</b> The appointment of the Deputy Head of the African Capacity for Immediate Response to Crisis (ACIRC) and the post of Senior Staff Officer Logistics to the Secretary of Planning element in Botswana was additionally catered for.</p>
Enable the DOD	Percentage compliance with DOD training targets  (Non-combat professional military development courses)	<p><b>Target</b> 100% (3 000)</p> <p><b>Actual</b> 89.63% (2 689)</p> <p><b>Deviation</b> Certain learning programmes had to be cancelled due to budgetary constraints and the need for curriculum development at some training institutions.</p>
	Percentage compliance with DOD training targets  (Re-skilling)	<p><b>Target</b> 70% (50)</p> <p><b>Actual</b> 273% (195)</p> <p><b>Comment</b> As a result of an effective marketing drive, 145 additional members made use of available re-skilling opportunities.</p>
	Percentage compliance with DOD training targets  (National Youth Service programme)	<p><b>Target</b> 100% (2 000)</p> <p><b>Actual</b> 234% (4 680)</p> <p><b>Comment</b> An additional 2 680 youths were trained due to an increased requirement for support to the National Rural Youth Service Corps (NARYSEC) Skills Development Programmes, the North West Provincial Government Youth Entrepreneurship Services Camps and the Department of Social Development (DSD) Annual National Youth Camp / Provincial Youth Camps.</p>
Provide professional and supported DOD Human Resources	Number of military skills development members in the system per year	<p><b>Target</b> 4 001</p> <p><b>Actual</b> 3 759</p> <p><b>Deviation</b> The deviation of 242 less members in the system for FY2016/17 was as a result of reduced January 2016 and January 2017 intakes, due to departmental HR financial constraints.</p>

## Part B – Performance Information

Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Provide professional and supported DOD Human Resources	Number of Reserve Force person days	<p><b>Target</b> 2 701 681</p> <p><b>Actual</b> 2 679 142</p> <p><b>Deviation</b> Due to departmental HR financial constraints, budget control measures were implemented to prevent an over expenditure on the DOD HR budget, resulting in the deviation of 22 539 Reserve Force person days.</p>
	Percentage compliance with SANDF battle fitness requirements	<i>Information Classified</i> <sup>41</sup>
<b>Legal Services (DOD Central Staff)</b>		
Administrate the DOD	Percentage litigation cases finalised in the best interest of the DOD	<p><b>Target</b> 50%</p> <p><b>Actual</b> 80% (32 out of 40 finalised cases settled in the best interest of the DOD)<sup>42</sup></p> <p><b>Comment</b> A total of 113 litigation cases were received and attended to during FY2016/17.</p>
Ensure Defence compliance with Regulatory Framework	Percentage of cases of Corruption and Fraud prosecuted <sup>43</sup>	<p><b>Target</b> 40%</p> <p><b>Actual</b> 13%</p> <p><b>Deviation</b> The nature of certain cases necessitated the involvement of external stakeholders such as the SAPS and Hawks, which are not under control of the DOD. This situation had an adverse effect on the speedy finalisation of cases. Cases that are eligible to be tried in a military court were also affected by the shortages of Military Judges.</p>
Administrate the DOD	Percentage reduction of military court cases outstanding (backlog)	<p><b>Target</b> 60%</p> <p><b>Actual</b> 65%</p> <p><b>Comment</b> Over achievement can be attributed to the fact that 25% of the cases handled resulted in a “<i>nolle prosequi</i>” (withdrawal of cases without going to court)<sup>44</sup>.</p>
	Percentage military court cases finalised (in-year)	<p><b>Target</b> 40%</p> <p><b>Actual</b> 63%</p> <p><b>Comment</b> Over achievement can be attributed to the fact that 10% of the cases handled resulted in a “<i>nolle prosequi</i>” (withdrawal of cases without going to court).</p>

<sup>41</sup> 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.

<sup>42</sup> The Department continued to work in partnership with the office of the State Attorney to reduce the number of losses in litigation against the DOD and continued to liaise with other Government Departments and the State Law Advisor to ensure that all litigation cases were effectively attended to in the best interest of the DOD.

<sup>43</sup> The Performance Indicator “Percentage of cases of Corruption and Fraud prosecuted” includes cases referring to “Conviction rate of persons R5 million and over”, relating to the MTSF Outcome 3 requirements.

<sup>44</sup> Military judges spent 6 271 hours and 1 484 days in court during the year under review. The Military Judicial Reviews received 1 307 cases and successfully attended to 1 224 cases during FY2016/17.

Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Administrate the DOD	Number of disciplinary cases in the DOD finalised within 90 days <sup>45</sup>  (Military Disciplinary Cases)	<p><b>Target</b> 100%</p> <p><b>Actual</b> 36%</p> <p><b>Deviation</b> The initial non-assignment of Military Judges<sup>46</sup> resulted in insufficient capacity to effect the finalisation of cases within 90 days.</p>
<b>Inspection and Audit Services (Internal Audit Division)</b>		
Ensure Defence compliance with Regulatory Framework	Percentage of recommendations agreed to by management to address the internal control gaps identified in audit reports	<p><b>Target</b> 100%</p> <p><b>Actual</b> 92.5% (298 out of 322 recommendations made were agreed to by management)</p> <p><b>Deviation</b> It remains a management prerogative to accept recommendations made by the Internal Audit Division.</p>
	Number of scope coordinating meetings with internal and external assurance providers to reduce audit fatigue across the DOD	<p><b>Target</b> 12</p> <p><b>Actual</b> 8</p> <p><b>Deviation</b> A decision was taken during April 2016 that only one meeting per quarter will be held. This indicator was removed from the DOD APP for 2017.</p>
<b>Inspection and Audit Services (Defence Inspectorate Division)</b>		
Ensure Defence compliance with Regulatory Framework	Percentage of Corruption and Fraud incidents detected for investigation	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p>
Administrate the DOD	Percentage of National Anti-corruption Hotline (NACH) incidents detected for investigation	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p>
	Number awareness activities on Corruption and Fraud	<p><b>Target</b> 48</p> <p><b>Actual</b> 74</p> <p><b>Comment</b> As a result of the renewed drive to educate members of the DOD on corruption and fraud related incidents, 26 additional awareness activities took place.</p>

<sup>45</sup> During FY2016/17 the phrasing of the Performance Indicator was amended from “Number of disciplinary cases in the DOD finalised within 90 days” to “Percentage of disciplinary cases in the DOD finalised within 90 days”.

<sup>46</sup> Refer to DOD Annual Report for FY2015/16, page 62.

## Part B – Performance Information

Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Provide professional and supported DOD Human Resources	Level of DOD Morale	<p><b>Target</b> Positive</p> <p><b>Actual</b> Neutral</p> <p><b>Deviation</b> Perception surveys were completed but a comprehensive report must still be finalised. Interim results are indicative of a neutral trend<sup>47</sup>.</p>
<b>Acquisition Services</b>		
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule  (Defence Intangible Capital Assets [ICA] Management Policy status)	<p><b>Target</b> 100% (A functioning Defence Intangible Capital Assets Management Organisation [Policy Implementation and Monitoring])</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> The Intangible Assets Management Organisation was established on 02 December 2013. The ICA Policy was promulgated on 31 July 2014 and is currently under review to adhere to National Policy (to be renamed to Intangible Asset Policy).</p>
Renew DOD Main Equipment and Systems	Percentage armament acquisition commitments approved	<p><b>Target</b> ≥75% by 31 March of each year</p> <p><b>Actual</b> 96% commitments approved</p>
Undertake Defence Research and Development	Percentage technology development commitments approved	<p><b>Target</b> 85% - 100% by 31 March of each year</p> <p><b>Actual</b> 93% commitments approved</p>
<b>Communication Services</b>		
Promote consensus on Defence	Status of Public Opinion of the DOD	<p><b>Target</b> 77%</p> <p><b>Actual</b> 72%</p> <p><b>Comment</b> The 5% deviation from the target is within acceptable norms for public opinion status (70% and above)<sup>48</sup>.</p>
<b>SANDF Command and Control</b>		
Provide sound Defence direction	Number of Strategic Activities per annum	<p><b>Target</b> 12</p> <p><b>Actual</b> 10</p> <p><b>Deviation</b> Due to senior management having to attend to higher order DOD priorities, two planned strategic activities could not be undertaken.</p>

<sup>47</sup> The measurement is done based on the Scientific method of measurement as set by the Statistical Package of Social Science (SPSS) program. The mean score of measurement is as follows: Mean score of 2.5 and lower: Negative. Mean score of 2.5 to 2.9: Neutral. Mean score of 3.0 and higher: Positive.

<sup>48</sup> This Human Sciences Research Council research is conducted every two years. The next survey is scheduled to be conducted in FY2017/18.



Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
<b>Religious Services</b>		
Administrate the DOD	Number of Covenantal relationships with Religious Stake holders  (Religious Advisory Boards)	<b>Target</b> 5  <b>Actual</b> 5
<b>Defence Reserve Direction</b>		
Administrate the DOD	Number of marketing events to promote the Reserves	<b>Target</b> 36  <b>Actual</b> 38  <b>Deviation</b> The Division participated in two ad hoc events, additional to the planned activities, to market and promote the Reserve Force Service System.
<b>Defence Foreign Relations</b>		
Employ the SANDF	Total number of Defence Attaché Offices	<b>Target</b> 46  <b>Actual</b> 44  <b>Deviation</b> Budgetary constraints prohibited the opening of the two outstanding offices for FY2016/17. The target for FY2017/18 was amended to 44.  <b>Comment</b> DAs are at present deployed in the following 10 SADC countries: Angola, Botswana, DRC, Lesotho, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe.  The following SADC countries do not have DAs, but they are served by non-residential DAs stationed in other countries: Malawi (non-residential DA in Zambia), and Mauritius (non-residential DA in Tanzania).  DAs are also deployed in the Rest of Africa in the following 13 countries: Algeria, AU, Burundi, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Kenya, Nigeria, Senegal, South Sudan, Sudan, and Uganda.  DAs are resident in the following 21 Rest of the World countries as well: Argentina, Belgium, Brazil, Cuba, France, Germany, India, Italy, Malaysia, Pakistan, PRC, Russia, Saudi Arabia, Spain, Sweden, Turkey, United Arab Emirates, United Kingdom, UN, United States of America, and Vietnam.
<b>Defence International Affairs</b>		
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule  (Policy products in pursuit of Defence Diplomacy)	<b>Target</b> Ensure 100% relevant, quality policy products  <b>Actual</b> 100% relevant, quality policy products ensured.

## Part B – Performance Information

Administration Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule  (Defence International Affairs Policy Status)	<p><b>Target</b> 100% (Monitor Policy Implementation)</p> <p><b>Actual</b> Not achieved, however the policy is in progress.</p> <p><b>Deviation</b> The promulgation of the policy was delayed due to the finalisation of the Minister of Defence's Directive for the "<i>Execution of Defence Diplomacy Policy in the DOD</i>"<sup>49</sup> and a requirement for the Policy to be synchronised with the DIRCO "Anchor State Document on Defence International Engagements".</p>
Ensure Defence compliance with Regulatory Framework	Percentage deployments including training exercises, where applicable, supported with appropriate legal instruments	<p><b>Target</b> 100% (Appropriate approved legal instrument to be in place)</p> <p><b>Actual</b> 100% (Appropriate approved legal instrument in place)</p>
Office Accommodation		
Provide appropriate and sustained Matériel	Percentage of expenditure in accordance with facilities plan  (Payment of leases, accommodation charges and municipal services)	<p><b>Target</b> 100%</p> <p><b>Actual</b> 105.64%</p> <p><b>Comment</b> The over expenditure, in terms of the annual target, was due to new, unplanned leases acquired through NDPW<sup>50</sup>.</p>

<sup>49</sup> 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.

<sup>50</sup> The Department continued to manage the payment of accommodation charges, leases and municipal services, thereby providing appropriate and sustained facilities in the DOD.

## Programme 2: Force Employment

### Purpose

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

### Outputs

The output of this programme is to ensure successful joint force employment over the medium term 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 12 joint, interdepartmental, interagency and multinational military force preparation exercises from FY2016/17 to FY2018/19, 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 fulfilment 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 independently maintain law and order.
- Service in support of any department or state, for the purpose of socio-economic 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 approximately 2 650 members were deployed in one United Nations mandated peace support operation in the Democratic Republic of Congo (DRC). In addition to peace support operations, the SANDF continued to be deployed in one general military assistance operation by providing support to the Mozambique Government to curb piracy in the Mozambican Channel. The SANDF also planned, coordinated and conducted four joint, interdepartmental, interagency and multinational military force preparation activities in accordance with the joint force employment concept and existing bilateral and multilateral agreements. Ex NDLOVU took place over the period 02 to 29 July 2016 at the SA Army Combat Training centre. The aim was to exercise the SANDF's Reaction Force and Conventional Capability.

## Part B – Performance Information

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 in terms of Section 18(1)(d) of the Defence Act by deploying 15 sub-units to execute operations along the borders in Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape, Northern Cape and North West Provinces. Operational successes included the recovery of 70 weapons, 114 stolen vehicles, 365g gold and 4g silver and 2 541 live-stock; apprehension of 13 232 illegal foreigners, arrest of 441 criminals and confiscation of 15 149kg dagga, 214kg copper, and contraband goods to the value of R17 314 000.00.

The SANDF executed Defence Diplomacy activities in support of the SA Government which included the African Capacity for Immediate Response to Crises (ACIRC) meeting, SADC Inter State Defence & Security Committee as well as the SADC Inter State Defence & Security Committee Human Resources Workgroup. Support was also provided during the 3<sup>rd</sup> session of the Bi-National Commission between the RSA and Botswana, Senegal, Malaysia, United Kingdom, France and Nigeria. VIP protection was provided to foreign government visitors and military dignitaries from Angola, China, Ghana, India, Pakistan, Tanzania, Saudi Arabia and Sweden.

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

- In the domains of humanitarian assistance by providing helicopters to conduct medical evacuation in Nelspruit, Cape Town and the Magaliesberg mountain range. Blankets were airlifted to snow bound citizens in the Mount Fletcher area. Recovery and expert advice was provided during the recovery process of a child that fell into a mineshaft in the Doornpoort area.
- Search and Rescue tasks were conducted during which four members were safely evacuated from vessels in the RSA territorial waters.
- Further incidents took place which resulted in the evacuation of four survivors of a light aircraft crash in the Drakensberg (Cathedral Peak) area. As a result of further search and rescue missions, six hikers experiencing difficulties in mountainous areas, were brought to safety.
- The SANDF also assisted with the fighting of field fires by providing assistance in the areas of Somerset West, Du Toits Kloof, Simon's Town, Glen Cairne, Paarl and Wellington. During this exercise, Oryx Helicopters delivered 1 388 Bambi Buckets of water over the affected areas.

### Performance Status<sup>51</sup>

The table below provides details of the Force Employment programme performance status, performance indicators and an analysis of target achievement as specified in the DOD APP for 2016.

Force Employment Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Conduct ordered Defence commitments in accordance with government policy and strategy	Percentage compliance with number of ordered commitments (external operations)	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> SANDF forces deployed in the following two external operations during FY2016/17:</p> <ul style="list-style-type: none"> <li>• Op MISTRAL (UN Mandated PSO in the DRC [MONUSCO]).</li> <li>• Op COPPER (Anti-Piracy Operation in support of the Mozambican Government).</li> </ul>

<sup>51</sup> Refer Part E, Financial Information, “Appropriation Statement”, pages 255 to 263 for detailed expenditure figures for the Force Employment programme and subprogrammes.

Force Employment Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Conduct ordered Defence commitments in accordance with government policy and strategy	Percentage compliance with force levels for external operations	<i>Information Classified</i> <sup>52</sup>
	Percentage compliance with serviceability of main equipment for external operations	<i>Information Classified</i>
	Percentage of the value of reimbursement by the UN/AU recognised	<i>Information Classified</i>
	Percentage compliance with self-sustainment of personnel	<i>Information Classified</i>
	Number of landward sub-units <sup>53</sup> deployed on border safeguarding per year	<p><b>Target</b> 15</p> <p><b>Actual</b> 15</p> <p><b>Comment</b> The SANDF deployed 15 sub-units to execute Op CORONA (Border Safeguarding) in Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape, Northern Cape and North West Provinces.</p>
	Percentage compliance with number of ordered commitments (internal operations)	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> SANDF forces deployed in the following four internal operations during FY2016/17:</p> <ul style="list-style-type: none"> <li>• Op PROSPER (Support to Government departments, mainly SAPS [ie Safety and Security Support]).</li> <li>• Op CHARIOT (Disaster Aid and Relief [Humanitarian Assistance]).</li> <li>• Op ARABELLA (Search and Rescue).</li> <li>• Op CORONA (Border Safeguarding).</li> </ul>
	Percentage compliance with number of ordered commitments (internal operations) (safety and security support)	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> SANDF forces deployed in the following internal, safety and security operations during FY2016/17:</p> <ul style="list-style-type: none"> <li>• Op PROSPER (Support to Government departments, mainly SAPS).</li> </ul>
Percentage compliance with number of ordered commitments (internal operations) (disaster aid and disaster relief)	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> SANDF forces deployed in the following disaster aid and disaster relief internal operations during FY2016/17:</p> <ul style="list-style-type: none"> <li>• Op CHARIOT (Disaster Aid and Relief [Humanitarian Assistance]).</li> </ul>	

<sup>52</sup> 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.

<sup>53</sup> A typical sub-unit (eg Infantry Company) consists of 170 members.

## Part B – Performance Information

Force Employment Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Provide mission-ready Defence capabilities	Percentage compliance with number of ordered commitments  (internal operations) (search and rescue)	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> SANDF forces deployed in the following search and rescue internal operations during FY2016/17: • Op ARABELLA (Search and Rescue).</p>
	Percentage compliance with Joint Force Employment requirements as resourced	<i>Information Classified</i>
	Percentage compliance with the South African Development Community standby force Pledge	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> The SANDF force structure elements deployed in peace missions constituted part of the SANDF's contribution to the Standby Force. These pledges were not additional to SANDF force requirements.</p>
Provide sound Defence direction	Percentage adherence to DOD governance schedule  (Sub-strategy, to support overarching strategy by securing land, airspace and maritime borders [Border Safeguarding Strategy]) <sup>54</sup>	<p><b>Target</b> Sub-strategy approved</p> <p><b>Actual</b> Framework developed to enable Sub-strategy approval</p> <p><b>Deviation</b> The Border Management Authority (BMA) Sub-strategy can only be developed once the Overarching Strategy ito BMA Bill is developed and promulgated.</p> <p><b>Comment</b> The BMA Bill was only passed by the National Assembly after the year under review and is currently under consideration by the National Council of Provinces.<sup>55</sup></p>
Employ the SANDF	Number of Joint, Interdepartmental, Interagency and Multinational (JIIM) military exercises conducted per year <sup>56</sup>	<p><b>Target</b> 4</p> <p><b>Actual</b> 4</p> <p><b>Comment</b> SANDF forces participated in the following four JIIM exercises during FY2016/17: • Ex NDLOVU (Exercise the SANDF's Reaction Force and Conventional [major combat] Capability. The exercise took place over the period 02 – 29 July 2016 at the SA Army Combat Training Centre). • Ex WAYSIDE I &amp; II (Chemical, Biological and Radiological defence exercise conducted concurrently by 7 Medical Battalion Group over the period 09 – 14 October 2016). • Ex GOOD HOPE (Exercise in all aspects of maritime warfare and seamanship. This exercise was a Bi-National exercise in which the SA Navy participated in over the period 28 February 2017 to 10 March 2017 in the Baltic Sea, Germany).</p>

<sup>54</sup> The Performance Indicator "Border Safeguarding Strategy" is aligned to the MTSF Outcome 3, sub-outcome 3 "Secure Cyber space".

<sup>55</sup> The Framework for this Strategy is currently in the process of development. The fully fledged Border Safeguarding Strategy will be developed in consultation with all stakeholders, including the envisaged Border Management Authority.

<sup>56</sup> Excluding Special Forces and SADC Standby Force exercises.



The table below provides details on Force Employment Joint, Interdepartmental, Interagency and Multinational (JIIM) military exercises for FY2016/17.

Force Employment JIIM Exercises for FY2016/17		
Exercise Name	Aim	Analysis
<b>Joint Exercises</b>		
Ex NDLOVU	The aim is to exercise the SANDF's Reaction Force and Conventional (major combat) capability.	<p><b>Target</b> 1</p> <p><b>Actual</b> 1</p> <p><b>Comments</b> SANDF members took part in the exercise held over the period 02 - 29 July 2016.</p>
<b>Interdepartmental Exercises</b>		
Ex WAYSIDE I and II	Ex WAYSIDE is a Chemical, Biological and Radiological (CBR) defence exercise. The aim of these exercises is to enhance CBR Defence capabilities for the prevention of and to react to incidents involving chemical or biochemical agents and radioactive materials in the RSA.	<p><b>Target</b> 2</p> <p><b>Actual</b> 2</p> <p><b>Comments</b> SANDF members from 7 Medical Battalion Group, ARSMCOR and the supplier took part in these exercises over the period 09 - 14 October 2016.</p>
<b>Multinational Exercises</b>		
Ex GOOD HOPE	The aim is to exercise all aspects of maritime warfare and seamanship.	<p><b>Target</b> 1</p> <p><b>Actual</b> 1</p> <p><b>Comments</b> This exercise was a Bi-National exercise in which the SA Navy participated in over the period 28 February 2017 - 10 March 2017 in the Baltic Sea, Germany.</p>

### 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.

#### Outputs

The output of this programme is to defend and protect South Africa and its territory over the medium term 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 SA 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 FY2016/17, the SA Army contributed to the MTSF 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 SA Army prepared, provided and supported combat-ready force structure elements (FSEs) as part of the external operations in the DRC in support of the United Nations (UN) mission. A tactical headquarters consisting of 142 members (122 instructors and 20 admin personnel) as part of Mission THEBE to Mura Base in the DRC was responsible for individual and platoon weapon training of soldiers from *Forces Armées de la République Démocratique du Congo* (FARDC) which culminated in an integrated exercise. The operational activities and responsibilities of the SA Army for Op CORDITE (Sudan) was discontinued and the authority was granted to continue with the closing-down phase (Op KGHETO).

Over the period 14 to 27 August 2016, various members from SA Army (HQ 43 SA Brigade) participated in Ex UTULIVU AFRICA II. This exercise, presented by the African Union (AU), was aimed at practicing the operational readiness and interoperability of the ACIRC capability in the planning process, procedures and execution of intervention operations in Africa. Conducted with the 20<sup>th</sup> Mechanised Brigade of the Angolan Armed Forces in the Bengo Province of Angola which also involved other voluntary nations such as Rwanda, Chad and Tanzania. In the RSA, a conventional exercise (Ex YOUNG EAGLE 2016) for one airborne brigade (minus) was successfully conducted over the period 04 to 23 July 2016. An opposing forces (OPFOR) company was made available to conduct realistic training against own forces. The force-on-force equipment procured recently was effectively evaluated.

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 contributions to Op CHARIOT (Disaster Aid and Relief [Humanitarian Assistance]). On 20 October 2016 a water bunker was delivered to the KwaMhlanga Local Clinic in Bronkhorstspuit, Mpumalanga after the water tanks at the clinic had run dry. The SA Army (SA Army Engineer Formation) assisted with the construction and completion of four low cost bridges in the Eastern Cape. The completed bridges were handed over to NDPW on 25 May 2016. Further initiatives included the pre-assessment and feasibility studies of other possible bridge construction opportunities in the Eastern Cape and Limpopo. The joint venture and cooperation between the DOD and NDPW created the conditions for the residents of the identified areas to enjoy the benefits of unobstructed movement, resulting in better living conditions.

During the reporting period, the SA Army successfully finalised the Rural Development Pilot Project in the North West Province to link with the developmental agenda and the 9-point plan of Government. The Memorandum of Understanding (MOU) between the MOD&MV and the Premier of the North West Provincial Government, aimed at defining the tasks and responsibilities of the parties involved, was finalised. The provincial plan aimed at creating agricultural hubs, provided the SA Army with an entry point to local procurement. This is an example of the rural development concept of the SANDF.

The SA Army supported the MTSF's Outcome 5: *"Skilled and capable workforce to support an inclusive growth path"*. Support manifested itself by means of the following initiatives during FY2016/17:

- The SA Army hosted nine, week-long youth entrepreneurship service camps over different periods during the year under review. The camps were hosted at the School of Tactical Intelligence and SA Army Artillery units in Potchefstroom, 2 SA Infantry Battalion in Zeerust and 10 SA Infantry Battalion, Mahikeng in North West Province. The initiatives were in support of the MOU between the MOD&MV and the Premier of the North West Province. The youth camps were essentially aimed at addressing the triple challenges of poverty, unemployment and inequality affecting the youth in the North West Province. As much as 1 520 young members of the public benefitted by attending these camps.
- As part of the continuous DOD support to the DRDLR, the SA Army presented two YLDPs at 3 SA Infantry Battalion, Kimberley during FY2016/17. A total of 1 265 learners (546 males and 719 females) reported for these courses.
- Over the period 03 to 13 December 2016, the DSD youth camp was presented at 3 SA Infantry Battalion, Kimberley. The SA Army provided administrative support in the form of accommodation and meals, while DSD provided the officials to facilitate the training. A total of 902 members reported and completed the training.

The SA Army continued to forge military relationships with foreign militaries and other Government departments. The military training activities, international visits and goodwill interactions enhanced defence

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diplomacy and mutual military cooperation that promoted both the images of the SA Army and the SANDF. During October 2016, the SA Army Specialised Infantry Capability successfully hosted the 10<sup>th</sup> Military Skills Competition in Potchefstroom. International participants in the competition included soldiers from Botswana, Denmark, Germany, the Netherlands and the United Kingdom.

In contributing towards the corporate image of the DOD, the SA Army was actively involved in the following events:

- The high value static exhibitions and capability displayed at NASREC Rand Easter as well as during the Rustenburg, Bathurst, and Pietermaritzburg shows. Participation in the Johannesburg Military Tattoo presented at the Apartheid Museum in cooperation with the City of Johannesburg from 07 to 10 September 2016 and the participation in the Africa Aerospace and Defence (AAD) exhibition over the period 14 to 18 September 2016 at the Waterkloof Air Force Base.
- The SA Army supported Mandela month activities by means of community outreach projects and other contributions that included support to schools, donations of food and clothing to orphanages, handing over of a house to an elderly couple in Ladybrand, various social activities and basic maintenance activities.

### Performance Status<sup>57</sup>

The table below provides details of the Landward Defence programme performance status, performance indicators and an analysis of target achievement as specified in the DOD APP for 2016.

Landward Defence Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Conduct ordered Defence commitments in accordance with government policy and strategy	Percentage compliance with number of ordered commitments  (General Military Assistance) <sup>58</sup>	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comments</b> Mission THEBE ensured that soldiers from the FARDC received individual and platoon weapon training by the SA Army tactical headquarters deployed at the Mura base. This mission was finalised during the 3<sup>rd</sup> quarter of FY2016/17.</p>
Provide mission-ready Defence capabilities	Percentage compliance with Joint Force Employment requirements as resourced	<i>Information Classified</i> <sup>59</sup>
Enable the DOD	Percentage compliance with DOD training targets	<p><b>Target</b> 80% (2 214)</p> <p><b>Actual</b> 94.81% (2 624)</p> <p><b>Comment</b> More learners (410) were found competent than planned for.</p>

<sup>57</sup> Refer Part E, Financial Information, "Appropriation Statement", pages 264 to 277 for detailed expenditure figures for the Landward Defence programme and subprogrammes.

<sup>58</sup> The phrasing "General Military Assistance" refers to non-combat operations that provide military assistance, training and expertise over a wide range of activities ie support to peace building as well as post conflict reconstruction and development.

<sup>59</sup> 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 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.

### Outputs

The output of this programme is to defend and protect South Africa and its airspace over the medium term 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 SA Air Force 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.

During the period under review, a total of 4 032.40 internal force employment hours were flown. This included 340.30 VIP hours. 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's contributions to the achievement of this outcome during FY2016/17 were diverse in nature. The most prominent international involvement was Op MISTRAL, where there was a constant SA Air Force presence in the form of a Composite Helicopter Unit, together with the deployment of five Oryx helicopters and three Rooivalk Combat Support Helicopters, as well as numerous support personnel. The missions were conducted under the auspices of the MONUSCO banner and resulted in various successes against the belligerents. The firepower provided by the Rooivalk in support of the ground forces in the North-Eastern DRC, resulted in safer environments for the local communities. The efforts in the DRC were supported on a continuous basis through the application of sustainment and crew rotation flights. Although the C130 capability was placed under pressure in this task, more than 12 sustainment flights were flown with SA Air Force assets, in support of this operational requirement.

During the reporting period there was a requirement to rotate and replace deployed helicopters (Oryx and Rooivalk) that were due for maintenance tasks, to be done in the RSA. Maintenance tasks occurred on two occasions, with the helicopters transiting through various SADC countries en-route to and from the DRC. The subtle projection of South African air power in this manner was also beneficial to the image of the RSA as a stabilising entity in the region.

The SA Air Force assisted the SA Army with the final withdrawal phases of Op CORDITE and Op KGHETO. These withdrawal phases consisted of the returning of equipment from Sudan in support of Op CORDITE, as well as personnel during the termination of Op KGHETO. In support of Op COPPER East missions, the SA Air Force was involved by means of a C130 being utilised in a maritime reconnaissance role on two occasions, and the deployment of helicopter platforms onto SA Naval vessels, on six occasions. A further contribution to the

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development and promotion of regional security in the SADC region was the deployment of assets and a Mobile Air Operations Team to the Kingdom of Swaziland in support of the SADC Council of Ministers, Extra Ordinary Summit and Heads of States and Government meetings on two occasions during the reporting period.

The SA Air Force contributed towards the MTSF's Outcome 3: *"All people in South Africa are and feel safe"* on a number of occasions, and under the auspices of various Operational Codes, as defined by Joint Operations Division. There was a positive attempt to support the landward forces in the Op CORONA missions which included mainly helicopter operations in the first half of the reporting period. The SA Air Force was called upon to assist the general South African public in missions such as Op ARABELLA (Search and Rescue), Op CHARIOT (Disaster Aid and Relief) and Op PROSPER (Support to Government departments), often with the support of the applicable medical personnel from the South African Medical Health Services (SAMHS).

Through the allocation of aircraft to the different Joint Tactical Headquarters at various times during the reporting period, helicopter support was provided to the general public. Fifteen helicopter missions were flown in support of Op CHARIOT as well as 11 missions in support of the SA Maritime Rescue Coordination Centre (MRCC), with the aim of providing assistance to the maritime community under the auspices of Op ARABELLA.

During July 2016, the annual SA Air Force readiness Ex WINTER SOLSTICE was conducted in the Kimberley area. The SA Air Force deployment included the establishment of a tactical air base and the exercising of the mobile radar capabilities. Air assets that were utilised in the planned programme included Gripen fighter aircraft and Rooivalk attack helicopters in the strike role. The helicopter capabilities were also well exercised, contributing to a successful exercise.

As part of the joint approach to SANDF operations, the SA Air Force provided airborne assets in support of the SA Army during their capability demonstration in April 2016 as well as providing maritime airborne platforms during the Ex RED LION 2016, in support of the SA Navy. The Ex RED LION flights included the tasking of Gripen fighter aircraft as well as helicopters during this period.

The SA Air Force displayed its Air Power Capability to the general public, both domestic and international, at various air shows and associated events. Most notable of these events was the AAD exhibition at the Air Force Base (AFB) Waterkloof over the period 14 to 18 September 2016. The SA Air Force was able to display the capabilities of most of its assets during either dedicated aerial displays, or during the combined SA Army / SA Air Force capability demonstration that took place on the public days. The AAD was preceded with the annual SA Air Force Air Power Capability demonstration at the Roodewal Bombing Range outside Polokwane. This demonstration was attended by amongst others, members from the Security and Defence Studies Program (SDSP), the Joint Senior Command and Staff Program (JSCSP) as well as numerous representatives from prominent public entities.

During the Armed Forces Day Parade held in Durban on 21 February 2017, the SA Air Force performed several fly-pasts and participated in the live capability demonstrations, again in conjunction with the other Services. The combat as well as the helicopter capabilities were well utilised in displaying the SA Air Force's capabilities to the general public. SA Air Force involvement at the Rand Easter Show and other selected significant civilian air shows throughout the country was instrumental in demonstrating the SA Air Force Vision, *"An Air Force that Inspires Confidence"*.



**Performance Status<sup>60</sup>**

The table below provides details of the Air Defence programme performance status, performance indicators and an analysis of target achievement as specified in the DOD APP for 2016.

Air Defence Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Conduct ordered Defence commitments in accordance with government policy and strategy	Number of force employment hours flown per year	<p><b>Target</b> 5 000<sup>61</sup></p> <p><b>Actual</b> 4 032.40</p> <p><b>Deviation</b> The 4 032.40 hours flown, represents 80.65% of the planned target. The number of force employment hours flown are dependent on operational taskings and the number of deployable aircraft available. The underachievement on force employment flying hours are largely due to less taskings than estimated.</p> <p><b>Comment</b> The following force employment hours were flown:  <ul style="list-style-type: none"> <li>• 3 692.10 hours in support of joint force requirements.</li> <li>• 340.30 VIP hours.</li> </ul> </p>
Provide mission-ready Defence capabilities	Percentage compliance with Joint Force Employment requirements as resourced	<i>Information Classified<sup>62</sup></i>
Enable the DOD	Percentage compliance with DOD training targets	<p><b>Target</b> 80% (742)</p> <p><b>Actual</b> 83.02% (770)</p> <p><b>Comment</b> More learners (28) were found competent than planned for.</p>

<sup>60</sup> Refer Part E, Financial Information, "Appropriation Statement", pages 278 to 292 for detailed expenditure figures for the Air Defence programme and subprogrammes.

<sup>61</sup> Planned hours (DOD APP for 2016, page 53): VIP operations – 1000 hours and joint force employment requirements - 4 000 hours (subject to resource allocation).

<sup>62</sup> Where the report refers to "Information Classified", it means that the information was not published for public consumption 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.

#### Outputs

The output of this programme is to defend and protect South Africa and its maritime zones over the medium term 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 sub-surface combat capability of two submarines in each annual operational cycle.
- A mine warfare capability of two vessels in each annual operational cycle to ensure safe access to South Africa's harbours and mine clearance where required.<sup>63</sup>
- 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

The SA Navy contributed to the MTSF's Outcome 3: *"All people in South Africa are and feel safe"* by ensuring that South Africa's maritime borders were effectively defended, protected and secured by means of patrols in the Mozambican Channel in the prevention of maritime piracy activities. Two Frigates and a Combat Support Ship were deployed for this purpose. The Maritime Reaction Squadron was utilised extensively during the same operation. The SA Navy's involvement in Border Safeguarding comprised of maritime border patrols which ensured the safety of the territorial integrity of South Africa's maritime borders. Amongst other accomplishments, the SA Navy assisted the Department of Agriculture, Forestry and Fisheries with the successful apprehension of three suspect fishing vessels within the South African Exclusive Economic Zone. A submarine undertook a patrol to the Prince Edward Island Group to affirm the RSA's authority over this remote territory of the Republic.

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"* a submarine was involved in exercises with the People's Republic of China (PRC), People's Liberation Army and Navy (PLAN) 22<sup>nd</sup> Escort Task Group. A SA Navy Frigate also participated in the PLAN exercises and acted as host ship for the sea exercise phase. The SA Navy participated in Ex GOOD HOPE, a Bi-National exercise in the Baltic Sea off the coast of Germany, over the period 28 February 2017 to 10 March 2017. The SA Navy participated in Ex RED LION (a force preparation exercise) which was successfully conducted with 10 vessels partaking. Shore units participated in Ex RED LION which involved a guarding exercise as well as a humanitarian disaster relief exercise with Naval Base Simon's Town as the main coordinator. The SA Navy further deployed an Operational Diving Team to participate in Ex PHOENIX in Mossel Bay. During February 2017, a Frigate, SAS AMATOLA, was deployed as part of Ex KETANE to commemorate the centenary of the sinking of the SS MENDI which was hosted by the United Kingdom.

<sup>63</sup> Currently there is no mine warfare capability. The operationalisation of Project MOTSU is awaited.

The SA Navy hosted the PRC Chiefs of the PLAN, as well as the Chiefs of Naval Staff of both the Pakistani and the Nigerian Navies. SA Navy members also visited Angola, Algeria, Germany, Italy, Norway and the United Kingdom. This was done in order to strengthen existing relations and cooperation. During FY2016/17, the SA Navy conducted a technical advisory visit to Kenya to assist with the development of a Safety of Navigation Plan.

The SA Navy provided a professional hydrographic service to the international maritime community by means of hydrographic information and products, essential for safe navigation. This was done in compliance with international hydrographic standards, with South Africa being a member of the International Hydrographic Organisation. As part of its commitment to the International Maritime Organisation, the SA Navy successfully participated in various activities to celebrate World Hydrographic Day in Durban from 15 to 19 June 2016. This coincided with the SA Navy’s participation in the Transnet Port Festival. The SA Navy Hydrographer also participated in the National Marine Spatial Planning Working Group, an Op PHAKISA initiative, and provided marine spatial information to assist with the development of the National Marine Spatial Framework, which has been completed and gazetted for public comment. Inputs were provided to improve the Draft Marine Spatial Planning Bill. The SA Navy Hydrographer, as Chair of the Southern Africa and Islands Hydrographic Commission (SAIHC) under the auspices of the International Hydrographic Organisation, co-hosted and chaired the 13<sup>th</sup> SAIHC and 5<sup>th</sup> International Chart Coordinating Working Group meeting in Cape Town from 29 to 31 August 2016. The SA Navy Hydrographer was re-elected as Chair of the SAIHC. From 02 to 20 November 2016, two SA Navy members attended the 8<sup>th</sup> Hydrographic Services and Standards Committee meeting in Monaco.

The SA Navy took part in Mandela Day celebrations during July 2016 and continued to advance the legacy of Madiba.

**Performance Status<sup>64</sup>**

The table below provides details of the Maritime Defence programme performance status, performance indicators and an analysis of target achievement as specified in the DOD APP for 2016.

Maritime Defence Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Conduct ordered defence commitments in accordance with government policy and strategy	Number of hours at sea per year	<p><b>Target</b> 12 000</p> <p><b>Actual</b> 8 131.55</p> <p><b>Deviation</b> The 8 131.55 hours at sea represents 67.76% of the planned target. Unavailability of vessels at the required level of capability due to maintenance cycle delays and operational defects.</p>
Provide mission-ready Defence capabilities	Percentage compliance with Joint Force Employment requirements as resourced	<i>Information Classified<sup>65</sup></i>
Enable the DOD	Percentage compliance with DOD training targets	<p><b>Target</b> 80% (438)</p> <p><b>Actual</b> 114.16% (625)</p> <p><b>Deviation</b> Additional learners (187) successfully completed courses attended.</p>

<sup>64</sup> Refer Part E, Financial Information, “Appropriation Statement”, pages 293 to 300 for detailed expenditure figures for the Maritime Defence programme and subprogrammes.

<sup>65</sup> 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.

**Outputs**

The output of this programme is to ensure prepared and supported health capabilities and services over the medium term 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**

In support of Government’s MTSF Outcome 2: *“A long and healthy life for all South Africans”*, the SA Military Health Service (SAMHS), in an endeavour to improve the health status of the military community, continued to increase its institutional capacity to deliver and enhance its health capabilities. This included improvements in the field of tuberculosis treatment and the execution of a comprehensive HIV and AIDS Plan. Efforts were directed to improve the deployable health status of SANDF members in order to meet the requirements and demands for operational deployment.

The SAMHS contributed to the MTSF’s Outcome 3: *“All people in South Africa are and feel safe”* by providing medical elements to the Border Safeguarding operation. The capabilities for operational emergency care practitioners in the Reserve Force were developed during the year under review and were augmented in meeting the operational requirement in terms of Border Safeguarding. The SAMHS supported the SA Navy in the combating of maritime piracy in the Mozambican Channel by providing medical elements for this purpose.

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”*, SAMHS provided the required medical support elements to peace support operations. The resilience programme of the SAMHS contributed to the operational readiness of SANDF members as well as the enhanced coping of their families.

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

**Performance Status<sup>66</sup>**

The table below provides details of the Military Health Support programme performance status, performance indicators and an analysis of target achievement as specified in the DOD APP for 2016.

Military Health Support Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Provide mission-ready Defence capabilities	Percentage compliance with Joint Force Employment requirements as resourced	Information Classified <sup>67</sup>

<sup>66</sup> Refer Part E, Financial Information, “Appropriation Statement”, pages 301 to 310 for detailed expenditure figures for the Military Health Support programme and subprogrammes.

<sup>67</sup> 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.

Military Health Support Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Enable the DOD	Broader SANDF health status	<i>Information Classified</i>
	Trend of deployable status of concurrent health assessments	<i>Information Classified</i>
	Number of health care activities per year <sup>68</sup>	<p><b>Target</b> 2 140 550</p> <p><b>Actual</b> 2 215 561</p> <p><b>Comment</b> This target was based on trends of the demand for health care services. Additional health care activities (75 011) were performed in response to an increased patient population requirement.</p>
	Percentage compliance with DOD training targets	<p><b>Target</b> 80% (648)</p> <p><b>Actual</b> 76.30% (618)</p> <p><b>Deviation</b> The planned target was not met due to 30 learners not successfully completing courses.</p>
Provide appropriate and sustained Matériel	Percentage availability of medical stock	<i>Information Classified</i>

<sup>68</sup> The Performance Indicator reflects the total number of captured health care activities in the geographical health care facilities plus the health care activities in the Tertiary/Specialist Military Health facilities as well as the health care activities in the internal and external mission areas per quarter. The target achievement is cumulatively calculated for the annual period against the planned quarterly and annual targets as a reflection of the allocated budget versus the demands for health services. Health care activities relates to medical services rendered, such as medical appointments, optometry, veterinarian services, etc.

**Programme 7: Defence Intelligence**

**Purpose**

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

**Outputs**

The output of this programme is to ensure prepared and supported intelligence services over the medium term by providing:

- An Intelligence Capability.
- A Counter-Intelligence 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, such as the intelligence support provided to the State of the Nation Address (SONA) 2017. During this activity, members were deployed at key areas such as the Fan Park, Cape Town Harbour, and the airport. Domestic stability was monitored over the period 23 to 27 February 2017 around Pretoria, Hammanskraal, Tembisa and Mamelodi, during which critical information was accessed as a result of the deployment.

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

**Performance Status<sup>69</sup>**

The table below provides details of the Defence Intelligence programme performance status, performance indicators and an analysis of target achievement as specified in the DOD APP for 2016.

Defence Intelligence Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Conduct ordered defence commitments in accordance with government policy and strategy	Percentage compliance with number of ordered commitments  (General Military Assistance) <sup>70</sup>	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> The Department assisted in one General Military Assistance operation, Team BULISA - the strategic phase to assist the FARDC with the publication and popularisation of their Military Strategy was completed and awaits approval from FARDC.</p>

<sup>69</sup> Refer Part E, Financial Information, "Appropriation Statement", pages 311 to 316 for detailed expenditure figures for the Defence Intelligence programme and subprogrammes.

<sup>70</sup> The phrasing "General Military Assistance" refers to non-combat operations that provide military assistance, training and expertise over a wide range of activities ie support to peace building as well as post conflict reconstruction and development.

Defence Intelligence Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
Provide sound Defence direction	Percentage compliance with DOD governance promulgation schedule (Develop Cyber Warfare Strategy)	<p><b>Target</b> 100% (Submit for approval by the JCPS Cluster Ministers)</p> <p><b>Actual</b> Not achieved, however a Draft Strategy was developed</p> <p><b>Deviation</b> The Draft Cyber Warfare Strategy is within the departmental approval process. It is foreseen that this Strategy will be submitted for consideration to the JCPS Cluster Ministers during FY2017/18<sup>71</sup>.</p>
	Percentage compliance with DOD governance promulgation schedule (Sensor Strategy)	<p><b>Target</b> Develop Strategy</p> <p><b>Actual</b> Not achieved, however a Draft Strategy was developed</p> <p><b>Deviation</b> The draft Sensor Strategy is within the departmental approval process. It is foreseen that this Strategy will be submitted for consideration to the JCPS Cluster Ministers during FY2017/18<sup>72</sup>.</p>
Enable the DOD	Number of Defence Intelligence products <sup>73</sup>	<p><b>Target</b> 448</p> <p><b>Actual</b> 667</p> <p><b>Comment</b> The security situation on the African continent resulted in increased intelligence requirements. Therefore, 219 additional intelligence products were produced during the FY2016/17.</p>
	Number of vetting decisions taken in accordance with requirements	<p><b>Target</b> 6 500</p> <p><b>Actual</b> 6 606</p> <p><b>Comment</b> Increased production attributed to the issuing of 106 more Confidential Security Clearances.</p>
	Level of Implementation of the Cyber Warfare plan <sup>74</sup>	<p><b>Target</b> Phases 2 - 3</p> <p><b>Actual</b> In process</p> <p><b>Deviation</b> The establishment of a Cyber Command Centre (Phase 1) was not achieved due to financial constraints.</p>

<sup>71</sup> Refer DOD APP for 2017, page 132.

<sup>72</sup> Refer DOD APP for 2017, page 133.

<sup>73</sup> Intelligence products produced ranges from intelligence reports, assessments, studies, digests, country profiles, technology reports, dossiers and briefings.

<sup>74</sup> This will be conducted through a phase approach, which is as follows: Phase 1 – Establish HQ; Phase 2 – Finalise functions; Phase 3 – Finalise structures; Phase 4 – Obtain budget; Phase 5 – Establish capabilities; Phase 6 – Create cyber awareness program. Further Performance Indicators and Targets will be developed during the MSTF (2015–2020) to address the DOD contribution to the MTSF Outcome 3 (Sub Outcome 4: Secure cyber space) establishment of a Cyber Command Centre.



### Programme 8: General Support

#### Purpose

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

#### Outputs

The output of this programme is to 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.

#### Overview

During the period under review, the Logistics Division continued to manage the payment of accommodation charges, leases and municipal services on behalf of the DOD, thereby ensuring the provision of appropriate and sustained facilities for the DOD (Refer pages 51 and 63. Funds are appropriated under Administration). Logistical support was provided to the SANDF in the participation and execution of defence ordered commitments.

The Command and Management Information Division established a reference model for the DOD Demilitarised Zone at the Interoperability Development Environment (IDE), located at the CSIR. The Demilitarised Zone constitutes the first milestone in achieving the DOD Business Requirement for a mechanism to ensure a secure electronic communication capability between the DOD network and the external environment, including other Government departments, allied forces as well as the private sector. A Data Link Reference Station (DLRS II) Toolset Development contract was finalised and is currently in the process of being delivered to the IDE section at the CSIR. The DLRS Toolset will be utilised by the DOD to ensure compliance with the implemented Combat Network Interoperability Standard.

During the reporting period, the Military Police Division investigated 3 091 criminal cases out of the backlog of 4 682 cases. The resultant backlog of 1 591 cases will be carried over to the FY2017/18. The Division finalised 400 out of the 1 373 newly reported criminal cases and executed 189 deliberate crime prevention operations during the reporting period.

**Performance Status<sup>75</sup>**

The table below provides details of the General Support Programme performance status, performance indicators and an analysis of target achievement in terms of the DOD APP for 2016.

General Support Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
<b>Joint Logistic Services</b>		
Provide sound Defence direction	Percentage adherence to DOD governance promulgation schedule (DOD Procurement Policy status)	<p><b>Target</b> 100% (Submission of DOD Procurement Policy for approval)</p> <p><b>Actual</b> Placed on hold</p> <p><b>Deviation</b> Due to the fact that the Draft Procurement Bill has not yet been passed and promulgated as National Policy, the DOD Procurement Policy could not be submitted for approval. Policy to be implemented in FY2017/18<sup>76</sup>.</p>
	Percentage adherence to DOD governance promulgation schedule (Overarching Logistic Strategy status)	<p><b>Target</b> 100% (Completed)</p> <p><b>Actual</b> Not achieved</p> <p><b>Deviation</b> The Overarching Logistic Strategy could not be finalised due to a lack of capacity. A second draft version of the concept Strategy is under review. It is foreseen that the Strategy will be approved in FY2017/18<sup>77</sup>.</p>
Provide appropriate and sustained Matériel	Percentage procurement requests fully completed within 90 days from day of registration <sup>78</sup>	<p><b>Target</b> 95%</p> <p><b>Actual</b> 95.87%</p> <p><b>Comment</b> Due to the establishment of the DOD Procurement Support Centre, enquiries from suppliers could be managed more effectively, which contributed to the efficient processing of procurement requests within the prescribed 90 day timeframe.</p>
Provide appropriate and sustained Matériel	Percentage utilisation of endowment property in the DOD	<p><b>Target</b> 90%</p> <p><b>Actual</b> 96%</p> <p><b>Comment</b> From a total of 137 Defence Endowment (Portfolio) properties, 132 facilities were utilised.</p>
Ensure appropriate Strategic Reserves	Level of strategic reserves (ammunition)	<i>Information Classified<sup>79</sup></i>

<sup>75</sup> Refer Part E, Financial Information, "Appropriation Statement", pages 317 to 324 for detailed expenditure figures for the General Support programme and subprogrammes.

<sup>76</sup> Refer DOD APP for 2017, page 137.

<sup>77</sup> Refer DOD APP for 2017, page 137.

<sup>78</sup> C Log changed number of days from 60 to 90 days. This is in line with government imperatives.

<sup>79</sup> 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.

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General Support Performance Status for FY2016/17		
Link to Strategy Map	Performance Indicator	Analysis
<b>Command and Management Information Systems</b>		
Provide integrated and reliable Defence Information Systems	Percentage of modernised, sustainable DOD ICT Integrated Prime Systems Capabilities	<p><b>Target</b> 92.45%</p> <p><b>Actual</b> 81.42%</p> <p><b>Deviation</b> The under-performance was due to:</p> <ul style="list-style-type: none"> <li>• The updated DOD Information Communication Technology (ICT) Strategy and DOD Capability Plan not yet approved.</li> <li>• The planned deliverables for the DOD Unified Communications project were not achieved due to the complexity of the project.</li> <li>• NT provided additional funds for the establishment of the DOD Disaster Recovery Capability for FY2016/17. The Tender process for phase 1, "Optimisation of the Compute and Storage Layer" included the delivery of ICT hardware and software. This SITA tender process could not be finalised within FY2016/17 and the expenditure will be re-phased to FY2017/18.</li> </ul>
<b>Military Police Capability</b>		
Ensure Defence compliance with Regulatory Framework	Percentage of cases of Corruption and Fraud investigated	<p><b>Target</b> 100%</p> <p><b>Actual</b> 100%</p> <p><b>Comment</b> A total number of 151 cases of corruption and fraud were received, registered and reported for investigation.</p>
Administrate the DOD	Projected number of deliberate crime-prevention operations	<p><b>Target</b> 124</p> <p><b>Actual</b> 189</p> <p><b>Comment</b> Due to the high crime rate, especially in military residential areas, more deliberate crime prevention operations were conducted. Operations were undertaken in conjunction with other law enforcement agencies and the Military Police Regions supplemented their effort with detached members of these agencies.</p>
Administrate the DOD	Percentage criminal cases investigated (backlog)	<p><b>Target</b> 40%</p> <p><b>Actual</b> 66%</p> <p><b>Comment</b> The Department investigated 3 091 criminal cases from the backlog of 4 682 criminal cases during FY2016/17.</p>
Administrate the DOD	Percentage criminal cases investigated (in-year)	<p><b>Target</b> 50%</p> <p><b>Actual</b> 29%</p> <p><b>Deviation</b> During FY2016/17, 1 373 new cases were received of which only 400 cases could be investigated. A revised baseline, informed by current capacity, has been set for FY2017/18<sup>80</sup>.</p>

<sup>80</sup> Refer DOD APP for 2017, page 141.



SA National Defence Force members, conducting riot training as part of the United Nations Force Intervention Brigade (FIB).  
(Photo by S Sgt Lebogang Tlhaole and courtesy of MONUSCO)

# 2016/17

## APPENDICES A – D

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SA National Defence Force members, conducting riot training as part of the United Nations Force Intervention Brigade (FIB).  
(Photo by S Sgt Lebogang Tlhaole and courtesy of MONUSCO)





## DOD MID-TERM PERFORMANCE AGAINST STRATEGIC INDICATORS AND TARGETS<sup>81</sup>

The mid-term progress made on the DOD's Strategic (5-year) Performance Indicators and Targets over the period 01 April 2015 to 31 March 2017 is reflected in the table below.

DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
<b>PERFORMANCE INFORMATION LINKED TO DOD STRATEGY MAP: OUTPUTS</b>		
<b>DOD Output (Objective) 1: Conduct Ordered Defence Commitments in Accordance with Government Policy and Strategy</b>		
This DOD Output Deliverable is to conduct ordered Defence commitments in accordance with Government policy and strategy. The strategic output consists of the following Performance Indicators that can be measured.		
<b>Strategic Sub-Output</b> Percentage Defence commitments accomplished (per annum or over 5 year term)		<b>5 Year Strategic Plan Target</b> 100%
C SANDF (Force Employment)	Percentage compliance with force levels for external operations	<i>Information Classified</i> <sup>82</sup>
C SANDF (Air Defence)	Number of force employment hours flown per year	<b>5 Year Strategic Plan Target</b> 100% (26 500)  <b>Progress as at 31 March 2017</b> 33.27% (8 817.58) FY2015/16 – 73.62% (4 785.18) FY2016/17 – 80.65% (4 032.40)
C SANDF (Maritime Defence)	Number of hours at sea per year	<b>5 Year Strategic Plan Target</b> 100% (60 000)  <b>Progress as at 31 March 2017</b> 31.40% (18 842.25) FY2015/16 – 89.25% (10 710.70) FY2016/17 – 67.76% (8 131.55)
C SANDF (Force Employment)	Percentage compliance with number of ordered commitments  (Number of external operations)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> 100%  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:  <ul style="list-style-type: none"> <li>• Participation in the United Nations (UN) Peace Support Operation in the Democratic Republic of the Congo (DRC).</li> <li>• Anti-piracy operations in the Mozambican Channel.</li> <li>• UN/African Union (AU) Hybrid Peace Support Operation in the Sudan.<sup>83</sup></li> </ul> SANDF forces deployed in the following two external operations during FY2016/17:  <ul style="list-style-type: none"> <li>• Op MISTRAL (UN Peace Support Operation in DRC [MONUSCO])</li> <li>• Op COPPER (Anti-Piracy Operation in support of the Mozambican Government)</li> </ul>

<sup>81</sup> Analysis aligned with Annexure A (pages 147 to 162) and Annexure C (pages 173 to 190) of the DOD APP for 2016.

<sup>82</sup> 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.

<sup>83</sup> 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.



DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
C SANDF (Landward Defence and Defence Intelligence for External operations)	Percentage compliance with number of ordered commitments  (General Military Assistance)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> 100%  The DOD provided forces in the following two General Military Assistance operations where:  <ul style="list-style-type: none"> <li>• Team BULISA provided assistance to the <i>Forces Armées de la République Démocratique du Congo</i> (FARDC) wrt publication and popularisation of their Military Strategy.</li> <li>• Mission THEBE ensured that soldiers from the FARDC received individual and platoon weapon training by the SA Army tactical headquarters deployed at the Mura base. This mission was finalised during the 3<sup>rd</sup> quarter of FY2016/17.</li> </ul>
C SANDF (Force Employment, for internal operations)	Percentage compliance with number of ordered commitments  (Number of internal operations)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> 100%  SANDF forces deployed in the following four internal operations: <ul style="list-style-type: none"> <li>• Op PROSPER (Support to Government departments, mainly SAPS [ie VIP Protection Tasks])</li> <li>• Op CHARIOT (Disaster Aid and Relief [Humanitarian Assistance])</li> <li>• Op ARABELLA (Search and Rescue)</li> <li>• Op CORONA (Border Safeguarding)</li> </ul>
<b>Strategic Sub-Output</b> Percentage Defence commitments support compliance		<b>5 Year Strategic Plan Target</b> <i>Information Classified</i>
C SANDF (Force Employment)	Percentage compliance with serviceability of main equipment for external operations	<i>Information Classified</i>
	Percentage compliance with self-sustainment of personnel	<i>Information Classified</i>
<b>Strategic Sub-Output</b> Percentage Border Safeguarding commitments status		<b>5 Year Strategic Plan Target</b> 100% (15)
C SANDF (Force Employment)	Number of landward sub-units deployed on border safeguarding per year	<b>5 Year Strategic Plan Target</b> 100% (15)  <b>Progress as at 31 March 2017</b> 100% (15)
<b>DOD Output (Objective) 2: Provide mission ready Defence capabilities</b> This strategic output addresses the degree to which the SANDF provides mission ready capabilities to Joint Force Employment and the Southern African Development Community Standby Force Pledge.		
<b>Strategic Sub-Output</b> Percentage compliance with Joint Force Employment Requirements (including the Southern African Development Community Standby Force Pledge)		<b>5 Year Strategic Plan Target</b> 100%
C SANDF (Force Employment) (Landward Defence) (Air Defence) (Maritime Defence) (Military Health Support)	Percentage compliance with Joint Force Employment Requirements as resourced	<i>Information Classified</i>

DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
C SANDF (Force Employment)	Percentage compliance with the Southern African Development Community Standby Force Pledge <sup>84</sup>	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> 100%
<b>DOD Output (Objective) 3: Provide Sound Defence Direction</b>		
This strategic DOD Output deliverable addresses the degree to which the DOD adheres to the governance promulgation schedule and complies with the submission of DOD accountability documents set by higher authority, as well as the DOD Risk Management maturity level achieved.		
<b>Strategic Sub-Output</b> Percentage compliance by the DOD with National Governance		<b>5 Year Strategic Plan Target</b> 93.33%
Sec Def (Administration)	Percentage adherence to DOD governance promulgation schedule  (Policy)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> 60% (3 out of 5 planned policies established and maintained)
	Percentage adherence to DOD governance promulgation schedule  (Strategy)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> 44.44% (4 out of 9 strategies established and maintained)
Sec Def (Human Resources Support Services)	Percentage adherence to DOD governance promulgation schedule  (Internship Policy Status)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> 100% (Policy Development)
	Percentage adherence to DOD governance promulgation schedule  (Human Resources Strategy status) <sup>85</sup>	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> 100% (DOD Human Resource Development (HRD) Strategy & Strategic Implementation Plan (SIP) implemented)
	Percentage adherence to DOD governance promulgation schedule  (DOD Ethics Management status)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> DOD Ethics Policy is in the development process.
Sec Def (Defence International Affairs)	Percentage adherence to DOD governance promulgation schedule  (Policy Products in pursuit of Defence Diplomacy)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> 100% relevant, quality policy products ensured.
	Percentage adherence to DOD governance promulgation schedule  (Defence International Affairs Policy status)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> Not achieved, policy in progress.
Government Information Technology Officer	Percentage adherence to DOD governance promulgation schedule  (Department of Defence Information Strategy status)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> 100% Monitored and reviewed

<sup>84</sup> Performance indicator name change: previously read as "Percentage Compliance with SADC Standby Force Agreement and South African Pledge". The pledge was revised and now refers to the new approved pledge.

<sup>85</sup> The Performance Indicator "Percentage adherence to DOD governance promulgation schedule (Human Resource Strategy status)" was incorrectly stated in the DOD APP for 2016, and should be "Percentage adherence to DOD governance promulgation schedule (Human Resource Development Strategy status)".

DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
Government Information Technology Officer	Percentage adherence to DOD governance promulgation schedule  (Information and Communication Systems Policy Development Plan status)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> 100% Monitored and reviewed
Acquisition Services	Percentage adherence to DOD governance promulgation schedule  (Defence Intangible Capital Assets [ICA] Management Policy status)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> The Intangible Assets Management Organisation was established on 02 December 2013. The ICA Policy was promulgated on 31 July 2014 and is currently under review to adhere to National Policy (to be renamed to Intangible Asset Policy).
Office of the Sec Def	Percentage adherence to DOD governance promulgation schedule  (SA Defence Review 2015 Implementation status)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> The SA Defence Review 2015 (DOD Plan to Arrest the Decline) was approved for implementation by the MOD&MV on 07 March 2017.  The monitoring of implementation of non-resource driven deliverables was undertaken through the departmental quarterly performance reporting process.
C SANDF (General Support [Joint Logistics Services])	Percentage adherence to DOD governance promulgation schedule  (DOD Procurement Policy Status)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> Placed on hold. The Draft Procurement Bill has not yet been passed and promulgated as National Policy, the DOD Procurement Policy could not be submitted for approval. Policy to be implemented in FY2017/18.
	Percentage adherence to DOD governance promulgation schedule  (Overarching Logistic Strategy)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> Not achieved. The Overarching Logistic Strategy could not be finalised due to a lack of capacity. A second draft version of the concept Strategy is under review. It is foreseen that the Strategy will be approved in FY2017/18.
C SANDF (Defence Intelligence)	Percentage adherence to DOD governance promulgation schedule  (Cyber Warfare Strategy)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> Not achieved. Draft Strategy developed.
	Percentage adherence to DOD governance promulgation schedule  (Sensor Strategy)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> Not achieved. Draft Strategy developed.
C SANDF (Force Employment)	Percentage adherence to DOD governance promulgation schedule  (Sub-strategy, to support overarching strategy by securing land, airspace and maritime borders [Border Safeguarding Strategy]) <sup>86</sup>	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> Framework developed to enable Sub-strategy approval. The Border Management Authority (BMA) Sub-strategy can only be developed once the Overarching Strategy into the BMA Bill is developed and promulgated. The BMA Bill was only passed after the year under review.

<sup>86</sup> The measurement of the Sub-strategy can be developed only as soon as the Overarching Strategy into Border Management Authority (BMA) is developed and promulgated.

DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
Sec Def (Administration) C SANDF (Administration)	Percentage compliance with submission dates of DOD accountability documents	<p><b>5 Year Strategic Plan Target</b> 100%</p> <p><b>Progress as at 31 March 2017</b> The DOD submitted all accountability documents (ie Planning Instruments, Annual Reports, Estimates of National Expenditure, Annual Financial Statements etc.) in accordance with the regulatory framework and prescribed target dates, with the exception of:</p> <p><u>SMS Performance Agreements Submitted</u> FY2015/16 – 84% FY2016/17 – 94%</p> <p><u>SMS Financial Disclosures Submitted</u> FY2015/16 – 93% FY2016/17 – 100%</p>
Sec Def (Administration)	DOD Enterprise Risk Management maturity level achieved	<p><b>5 Year Strategic Plan Target</b> 73.33%</p> <p><b>Progress as at 31 March 2017</b> 83% (average of level 5 achieved)</p>
<p><b>DOD Output (Objective) 4: Ensure Defence Compliance with Regulatory Framework</b> This strategic output addresses the degree to which the DOD complies with the Regulatory Framework as well as the degree to which the DOD deals with corruption and fraud in the DOD.</p>		
<b>Strategic Sub-Output</b> Percentage Defence compliance with Regulatory Framework		<p><b>5 Year Strategic Plan Target</b> 86.12%</p>
Sec Def (Administration)	Number of Audit Qualifications	<p><b>5 Year Strategic Plan Target</b> 100% (0)<sup>87</sup></p> <p><b>Progress as at 31 March 2017</b> 1<sup>88</sup></p>
	Percentage deployments, including training exercises, where applicable, supported with appropriate legal instruments	<p><b>5 Year Strategic Plan Target</b> 100%</p> <p><b>Progress as at 31 March 2017</b> 100% (Appropriate, approved legal instruments in place)</p>
	DOD Management Performance Assessment Tool, assessment level achieved	<p><b>5 Year Strategic Plan Target</b> 69.5%</p> <p><b>Progress as at 31 March 2017</b> MPAT 1.5 – 67.5% (level 2.7 achieved) MPAT 1.6 – 62.5% (level 2.5 achieved)</p>
	Percentage payments within 30 days from receipt of legitimate invoices	<p><b>5 Year Strategic Plan Target</b> 75%</p> <p><b>Progress as at 31 March 2017</b> FY2015/16 – 80.09% FY2016/17 – 77%</p>

<sup>87</sup> The DOD planned to receive a zero number of Audit Qualifications. However, due to the inherent nature of the Special Defence Account, which contains mainly classified information, the department will receive an Audit Qualification. Discussion with National Treasury and the Auditor-General of South Africa aimed at amending legislation in this regard, is underway.

<sup>88</sup> The DOD General Vote was unqualified for the FY2015/16 audit cycle. Due to a "limitation of scope" on DOD Sensitive Activities, the Special Defence Account was qualified for FY2015/16. The "limitation of scope" relates to approximately 1% of the total DOD Vote.

DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
<b>Strategic Sub-Output</b> Percentage corruption and fraud prevention status		<b>5 Year Strategic Plan Target</b> 92.5%
C SANDF (Administration)	Percentage of Corruption and Fraud incidents detected for investigation	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> FY2015/16 – 100% <sup>89</sup> FY2016/17 – 100%
C SANDF (General Support)	Percentage of cases of Corruption and Fraud investigated	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> FY2015/16 – 66% FY2016/17 – 100%
C SANDF (Administration) Sec Def (Administration)	Percentage of cases of Corruption and Fraud prosecuted  (Conviction of persons R5 million and over)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> FY2015/16 – 100% (0 cases reported) FY2016/17 – 13%
Sec Def (Administration) (Military Ombud)	Percentage of written complaints finalised	<b>5 Year Strategic Plan Target</b> 70%  <b>Progress as at 31 March 2017</b> FY2015/16 – 76% FY2016/17 – 55%
<b>PERFORMANCE INFORMATION LINKED TO DOD STRATEGY MAP: INTERNAL PROCESS (ACTIVITIES)</b>		
<b>DOD Activity (Objective) 1: Administrate the DOD</b>		
This strategic output addresses the degree to which the DOD complies with the Regulatory Framework specifically related to Defence administration.		
<b>Strategic Sub-Output</b> Percentage Defence administration compliance index		<b>5 Year Strategic Plan Target</b> 72.5%
C SANDF (Administration)	Percentage reduction of military court cases outstanding  (backlog)	<b>5 Year Strategic Plan Target</b> 60%  <b>Progress as at 31 March 2017</b> FY2015/16 – 20% FY2016/17 – 65%
	Percentage military court cases finalised  (in-year)	<b>5 Year Strategic Plan Target</b> 40%  <b>Progress as at 31 March 2017</b> FY2015/16 – 3% FY2016/17 – 63%
	Percentage of disciplinary cases in the DOD finalised within 90 days  (Military Disciplinary Cases)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> FY2015/16 – 11.67% FY2016/17 – 36%

<sup>89</sup> Performance Indicator name change from "Number of detection investigations of Corruption and Fraud conducted" to "Percentage of Corruption and Fraud incidents detected for investigation."

DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
Sec Def (Administration)	Percentage of disciplinary cases in the DOD finalised within 90 days  (PSAP Disciplinary Cases)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> FY2015/16 – 51% (20 out of 39 cases finalised within 90 days) FY2016/17 – 16% (9 out of 56 cases finalised within 90 days)
C SANDF (Administration)	Percentage litigation cases finalised in the best interest of the DOD	<b>5 Year Strategic Plan Target</b> 50%  <b>Progress as at 31 March 2017</b> FY2015/16 – 88.87% (24 out of 27 finalised cases settled in the best interest of the DOD) FY2016/17 – 80% (32 out of 40 finalised cases settled in the best interest of the DOD)
Sec Def (Administration)	Percentage collective grievances and disputes resolved	<b>5 Year Strategic Plan Target</b> 85%  <b>Progress as at 31 March 2017</b> FY2015/16 – 71% (10 out of 14 collective grievances and disputes resolved) FY2016/17 – 64% (9 out of 14 collective grievances and disputes resolved)
<b>Strategic Sub-Output</b> Number of Defence crime prevention activities (includes anti-corruption and anti-fraud activities)		<b>5 Year Strategic Plan Target</b> 100%
C SANDF (General Support)	Projected number of deliberate crime prevention operations	<b>5 Year Strategic Plan Target</b> 744 (5 years)  <b>Progress as at 31 March 2017</b> 471 FY2015/16 – 282 FY2016/17 – 189
C SANDF (Administration)	Percentage of National Anti-corruption Hotline (NACH) incidents detected for investigation	<b>5 Year Strategic Plan Target</b> 100% (5 years)  <b>Progress as at 31 March 2017</b> FY2015/16 – 120% FY2016/17 – 100%
	Number of awareness activities on Corruption and Fraud	<b>5 Year Strategic Plan Target</b> 240 (5 years)  <b>Progress as at 31 March 2017</b> 160 FY2015/16 – 86 FY2016/17 – 74
<b>Strategic Sub-Output</b> Percentage reduction of criminal cases		<b>5 Year Strategic Plan Target</b> 45%
C SANDF (General Support)	Percentage criminal cases investigated (backlog)	<b>5 Year Strategic Plan Target</b> 40%  <b>Progress as at 31 March 2017</b> FY2015/16 – 20% FY2016/17 – 66%

DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
C SANDF (General Support)	Percentage criminal cases investigated (in-year)	<b>5 Year Strategic Plan Target</b> 50%  <b>Progress as at 31 March 2017</b> FY2015/16 – 36.55% FY2016/17 – 29%
<b>DOD Activity (Objective) 2: Enable the DOD</b> This strategic output addresses the degree to which the DOD complies with the enablement of the DOD.		
<b>Strategic Sub-Output</b> Number of Defence health care activities		<b>5 Year Strategic Plan Target</b> 10 702 750
C SANDF (Military Health Support)	Broader SANDF Health Status	<i>Information Classified</i>
	Trend of deployable status on concurrent health assessments	<i>Information Classified</i>
	Number of health care activities per year	<b>5 Year Strategic Plan Target</b> 10 702 750 (2 140 550 per year)  <b>Progress as at 31 March 2017</b> 4 473 346 FY2015/16 – 2 257 785 FY2016/17 – 2 215 561
<b>Strategic Sub-Output</b> Percentage Defence primary military preparation activities		<b>5 Year Strategic Plan Target</b> 100%
Sec Def and C SANDF (Administration)	Percentage compliance with DOD training targets	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> FY2015/16 – 109.57% (12 733 against annual target of 11 621) FY2016/17 – 126.74% (14 802 against annual target of 11 679)  <u>Number of PSAP Attending Training Programmes</u> FY2015/16 – 99.88% (2 584 against annual target of 2 587) FY2016/17 – 100.5% (2 601 against annual target of 2 587)  <u>Non-Combat Professional Military Development Courses</u> FY2015/16 – 142% (2 744 against annual target of 1 934) FY2016/17 – 89.63% (2 689 against annual target of 3 000)  <u>Re-Skilling</u> FY2015/16 – 174% (124 against annual target of 50) FY2016/17 – 273% (195 against annual target of 50)  <u>National Youth Service Programme</u> FY2015/16 – 68% (1 364 against annual target of 2 000) FY2016/17 – 234% (4 680 against annual target of 2 000)  <u>Landward Defence</u> FY2015/16 – 84% (3 315 against annual target of 3 146) FY2016/17 – 94.81% (2 624 against annual target of 2 214)  <u>Air Defence</u> FY2015/16 – 119% (1 241 against annual target of 834) FY2016/17 – 83.02% (770 against annual target of 742)



DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
Sec Def and C SANDF (Administration)	Percentage compliance with DOD training targets	<p><u>Maritime Defence</u></p> <p>FY2015/16 – 100.85% (532 against annual target of 422) FY2016/17 – 114.16% (625 against annual target of 438)</p> <p><u>Military Health Support</u></p> <p>FY2015/16 – 102% (829 against annual target of 648) FY2016/17 – 76.30% (618 against annual target of 648)</p>
C SANDF (Defence Intelligence)	Number of Defence Intelligence products	<p><b>5 Year Strategic Plan Target</b> 100% (2 240)</p> <p><b>Progress as at 31 March 2017</b> 57.54% (1 289) FY2015/16 – 622 FY2016/17 – 667</p>
<p><b>DOD Activity (Objective) 3: Employ the SANDF</b> The activities related to sub-processes in the SANDF required for employment of the SANDF in Joint, Interdepartmental, Interagency and Multinational (JIIM) operations as directed by Government. It includes military exercises and mission readiness training activities.</p>		
<b>Strategic Sub-Output</b> Number of DOD military exercises		<b>5 Year Strategic Plan Target</b> 18
C SANDF (Force Employment)	Number of joint, interdepartmental, interagency and multinational military exercises conducted per year	<p><b>5 Year Strategic Plan Target</b> 18</p> <p><b>Progress as at 31 March 2017</b> 10</p> <p>In FY2015/16, the DOD was involved in the following Joint, Interdepartmental, Interagency and Multinational military exercises:</p> <ul style="list-style-type: none"> <li>• Ex WAYSIDE I</li> <li>• Ex WAYSIDE II</li> <li>• Ex OXIDE</li> <li>• Ex BLUE ZAMBEZI<sup>90</sup></li> <li>• Ex AMANI AFRICA II</li> <li>• Ex IBSAMAR</li> </ul> <p>In FY2016/17, the DOD was involved in the following Joint, Interdepartmental, Interagency and Multinational military exercises:</p> <ul style="list-style-type: none"> <li>• Ex WAYSIDE I</li> <li>• Ex WAYSIDE II</li> <li>• Ex NDLOVU</li> <li>• Ex GOOD HOPE</li> </ul>
<b>Strategic Sub-Output</b> Total number of Defence Attaché Offices		<b>5 Year Strategic Plan Target</b> 46
C SANDF (Administration)	Total number of Defence Attaché Offices	<p><b>5 Year Strategic Plan Target</b> 46</p> <p><b>Progress as at 31 March 2017</b> FY2015/16 – 44 FY2016/17 – 44</p>

<sup>90</sup> Previously BLUE OKAVANGO.

DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
<b>DOD PERFORMANCE INFORMATION: DOD INPUTS (RESOURCE MANAGEMENT)</b>		
<b>DOD Input (Objective) 1: Provide Professional and Supported DOD Human Resources</b>		
This objective is an overarching aspect to ensure that human resources meet the demands of the Department, are professional as well as supported in order to engage in the main processes of the Department.		
<b>Strategic Sub-Output</b> Percentage HR utilisation index		<b>5 Year Strategic Plan Target</b> 100%
Sec Def (Administration)	Percentage compliance with planned staffing of funded posts	<b>5 Year Strategic Plan Target</b> 100% (80 390)  <b>Progress as at 31 March 2017</b> FY2015/16 – 96% (76 386) FY2016/17 – 95.7% (76 617)
C SANDF (Administration)	Number of reserve force person days	<b>5 Year Strategic Plan Target</b> 100% (13 266 335)  <b>Progress as at 31 March 2017</b> 5 448 124 FY2015/16 – 2 768 982 FY2016/17 – 2 679 142
	Percentage compliance with SANDF Battle fitness requirements	<i>Information Classified</i>
<b>Strategic Sub-Output</b> Number of military skills development members in the system per year		<b>5 Year Strategic Plan Target</b> 19 759
C SANDF (Administration)	Number of military skills development members in the system per year	<b>5 Year Strategic Plan Target</b> 19 759  <b>Progress as at 31 March 2017</b> 7 703 FY2015/16 – 3 944 FY2016/17 – 3 759
<b>Strategic Sub-Output</b> Level of morale in the DOD		<b>5 Year Strategic Plan Target</b> Positive
C SANDF (Administration)	Level of DOD morale	<b>5 Year Strategic Plan Target</b> Positive  <b>Progress as at 31 March 2017</b> FY2015/16 – Positive FY2016/17 – Neutral <sup>91</sup>
<b>DOD Input (Objective) 2: Provide appropriate &amp; sustained Matériel</b>		
This objective is to ensure matériel meet the demands of the SANDF in order to engage in the main processes of the SANDF. It includes all real property, installations and support military activities as to its application for administrative or combat purposes.		
<b>Strategic Sub-Output</b> Defence infrastructure revitalisation status		<b>5 Year Strategic Plan Target</b> 95%
C SANDF (General Support)	Percentage of expenditure in accordance with facilities plan  (payment of leases, accommodation charges and municipal services)	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> FY2015/16 – New indicator FY2016/17 – 105.64%

<sup>91</sup> Perception surveys were completed but a comprehensive report must still be finalised. Interim results are indicative of a neutral trend.

DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
C SANDF (General Support)	Percentage utilisation of endowment property in the DOD	<b>5 Year Strategic Plan Target</b> 90%  <b>Progress as at 31 March 2017</b> FY2015/16 – New indicator FY2016/17 – 96%
<b>Strategic Sub-Output</b> Percentage Defence critical stock level status		<b>5 Year Strategic Plan Target</b> Information Classified
C SANDF (Military Health Support)	Percentage availability of medical stock	<i>Information Classified</i>
<b>Strategic Sub-Output</b> Percentage Logistics compliance status		<b>5 Year Strategic Plan Target</b> 96%
C SANDF (General Support)	Percentage procurement requests fully completed within 90 days from day of registration <sup>92</sup>	<b>5 Year Strategic Plan Target</b> 96%  <b>Progress as at 31 March 2017</b> FY2015/16 – 94% FY2016/17 – 95.87%
<b>DOD Input (Objective) 3: Provide Integrated and Reliable Defence Information Systems</b> This element is an overarching departmental aspect to ensure that information systems meet the requirements of the Department in order to engage in the main processes of the Department. This deliverable includes management information and management intelligence also known in the private sector as “business intelligence” (not to be confused with military intelligence).		
<b>Strategic Sub-Output</b> Percentage Defence ICT status		<b>5 Year Strategic Plan Target</b> 94.95%
C SANDF (General Support)	Percentage of modernised, sustainable DOD ICT Integrated Prime Systems Capabilities	<b>5 Year Strategic Plan Target</b> 94.95%  <b>Progress as at 31 March 2017</b> FY2015/16 – New indicator FY2016/17 – 81.42%
<b>DOD Input (Objective) 4: Provide Sound Financial Management of the DOD</b> This element is an overarching departmental aspect to ensure that departmental financial management remains sound in terms of the regulatory requirements and guidelines and that financial reporting is performed accordingly.		
<b>Strategic Sub-Output</b> Percentage deviation from approved drawing schedule		<b>5 Year Strategic Plan Target</b> <8%
Sec Def (Administration)	Percentage deviation from approved drawing schedule	<b>5 Year Strategic Plan Target</b> <8%  <b>Progress as at 31 March 2017</b> FY2015/16 – 1.4% FY2016/17 – 0.1%
<b>DOD PERFORMANCE INFORMATION: DOD BUILDING FOR THE FUTURE (BFF)</b>		
<b>DOD BFF (Objective) 1: Ensure Appropriate Strategic Reserves</b> This element addresses the requirement to ensure that critical commodities and/or items are available at all times to enable and support expected and unforeseen defence commitments (e.g. fuel, ammunition).		
<b>Strategic Sub-Output</b> Level of strategic reserves		<b>5 Year Strategic Plan Target</b> Information Classified
C SANDF (General support)	Level of strategic reserves (Ammunition)	<i>Information Classified</i>

<sup>92</sup> Chief Logistics changed number of days from 60 to 90 days. This is in line with government imperatives.

DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
<b>DOD BFF (Objective) 2: Renew DOD Main Equipment and Systems</b> <b>DOD BFF (Objective) 3: Undertake Defence Research and Development</b> This element addresses the requirement to ensure that the DOD invests in the development and acquisition of equipment and associated doctrine to ensure the DOD's long-term sustainability and relevance.		
<b>Strategic Sub-Output</b> Percentage of Defence armament acquisition commitments status		<b>5 Year Strategic Plan Target</b> 80%
Sec Def (Administration)	Percentage armament acquisition commitments approved	<b>5 Year Strategic Plan Target</b> ≥75%  <b>Progress as at 31 March 2017</b> An average of 97% armament acquisition commitments approved over period FY2015/16 to FY2016/17.
	Percentage technology development commitments approved	<b>5 Year Strategic Plan Target</b> 85%  <b>Progress as at 31 March 2017</b> An average of 95.5% technology commitments approved over period FY2015/16 to FY2016/17.
<b>DOD CORE PERFORMANCE INDICATORS UNRELATED TO SPECIFIC STRATEGIC OUTPUTS BUT OF IMPORTANCE TO DOD DOMESTIC ASPECTS (INTERNAL PROCESSES AND COMMAND)</b>		
<b>DOD Strategic Output</b> These Performance Indicators are of DOD domestic interest only		
C SANDF (Force Employment)	Percentage of the value of reimbursement by the UN/AU recognised	<i>Information Classified</i>
C SANDF (Administration)	Number of positions filled against allocated quota for international institutions	<b>5 Year Strategic Plan Target</b> 12  <b>Progress as at 31 March 2017</b> FY2015/16 – 8 FY2016/17 – 14
	Number of Strategic Activities per annum	<b>5 Year Strategic Plan Target</b> 58  <b>Progress as at 31 March 2017</b> 20 FY2015/16 – 10 FY2016/17 – 10
	Percentage compliance with the progress of the establishment of the Military Strategic Direction Register <sup>93</sup>	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> 14% (5)

<sup>93</sup> This Performance Indicator measure the extent to which C SANDF contributes to the direction and guidance of the DOD's military component. The Military Strategic Direction Register consists of various strategic departmental products/documents which must be completed in a specific year. The number of strategic departmental products/documents will be reduced over the 2017 MTEF in line with the requirements stated within the SA Defence Review 2015.

DOD Mid-Term Performance against Strategic Indicators and Targets for FY2016/17		
Reporting Responsibility	Current Approved Performance Indicators	Analysis
Sec Def (Administration)	Established DOD strategic research capability status	<b>5 Year Strategic Plan Target</b> Funding and staffing of critical vacancies  <b>Progress as at 31 March 2017</b> Not achieved. Draft Policy Research Unit Concept document completed for departmental consideration.
	Percentage of recommendations agreed to by management to address the internal control gaps identified in audit reports	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> FY2015/16 – New indicator FY2016/17 – 92.5% (298 out of 322 recommendations agreed to by management)
	Number of scope coordination meetings with internal and external assurance providers to reduce audit fatigue across the DOD	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> FY2015/16 – New indicator FY2016/17 – 66% (8 out of 12 scope coordination meetings)
	Status of external statutory responses to requests received	<b>5 Year Strategic Plan Target</b> 100%  <b>Progress as at 31 March 2017</b> FY2015/16 – 66% FY2016/17 – 100%
C SANDF (Administration)	Number of Covenantal relationships with Religious Stakeholders  (Religious Advisory Boards)	<b>5 Year Strategic Plan Target</b> 25  <b>Progress as at 31 March 2017</b> 10 FY2015/16 – 5 FY2016/17 – 5
	Number of marketing events to promote the Reserves	<b>5 Year Strategic Plan Target</b> 180  <b>Progress as at 31 March 2017</b> 62 FY2015/16 – 24 FY2016/17 – 38
C SANDF (Defence Intelligence)	Number of vetting decisions taken in accordance with requirements	<b>5 Year Strategic Plan Target</b> 33 500  <b>Progress as at 31 March 2017</b> 10 840 FY2015/16 – 4 234 FY2016/17 – 6 606
	Level of implementation of the Cyber Warfare plan	<b>5 Year Strategic Plan Target</b> Fully implemented  <b>Progress as at 31 March 2017</b> In process. The Cyber Roadmap, Cyber Awareness, Cyber Doctrine and Implementation Plan were developed.
Sec Def (Administration)	Status of Public Opinion of the DOD	<b>5 Year Strategic Plan Target</b> 77%  <b>Progress as at 31 March 2017</b> 72% <sup>94</sup>

<sup>94</sup> HSRC conducts the research on behalf of the DOD to measure the performance indicator. This research is done every second year to allow implementation and monitoring of recommendations.



SA Army armoured vehicles drive past during the 2017 Armed Forces Day.  
(Photo by Pte Paul Mpangala)



## DOD SELECTED PERFORMANCE INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS<sup>95</sup>

The DOD's performance against Selected Performance Indicators and Targets for the period 01 April 2013 to 31 March 2017 is reflected in the table below.

DOD Selected Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017					
Performance Indicator	Accountability/ Reporting Responsibility	Performance			
		Audited/Actual Achievement			Pre-Audited Achievement
		FY2013/14	FY2014/15	FY2015/16	FY2016/17
Total number of defence Attaché Offices <sup>96</sup>	Administration (Defence Foreign Relations)	Target	Target	Target	Target
		Actual	Actual	Actual	Actual
Number of military skills development members in the system per year <sup>97</sup>	Administration (Human Resources Services)	Target	Target	Target	Target
		Actual	Actual	Actual	Actual
Number of reserve force person days <sup>98</sup>	Administration (Human Resources Services)	New Indicator	Target	Target	Target
			Actual	Actual	Actual
Percentage compliance with the Southern African Development Community standby force Pledge <sup>99</sup>	Force Employment	Target	Target	Target	Target
		Actual	Actual	Actual	Actual
Percentage compliance with number of ordered commitments (external operations)	Force Employment	Target	Target	Target	Target
		Actual	Actual	Actual	Actual
Percentage compliance with number of ordered commitments (internal operations) <sup>100</sup>	Force Employment	Target	Target	Target	Target
		Actual	Actual	Actual	Actual
Number of joint, interdepartmental, interagency and multinational military (JIIM) exercises conducted per year <sup>101</sup>	Force Employment	Target	Target	Target	Target
		Actual	Actual	Actual	Actual
Number of landward sub-units deployed on border safeguarding per year	Force Employment	Target	Target	Target	Target
		Actual	Actual	Actual	Actual

<sup>95</sup> Analysis done against "DOD Selected Performance Indicators and Targets: FY2016/17 to the FY2018/19" as per DOD APP for 2016, page 52.

<sup>96</sup> Performance Indicator name changed from "Number of DA missions" to "Total number of defence Attaché Offices" in the DOD APP for 2015.

<sup>97</sup> During the MOD&MV Budget Vote (May 2015) an announcement by the MOD&MV was made with regard to the MSDS members "We need to increase the intake of MSDS recruits to rejuvenate the Defence Force." Therefore the MSDS target was revised by CHR from 3 916 to 4 001 for FY2016/17.

<sup>98</sup> Performance Indicator name changed from "Number of reserve force man days" to "Number of reserve force person days" in the DOD APP for 2015.

<sup>99</sup> Performance Indicator name changed from "Percentage compliance with the Southern African Development Community standby force agreements and South African Pledge when required" in FY2013/14, to "Percentage compliance with the Southern African Development Community standby force agreements and South African Pledge" in FY2014/15.

<sup>100</sup> Internal operations include border safeguarding and operations in support of other government departments.

<sup>101</sup> Refinement of the MTSF (2014 – 2019) by Presidency (DPME) together with CJ Ops took place and it was decided that the department would address only the SANDF's participation on the higher level of SADC and interdepartmental/interagency exercises, as South Africa is not always the leading country during these exercises.



DOD Selected Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017					
Performance Indicator	Accountability/ Reporting Responsibility	Performance			
		Audited/Actual Achievement			Pre-Audited Achievement
		FY2013/14	FY2014/15	FY2015/16	FY2016/17
Number of force employment hours flown per year	Air Defence	<b>Target</b> 6 300	<b>Target</b> 6 985	<b>Target</b> 6 500	<b>Target</b> 5 000
		<b>Actual</b> 4 471	<b>Actual</b> 5 026.39	<b>Actual</b> 4 785.18	<b>Actual</b> 4 032.40
Number of hours at sea per year	Maritime Defence	<b>Target</b> 22 000	<b>Target</b> 12 000	<b>Target</b> 12 000	<b>Target</b> 12 000
		<b>Actual</b> 11 081.7	<b>Actual</b> 8 951.53	<b>Actual</b> 10 710.70	<b>Actual</b> 8 131.55

## SA DEFENCE REVIEW 2015 (MILESTONE 1) IMPLEMENTATION WITHIN FY2016/17 RESOURCE ALLOCATION: STATUS REPORT

The DOD's performance against the SA Defence Review 2015 (Milestone 1) Deliverables for FY2016/17 is reflected in the table below.

SA Defence Review 2015 (Milestone 1) Implementation within FY2016/17 Resource Allocation		
Responsibility Owner (Budget Programme)	Deliverables for FY2016/17	Detail of Actual Achievement
<b>End-State 1: Sustained Ordered Defence Commitments</b>		
C SANDF (Chief Joint Operations)	Sustained Internal Operations	The following operations were conducted in accordance with Government's Strategic Intent and Prescripts: <ul style="list-style-type: none"> <li>• Op CORONA – Land/Air/Maritime Border Safeguarding operations.</li> <li>• Op PROSPER – Support was delivered to Government Departments, and particularly to the SAPS.</li> <li>• Op CHARLOT – Ongoing Disaster Aid and Relief operations were delivered as required.</li> <li>• Op ARABELLA – Ongoing Search and Rescue operations were delivered as required.</li> </ul>
	Sustained Peace Missions	Various Peace Support Operations were conducted as authorised, principally through Op MISTRAL, being the SANDF's contribution of forces to the various UN Peace Support Initiatives in the Democratic Republic of the Congo (DRC).
	Sustained Intervention Operations	The Department was available to plan and execute Intervention Operations, at the behest of Government.
	Sustained Support to Government Departments	The Department was available to support other Government Departments as required.
	Sustained International Commitments	The Department sustained all its International Obligations. In particular, the Department continued to conduct its Anti-Piracy Operations under Op COPPER in co-operation with the Mozambican and Tanzanian Governments in the Mozambican Channel.
	Promulgated Joint Force Employment Strategy	The current Joint Force Employment Strategy is in the process of being reviewed in order to align it with the Defence Review 2015 and those pressing commitments impacting on the DOD.  In pursuance thereof, the Framework for the Strategy is under development, which will guide the completion of the new Joint Force Employment Strategy.
	Promulgated Border Safeguarding Strategy	The Framework for this Strategy is currently in the process of development. The fully fledged Border Safeguarding Strategy will be developed in consultation with all stakeholders, including the envisaged Border Management Authority (BMA).
C SANDF (Chief Corporate Staff - Chief Military Policy, Strategy and Planning)	Promulgated Military Strategy	The Department has provisionally concluded Part 1 of the Military Strategy.  Staff-level consultations have taken place and further contact sessions are being scheduled with the intent of finalising a comprehensive Military Strategy.
<b>End-State 2: Capability sustainment and renewal</b>		
Sec Def (Chief Defence Matériel)	Promulgated Acquisition of Armaments in the DOD Policy (DAP 1000 Policy)	The Defence Acquisition of Armaments Policy (DAP 1000) consists of three parts, namely: the Ministry of Defence Directive (MODD); the Department of Defence Instruction (DODI); and, the Acquisition Handbook (DAHB 1000). <ul style="list-style-type: none"> <li>• The MODD was approved by the MOD&amp;MV.</li> <li>• The DODI (DODI/00121 Edition 4) was completed and has entered the formal policy approval process.</li> <li>• The DAHB 1000 was completed. It was jointly promulgated by Chief Defence Matériel and by the CEO of ARMSCOR for use in the DOD and in ARMSCOR respectively.</li> </ul>

SA Defence Review 2015 (Milestone 1) Implementation within FY2016/17 Resource Allocation		
Responsibility Owner (Budget Programme)	Deliverables for FY2016/17	Detail of Actual Achievement
National Defence Industry Council (Chief Defence Matériel in support)	Promulgated Defence Industry Policy <sup>102</sup>	<p>Following the establishment of the National Defence Industry Council (NDIC) on 03 March 2016, the first meeting of the NDIC was held on 18 May 2016 where a number of work streams were structured to address, amongst others, the Defence Industry Strategy and Defence Industry Planning.</p> <p>It should be noted that this Deliverable is the responsibility of the NDIC and that the Department is responsible to provide support as and when required. The DOD, in conjunction with ARMSCOR, provided interim secretarial services in support of the NDIC during the period under review.</p>
<b>End-State 3: Defence Facilities Maintained</b>		
C SANDF (Chief Logistics)	Defence Facilities maintained through the implementation of the Long-Term Capital Infrastructure Plan	<p>NDPW, as the Custodian of all National Government immovable assets, is responsible for the execution of the Planned Maintenance, Capital Works, Refurbishment and Decentralised Programmes on behalf of the DOD. The DOD is only mandated to perform day-to-day (emergency) maintenance on the immovable assets it occupies as a User-Department.</p> <p>The updated planned expenditure figures for the various programmes following the re-allocation of funds in the first quarter (in June 2016) by NDPW, were as follows:</p> <ul style="list-style-type: none"> <li>• <u>Planned Maintenance</u>: Rm 223,8</li> <li>• <u>Capital Works</u>: Rm 147,2</li> <li>• <u>Refurbishment</u>: Rm 469,2</li> <li>• <u>Decentralised</u>: Rm 26,1</li> </ul> <p>The final payment figures for the various programmes during the year under review were as follows:</p> <ul style="list-style-type: none"> <li>• <u>Planned Maintenance</u>: Rm 222,47</li> <li>• <u>Capital Works</u>: Rm 101,58</li> <li>• <u>Refurbishment</u>: Rm 466,79</li> <li>• <u>Decentralised</u>: Rm 24,7</li> </ul> <p>The under-expenditure against the Capital Works and Decentralised Programmes was largely due to supply chain challenges within the NDPW, as well as challenges experienced with certain appointed contractors.</p> <p>It must be noted that the final payment figure Rm 101,58 on the Capital Works Programme is consistent with the original allocation for DOD Capital Works.</p> <p>Therefore the under-performance on the Capital Works Programme is related only to the variance between the DOD planned and NDPW planned expenditure as was adjusted in June 2016.</p>
	Optimised utilisation of the DOD Works Capability	<p>The DOD Works Formation was resourced to 84.3% staffing of its approved structure. Continuous training and development takes place and to date a total of 988 members were trained and qualified as artisans, technicians, site supervisors and project managers in various fields.</p> <p>DOD Works Formation is conducting 168 own-resource projects throughout the nine provinces of the RSA.</p> <p>The DOD Works Formation structures have proved to be inadequate to address the output expected. This has a negative impact on the ability of the DOD Works Formation to execute its mandate.</p>

<sup>102</sup> Defence Review 2015, Chapter 15.

SA Defence Review 2015 (Milestone 1) Implementation within FY2016/17 Resource Allocation		
Responsibility Owner (Budget Programme)	Deliverables for FY2016/17	Detail of Actual Achievement
<b>End-State 4: Restructuring of the SANDF</b>		
C SANDF (Chief Corporate Staff – Chief Military Policy, Strategy and Planning)	Promulgated Blue-Print Force Design	Part 2 of the Military Strategy (Blue Print Force Design) was drafted in consultation with all relevant stakeholders. This Force Design is still under development and will be finalised with the completion of the new Military Strategy.
C SANDF (only)	Promulgated Restructuring plan	The Departmental Restructuring Work Group has drafted a proposed restructuring model for consultation with all relevant stakeholders.  The restructuring plan will follow on and be informed by the new Military Strategy and its Force Design. The resulting outcome will be encapsulated in a SANDF Restructuring Implementation Plan.
<b>End-State 5: DOD Human Resources Management</b>		
Sec Def (Chief Human Resources)	Promulgated Human Resources Strategy <sup>103</sup>	The DOD Human Resource Development (HRD) Strategy & Strategic Implementation Plan (SIP) was successfully implemented during FY2016/17.  The HRD Strategy 2016-2025 was approved by C SANDF during FY2016/17.
<b>End-State 6: Defence Academy established</b>		
C SANDF (Chief Human Resources)	Comprehensive appreciation on the establishment of a Defence Academy	The appreciation on the establishment of the Defence Academy requires comprehensive consultation work with the Department of Higher Education (DHET) regarding the conception framework. Research work done with DHET and Higher Education Institutions continues. This appreciation process is on-going.
<b>End-State 7: Military Discipline Enhanced</b>		
C SANDF (Chief Defence Legal Services)	Submitted Military Discipline Bill to the Office of the Chief State Law Advisor and undergo Socio-economic Environmental Impact Assessment System	The draft Bill was submitted to the Justice, Crime Prevention and Security Cluster (JCPS) Development Committee for consideration before entering the Director Generals and Cabinet approval processes. The Development Committee provided a number of guidelines for the Bill and requested further consultation with Organs of State.  The Department is currently concluding these consultations with a view to resubmit the Bill to the JCPS Development Committee.  The Department is further engaged in completing the Socio Economic Impact Assessment (SEIAS), as is required by Cabinet when submitting a Bill or a major policy position.
<b>End-State 8: Relationship established between the DOD ETD programmes and accredited tertiary Institutions for civilian and military members</b>		
Sec Def (Chief Human Resources)	Promulgated Education Training and Development Policy	Stellenbosch University is the Accreditation partner for the Officer Foundation Education Program and selected post graduate qualifications pursued through the Dean of FMS (Faculty of Military Sciences).  Wits University, University of Pretoria and UNISA were approached to support the future/ advanced learning/education programmes for Officers. This remains subject to on-going negotiation.  Consultations with UNISA and the FMS (Military Academy) on the Non-commissioned Officer (NCO) learning pathway and concomitant qualifications indicate that occupational specific learning for members is the more appropriate approach to pursue for the development of members.  It is clear that establishment of these relationships and the required education and training support programs is a long term process which requires liaison with the Department of Higher Education and Training (DHET), Council of Higher Education (CHE), and the South African Qualifications Authority (SAQA).

<sup>103</sup> The Promulgated HR Strategy refers to the Human Resource Development Strategy. The Performance Indicator "Percentage adherence to DOD governance promulgation schedule (Human Resource Strategy status)" was wrongly worded in the DOD APP for 2016 and should read "Percentage adherence to DOD governance promulgation schedule (Human Resource Development Strategy status)."

SA Defence Review 2015 (Milestone 1) Implementation within FY2016/17 Resource Allocation		
Responsibility Owner (Budget Programme)	Deliverables for FY2016/17	Detail of Actual Achievement
<b>End-State 9: Defence Funding Model Developed</b>		
Sec Def (Chief Financial Officer)	Developed Defence Funding Model	<p>A professional services company was appointed to assist the Department with the development of the policy and strategy for the Defence Funding Model.</p> <p>The final report on the Defence Funding Model was drafted for consultation within the Department. This report includes the draft policy, draft strategy and draft implementation plan for comment and approval. Knowledge and skills transfer on this Model is on-going.</p>
C SANDF (Chief Logistics)	Promulgated Budgeting and Costing Tool	A draft user requirement has been finalised and submitted for approval. The project plan has been drafted and approved with the proviso that the process be assessed against the development of NT Integrated Financial Management System 2 to determine and synchronise the required interfaces between the two Departments.
<b>End-State 10: Defence Industry Engagements Established</b>		
Sec Def (Chief Defence Matériel)	Capability and technology programmes established with the defence industry	<p><b>Landward Defence Capability:</b> Within the Landward Defence Capability, several programmes are established with industry.</p> <ul style="list-style-type: none"> <li>• <u>Denel Land Systems</u> provides indirect fire support capabilities (mortars), manufacture Infantry Combat Vehicles (Badgers), provide support to the upgrade of the G6 self-propelled gun howitzer (155mm), provide auxiliary equipment for portable mine detection equipment, and provide the gyroscopic system for the artillery.</li> <li>• <u>Barloworld</u> and <u>Bell Equipment</u> provide earth-moving (construction) vehicles.</li> <li>• <u>Malutsa</u> provides water purification and water bottling equipment.</li> <li>• <u>ECM Technologies</u> and <u>Common Sense Technologies</u> provide portable mine detectors and personal protective clothing (used during the detection of mines) respectively.</li> <li>• <u>Denel Integrated Solutions</u> and <u>Maritime</u>, together with CSIR, provides command and control requirements for the Ground Based Air Defence Systems (GBADS).</li> <li>• <u>Denel Integrated System Solutions</u> and <u>Rheinmetall Air Defence</u> provide services, equipment and support for the new generation ground-to-air missile.</li> <li>• <u>SAAB</u> provides portable kitchens.</li> <li>• <u>OTT Solutions</u> and <u>Desert Wolf</u> provide 15-man field cooking units.</li> <li>• <u>RCS</u> provides deployable mess facilities.</li> </ul> <p><b>Common Weapons Capability:</b> Within the Common Weapons Capability, the following programmes are established with industry.</p> <ul style="list-style-type: none"> <li>• <u>Nanoteg</u> provides cryptographic capabilities.</li> <li>• <u>Volt Ampere</u> provides electricity generation capabilities.</li> <li>• <u>Reutech</u> provides a family of tactical radios.</li> <li>• <u>CSIR</u> provides system-engineering support for the Defence Communication Network.</li> <li>• <u>SAAB</u> provides maintenance and support for tactical command and control (radios).</li> </ul> <p><b>Special Forces:</b> Within Special Forces, several programmes are established with industry:</p> <ul style="list-style-type: none"> <li>• <u>Lelebotse Projects</u> provides high altitude parachute systems.</li> <li>• <u>Veecraft Marine (Pty) Ltd</u> provides workboats and a passenger ferry system.</li> <li>• <u>CSIR</u> provides specialist technology development support.</li> </ul> <p>Defence Science and Engineering Technology (DSET) expertise is developed to address knowledge and technology capability requirements. The Department manages seven technology development programmes with the defence industry:</p> <ul style="list-style-type: none"> <li>• <u>Landward Technology Programme:</u> Technology programmes are established with the <u>Detonic</u>, <u>Ballistic and Explosive Laboratory (DBEL)</u> of the Council for Scientific and Industrial Research (CSIR), <u>ARMSCOR</u>, <u>Rheinmetall Denel Munition</u>, <u>Flamengro</u>, <u>Reutech</u> and <u>Denel</u>.</li> <li>• <u>Maritime Technology Programme:</u> Domain knowledge is mostly generated by the Institute of Maritime technology (IMT) of <u>ARMSCOR</u>. Technology programmes are established with <u>ARMSCOR</u>, <u>CSIR</u>, <u>Reutech</u>, <u>Thales South Africa</u> and <u>Protoclea</u>.</li> </ul>

SA Defence Review 2015 (Milestone 1) Implementation within FY2016/17 Resource Allocation		
Responsibility Owner (Budget Programme)	Deliverables for FY2016/17	Detail of Actual Achievement
<b>End-State 10: Defence Industry Engagements Established</b>		
Sec Def (Chief Defence Matériel)	Capability and technology programmes established with the defence industry	<ul style="list-style-type: none"> <li><b>Aerospace Technology Programme:</b> This programme manages the Test &amp; Evaluation Ranges at Overberg Test Range and the Skua high-speed target test facility of Denel. The following industries are made use of by the Aerospace Technology Programme: ARMSCOR, Denel, CSIR, Rheinmetall Denel Munition, Flamengro and Reutech.</li> <li><b>Support Operations Technology Programme:</b> Protechnik and Ergotech provide scientific and engineering support in terms of biological and chemical defence capabilities and ergonomic capabilities respectively.</li> <li><b>Electronics Technology Programme:</b> This programme focuses on appropriate scientific and engineering capabilities in the field of navigation, command and control and information security. Programmes are established with ARMSCOR, CSIR, GEW Technologies, SAAB South Africa, Reutech, Ciphertech, Nanotech, Incomar, Tellumat and Denel.</li> <li><b>Special Operations Technology Programme:</b> This programme is managed through the Special Operations Defence Evaluation and Research Institutes (DERI) at the CSIR.</li> <li><b>Scientific Research and Science &amp; Engineering Capacity Development Initiative:</b> South African post-graduate students are funded to conduct non-sensitive military focussed research. Facilitation of this programme is done through the CSIR, Denel and Universities of Cape Town, Stellenbosch and Kwa-Zulu Natal.</li> </ul>
<b>End-State 11: Strategic direction for the implementation of the SA Defence Review (MS1)</b>		
Sec Def (Chief Defence Policy, Strategy and Planning)  C SANDF (Chief Corporate Staff – Chief Military Policy, Strategy and Planning)	Promulgated SA Defence Review MS1 Overarching Implementation Plan, Targets and Timelines	<p>Under the auspices of the Defence Review Implementation Project Team (DRIPT), a technical team was constituted which has developed the implementation framework of the Defence Review. The DOD Plan to Arrest the Decline has been completed and subsequently approved by the Council on Defence (COD) on 07 March 2017. The MOD&amp;MV directed that Option 2 of the Plan will be the basis for further engagement with the Portfolio Committee on Defence and Military Veterans (PCD&amp;MV), Joint Standing Committee on Defence (JSCD), National Treasury (NT) and Cabinet.</p> <p>An interdepartmental budget task team between the DOD and NT was established to determine the most feasible funding solutions to the DOD Milestone 1 Plan to Arrest the Decline.</p>
<b>End-State 12: Strategic Communication Intervention</b>		
Ministry (Head of Communication)	Roll out of a SA Defence Review 2015 Communication Plan (internal and external)	The SA Defence Review 2015 Strategic Communication Plan was approved and is in the process of being implemented through internal and external communication actions.
C SANDF (Director Corporate Communication)	Promulgated Communication Strategy	The Communication Strategy for 2014-2019 was approved and is being implemented by means of communication actions aimed at both internal and external audiences.





**Lt Gen Derick Mgwebi, the Force Commander of the United Nations Organisation Stabilisation Mission in the Congo (MONUSCO) inspecting the parade during his welcoming parade.  
(Photo by S Sgt Lebogang Tlhaole and courtesy of MONUSCO)**



**DOD PERFORMANCE INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS<sup>104</sup>**

The DOD's performance against its Performance Indicators and Targets for the period 01 April 2013 to 31 March 2017 is reflected in the table below.

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
<b>Programme 1: Administration</b>									
<b>Ministry</b>									
Percentage compliance with submission dates of DOD statutory documents: (DOD APP tabled in Parliament)	-	-	100% Tabled by Feb 15	APPs were tabled in line with the Parliamentary Programme on 11 Mar 15	-	-	-	-	-
(ARMSCOR APP tabled in Parliament)	-	-	-	-	-	-	-	-	-
(Castle Control Board APP tabled in Parliament)	-	-	-	-	-	-	-	-	-
(Military Ombud APP tabled in Parliament)	-	-	-	-	-	-	-	-	-
Percentage compliance with submission dates of DOD accountability documents: (DOD APP tabled in Parliament)	-	-	-	-	100% (4 APPs tabled in line with National Prescripts)	100% APPs tabled on 11 Mar 16	100% (4 APPs tabled in line with National Prescripts)	100% (4 APPs tabled in line with National Prescripts)	100% (4 APPs tabled in line with National Prescripts)
(ARMSCOR Corporate Plan tabled in Parliament)	-	-	-	-	-	-	-	-	-
(Castle Control Board APP tabled in Parliament)	-	-	-	-	-	-	-	-	-
(Military Ombud APP tabled in Parliament)	-	-	-	-	-	-	-	-	-

<sup>104</sup> The DOD is endeavouring to constantly improve on its performance information (indicators and targets) to ensure adherence to the "SMART" principles. Improvements in performance information resulted in amending some performance indicators and targets annually. The implementation of the Defence Review 2015 Milestone 1 deliverables (FY2016/17 onwards) necessitated amended performance information in some cases.

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017								
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17	
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Pre-Audited Achievement
Percentage compliance with submission dates of DOD statutory documents:	-	-	100% Tabled in line with National Prescripts	Tabled in line with National Prescripts	-	-	-	-
(DOD Annual Report tabled in Parliament)				(DOD Annual Report for FY2013/14 was tabled in Parliament on 30 Sep 14				
(ARMSCOR Annual Report tabled in Parliament)				Tabled as part of the DOD Annual Report in line with national prescripts				
Castle Control Board Annual Report tabled in Parliament)								
(Military Ombud Annual Report tabled in Parliament)								
Percentage compliance with submission dates of DOD accountability documents:	-	-	-	-	100% (4 ARs tabled in line with National Prescripts)	100% ARs tabled on 29 Sep 15	100% (4 ARs tabled in line with National Prescripts)	100% (4 ARs tabled in line with National Prescripts)
(DOD Annual Report tabled in Parliament)								
(ARMSCOR Annual Report tabled in Parliament)								
Castle Control Board Annual Report tabled in Parliament)								
(Military Ombud Annual Report tabled in Parliament)								
<b>Office of the Military Ombud</b>								
Office of the Military Ombud status	Office fully functional and recommendations to the MOD&MV	Office fully functional	-	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017								
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17	
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Pre-Audited Achievement
Percentage compliance with submission dates of DOD accountability documents (Military Ombud APP submitted to the Executive Authority)	-	-	100% Tabled by Feb 15	Tabled in line with the Parliamentary Programme on 11 Mar 15	100% (1 APP submitted in line with National Prescripts)	100% (1 APP submitted in line with National Prescripts)	100% (1 APP submitted to the Executive Authority)	100% (1 APP submitted to the Executive Authority)
Percentage compliance with submission dates of DOD accountability documents (Military Ombud Annual Report submitted to the Executive Authority)	-	-	100% Tabled in line with National Prescripts	Tabled as part of the DOD Annual Report in line with national prescripts	100% (1 Annual Report submitted in line with National Prescripts)	100% (1 Annual Report submitted in line with National Prescripts)	100% (1 Annual Report Submitted to the Executive Authority)	100% (1 Annual Report submitted to the Executive Authority)
Percentage of written complaints finalised	-	-	50%	43%	60%	76% (365 out of 483 active complaints were assessed and finalised. 113 cases will be carried over to the next financial year)	60%	55% (236 out of 428 active complaints were assessed and finalised, 192 cases were carried over to FY2017/18)
<b>Reserve Force Council</b>								
Percentage compliance with submission dates of DOD accountability documents (2 Reports on RFC Activities submitted in line with National Prescripts)	-	-	-	-	100% (2 Reports on RFC Activities submitted in line with National Prescripts)	100% (2 Reports on RFC Activities submitted in line with National Prescripts)	-	-
Percentage compliance with submission dates of DOD accountability documents (2 Reports on RFC Activities submitted to the Executive Authority)	-	-	-	-	-	-	100% (2 Reports on RFC Activities submitted to the Executive Authority)	100% (2 Reports on RFC Activities submitted to the Executive Authority)

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
<b>Defence Force Service Commission</b>									
Percentage compliance with submission dates of DOD accountability Documents (Annual Report submitted to the MOD&MV regarding DFSC Activities)	-	-	-	-	100% (1 Annual Report on DFSC Activities submitted in line with National Prescripts)	100% (1 Annual Report on DFSC Activities submitted in line with National Prescripts)	-	-	-
Percentage compliance with submission dates of DOD accountability documents (Annual Report regarding DFSC Activities submitted to the Executive Authority)	-	-	-	-	-	-	100% (1 Annual Report regarding DFSC Activities submitted to the Executive Authority)	100% (1 Annual Report regarding DFSC Activities submitted to the Executive Authority)	100% (1 Annual Report regarding DFSC Activities submitted to the Executive Authority)
<b>Departmental Direction (Office of the Secretary for Defence)</b>									
Level of DOD Morale	-	-	Positive	Neutral	-	-	-	-	-
Status of Public Opinion of the DOD	-	-	77%	72%	-	-	-	-	-
Percentage adherence to DOD governance promulgation schedule (Defence Review 2014 Implementation status)	-	-	-	-	Submission of the SA Defence Review Implementation Plan for MOD&MV approval	Submission of the SA Defence Review Implementation Plan for MOD&MV approval	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017										
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement	
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement		
Percentage adherence to DOD governance promulgation schedule (SA Defence Review 2015 Implementation status)	-	-	-	-	-	-	-	-	100% (Monitor implementation of the approved SA Defence Review 2015 Implementation Plan)	The SA Defence Review 2015 (DOD Plan to Arrest the Decline) was approved for implementation by the MOD&MV on 07 Mar 17. The monitoring of implementation of non-resource driven deliverables was undertaken through the departmental quarterly performance reporting process.
Percentage compliance with submission dates of DOD statutory documents (DOD APP tabled in Parliament)	-	-	100% Tabled by Feb 15	Tabled in line with the Parliamentary Programme on 11 Mar 15	-	-	-	-	-	-
Percentage compliance with submission dates of DOD accountability documents (DOD APP submitted to the Executive Authority)	-	-	-	-	100% (1 DOD APP submitted in line with National Prescripts)	100% (1 DOD APP tabled on 11 Mar 16)	100% (1 DOD APP submitted to the Executive Authority)	100% (1 DOD APP for 2017 submitted to the Executive Authority and tabled in the National Assembly and National Council of Provinces on 16 Mar 17)	100% (1 DOD APP submitted to the Executive Authority)	100% (1 DOD APP for 2017 submitted to the Executive Authority and tabled in the National Assembly and National Council of Provinces on 16 Mar 17)

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage compliance with submission dates of DOD statutory documents (DOD Annual Report tabled in Parliament)	-	-	100% Tabled in line with National Prescripts	Tabled in line with National Prescripts (DOD Annual Report for FY2013/14 was tabled in Parliament on 30 Sep 14)	-	-	-	-	-
Percentage compliance with submission dates of DOD accountability documents (DOD Annual Report submitted to the Executive Authority)	-	-	-	-	100% (1 DOD Annual Report submitted in line with National Prescripts)	100% (1 DOD Annual Report tabled on 29 Sep 15)	100% (1 DOD Annual Report submitted to the Executive Authority)	100% (1 DOD Annual Report for FY2015/16 submitted to the Executive Authority and tabled in the National Assembly and National Council of Provinces on 26 Sep 16)	100% (1 DOD Annual Report for FY2015/16 submitted to the Executive Authority and tabled in the National Assembly and National Council of Provinces on 26 Sep 16)

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Pre-Audited Achievement	
Established DOD strategic research capability status	Approved Organisational structure	Indicator reassigned to the Office of the Secretary for Defence, was previously in Policy and Planning	Policy Research Unit Concept document approved	Document not compiled or approved	Policy Research Unit Concept document approved	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.	Policy Research Unit Concept document approved	Not achieved, the Draft Policy Research Unit Concept document was completed for departmental consideration.	
External Statutory Responses to Requests Received, status	-	-	-	-	100%	66% (61 requests received of which 40 requests were fully processed)	-	-	
Status of external statutory responses to requests received	-	-	-	-	-	-	100%	100%	
<b>Departmental Direction (Government Information Technology Officer [GITO])</b>									
Information and Communication Systems Policy Development Plan	Monitor and review	Monitored and Reviewed	-	-	-	-	-	-	



DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage adherence to DOD governance promulgation schedule (Information and Communication Systems Policy Development Plan status)	-	-	Monitor and Review	Monitor and Review	100% Monitor and Review	100% Monitored and Reviewed	100% (Monitor and Review)	100% (Monitored and Reviewed)	
Department of Defence Information Strategy status	Monitor and review	In process of review	-	-	-	-	-	-	
Percentage adherence to DOD governance promulgation schedule (Department of Defence Information Strategy status)	-	-	Monitor and Review	Monitor and Review	100% Monitor and Review	100% Monitored and Reviewed	100% (Monitor and Review)	100% (Monitored and Reviewed)	
<b>Policy and Planning (Defence Policy, Strategy and Planning)</b>									
Established DOD Policy Research Capability	Approved organisational structure	Indicator reassigned to the Office of the Secretary for Defence	-	-	-	-	-	-	-
Coordinated Defence, Engagements in Clusters	Cluster related, submissions as defined in the Annual Cabinet, Programme	100 %	-	-	-	-	-	-	-
Percentage adherence to DOD governance promulgation schedule	-	-	100%	100%	-	-	-	-	-
Percentage adherence to DOD governance schedule	-	-	-	-	100%	100%	-	-	-
Percentage adherence to DOD governance promulgation schedule (Policy)	-	-	-	-	-	-	100%	60% (3 out of 5 planned policies established and maintained)	

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage adherence to DOD governance promulgation schedule (Strategy)	-	-	-	-	-	-	100%	100%	44.44% (4 out of 9 strategies established and maintained)
Tabling of DOD (Defence Secretariat and SANDF) APP in Parliament in line with National Prescripts on Planning	DOD APP tabled by Feb 14	DOD APP tabled in Parliament in line with National Prescripts on Planning on 12 Mar 14	-	-	-	-	-	-	-
Tabling of the DOD Annual Report in Parliament in line with National Prescripts	Tabled in line with National prescripts	Tabled in line with National prescripts on 30 Sep 13	-	-	-	-	-	-	-
Percentage compliance with submission dates of DOD statutory documents	-	-	100%	100%	-	-	-	-	-
Percentage compliance with submission dates of DOD accountability documents	-	-	-	-	100% (1 DOD Annual Report and 1 DOD APP submitted in line with National Prescripts)	100% (1 DOD Annual Report and 1 DOD APP submitted in line with National Prescripts)	100% (1 DOD Annual Report and 1 DOD APP submitted in line with National Prescripts)	100% (1 DOD Annual Report and 1 DOD APP submitted in line with National Prescripts)	100% (1 DOD Annual Report and 1 DOD APP submitted in line with National Prescripts)
DOD Enterprise Risk Management (ERM) Maturity level	Level 4	Level 5 Excellent progress with the institutionalisation of ERM in the DOD	Level 5	Level 4	-	-	-	-	-
DOD Enterprise Risk Management maturity level achieved	-	-	-	-	Level 6	Level 5	Level 4	Level 5 achieved	Level 5 achieved

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
DOD MPAT assessment level	Level 3	Level 2.4	-	-	-	-	-	-	-
DOD Management Performance Assessment Tool (MPAT), assessment level	-	-	Level 2.5	Level 2.1	Level 2.5	Level 2.7	-	-	-
DOD Management Performance Assessment Tool, assessment level achieved	-	-	-	-	-	-	Level 2.6	Level 2.5 achieved	-
<b>Policy and Planning (Military Policy, Strategy and Planning Office)</b>									
Percentage compliance with submission dates of DOD accountability documents (SANDF quarterly reports submitted to the Executive Authority)	-	-	-	-	100% (4) Submitted in line with National Prescripts	100% (4)	100% (4 SANDF quarterly reports submitted to the Executive Authority)	100% (4 SANDF quarterly reports submitted to the Executive Authority)	100%
Percentage compliance with the progress of the establishment of the Military Strategic Direction Register	-	-	-	-	-	-	48% (17)	14% (5)	-
The degree to which direction is provided to the directorates and offices in the MPSPO that ensure C SANDF expectations are met	100%	100%	100%	100%	-	-	-	-	-
The degree to which the strategic advice on Military Strategy and strategic planning meets the requirements of C SANDF and the SANDF in general	100%	100%	100%	100%	-	-	-	-	-
Degree to which SANDF reporting objectives are met according to C SANDF directives	SANDF plans and reports submitted timely	All reports and Plans for the year were submitted on time	SANDF plans and reports submitted timely	SANDF plans and reports were submitted timely	SANDF plans and reports submitted timely	SANDF plans and reports were submitted timely	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017										
Performance Indicator	FY2013/14			FY2014/15			FY2015/16		FY2016/17	
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Pre-Audited Achievement
The degree of alignment of the Military Strategy with the National Security Strategy imperatives and the successful implementation thereof	Reviewed fully aligned and approved Military Strategy	The Military Strategy was revised and aligned with the National Security Strategy	Reviewed, fully aligned and approved Military Strategy	The Military Strategy was reviewed and fully aligned	-	-	-	-	-	-
The degree of accuracy of the minutes	Accuracy of the minutes fully accepted	Minutes were available timeously and accurately	Accuracy of the minutes fully accepted	The minutes were accepted as accurate	-	-	-	-	-	-
Maintenance of a credible decision register	Availability of approved Decision Register in accordance with approved minutes	The decision register is maintained and updated	Availability of approved decision register in accordance with approved minutes	Approved decision register in accordance with approved minutes was available	-	-	-	-	-	-
<b>Financial Services</b>										
Defence Fiscal Framework Status	Full Implementation of Defence Fiscal Framework	A draft Defence Fiscal Framework was compiled	-	-	-	-	-	-	-	-
Approved DOD policy regulating resource unit costing status	Policy implementation	A chapter – Chapter 6 Costing of the Budget – has been included in the policy – Process, Procedures and Systems for Budget Preparation in the DOD (Fin 11/2000 edition 3)	-	-	-	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage compliance with submission dates of DOD statutory documents (Percentage compliance with DOD financial management products)	-	-	100% (Estimate of National Expenditure Chapter submitted in line with national prescripts)	100%	-	-	-	-	-
Percentage compliance with submission dates of DOD accountability documents (Percentage compliance with DOD financial management products)	-	-	-	-	100% (37 Financial management products submitted in line with National Prescripts)	100% (37 Financial management products submitted in line with National Prescripts)	100% (37 Financial management products submitted in line with National Prescripts)	100% (37 Financial management products submitted in line with National Prescripts)	100% (37 Financial management products submitted in line with National Prescripts)
Percentage compliance with submission dates of DOD statutory documents (Compliance with DOD financial management products)	-	-	100% Adjusted Estimate of National Expenditure submitted in line with National Prescripts	100%	-	-	-	-	-
Percentage compliance with submission dates of DOD statutory documents (Compliance with DOD financial management products)	-	-	100% Compliance with all legislative financial reporting	100%	-	-	-	-	-
Number of adverse audit findings	0	The DOD received one audit qualification on intangible capital assets	-	-	-	-	-	-	-
Number of audit findings	-	-	0	1	0	1	-	-	-
Number of Audit Qualifications	-	-	-	-	-	-	0	1	1

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage payments in accordance with invoices received	-	-	100% (Payment of all invoices received per quarter)	73% (Payment of invoices received from suppliers within 30 days)	-	-	-	-	-
Percentage payments within 30 days from receipt of legitimate invoices	-	-	-	-	-	-	75%	80.09%	77%
Provide sound Financial Management of the DOD	-	-	-	-	-	-	<8%	1.4%	-
Percentage deviation from approved drawing schedule	-	-	-	-	-	-	-	-	<8%
<b>Human Resource Support Services (DOD Central Staff)</b>									
DOD HR Retention Strategy status	Monitor (Implementation)	Not yet approved. Draft strategy was withdrawn as it now forms an integral part of the DOD HR Overarching Strategy and HR Charter	-	-	-	-	-	-	-
DOD HR Performance Management System status	One (1) comprehensive system implemented and reviewed	One (1) comprehensive system implemented and reviewed	-	-	-	-	-	-	-
Defence Force Service Commission status	Impact assessment reviewed	Fully Functional	-	-	-	-	-	-	-
Armed Forces Day policy framework	Monitor (Implementation)	Draft finalised, but not yet approved	-	-	-	-	-	-	-
Percentage DOD skills audit completion status	75% Completed	100% Completed	-	-	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage adherence to DOD governance promulgation Schedule (Internship Policy status)	-	-	-	-	-	-	-	100% (Policy Development)	100% (Policy Development)
Human Resource Development Strategy and Plan status	Strategy piloted	Strategy 100% piloted	-	-	-	-	-	-	-
Percentage adherence to DOD governance promulgation schedule (Human Resources Development Strategy status)	-	-	Approved strategy	The HRD Strategy and Annual Implementation plan were submitted for approval	Approved Strategy & Implementation Plan	The HRD Strategy & Implementation Plan was approved on 13 Apr 16	-	-	-
Percentage adherence to DOD governance promulgation schedule (Human Resources Strategy status)	-	-	-	-	-	-	100% (Implemented Strategy)	100% (DOD Human Resource Development (HRD) Strategy & Strategic Implementation Plan (SIP) implemented)	100% (DOD Human Resource Development (HRD) Strategy & Strategic Implementation Plan (SIP) implemented)
DOD Ethics Management status	-	-	-	-	DOD Ethics Policy Approved	Policy in progress	-	-	-
Percentage adherence to DOD governance promulgation schedule (DOD Ethics Management status)	-	-	-	-	-	-	100% (DOD Ethics Policy Approved)	DOD Ethics Policy is in the development process	DOD Ethics Policy is in the development process
Percentage compliance with annual submission and recording of SMS financial disclosures	100%	92%	-	-	-	-	-	-	-



DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage compliance with submission dates of DOD statutory documents (SMS financial disclosures)	-	-	100%	89%	-	-	-	-	-
Percentage compliance with submission dates of DOD accountability documents (SMS financial disclosures submitted)	-	-	-	-	100% (294)	93% of 255 SMS members (as on 31 Mar '16) submitted	100%	100% (292 SMS financial disclosures submitted)	-
Percentage achievement of signed and submitted performance agreements by DOD SMS members	100%	88%	-	-	-	-	-	-	-
Percentage compliance with submission dates of DOD statutory documents (SMS performance agreements)	-	-	100%	87%	-	-	-	-	-
Percentage compliance with submission dates of DOD accountability documents (SMS performance agreements submitted)	-	-	-	-	100% (294)	84% of 255 SMS members (as on 31 Mar '16) submitted	100%	94% (273 out of 292 performance agreements submitted)	-
Percentage of PSAP disciplinary cases finalised within 90 days in the DOD	80%	29% (58 of 203 within 90 days). However, in total 76% (203 of 268 were finalised during FY2013/14)	-	-	-	-	-	-	-
Number of disciplinary cases in the DOD finalised within 90 days (PSAP)	-	-	39	39	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Number of disciplinary cases in the DOD finalised within 90 days (PSAP Disciplinary Cases)	-	-	-	-	39%	20	-	-	-
Percentage of disciplinary cases in the DOD finalised within 90 days (PSAP Disciplinary Cases)	-	-	-	-	-	-	100%	16%	(9 out of 56 cases finalised within 90 days)
Percentage of DOD collective grievances and disputes resolved	80%	87% (27 of 31 collective grievances were resolved)	-	-	-	-	-	-	-
Percentage collective grievances and disputes resolved	-	-	85%	78% (21 of 27)	85%	71%	85%	64%	(9 out of 14 grievances received in FY2016/17 were resolved)
Number of PSAP attending training programmes	2 587	1 716	-	-	-	-	-	-	-
Percentage compliance with DOD training targets (Number of PSAP attending training programmes)	-	-	100% (2 587)	88.3% (2 284)	100% (2 587)	99.88% (2 584)	100% (2 587)	100.5%	(2 601)
Number of NYS programme participants trained per year	2 000	2 158	100% (2 000)	100.4% (2 008)	-	-	-	-	-
Percentage compliance with DOD training targets (Re-skilling)	-	-	67% (8)	592% (71)	-	-	-	-	-
Percentage compliance with DOD training targets (Non-combat professional Military development)	-	-	100% (1 970)	165% (3 254)	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage adherence to DOD governance promulgation schedule (National Youth Service Policy status)	-	-	Policy development	Policy development discontinued	Policy Approved and Promulgated	Policy discontinued	-	-	-
Percentage compliance with planned staffing of funded posts	90% (69 585)	113% (78 864)	100% (77 606)	101% (78 015)	100% (79 445)	96% (76 386)	100% (80 064)	95.7% (76 617)	
Number of positions filled against allocated quota for international Institutions	-	-	-	-	12	8	12	14	
Percentage compliance with DOD training targets (Non-combat professional military development courses)	-	-	-	-	100% (1 934)	142% (2 744)	100% (3 000)	89.63% (2 689)	
Percentage compliance with DOD training targets (Re-skilling)	-	-	-	-	70% (50)	174% (124)	70% (50)	273% (195)	
Percentage compliance with DOD training targets (National Youth Service programme)	-	-	-	-	100% (2 000)	68% (1 364)	100% (2 000)	234% (4 680)	
Number of military skills development members in the system per year	4 208	7 005	4 272	3 889	3 863	3 944	4 001	3 759	
Number of reserve force man days	-	-	1 883 683	2 695 742	-	-	-	-	
Number of reserve force person days	-	-	-	-	2 442 792	2 768 982	2 701 681	2 679 142	
Percentage compliance with SANDF Battle fitness requirements	-	-	Information Classified	Information Classified	85%	0%	Information Classified	Information Classified	

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
<b>Legal Services (DOD Central Staff)</b>									
Percentage (%) Litigation Settled in favour of the DOD	60% (31)	45% (23)	-	-	-	-	-	-	-
Percentage litigation cases finalised in the best interest of the DOD (settlements and wins)	-	-	50%	80.6% (25/31)	-	-	-	-	-
Percentage litigation cases finalised in the best interest of the DOD	-	-	-	-	50%	88.87% (24 out of 27 cases finalised)	50%	50%	80% (32 out of 40 finalised cases settled in the best interest of the DOD)
The degree to which DLSD plans and procedures in respect of military judges, presiding officers and assessors comply with the provisions of the Defence Act (Act No. 42 of 2002) and the Military Discipline Supplementary Measures Act (MDSMA) (Act No. 16 of 1999)	-	-	100%	100%	-	-	-	-	-
The degree to which Military Defence Counsel sectoral policy with regard to military counsel and procedures comply with the Defence Act (Act No. 42 of 2002) and the MDSMA (Act No. 16 of 1999) and instructions	-	-	100%	100%	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
The degree to which Military Judicial Review policy and procedures comply with the Defence Act, Act No. 42 of 2002 and the MDSMA, (Act No.16 of 1999)	-	-	100%	102.1%	-	-	-	-	-
The degree to which military prosecution services are provided to the SANDF	-	-	100%	100%	-	-	-	-	-
Percentage (%) compliance with C SANDF requirements wrt operational legal advice and support for all external and internal operations	-	-	100%	100%	-	-	-	-	-
The degree to which legal advice services and capability are provided to the DOD	-	-	100%	100%	-	-	-	-	-
The degree to which operations and force preparations legal advice, policy and procedures comply with DOD legislation and instructions	-	-	100%	100%	-	-	-	-	-
The timeliness and quality with which HR, policy, MOU and legislative legal advice comply with DOD legislation, policy, prescripts and instructions	-	-	100%	100%	-	-	-	-	-
The degree to which facilitated litigation results in optimum outcome for the DOD expressed as a percentage of achievement. Expressed ito the total litigation received and attended to	-	-	100%	100%	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
The degree to which an education, training and development (ETD) service (legal training) is provided to the DOD and the DLSD	-	100%	100%	100%	-	-	-	-	-
The degree to which adequate internal systems, ie log, fin, HR, planning and support services, are provided to DLSD	-	100%	100%	100%	-	-	-	-	-
Percentage of cases of Corruption and Fraud prosecuted	-	100% (70)	13.4% (23)	40% (70)	5% (9)	40%	40%	13%	13%
Percentage of cases of corruption and fraud prosecuted (Conviction rate of persons R5 million and over)	-	-	-	0	0 (No cases of Rm5 and over were reported)	20%	60%	65%	65%
Percentage reduction of military court cases outstanding (backlog)	-	-	-	-	40%	3%	40%	63%	63%
Number of disciplinary cases in the DOD finalised within 90 days (Military Disciplinary Cases)	-	-	-	600	70	100%	36%	36%	36%
<b>Corporate Staff Office</b>									
Timeliness, relevance and quality of strategic advice to the C SANDF	Strategic advice provided as and when required	Strategic advice was provided	Strategic advice provided as and when required	Strategic advice was provided	Strategic advice provided as and when required	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Timeliness, relevance and quality of direction provided to the divisions and offices in the Corporate Staff Division	Direction provided as and when required	Direction was provided	Direction provided as and when required	Direction was provided	-	-	-	-	-
Timeliness, relevance and quality of staff coordination of the supporting divisions as delegated by C SANDF	Staff coordination provided as and when required	Staff coordination was provided	Staff coordination provided as and when required	Staff coordination was provided	-	-	-	-	-
Providing ceremonial functions for the offices of the Minister and the President	-	-	Successful conducting of commitments	Ordered commitments were successfully conducted	-	-	-	-	-
<b>Inspection and Audit Services (Internal Audit Division)</b>									
Percentage of recommendations agreed to by management to address the internal control gaps identified in audit reports	-	-	-	-	-	-	100%	92.5% (298 out of 322 recommendations made were agreed to by management)	-
Number of scope coordination meetings with internal and external assurance providers to reduce audit fatigue across the DOD	-	-	-	-	-	-	12	8	-
Percentage progress of DOD Annual Audit Plan	-	-	-	-	100%	32% (20 out of 63 audit activities)	-	-	-
Office of the Internal Audit Division status	-	-	Office partly functional	Office partly functional	-	-	-	-	-
<b>Inspection and Audit Services (Defence Inspectorate Division)</b>									
Number of incidents reported for corruption and fraud detected for investigation	25	17	-	-	-	-	-	-	-



DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Number of detection investigations of corruption and fraud conducted	-	-	-	-	19	19	-	-	-
Percentage of Corruption and Fraud incidents detected for investigation	-	-	-	-	-	-	100%	100%	100%
Number of detected National Anti-corruption Hotline (NACH) Cases conducted	-	-	-	-	10	12	-	-	-
Percentage of National Anti-corruption Hotline (NACH) Incidents detected for investigation	-	-	-	-	-	-	100%	100%	100%
Number of awareness activities on Corruption and Fraud	-	-	-	-	48	86	48	48	74
Level of communication in the DOD	-	-	-	-	-	Positive	Positive	-	-
Level of DOD Morale	-	-	-	-	-	-	Positive	Positive	Neutral
Number of completed performance audit/inspection reports as per annual performance audit schedule	21	27	20	21	-	-	-	-	-
Number of completed compliance audit/inspection reports as per the annual compliance audit schedule	87	83	50	38	-	-	-	-	-
Number of members sensitised on the reporting of fraud and corruption in the DOD through an awareness campaign	10 000	11 121	10 000	10 322	-	-	-	-	-
Number of closing down audits conducted as per the closing down audit requests	16	24	16	49	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Number of perception survey reports finalised according to the annual perception survey schedule	47	40	31	46	-	-	-	-	-
<b>Acquisition Services</b>									
Strategy on Defence Industry Status	2 <sup>nd</sup> and 3 <sup>rd</sup> Draft SA Defence Industry Strategy	Process on hold	-	-	-	-	-	-	-
Percentage (%) Budget Allocation for the Renewal of DOD Main Equipment	30%	10% allocation received	-	-	-	-	-	-	-
Percentage (%) Budget Allocation for Technology Development	10%	13% of allocation received	-	-	-	-	-	-	-
Defence Intangible Capital Asset (ICA) Policy	Continuous management and monitoring of ICA	The ICA DODI was recommended by the Defence Policy Board on 07 Mar 14 and subsequently approved on 19 May 14	-	-	-	-	-	-	-
Percentage adherence to DOD governance promulgation schedule (Defence Intangible Capital Assets Management Policy status)	-	-	Monitoring of the Defence ICA Function (Policy, structure and organisation)	Structure & Organisation in place. The approved policy is under review	A functioning Defence Intangible Capital Assets Management Organisation (Policy Implementation and Monitoring).	A functioning Defence Intangible Capital Assets Management Organisation (Policy Implementation and Monitoring).	100% (A functioning Defence ICA Management Organisation [Policy Implementation and Monitoring])	100%	
Percentage armament acquisition commitments approved	-	-	≥75% by 31 Mar of each year	97,14%	≥75% by 31 Mar of each year	98%	≥75% by 31 Mar of each year	96% commitments approved	

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage technology development commitments approved	-	-	85% to 100% by 31 Mar of each year	99.94%	85% - 100% by 31 Mar of each year	98%	85% - 100% by 31 Mar of each year	93% commitments approved	
<b>Defence Supply Chain Integration</b>									
White Paper on Defence Industry Status	Approved Chapter on White Paper on Defence Industry Status	The White Paper on Defence Industry was approved as Chapter 15 of the Defence Review	-	-	-	-	-	-	-
Percentage adherence to DOD governance promulgation schedule. (Strategy on Defence Industry status)	-	-	Strategy Approved	This target is not attainable	-	-	-	-	-
<b>Communication Services</b>									
Status of Public Opinion of the DOD	-	-	-	-	77%	72%	77%	72%	72%
Timeliness, relevance and quality of corporate communication advice to the DOD	Corporate communication advice provided as and when required	Corporate communication advice was provided as and when required	Corporate communication advice provided as and when required	Corporate communication advice was provided as and when required	-	-	-	-	-
Degree of integrated and aligned DOD communication strategy, policy and guidelines provided to the DOD	Promulgated and implemented corporate communication strategy and policy	Corporate communication strategy and policy were promulgated and implemented	Promulgated and implemented corporate communication strategy and policy	Corporate communication strategy and policy were promulgated and implemented	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage compliance with annual requirements in terms of media liaison, communication information products and services, as well as marketing and communication support requirements	95%	95%	95%	95%	-	-	-	-	-
<b>SANDF Command and Control</b>									
Number of Strategic Activities per annum	-	-	-	-	10	10	12	10	10
Timeliness, relevance and quality of military policy advice to the Minister	Military policy advice provided as and when required	All meetings were held as planned and appropriate military advice was provided	Military policy advice provided as and when required	Military policy advice provided	-	-	-	-	-
Provision of strategic direction on operational readiness according to SANDF force employment requirements	Readiness maintained in accordance with force employment guidelines	Force Employment executed its guidelines	Readiness maintained in accordance with force employment guidelines	Readiness maintained in accordance with force employment guidelines	-	-	-	-	-
Level of success of ordered commitments	Successful conduct of ordered commitments	International, continental commitments were honoured as required, nine visits and five hosted	Successful conduct of ordered commitments	Ordered commitments were conducted successfully	-	-	-	-	-
Providing ceremonial functions for the offices of the Minister and the President	Successful conduct of commitments	All annual ceremonial events with relevant strategic impact took place as scheduled	Successful conducting of commitments	Ordered commitments were successfully conducted	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
<b>Religious Services</b>									
Number of Covenantal relationships with Religious Stakeholders (Religious Advisory Boards)	-	-	-	-	5	5	5	5	5
Number of Cpln Gen Staff Council meetings where religious policy matters are discussed	11	11	11	11	-	-	-	-	-
Number of religious policy presentations at the four Services and Cpln Gen annual conference	5	5	5	5	-	-	-	-	-
Number of training opportunities made available to SADC chaplains	2	3	2	2	-	-	-	-	-
Number of strategic spiritual, ethical and moral guidelines for Services and Divisions issued	1	1	1	1	-	-	-	-	-
Number of Cpln Gen Staff Council meetings where ministry guidance is offered	11	11	11	11	-	-	-	-	-
Number of Cpln Gen Annual conferences in which ministry guidance is offered	1	1	1	1	-	-	-	-	-
% of chaplains posts staffed	93%	90%	93%	90%	-	-	-	-	-
Number of training opportunities presented	23	21	23	23	-	-	-	-	-
Number of visits to religious advisory boards	5	5	5	5	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Number of annual reports compiled for the following Religious Advisory Boards: Christians, Islam and Hindu	3	3	3	3	-	-	-	-	-
Number of presentations to the Christian Advisory Board	3	3	3	3	-	-	-	-	-
Number of presentations to the Muslim and Hindu Advisory Boards	2	2	2	2	-	-	-	-	-
Number of meetings with prospective Religious Advisory Boards	3	2	3	2	-	-	-	-	-
<b>Defence Reserve Direction</b>									
Number of marketing events to promote the Reserves	-	-	-	-	36	24	36	38	-
(%) Reserves called up compared to requirements	100%	397%	-	-	-	-	-	-	-
Percentage (%) Reserves called up compared to requirements	-	-	100%	100%	-	-	-	-	-
(%) Increase of utilisation of active reserves	60%	238%	-	-	-	-	-	-	-
Percentage (%) Increase of utilisation of active reserves	-	-	60%	93%	-	-	-	-	-
Number of Reserves utilised per year	24 243	96 137 (14 668)	-	-	-	-	-	-	-
Number of active reserves (as reflected in SANDF APP 2014)	-	-	14 668	22 576	-	-	-	-	-
Percentage (%) expenditure of the budget	-	-	100%	96%	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017										
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Annual Target as per APP	Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement		
(%) Compliance with APP guidelines (submission of plans and reports)	100%	100%	-	-	-	-	-	-	-	-
Percentage (%) compliance with APP guidelines (submission of plans and reports)	-	-	100%	100%	-	-	-	-	-	-
The number of Defence Provincial Liaison Councils' (DPLC) structures to be established by the end of the year	9	7	9	8	-	-	-	-	-	-
Number of SHIELD events being facilitated for Services	29	29	29	29	-	-	-	-	-	-
The degree (%) to which departmental prescripts for support environment is achieved	100%	100%	100%	100%	-	-	-	-	-	-
Number of Reserve teams that participate in the skills competitions	2	2	2	2	-	-	-	-	-	-
Number of courses utilised in NYSPP	5	3	5	3	-	-	-	-	-	-
Number of NYSPP participant members accommodated on SANDF courses	2	3	2	3	-	-	-	-	-	-
<b>Defence Foreign Relations</b>										
Number of DA missions	40	43	41	43	-	-	-	-	-	-
Total number of Defence Attaché Offices	-	-	-	-	45	44	46	44	44	44



DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Number of planned staff visits to DA offices to provide direction and monitor compliance	10	0	10	3	-	-	-	-	-
(%) Expenditure of budget	100%	0%	-	-	-	-	-	-	-
Percentage (%) Expenditure of budget	-	-	100%	30%	-	-	-	-	-
Number of statutory multilateral meetings to enhance the Africa Agenda	7	8	7	18	-	-	-	-	-
Number of DAs and NCOs to change over	9	13	9	9	-	-	-	-	-
Number of DA courses presented	1	1	1	1	-	-	-	-	-
Number of DAs trained	10	10	20	20	-	-	-	-	-
Number of events for the MAAC:									
Major tours;	1	1	1	1	-	-	-	-	-
Short Mli & SADI visits;	4	2	6	5	-	-	-	-	-
MAAC ladies visits	4	6	4	1	-	-	-	-	-
Degree to which all DOD members receive a full, satisfactory consular service	80%	80%	80%	80%	-	-	-	-	-
Degree to which all approved official transits through the DOD VIP Lounge at ORTIA are satisfied with the service received (ring-fenced funds)	90%	90%	90%	90%	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017										
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement	
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement		
<b>Defence International Affairs Division</b>										
DOD Foreign Relations Strategy Status	Monitor Implementation	The draft policy has been completed and is undergoing consultation. Monitoring the implementation of DOD Foreign Relations Strategy will commence once the policy is approved	-	-	-	-	-	-	-	-
Percentage adherence to DOD governance promulgation schedule (Policy products in pursuit of Defence Diplomacy)	-	-	Continuous updating of five Policy Products and Positions Papers to ensure Relevance and Quality	100%	Ensure 100% relevant, quality policy products	Ensured 100% relevant, quality policy products.	Ensure 100% relevant, quality policy products	100% relevant, quality policy products ensured	-	-
Percentage adherence to DOD governance promulgation schedule (Defence Foreign Relations Policy Status)	-	-	Policy approved	In process to be completed by the end of 2015	Policy Monitor Implementation	Policy in progress	-	-	-	-
Percentage adherence to DOD governance promulgation schedule (Defence International Affairs Policy Status)	-	-	-	-	-	-	100% (Monitor Policy Implementation)	Not achieved, policy in progress	-	-
Percentage deployments including training exercises, where applicable, supported with appropriate legal instruments	100%	100%	100%	100%	100% (Appropriate Approved legal Instrument be in place)	100% Appropriate approved legal instrument in place	100% (Appropriate Approved legal instrument to be in place)	100% (Appropriate approved legal instrument in place)	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
<b>Office Accommodation</b>									
Percentage of expenditure in accordance with facilities plan (payment of leases)	-	-	-	-	100%	133%	-	-	-
Percentage of expenditure in accordance with facilities plan (payment of municipal services)	-	-	-	-	100%	97%	-	-	-
Percentage of expenditure in accordance with facilities plan (payment of accommodation charges)	-	-	-	-	100%	100%	-	-	-
Percentage of expenditure in accordance with facilities plan (Payment of leases, accommodation charges and municipal services)	-	-	-	-	-	-	100%	-	105.64%
<b>Programme 2: Force Employment</b>									
Percentage compliance with the approved force design	Information Classified	Information Classified	-	-	-	-	-	-	-
Percentage compliance with the approved force structure	Information Classified	Information Classified	-	-	-	-	-	-	-
Percentage compliance with number of ordered commitments (external operations)	100% (6)	83% (5)	100% (5)	140% (7)	100%	100%	100%	100%	100% (2)
Percentage compliance with force levels for external operations	-	-	-	-	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified
Percentage compliance with serviceability of main equipment for external operations	-	-	-	-	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017										
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement	
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement		
Percentage of the value of reimbursement by the UN/AU recognised	-	-	-	-	-	-	-	-	Information Classified	Information Classified
Percentage compliance with self-sustainment of personnel	-	-	-	-	-	-	-	-	Information Classified	Information Classified
Number of landward sub-units deployed on border safeguarding	13	13	13	13	-	-	-	-	-	-
Number of landward sub-units deployed on border safeguarding per year	-	-	-	-	-	-	13	15	15	15 sub-units
Percentage compliance with number of ordered commitments (internal operations)	100% (4)	100% (4)	100% (4)	100% (4)	100% (4)	100% (4)	100%	100%	100%	100% (4)
Percentage compliance with number of authorised safety and security support ordered commitments	100%	100%	-	-	-	-	-	-	-	-
Percentage compliance with number of ordered commitments (internal operations) (safety and security support)	-	-	-	-	-	-	-	-	100%	100% (1)
Percentage compliance with number of authorised disaster aid and disaster relief ordered commitments	100%	100%	-	-	-	-	-	-	-	-
Percentage compliance with number of ordered commitments (internal operations) (disaster aid and disaster relief)	-	-	100%	100%	100%	100%	100%	100%	100%	100% (1)

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage compliance with number of ordered commitments (internal operations) (search and rescue)	100%	100%	100%	100%	100%	100%	100%	100%	100% (1)
Percentage compliance with Joint Force Employment requirements as resourced	-	-	-	-	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified
Percentage compliance with the Southern African Development Community (SADC) Standby Force agreements and South African Pledge when required	100%	79%	-	-	-	-	-	-	-
Percentage compliance with the Southern African Development Community (SADC) standby force agreements and South African Pledge	-	-	100%	79%	-	-	-	-	-
Percentage compliance with the South African Development Community Standby Force Pledge	-	-	-	-	100%	100%	-	-	-
Percentage compliance with the Southern African Development Community Standby Force Pledge	-	-	-	-	-	-	100%	100%	100%

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage adherence to DOD governance promulgation schedule (Sub-strategy, to support overarching strategy by securing land, airspace and maritime borders [Border Safeguarding Strategy])	-	-	-	-	-	-	Sub-strategy approved	Framework developed to enable Sub-strategy approval	
Number of joint, interdepartmental, interagency and multinational military exercises conducted per year	9	5	9	5	6	4	4	4	
<b>Programme 3: Landward Defence</b>									
Percentage compliance with the approved force design	Information Classified	Information Classified	-	-	-	-	-	-	-
Percentage compliance with the approved force structure	Information Classified	Information Classified	-	-	-	-	-	-	-
Percentage compliance with number of ordered commitments (external operations)	-	-	-	-	100%	-	-	-	-
Percentage compliance with number of ordered commitments (General Military Assistance)	-	-	-	-	-	-	100%	100%	(2)
Percentage compliance with Joint Force Employment requirements as resourced	Information Classified	Information Classified	-	-	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified
Percentage compliance with Joint Force Employment requirements	-	-	Information Classified	Information Classified	-	-	-	-	-
Percentage compliance with DOD training targets	100% (5 722)	71.25% (4 077)	80% (3 466)	75% (3 232)	84% (3 315)	80% (3 146)	80% (2 214)	94.81% (2 624)	

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017											
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Annual Target as per APP	Actual Achievement	Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement			
<b>Programme 4: Air Defence</b>											
Percentage compliance with the approved force design	Information Classified	Information Classified	-	-	-	-	-	-	-	-	-
Percentage compliance with the approved force structure	Information Classified	Information Classified	-	-	-	-	-	-	-	-	-
Number of force employment hours flown per year	6 300	4 471	6 985	5 026.39	6 500	4 785.18	5 000	4 032.40			
Percentage compliance with Joint Force Employment requirements	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified
Percentage compliance with Joint Force Employment requirements as resourced	-	-	-	-	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified
Percentage compliance with DOD formal training targets (number of learners on planned courses)	100% (2 786)	68% (1 896)	80% (1 008)	72% (902)	-	-	-	-	-	-	-
Percentage compliance with DOD training targets	-	-	-	-	80% (834)	119% (1 241)	80% (742)	83.02% (770)			
<b>Programme 5: Maritime Defence</b>											
Percentage compliance with the approved force design	Information Classified	Information Classified	-	-	-	-	-	-	-	-	-
Percentage compliance with the approved force structure	Information Classified	Information Classified	-	-	-	-	-	-	-	-	-
Number of hours at sea per year	22 000	11 081.7	12 000	8 951.53	12 000	10 710.70	12 000	8 131.55			
Percentage compliance with Joint Force Employment requirements	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified
Percentage compliance with Joint Force Employment requirements as resourced	-	-	-	-	-	-	-	-	Information Classified	Information Classified	Information Classified



DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage compliance with DOD formal training targets (number of learners on planned courses)	100% (2 984)	91.82% (2 740)	-	-	-	-	-	-	-
Percentage compliance with DOD training targets	-	-	80% (460)	103% (548)	80% (422)	100.85% (532)	80% (438)	114.16% (625)	
<b>Programme 6: Military Health Support</b>									
Percentage compliance with the approved force design	Information Classified	Information Classified	-	-	-	-	-	-	-
Percentage compliance with the approved force structure	Information Classified	Information Classified	-	-	-	-	-	-	-
Percentage compliance with Joint Force Employment requirements	Information Classified	Information Classified	Information Classified	Information Classified	-	-	-	-	-
Percentage compliance with Joint Force Employment requirements as resourced	-	-	-	-	Information Classified	Information Classified	Information Classified	Information Classified	Information Classified
Broader SANDF health status	-	-	-	-	-	-	-	-	-
Trend of deployable status on concurrent health assessments	-	-	-	-	-	-	-	-	-
Number of health care activities per year	2 140 550	2 331 135	2 140 550	2 312 381	2 140 550	2 257 785	2 140 550	2 215 561	
Percentage compliance with DOD formal training targets (number of learners on planned courses)	(100%) 3 238	(162%) 5 254	-	-	-	-	-	-	-
Percentage compliance with DOD training targets	-	-	80% (648)	83% (678)	80% (648)	102% (829)	80% (648)	76.30% (618)	
Percentage availability of medical stock	50%	67%	50%	54%	50%	45%	Information Classified	Information Classified	

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
<b>Programme 7: Defence Intelligence</b>									
Percentage compliance with the approved force design	Information Classified	Information Classified	-	-	-	-	-	-	-
Percentage compliance with the approved force structure	Information Classified	Information Classified	-	-	-	-	-	-	-
Percentage compliance with number of ordered commitments (external operations)	-	-	-	-	100%	100%	-	-	-
Percentage compliance with number of ordered commitments (General Military Assistance)	-	-	-	-	-	-	100%	100%	100% (1)
Percentage compliance with DOD governance promulgation Schedule (Develop Cyber Warfare Strategy)	-	-	-	-	-	Approved Cyber Warfare Strategy	100% (Submit for approval by the JCPS Cluster Ministers)	100%	Not achieved, draft Strategy developed
Percentage compliance with DOD governance promulgation schedule (Sensor Strategy)	-	-	-	-	-	-	Develop Strategy	-	Not achieved, draft Strategy developed
Number of Defence Intelligence products	324	579	324	868	448	622	448	667	667
Number of vetting decisions taken in accordance with requirements	4 000	6 124	4 000	4 744	5 000	4 234	6 500	6 606	6 606
Level of implementation of the Cyber Warfare plan	-	-	-	-	Partial implementation (establish Cyber Warfare Command Centre HQ)	Cyber Warfare Command Centre HQ not implemented but in process	Phases 2 – 3	-	In process

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
<b>Programme 8: General Support</b>									
<b>Joint Logistic Services</b>									
Percentage compliance with the approved force design	Information Classified	Information Classified	-	-	-	-	-	-	-
Percentage compliance with the approved force structure	Information Classified	Information Classified	-	-	-	-	-	-	-
Percentage compliance with DOD formal training targets (Number of learners on planned courses)	100% (3 488)	68% (2 375)	-	-	-	-	-	-	-
Percentage adherence to DOD governance promulgation Schedule (DOD Procurement Policy status)	-	-	-	-	-	-	100% (Submission of DOD Procurement Policy for approval)	-	Placed on hold
Percentage adherence to DOD governance promulgation schedule (Overarching Logistic Strategy status)	-	-	-	-	Completed	Not completed	100% (Completed)	-	Not achieved
Percentage procurement requests fully completed within 60 days	100%	161.63%	100% (8 000)	70.91% (7100)	-	-	-	-	-
Percentage procurement requests fully completed within 90 days	-	-	-	-	100%	94%	-	-	-
Percentage procurement requests fully completed within 90 days from day of registration	-	-	-	-	-	-	95%	-	95.87%

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage utilisation of endowment property in the DOD	-	-	-	-	-	-	-	90%	96% (132 Defence Endowment [Portfolio] properties out of 137 facilities were utilised)
Level of strategic reserves (ammunition)	-	-	-	-	-	-	Information Classified	Information Classified	Information Classified
Percentage compliance with the DOD Refurbishment Programme Annual Schedule	-	-	-	-	100% (56)	57% (32)	-	-	-
Percentage of approved Capital Works Plan projects completed as scheduled per year	-	-	-	-	70% (8)	96% (11)	-	-	-
Percentage compliance with DOD codification requirements	80%	75.51%	80% (24 000)	123.78% (37 134)	100%	64%	-	-	-
Percentage requests approved for disposal versus requests received	75%	73%	100%	87.75%	100%	89%	-	-	-
Percentage ammunition disposed versus the number of disposed tonnes planned	100% (600)	108% (650)	100% (1 000)	77% (770)	100% (1 000)	197% (1 972)	-	-	-
Percentage of expenditure in accordance with facilities plan	100%	113.01%	100%	53.37%	-	-	-	-	-
Percentage of expenditure in accordance with facilities plan (payment of leases)	100%	100%	100%	125.07%	-	-	-	-	-
Percentage of expenditure in accordance with facilities plan (municipal services)	100%	100%	100%	105.52%	-	-	-	-	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage of expenditure in accordance with facilities plan (accommodation charges)	100%	100%	100%	67.56%	-	-	-	-	-
<b>Command And Management Information Systems</b>									
Percentage of modernised, sustainable DOD ICT Integrated Prime Systems Capabilities	-	-	-	-	-	-	92.45%	-	81.42%
Percentage compliance with the DOD ICT portfolios of the Defence Enterprise Information System Master Plan	100%	100%	100%	99.96%	100%	256%	-	-	-
Percentage availability of the Defence Information and Communication Infrastructure at all times	98%	98%	98%	95%	98%	98%	-	-	-
<b>Military Police Capability</b>									
Percentage compliance with the approved force design	Information Classified	Information Classified	-	-	-	-	-	-	-
Percentage compliance with the approved force structure	Information Classified	Information Classified	-	-	-	-	-	-	-
Percentage criminal cases finalised	10%	111%	-	-	-	-	-	-	-
Percentage of cases of Corruption and Fraud investigated	-	-	100% (80)	112.5% (90)	100% (80)	66% (53)	100%	100% (151)	-
Projected number of deliberate crime prevention operations	248	227	248	230	248	282	124	189	-
Percentage criminal cases investigated (backlog)	-	-	20%	28%	-	-	40%	66% (3 091 out of 4 682)	-

DOD Performance Indicators, Targets and Actual Achievements over the period 01 April 2013 to 31 March 2017									
Performance Indicator	FY2013/14		FY2014/15		FY2015/16		FY2016/17		Pre-Audited Achievement
	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	Annual Target as per APP	Actual Achievement	
Percentage reduction of criminal cases finalised (backlog)	-	-	-	-	20%	20%	-	-	-
Percentage criminal cases investigated (In-year)	-	-	10%	12%	-	-	50%	29%	(400 out of 1 373)
Percentage criminal cases finalised (In-year)	-	-	-	-	10%	36.55%	-	-	-



# Financial misconduct, fruitless and wasteful expenditure can bring the National Defence Force to a halt!



**“Prevention of Irregular and Fruitless Expenditure:  
Starts with me”**



defence

Department:  
Defence  
REPUBLIC OF SOUTH AFRICA





2016/17

**PART C**  
**Governance**



SA National Defence Force members, conducting riot training as part of the United Nations Force Intervention Brigade (FIB).  
(Photo by S Sgt Lebogang Tlhaole and courtesy of MONUSCO)



## INTRODUCTION

The Department of Defence (DOD) managed and maintained effective, efficient and transparent systems of financial and risk management and internal controls<sup>105</sup> 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.

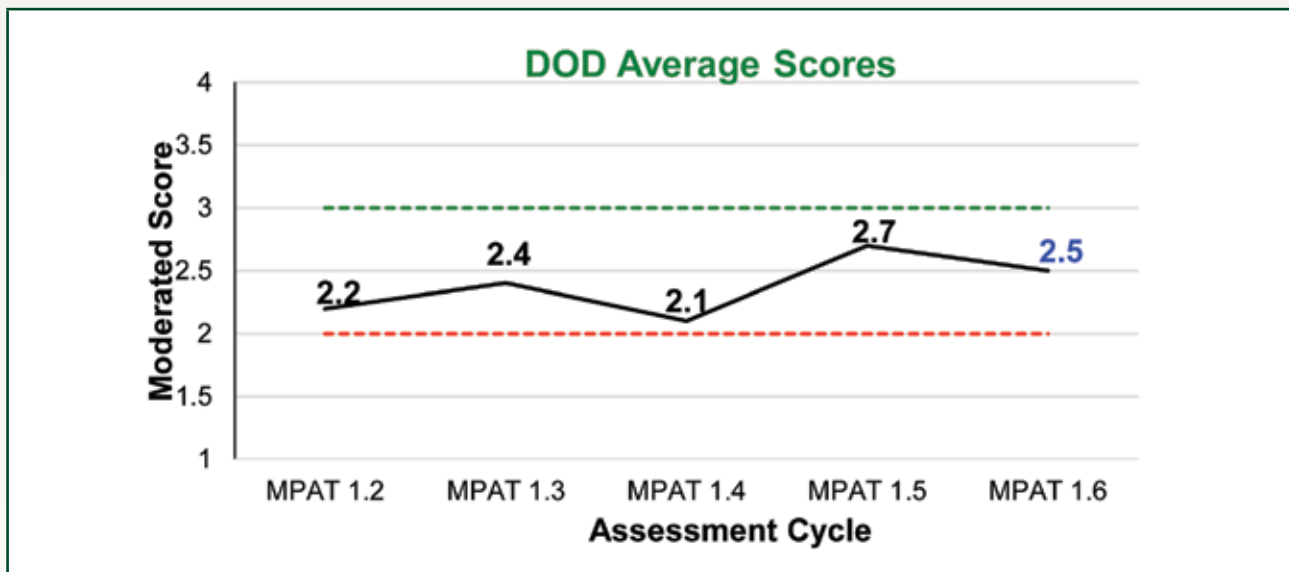
## MANAGEMENT PERFORMANCE ASSESSMENT TOOL

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.

The MPAT 1.6 self-assessment took place on 26 September 2016 and involved the Head of the Department (Secretary for Defence), the Chief of the SA National Defence Force (C SANDF) and Service and Divisional Chiefs. The self-assessment was verified by the Internal Audit Division.

The DOD MPAT 1.6 final results were received on 12 May 2017, with an average score of 2.5<sup>106</sup>.

The figure below indicates the **DOD average score** over a five-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 Plans’ and ‘Annual Performance Plans’ standards received a score of 4 for the MPAT 1.6 assessment period.

<sup>105</sup> PFMA Sec 38(1)(a).

<sup>106</sup> Level 1: Department is non-compliant with legal/regulatory requirements.

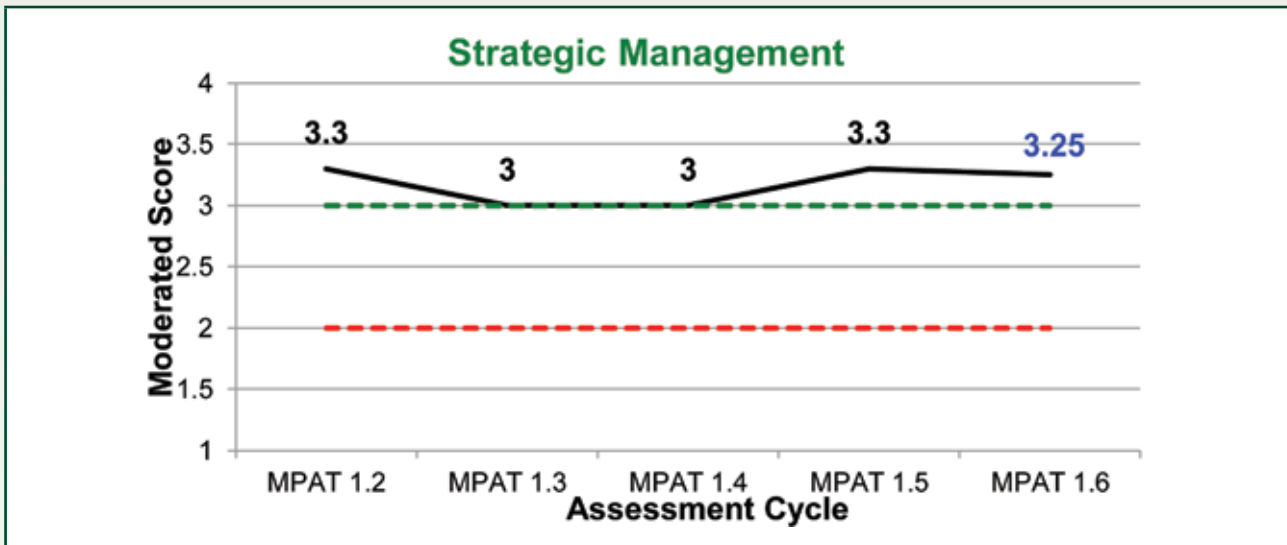
Level 2: Department is partially compliant with legal/regulatory requirements.

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 **Strategic Management average score** over a five-year period:

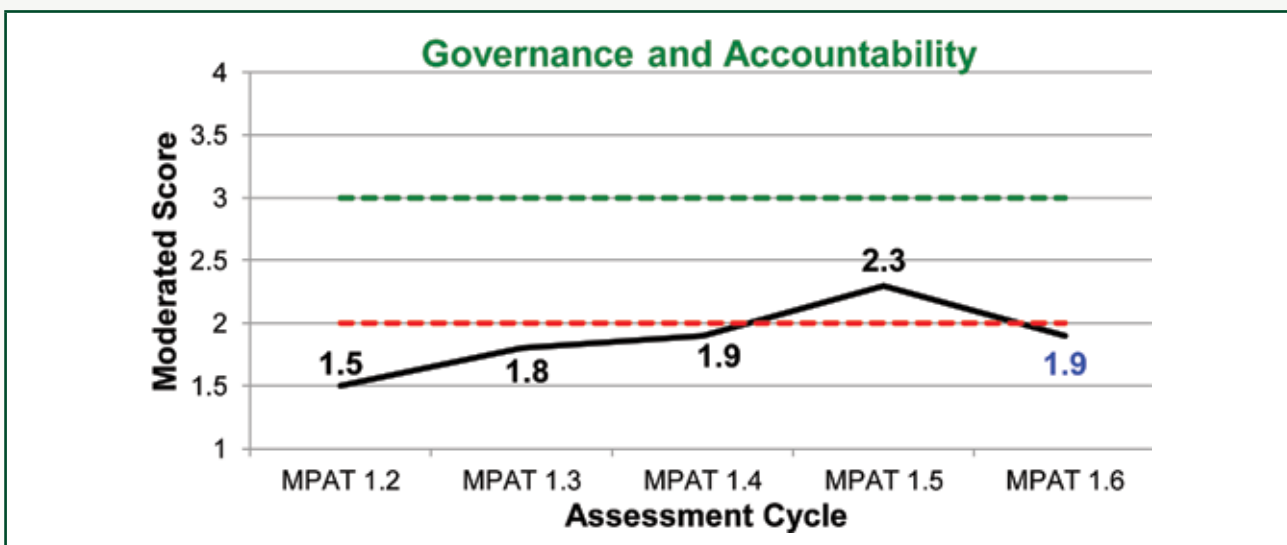


The DOD's MPAT 1.6 score for the Governance & Accountability KPA declined from a score of 2.3 in the MPAT 1.5 cycle to a score of 1.9 in the MPAT 1.6 cycle. This was mainly due to:

- The 'Assessment of Risk Management Arrangements' declining from a score of 4 in the MPAT 1.5 cycle to a score of 1 in the MPAT 1.6 cycle, mainly due to the non-compliance with level 2 evidence required.
- The 'Assessment of Internal Audit Arrangements' declining from a score of 2 in the MPAT 1.5 cycle to a score of 1 in the MPAT 1.6 cycle, mostly due to the non-submission during the MPAT 1.6 challenge phase of a signed Internal Audit Charter.

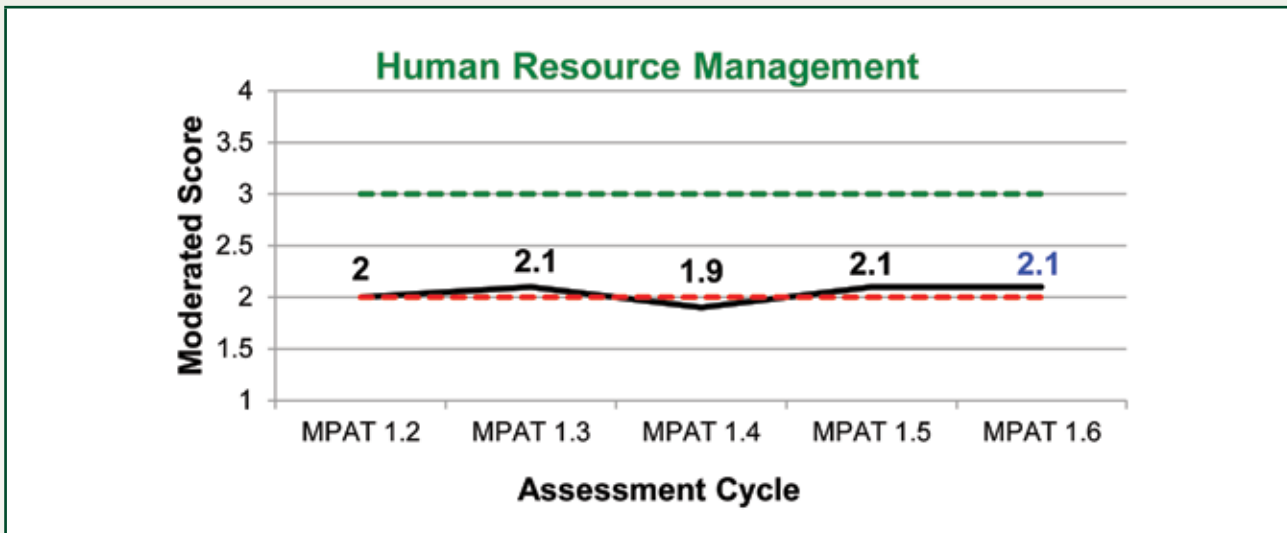
Performance on status of "non-compliance" and "partial compliance" standards will be monitored twice a year to ensure improvement during the MPAT 1.7 cycle.

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



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. In terms of the ‘*Organisational Design and Implementation*’ standard, the DOD received a MPAT 1.6 score of 3, which is positive for a department of the size and complexity of the DOD.

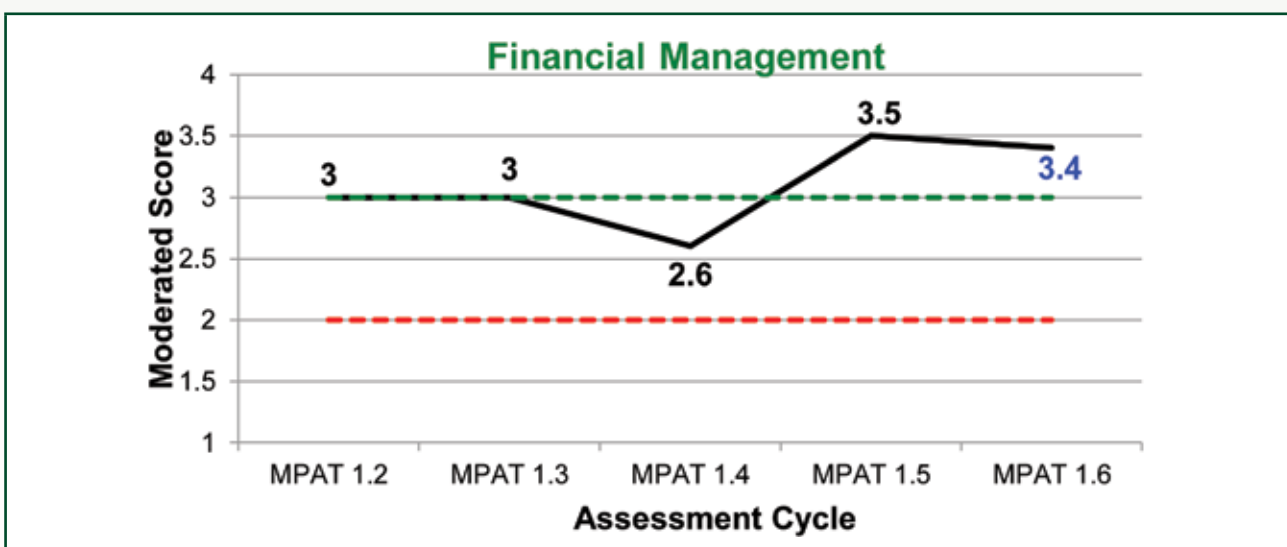
The figure below indicates the **Human Resources Management average score** over a five-year period:



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 the MPAT 1.5 cycle was 3.5 and for the MPAT 1.6 cycle it was 3.4. 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*’.

A noteworthy achievement relating to the ‘*Management of Cash flow and Expenditure vs. Budget*’ standard is an average score of 4 since the MPAT 1.2 cycle (**5 years consecutively**), which is also **above the National average** for this standard.

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



## 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*" as well as the Public Sector Risk Management Framework.

Risk Management in the DOD is substantially institutionalised and embedded in the strategic management process of the Department, thus striving towards the optimal achievement of the Department's outputs. The risk management process is aligned to the planning and budgeting process of the Department.

In 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 during the FY2016/17 continued to be subjected to regular monitoring and scrutiny by the Accountability Management Committee as a relevant Management/Command structure. Furthermore, in exercising oversight, both the Strategic Risk Management Committee and the Audit Committee respectively reviewed, advised and independently monitored the effectiveness of the DOD Risk Management process.

The table below provides the risk responses and progress made with DOD Enterprise Risks in line with the DOD APP for 2016.

DOD Enterprise Risk Management and Mitigation for FY2016/17	
Risk Response	Progress and Intervention
<b>Deteriorating DOD Facilities and Infrastructure</b>	
Deteriorating DOD facilities and infrastructure has morale implications and may therefore result in non-compliance to Legislation, negative impact on Morale and Compromised readiness.	
Develop a new logistic strategy and process framework.	The new logistic strategy and process framework is in development process and will be aligned with the SA Defence Review 2015 and the implementation is planned for FY2017/18.
Monitor and report on the implementation of the DOD User Assets Management Plan (UAMP).	The DOD has implemented the UAMP to assist in decision making regarding the management of the DOD's immovable assets and planned maintenance requirements.
Execute the function shift from NDPW to DOD Works Formation together with the utilisation of the devolved NDPW budget.	A function shift from NDPW to DOD Works Formation on endowment properties is being managed by a Joint Task Team under chairpersonship of the DOD. The devolvement process is scheduled to be completed by 31 August 2018 as stipulated in the Memorandum of Agreement signed by the Minister of Public Works on 02 September 2015.
Enhance DOD Works Capability to execute Level 1 and Level 2 maintenance and repair.	DOD Works Formation current strength is 2 122 which represents 84.3% of capacity. Continuous training and skilling of artisans are taking place. To date, a total of 988 members have been trained and qualified as Artisans, Technicians, Site Supervisors and Project Managers in various fields. In an attempt to reduce the maintenance backlog which presently exists, the DOD Works Formation is executing 168 own-resource projects in their respective areas of responsibility throughout the nine provinces of the RSA.
<b>Non verifiable DOD Performance Information</b>	
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 and approve DOD Corporate Governance of Information and Communication System Policy.	The draft DOD Corporate Governance of Information and Communication System Policy is in the DOD approval process and promulgation thereof by 31 July 2017 is envisaged.



DOD Enterprise Risk Management and Mitigation for FY2016/17	
Risk Response	Progress and Intervention
Upgrade DOD Core Information Systems by means of the development, approval and implementation of an Integrated Defence Enterprise System (IDES).	In the absence of guidelines from NT on the renewal and integration of DOD corporate core information systems, the department has initiated the IDES in line with the Defence Review 2015. Strategic Study on the modernisation of legacy systems has been approved. This study aims to provide strategic guidelines on how to realise the Integrated Defence Enterprise System.
<b>Increase in Fraud and Corruption</b>	
Weaknesses in key internal controls increase the opportunity for fraud and corruption.	
Review, approve and implement the DOD Fraud Prevention Plan.	Targeted Awareness Road Shows (Fraud and Corruption) for Commanders commenced in September 2016 and will be completed during July 2017. This aims to ensure effective implementation of the Fraud and Corruption Prevention Plan across the DOD. Four provinces were visited during this reporting period. Review and approval of the Fraud Prevention Plan is planned for FY2017/18.
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 progress reported on a quarterly basis at the DOD Corruption and Fraud Nodal Point Forum. An initiative taken was the establishment of multi-disciplinary teams to speed up the process of combatting corruption and fraud in the DOD.
Provision and maintenance of the Whistleblowing Hotline.	The DOD Whistleblowing Hotline continued to be provided and maintained during the FY2016/17 as part of the Fraud Prevention Strategy.
<b>High Prevalence of Litigation</b>	
Inability of the DOD to comply with applicable legislation, prescribed policy and procedures may result in costly litigation and losses to the Department.	
The expansion of the DLSD Reserve Force component and full time structures together with the staffing of and call up of specialised skill, to more effectively facilitate litigation, legal advice and general support.	All staffing initiatives taken during this reporting period have been put on hold due to HR budget limitations. The resultant impact thereof will negatively affect the DOD's ability to effectively facilitate litigation and legal advice.
<b>Forfeited rights on DOD Property</b>	
Possible land claims may result in loss of DOD facilities which may impact on readiness and deployment capabilities in support of the Defence mandate.	
Develop and approve Contingency Plan to address the identified areas of possible land claims.	Development of the Contingency Plan is planned for FY2017/18.
Monitor and report on Contingency Plan to Management Fora.	The DOD as the land user in the land restitution process meets quarterly with the Regional Land Claims Commissioners (RLCC) and the National Department of Public Works to discuss the way forward regarding the land restitution claims affecting the DOD's properties.



## CORRUPTION AND FRAUD PREVENTION

Directorate Anti-Corruption and Anti-Fraud (DACAF) provided anti-corruption and anti-fraud prevention services, which included serving as a nodal point for forensic auditing to the Department. The DACAF ensured that evidence of corruption and fraud was successfully handed over to the Military Police Division for further investigation.

DACAF managed the implementation of DOD Corruption and Fraud Prevention Plan which was conducted on a continuous basis. A detection investigation service as well as corruption and fraud awareness education within the DOD programmes was provided by DACAF. An empowerment programme was initiated to guide Commanders and Financial Managers on the implementation of the DOD Corruption and Fraud Prevention Plan. The programme commenced in September 2016 and to date has trained 92 Commanders and Financial Managers in Mpumalanga, KwaZulu-Natal, Free State and North West.

The DOD's anti-fraud and corruption initiative is managed through various relevant DOD forums such as:

- The DOD Anti-Corruption Nodal Point Forum where information is exchanged between DACAF and DOD Services and Divisions.
- The DOD Anti-Corruption Stakeholders Forum where anti-corruption data is verified between DACAF, the Military Police Division (MPD), the Defence Legal Services Division (DLSD) and Directorate Labour and Service Relations (DLSR).

### Achievements for FY2016/17 were as follows:

**Detection Investigations.** The target for the finalisation of detection investigations received was 10 for the National Anti-Corruption Hotline cases and 16 for the DOD Anti-Corruption Hotline cases, which amounted to a total of 26 cases. DACAF managed to finalise three National Anti-Corruption Hotline cases and 41 DOD Anti-Corruption Hotline cases, which amounted to a total of 44 corruption and fraud cases that were finalised.

**Awareness Education.** The Division conducted anti-corruption and fraud prevention awareness road shows with the main focus to attend to DOD corruption and fraud related cases. During this campaign, DOD members were educated on anti-corruption and fraud prevention awareness. These awareness sessions contributed positively to assist members to report on fraudulent activities on the Whistle Blow Hotline, which supported the governmental imperative on zero tolerance to corruption and fraud related incidents. The target in terms of awareness education was to reach an audience of 10 000 DOD personnel. A total of 10 176 individuals were educated on corruption and fraud prevention.

**New Corruption and Fraud Cases Reported:** 178<sup>107</sup>

**Convictions of Corruption and Fraud-Related Cases:** 13<sup>108</sup>

**Disciplinary of Corruption and Fraud-Related Cases Finalised:** 2

**Corruption and Fraud Awareness Education:** 10 176 Attendees

<sup>107</sup> 27 x cases via National Crime hotline, 38 x cases via Directorate Anti-Corruption and Fraud Hotline and 113 x cases via the Military Police. (The 151 new cases received, registered and reported for investigation by the Military Police were reported and registered on the Crime Admin System (CAS). Not all cases reported can however be justified as cases of "corruption and fraud", some can be normal theft, etc).

<sup>108</sup> 2 x cases were found not guilty and 57 x cases were withdrawn.

### Minimising Conflict of Interest

The DOD acknowledges that conflict of interest is an impediment to good corporate governance. Based on this premise, minimising conflict of interest is a prime factor in the culture of the DOD. Ethical values of responsibility, accountability, fairness, transparency and the moral duty to practice good governance find expression in the various tenets of the DOD. To warrant that the afore-mentioned are effected the following is worth noting:

- Logistic (Log) Instruction 65/2013 on Management of Conflict of Interest in the DOD is continuously implemented.
- Standard Bidding Document (SBD) 4 as part of bidding documentation must be completed and submitted with bids. Non-submission invalidates the bid. To ensure that there is no conflict of interests, Committee or Board members are required to declare their businesses interests and submit a declaration of their status as Board of Directors where applicable.
- Procurement entities submit copies of SBD documents of the winning bids for record purposes as part of Auditor-General of South Africa (AGSA) enquiries.
- Declaration of interests is part of Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee. All members must declare their interests on the attendance list.
- Senior Management Staff must disclose their financial interests on an annual basis as prescribed in the Public Service Act and Senior Management Service Handbook.

### 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 SAFETY AND ENVIRONMENTAL ISSUES

The practising of Occupational Health and Safety (OHS) emanates from legislation, from which the DOD is not exempted. Within the Human Resources Division, the Directorate Occupational Health and Safety (D OHS) is mandated to execute monitoring and evaluation on level two, as well as to provide policy guidance on OHS policy in the DOD. The occupational health specialist grouping remains with the SA Military Health Services which is responsible for occupational health support to the DOD. This support includes the training capacity for OHS Education Training & Development.

## PORTFOLIO COMMITTEES

### Appearances before Parliamentary Committees

The Department of Defence appeared on 16 occasions before the Portfolio Committee on Defence and Military Veterans and on eight occasions before the Joint Standing Committee on Defence during the reporting period.

### Parliamentary Questions

The Minister replied to 121 Parliamentary questions from the National Assembly during the reporting period.

**STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS**

**SCOPA Appearances**

The DOD was not invited to appear before SCOPA for the Annual Reports of **FY2014/15** and **FY2015/16**.

Matters reported on by the AGSA in the FY2015/16, and details with respect to progress made in resolving AGSA Audit Report matters during the FY2015/16 are indicated in the table below.

Progress made in Resolving AGSA Audit Report Matters during the FY2016/17		
FY2015/16 AGSA Audit Report Reference	FY First Reported	Progress Made in Clearing/Resolving the Matter
<b>GENERAL DEFENCE ACCOUNT (GDA)</b>		
<p><b>Emphasis of Matter: Page 176, Par 9 - Payables.</b>                      Payables which exceed the payment term of 30 days as required in Treasury Regulation 8.2.3 amount to R 176 696 000. This amount, in turn, exceeds the voted funds to be surrendered of R 16 627 000 as per the statement of financial performance by R 160 069 000. The amount of R 160 069 000 would therefore have constituted unauthorised expenditure had the amounts due been paid in a timely manner.</p>	FY2014/15	<p>An accrual workshop was held in January 2017 with all Services and Divisional representatives where the financial year-end closing procedures were addressed.</p> <p>During a Payments Compliance Forum in February 2017 the financial year-end closing procedures were once again addressed.</p>
<p><b>Other Matter: Page 178, Par 21 &amp; 22 – Expenditure Management.</b>                      (Par 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 on notes 26 and 27 of the annual financial statements respectively, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulations 9.1.1. (Par 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 the PFMA and Treasury Regulation 8.2.3.</p>	FY2014/15	<p>The revised Strategy to prevent irregular, fruitless and wasteful expenditure was approved and implemented. 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 with Budget Managers in performing daily financial management tasks. Training to prevent irregular, fruitless and wasteful expenditure are being conducted in the DOD to create an awareness by DOD members to comply with legislative requirements when procuring goods and services. The FMD continuously assist Budget Holders with the management of irregular, fruitless and wasteful expenditure.</p>
<p><b>Other Matter: Page 178, Par 23 &amp; 24 – Contract and Procurement Management.</b>                      (Par 23) Contracts were extended or modified without the approval of a properly delegated official as required by National Treasury Instruction Note 32.                      (Par 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 Regulations, paragraph 16A.3.2(a).</p>	FY2015/16	<p>The DOD is busy instituting the following processes and procedures to prevent and detect unauthorised, irregular and fruitless and wasteful expenditure:</p> <ul style="list-style-type: none"> <li>• Confirm that the current policy addresses all aspects lacking and amend where required.</li> <li>• Prevention training at different forums for e.g. promotional and functional training courses.</li> <li>• Establishment of a Procurement Forum.</li> <li>• Arrangement of a Procurement Seminar.</li> <li>• Issue interim instructions to strengthen the internal control processes.</li> </ul>

Progress made in Resolving AGSA Audit Report Matters during the FY2016/17		
FY2015/16 AGSA Audit Report Reference	FY First Reported	Progress Made in Clearing/Resolving the Matter
<p><b>Other Matter: Page 179, Par 26 – Internal Control: Leadership.</b></p> <p>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.</p>	FY2012/13	<p><b><u>Tangible Assets/ Goods &amp; Services</u></b></p> <p>The Logistics Division (Log Div) is reviewing the Asset Registers weekly in the Log Div Operational (Ops) Centre. The Log Div is following up on reconciling items through the Log Div Ops Centre Representatives and a dedicated appointed individual at Directorate Asset Management continuously. Monthly Log 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 bi-monthly.</p> <p><b><u>Performance Information</u></b></p> <p>The “Department of Defence Instruction 001/2016: Guidelines for the Preparation of Quarterly Performance Reports for FY2016/17 dated 23 February 2016, par 16” is quoted below:</p> <ul style="list-style-type: none"> <li>• It is critical that reported information is valid, accurate and complete. DPM&amp;E and D Plan will evaluate quarterly / annual targets achieved against the <b>approved technical datasheets</b>.</li> <li>• Services and Divisions must ensure that the relevant source documentation and/or <b>evidence of achieved targets</b> (as per the <b>approved performance indicator SOP</b>) in the form of memorandums, letters, minutes, certificates, registers, reports, system data, etc <b>are readily available at the lowest level of execution / point of audit</b>. The evidence should be correctly referenced and properly filed for auditing purposes.</li> </ul> <p>However, subsequent to the AGSA’s interim audit, action plans were implemented by management within the SANDF to address and monitor recurring inconsistencies identified and related recurring audit findings.</p>

Progress made in Resolving AGSA Audit Report Matters during the FY2016/17		
FY2015/16 AGSA Audit Report Reference	FY First Reported	Progress Made in Clearing/Resolving the Matter
<p><b>Other Matter: Page 179, Par 27 – Internal Control: Financial and Performance Management.</b> Existing controls were not designed to ensure adequate record keeping to support accurate and complete reporting.</p>	FY2012/13	<p><b>Review of Financial Statements</b></p> <p>Standard Operating Procedure which includes the planned dates of review by management and the Audit Committee is revised during February / March and signed off prior to 31 March of every year. 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 Log Div at different forums on a monthly basis (Asset Management Reporting Forum, Ops Centre Reporting Forum, etc).</p> <p><b>Performance Information</b></p> <p>The “Department of Defence Instruction 001/2016: Guidelines for the Preparation of Quarterly Performance Reports for FY2016/17 dated 23 February 2016, par 16” is quoted below:</p> <ul style="list-style-type: none"> <li>• It is critical that reported information is valid, accurate and complete. DPM&amp;E and D Plan will evaluate quarterly / annual targets achieved against the <b>approved technical datasheets</b>.</li> <li>• Services and Divisions must ensure that the relevant source documentation and/or <b>evidence of achieved targets (as per the approved performance indicator SOP)</b> in the form of memorandums, letters, minutes, certificates, registers, reports, system data, etc <b>are readily available at the lowest level of execution / point of audit</b>. The evidence should be correctly referenced and properly filed for auditing purposes.</li> </ul> <p>Management within the SANDF is monitoring action plans implemented to ensure no recurring audit findings within the programmes being audited.</p>
<b>SPECIAL DEFENCE ACCOUNT (SDA)</b>		
<p><b>Qualification: Page 346, Par 6 – Special Defence Activities.</b> 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, <i>Consolidated and Separate Financial Statements</i>, and instead applied GRAP 104 <i>Financial Instruments</i>, 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.</p>	FY2014/15	<p>Due to the sensitivity of the sensitive projects within the Special Defence Account, the DOD will not be in the position to fully comply with the prescripts of GRAP 6. The Standards however do allow the application of GRAP 104, which the DOD has adopted.</p> <p>The Department makes visible all transactions to the auditors that occur within the SDA environment where practically possible, but only to the extent where it does not compromise National Security.</p>



## INTERNAL AUDIT AND AUDIT COMMITTEES<sup>109</sup>

### Internal Audit

**Key activities and objectives.** The key activities of the Internal Audit relate to adding value by improving operations and reviewing different activities as a management control that functions by assessing the adequacy and effectiveness of other managerial controls. Internal Audit assisted the DOD by giving appropriate recommendations to management that embed the principles as provided in section 195(1) and (2) and section 215(1) of the Constitution of RSA, as provided in the scope of work as designated by CARES<sup>110</sup>.

Internal Audit had the following five key objectives for the FY2016/17:

- Provision of internal audit assurance services with recommendations to improve and enhance DOD systems, in compliance with the Standards for the Professional Practice of Internal Auditing (Standards) and leading practices in accordance with the approved Risk Based Internal Audit Plan to ensure achievement of DOD objectives.
- Provision of relevant consulting services intended to add value and to improve DOD's operations by continuously responding to emerging risks in compliance with the Standards for the Professional Practice of Internal Auditing (Standards) and leading practices in accordance with the approved Risk Based Internal Audit Plan.
- Provision of prevention and reduction of fraud and corruption services in accordance with the Association of Certified Fraud Examiners (ACFE) prescripts and DOD fraud prevention strategies in order to assist the DOD achieve fraud and corruption reduction objectives.
- Coordinate with other internal and external providers of assurance in order to ensure adequate coverage of risks; minimisation of overlap and duplication of efforts; and ultimately the reduction of DOD cost of assurance.
- Co-ordination and facilitation of Audit Committee activities according to the Treasury Regulations, Audit Committee Charter and leading governance practices and principles to ensure compliance with relevant prescripts.

### Summary of audit work done<sup>111</sup>

The internal audit reports, with number of recommendations made, with the intention to improve and enhance internal controls, are indicated in the table below.

Summary of audit work done			
Description of Project	No of recommendations made	No of recommendations agreed to	No of recommendations not agreed to
Internal audit review of financial statements for the period 1 April to 30 June 2015	14	13	1
Follow-Up Review of 2014/15 AGSA IT Governance	7	7	0
Internal Audit Review on IT General Controls	17	2	15
Progress on the debtors of the department of defence (Roadshow by CAE)	0	0	0
Review of Suppliers in Debt	28	28	0
Follow up of irregular expenditure within the ICT environment: XON-Managham Corporate Finance	14	14	0
Progress on the non-compliance to 30 days payment of suppliers (Roadshow by CAE)	0	0	0
Observation of an auction conducted by CAHI auctioneers on 24/02/2016	55	52	3
Independent review of the DOD annual performance information compilation for the period 2016/2017	24	21	3
Review of financial authority 12126578	33	31	2

<sup>109</sup> The Annual Report Guide: National and Provincial Departments, page 31 to 33.

<sup>110</sup> Compliance, Accomplishment, Reliability, Effective and Safeguarding.

<sup>111</sup> Refer to Part B, page 60 for the performance indicator and actual target achievement.



Summary of audit work done			
Description of Project	No of recommendations made	No of recommendations agreed to	No of recommendations not agreed to
Risk Management Process	64	64	0
High level review AFS FY15/16 for General Defence Account (GDA) of Department of Defence	3	3	0
Review of Cash Management at FASC and FASO in the DOD (FASC Garrison)	36	36	0
High level review of the financial statements for the financial year 15/16 for Special Defence Account (SDA) of Department of Defence	17	17	0
Audit of the paid invoices for tender B/G/012/08, supply and erection of double strain barbed wire fence (49.35km) at ARMY support base Potchefstroom	0	0	0
SANDEF Education Trust	10	10	0
<b>TOTAL</b>	<b>322</b>	<b>298</b>	<b>24</b>

### Key activities and objectives of the Audit Committee

The Audit Committee played an important role in overseeing the DOD in compliance with the PFMA and Treasury Regulations, in accordance with its Terms of Reference. The Committee ensured that the Department functioned in accordance with good governance principles, risks are adequately covered in the scopes of internal and external audits, assurance activities were well coordinated, risks were managed effectively across the Department, appropriate investigations were carried out and accounting and auditing concerns identified by both auditors as key assurance were addressed. In this regard, the Committee provided the Accounting Officer with appropriate recommendations to address identified control weaknesses.

### Attendance of Audit Committee Meetings by Audit Committee Members

The Audit Committee consists of independent, non-executive members, bringing the following mixture of skills to the Committee; namely Financial Management, Asset Management, Monitoring and Evaluation, Information Technology Legal and Military skills (core business). The Department is finalising the recruitment of additional members in the areas of Governance & Risk in order to ensure a balanced mixture of skills.

The Committee met seven times in the period under review to discuss matters pertaining to the Department, as stipulated in the Audit Committee Charter and Treasury Regulations. The table below indicates a list of members, qualifications and a record of attendance.

Information on the Audit Committee Members						
Name	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date Contract ended	No of Meetings attended
Mr V. Nondabula (Chairperson)	BA, BA Hons, MA, MBA, U.E.D., Dip Fin Mgmt	External	N/A	01 Oct 2011	30 Sep 2017	7
Mr A. Amod	BComm, MBA, CIA, CRMA, CGAP, CD(SA)	External	N/A	01 Apr 2013	Current	7
Ms O. Matloa	B.Comm (Hons), CTA, CA(SA)	External	N/A	01 Apr 2013	30 Sep 2016	5
Mr P. Dala	Masters Information Technology, CISA, CISM, CRISC, CGEIT, CISSP, CEH, CHFI, ISO27001, COBIT 5	External	N/A	01 Apr 2013	30 Sep 2016	6
R Adm A.G. Green (Retired)	Grade 12, SA Navy Funct Courses, ENSP	External	N/A	01 Nov 2015	Current	6
Mr W. Huma	B Proc, LLB (Bachelor of Laws), LLM (Master of Laws)	External	N/A	01 Feb 2017	Current	1

## Audit Committee Report

### Vote 19 - Department of Defence

We are pleased to present our report for the financial year ended 31 March 2017 to be included in the Department of Defence Annual Report for FY2016/17.

#### Audit Committee Responsibilities

The Audit Committee has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act (PFMA) and National Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

#### The effectiveness of Internal Audit

The system of controls within the Department is designed to provide reasonable assurance that assets are safeguarded and that liabilities and working capital are properly managed in line with the PFMA and the protocol on corporate governance. This is achieved by a risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

From our review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and the Management Report of the Auditor-General of South Africa (AGSA), we can conclude that the system of internal control as applied over financial and non-financial matters and enterprise risk management at the Department is unsatisfactory, and requires focused effort to improve it. The Committee has noted management's commitment to address the lack of control effectiveness, where they exist. The Committee will be monitoring management's progress in resolving these issues on a regular basis.

#### Internal Audit

We are concerned that the Internal Audit function has not operated optimally, and that it has not addressed the risks related to its Internal Audit plan. The Internal Audit Division has assisted the Department in a limited capacity with value added services to ensure that both financial and operational objectives are achieved.

The Audit Committee is concerned that the Internal Audit Division has completed three of the 31 planned internal audits for the year under review, due to the slow capacitation of the Division. We have obtained the approval of the Accounting Officer to co-source some external Internal Audit expertise to assist the Internal Audit Division in completing a greater percentage of the approved FY2017/18 Internal Audit Plan.

#### Unresolved Audit Findings

The major unresolved audit finding by the AGSA relates to the misstatement of asset balances in the Annual Financial Statements as a result of incomplete and inaccurate Tangible and Intangible Asset Registers. In spite of the Department hiring consultants to assist in resolving the challenges in this environment, this audit finding has been repeated.

Supply Chain Management matters have recurred. The establishment of the Audit Management Team (AMT) will go some way in ensuring that the identified control deficiencies are systemically addressed.

### Quality of in-year management and monthly / quarterly reports

The committee has reviewed the quarterly financial and operational (performance information) reports tabled by the Accounting Officer at its meetings. The Committee is satisfied with the content and quality of the quarterly reports.

### Evaluation of Annual Financial Statements (AFS)

The Audit Committee has:

- reviewed and discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and the Accounting Officer;
- reviewed the AGSA's Management Report and Management's response thereto;
- reviewed accounting policies and practices as reported in the Annual Financial Statements;
- reviewed the Department's processes for compliance with legal and regulatory provisions;
- reviewed the information on predetermined objectives as reported in the Annual Report;
- reviewed adjustments resulting from the audit of the Department;
- reviewed, and where appropriate, recommended changes to the Annual Financial Statements as presented by the Department for the year ending 31 March 2017.

### External Audit (Auditor-General of South Africa [AGSA])

We have, on a quarterly basis, reviewed the Department's implementation plan for audit issues raised in the prior year. We have reviewed the AGSA's Management Report and Audit Report for the DOD General Defence Account (GDA) and Special Defence Account (SDA) and the Annual Report for submission for statutory audit by AGSA.

We are not satisfied with the regression in the Department's audit opinion. We have requested the Accounting Officer to conduct a detailed root cause analysis of the AGSA findings and present a roadmap at our next Audit Committee to ensure that these findings are systematically addressed.

### Other issues pertaining to the Department

Although the Defence Review 2015 has been approved by all stakeholders, there still exists uncertainty on the funding thereof.

### Conclusion

We wish to place on record, our gratitude to the Minister and Deputy Minister for their leadership and guidance, the Secretary for Defence, the Chief of the South African National Defence Force, Management and staff for their support during the year, as well as AGSA and Internal Audit for their co-operation and information that they have provided to enable us to discharge our responsibilities.



**A. AMOD**  
**CHAIRPERSON OF THE AUDIT COMMITTEE**  
**30 OCTOBER 2017**



**The Minister of Defence and Military Veterans, Ms Nosiviwe Mapisa-Nqakula, inspecting the parade comprising only female representatives of the four Services at the Castle of Good Hope in Cape Town.  
(Photo by Sgt Ronald Knight)**

2016/17

**PART D**

**Human Resources  
Management**





The Chief of the SA National Defence Force, Gen Solly Shoke, addressing medal recipients during a parade held at the ARMSCOR Sports Ground.  
(Photo by Mr Witney Rasaka)



### OVERVIEW

The Department of Defence (DOD) Human Resource (HR) philosophy is to support the attainment of the Department's mission through providing an effective, efficient, economical, transparent and ethical HR service. The reduction in real terms of the Defence budget allocation over the last few years has forced the DOD to reduce the number of Military Skills Development System (MSDS) intakes and it anticipated that the Department will still have to reduce the MSDS intakes into the future.

Due to this Defence budget allocation reduction, the DOD Medium Term Expenditure Framework (MTEF) allocation for the FY2016/17 was R47 billion, which is approximately 1.05% of the Gross Domestic Product. This has far-reaching implications for the DOD to be effective in fulfilling the HR prescripts on Defence Review requirements.

The internal evaluation of the Department's plans and budget during the MTEF 2017 cycle further evidences the Defence Force's inability to fully execute its Constitutional and Legislative mandate, primarily in terms of the provision of combat-ready forces. This state of affairs persists whilst there is growing instability in Africa, an ever increasing threat of unconventional warfare, cyber warfare and acts of terrorism, as well as cross-border crime and violations which are all challenges the DOD currently faces.

The Government Employee Pension Fund (GEPF) Board approved, in principle, the re-instatement of the demilitarised Finance officials' pension benefits. The approval was subjected to the DOD accepting the financial liability and an agreement was reached with the Public Servants Association of South Africa (PSA) and the National Education, Health and Allied Workers Union (NEHAWU) and the concurrence of the reinstatement by the Department of Public Service and Administration (DPSA), as employer. The DOD has accepted the liability and paid over the calculated amount to GEPF from its FY2016/17 HR budget.

During the FY2016/17, Directorate Human Resources Maintenance (Non-Statutory Force Pension Project) strived to process and facilitate payment of benefits to the qualifying Non-Statutory Force (NSF) members and their beneficiaries. There are 21 374 qualifying NSF members, of which 17 475 applications were successfully processed and submitted to Government Pension Administration Agency to initiate the payment process. There are still applications outstanding due to disputes lodged with the Dispute Resolution Committee. The NSF Pension Project continues to experience challenges with regards to tracing NSF members or their beneficiaries who have already exited the DOD, hence the DOD requested assistance from Department of Military Veterans and Department of Corporate Governance and Traditional Affairs and the Independent Electoral Committee to trace these members and their beneficiaries.

In pursuance of gender mainstreaming, the Department witnessed an increase in the number and percentage of female employees. The number of female employees increased from 22 867 in the FY2015/16 to 22 913 in FY2016/17. This represents a slight increase from 29.46% in the FY2015/16 to 29.95% in FY2016/17. The number of disabled employees has slightly decreased over the past three years with 439 in FY2015/16 to 403 in FY2016/17.

The trend in personnel losses reflected a slight increase in the number of employees whose services were terminated and were transferred out of the Department. Statistics indicate that a total of 3 331 employees exited the DOD during FY2014/15, 3 351 during FY2015/16 and 3 720 during FY2016/17.

In order to assist in addressing the current relatively high DOD HR budget (in relation to the operating and capital renewal budgets) as well as the ageing of SANDF members, a new overarching SANDF career model is in the development phase with multiple exit points for SANDF members based on an "up or out" career progression concept. This development of a New Overarching Career Model derives from the objectives in the



HR Charter “Cradle to Grave”. This model will contribute towards rejuvenation of the SANDF and could make provision for a voluntary “Lifelong”/“Cradle-to-Grave” career, but will also address specific possible exit stages, and depending on specific careers, be based on organisational requirements and individual outcomes. It is anticipated, that with no “Lifelong”/“Cradle-to-Grave” career aspirations until retirement age being guaranteed, SANDF members, in future, will be motivated to perform and comply with their utilisation requirements.

The DOD HR Development Renewal and Modernisation Strategy and Strategic Implementation Plan (SIP) 2016-2025 was approved by C SANDF during FY2016/17. The approved DOD HR Development Strategy and SIP strengthen the Minister's position by complying with DPSA and Department of Planning, Monitoring and Evaluation (DPME) evaluation requirements. Through the HR Development Renewal and Modernisation Strategy, the DOD seeks to deepen military professionalism, leadership and reposition its status as a modern, professional and disciplined force.

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 together with identified Generic Assessment Factors). The main focus of this system is the development of all officials. The PMDS assessment cycle FY2016/17 was successfully concluded.

The DOD presents employee wellness programs throughout the Department as part of its core business. On an annual basis, the Defence Inspectorate Division executes morale surveys at identified units or per request where it is deemed necessary and provides 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 a quarterly basis. Medical health facilities are available to members within the DOD and the necessary support in terms of 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 to promote ethical conduct.

In conclusion, it is important to take cognisance of the DOD HR philosophy supporting the notion that a skilled youth is the key to the future for the Department, particularly working towards satisfying the requirements of the Overarching Human Resources Strategy and the Defence Review 2015. During the FY2016/17 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 provides the Human Resources Oversight Statistics of the DOD during the FY2016/17.

### Macro-Personnel Strength

DOD Planned Average Strength for FY2016/17 and Actual Strength on 31 March 2017		
Budget Holder	Planned	Actual
SA Army	40 379	39 397
SA Air Force	10 136	9 897
SA Navy	7 722	7 076
SA Military Health Service	8 002	7 764
Defence Legal Service Division	388	376
Defence Corporate Communication	56	58
Defence Reserves	28	28
Defence Foreign Relations Division	150	147
Corporate Staff Division	454	423
Military Policy, Strategy and Planning	29	25
Human Resources Division	1 388	1 340
Ministry of Defence	72	77
Chief of the SANDF Office	20	21
Defence Inspectorate Division	129	122
Chaplain General	17	16
Defence Policy, Strategy and Planning Division	102	94
Financial Management Division	846	827
Defence Secretariat	46	46
Defence International Affairs	14	17
Logistics Division	3 904	3 992
Command and Management Information Systems Division	156	145
Military Police Division	1 583	1 588
Defence Intelligence Division	888	882
Military Ombudsman	56	55
Internal Audit Division	87	43
Joint Operations Division	1 952	1 943
Defence Matériel Division	84	81
<b>TOTAL</b>	<b>78 686</b>	<b>76 480</b>

Complaints Mechanism	
Complaints Mechanism	Actual achievements
DOD Grievance System	<ul style="list-style-type: none"> <li>• The DOD Grievance System has been successfully rolled out in the DOD.</li> <li>• All members are able to register a grievance if/when required.</li> <li>• Training is presented at unit level on an annual basis.</li> <li>• The Individual Grievance Regulations was amended to include both C SANDF and Secretary for Defence.</li> </ul>

**Expenditure**

Personnel Costs by Programme for FY2016/17 (TABLE 3.1.1)						
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	5 740 558 797	2 105 215 459	39 534 206	33 884 382	37%	554 588
Landward Defence	15 557 821 818	11 470 688 667	41 826 962	5 256 629	74%	291 156
Air Defence	6 782 585 576	3 539 449 202	23 975 958	20 419 568	52%	357 628
Maritime Defence	4 298 384 710	2 235 133 749	13 096 809	3 519 218	52%	315 875
Military Health Support	4 448 744 594	3 328 783 206	6 103 179	421 960 304	75%	428 746
Defence Intelligence	881 289 044	379 166 339	1 645 567	205 059	43%	429 894
General Support	6 056 698 474	2 052 685 887	109 323 765	155 318 479	34%	358 548
Force Employment	3 431 011 073	1 948 577 727	4 153 209	5 206 780	57%	1 002 871
<b>TOTAL</b>	<b>47 197 094 085</b>	<b>27 059 700 237</b>	<b>239 659 655</b>	<b>645 770 419</b>	<b>57%</b>	<b>353 814</b>

Note: Personnel expenditure includes payments to the value of R133 255 491 which were made to households in respect of attrition.

Personnel Costs by Salary Band for FY2016/17 (TABLE 3.1.2)				
Salary Band	Personnel Expenditure	% of Total Personnel Cost	Number of Employees	Average Personnel Cost per Employee
Senior Management	393 752 920	1.46%	293	1 343 867
Senior Professionals	265 921 721	0.98%	138	1 926 969
Highly Skilled Supervision	6 712 136 104	24.80%	10 045	668 207
Highly Skilled Production	9 343 111 274	34.53%	24 363	383 496
Skilled	9 595 895 214	35.46%	35 150	272 998
Lower Skilled	403 027 622	1.49%	2 730	147 629
Military Skills Development System	345 855 615	1.28%	3 761	91 958
<b>TOTAL</b>	<b>27 059 700 471</b>	<b>100.00%</b>	<b>76 480</b>	<b>353 814</b>

Salaries, Overtime, Home Owners Allowance and Medical Assistance by Programme for FY2016/17 (TABLE 3.1.3)								
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	1 200 461 243	56%	4 913 458	0.2%	35 071 711	1.6%	24 677 704	1.2%
Landward Defence	7 858 063 824	68%	82 950 923	0.7%	370 764 230	3.2%	60 136 277	0.5%
Air Defence	2 373 516 977	67%	13 828 732	0.4%	90 568 468	2.5%	24 612 099	0.7%
Maritime Defence	1 548 355 569	69%	35 651 964	1.6%	59 507 121	2.6%	17 701 175	0.8%
Military Health Support	2 198 626 206	66%	240 738 515	7.2%	59 690 533	1.8%	11 941 716	0.4%
Defence Intelligence	274 163 355	71%	1 147 504	0.3%	9 520 627	2.5%	1 265 239	0.3%
General Support	1 347 113 090	65%	10 721 225	0.5%	55 986 389	2.7%	7 590 241	0.4%
Force Employment	509 752 385	26%	1 707 919	0.1%	15 499 021	0.8%	2 868 798	0.1%
<b>TOTAL</b>	<b>17 310 052 650</b>	<b>64%</b>	<b>391 660 241</b>	<b>1.4%</b>	<b>696 608 100</b>	<b>2.6%</b>	<b>150 793 250</b>	<b>0.6%</b>

## Part D – Human Resources Management

Salaries, Overtime, Home Owners Allowance and Medical Assistance by Salary Band for FY2016/17 (TABLE 3.1.4)								
Salary Band	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount	Salaries as a % of Personnel Cost	Amount	Overtime as a % of Personnel Cost	Amount	HOA as a % of Personnel Cost	Amount	Medical Assistance as a % of Personnel Cost
Senior Management	220 065 305	56%	-210 748	-0.1%	0	0.0%	0	0.0%
Senior Professionals	130 663 460	49%	47 206 246	17.7%	0	0.0%	0	0.0%
Highly Skilled Supervision	4 287 685 249	64%	125 446 298	1.9%	84 521 369	1.3%	6 782 372	0.1%
Highly Skilled Production	6 065 772 821	65%	94 556 316	1.0%	248 269 559	2.6%	44 994 696	0.5%
Skilled	6 113 289 792	63%	117 708 701	1.2%	333 200 455	3.5%	65 359 646	0.7%
Lower Skilled	238 030 062	59%	2 058 265	0.5%	30 616 717	7.6%	33 656 536	8.3%
Military Skills Development System	254 545 961	73%	4 895 161	1.4%	0	0.0%	0	0.0%
<b>TOTAL</b>	<b>17 310 052 650</b>	<b>64%</b>	<b>391 660 241</b>	<b>1.4%</b>	<b>696 608 100</b>	<b>2.6%</b>	<b>150 793 250</b>	<b>0.6%</b>

## Employment and Vacancies

Employment and Vacancies by Programme on 31 March 2017 (TABLE 3.2.1)				
Programme	Number of Funded Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Funded Establishment
Defence Administration	3 965	3 796	4.27%	0
Landward Defence	40 379	39 397	2.43%	0
Air Defence	10 136	9 897	2.36%	0
Maritime Defence	7 722	7 076	8.36%	0
Military Health Service	8 002	7 764	2.98%	0
Defence Intelligence	888	882	0.64%	0
General Support	5 642	5 725	-1.46%	-83
Force Employment	1 952	1 943	0.47%	0
<b>TOTAL</b>	<b>78 686</b>	<b>76 480</b>	<b>2.80%</b>	<b>-83</b>

Note: The number of employees on strength is 2 206 less than the funded strength. The members filled additional to the structure are at the Defence Works Formation due to the fact that their structure is in process of revision and there is not sufficient posts available to place qualified learners.

Employment and Vacancies by Salary Band on 31 March 2017 (TABLE 3.2.2)				
Salary Band	Number of Funded Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Funded Establishment
Senior Management (L13-17)	281	293	-4.27%	-12
Highly Skilled Supervision (L9-12)	485	461	4.95%	0
Highly Skilled Production (L6-8)	2 937	2 793	4.91%	0
Skilled (L3-5)	5 110	4 433	13.24%	0
Lower Skilled (L1-2)	2 688	2 730	-1.55%	-42
OSD and Military Rank	63 186	62 011	1.86%	0
Military Skills Development System	3 979	3 759	0.00%	0
Interns	20	0	0.00%	0
<b>TOTAL</b>	<b>78 686</b>	<b>76 480</b>	<b>2.80%</b>	<b>-54</b>

Employment and Vacancies by Critical Occupation on 31 March 2017 (TABLE 3.2.3)				
Critical Occupation	Number of Funded Posts	Number of Employees	Vacancy Rate	Number of Posts Filled Additional to the Funded Establishment
Air Space Control	520	492	5.38%	0
Aircrew	518	468	9.65%	0
Anti-Aircraft	976	1 060	-8.61%	-84
Artillery	1 299	1 507	-16.01%	-208
Combat Navy	650	442	32.00%	0
Engineer	140	188	-34.29%	-48
Medical Professional*	1 550	1 549	0.06%	0
Nursing	1 750	1 537	12.17%	0
Technical	5 300	4 966	6.30%	0
Technical Air	1 970	1 986	-0.81%	-16
<b>TOTAL</b>	<b>14 673</b>	<b>14 195</b>	<b>-0.81%</b>	<b>-356</b>

Note:

- Occupations included in the Medical Professional category are Medical Practitioners, Pharmacists, Specialists and Ancillary Health.
- Posts refer only to funded posts according to the HR Plan of FY2016/17. There are currently 633 MSDS members undergoing training. 138 Members are in the Artillery Occupation resulting in an additional figure of 208 members on the establishment.
- There are sufficient posts on the establishment of the DOD, except in the Artillery and Anti-Aircraft, to accommodate all the other critical musterings. The DOD is not in a position to fill all the funded vacancies in the FY2016/17 due to the fact that it has a carry-through-effect into the next financial year. The DOD Compensation of Employees' budget has been reduced with R1,8 billion and R2,9 billion in FY2017/18 and FY2018/19 respectively.

### Filling of SMS Posts

SMS Post Information as on 31 March 2017 (TABLE 3.3.1)					
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	4	6	150%	-2	-50%
Salary Level 16	6	4	67%	2	33%
Salary Level 15	15	18	120%	-3	-20%
Salary Level 14	53	52	98%	1	2%
Salary Level 13	203	213	105%	-10	-5%
<b>TOTAL</b>	<b>281</b>	<b>293</b>	<b>104%</b>	<b>-12</b>	<b>-4%</b>

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 Post Information as on 30 September 2016 (TABLE 3.3.2)					
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	4	6	150%	-2	-50%
Salary Level 16	6	5	83%	1	17%
Salary Level 15	15	19	127%	-4	-27%
Salary Level 14	53	57	108%	-4	-8%
Salary Level 13	203	216	106%	-13	-6%
<b>TOTAL</b>	<b>281</b>	<b>303</b>	<b>108%</b>	<b>-22</b>	<b>-8%</b>

Advertising and Filling of SMS Posts for the Period 01 April 2016 and 31 March 2017 (TABLE 3.3.3)			
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	1	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>

**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 2016 and 31 March 2017 (TABLE 3.3.4)**

**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 2016 and 31 March 2017 (TABLE 3.3.5)**

**Reasons for Vacancies not Advertised within Six Months**

Not Applicable

**Reasons for Vacancies not Filled within Twelve Months**

Not Applicable

**Job Evaluation**

**Job Evaluation for the Period 01 April 2016 to 31 March 2017 (TABLE 3.4.1)**

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated by Salary Band	Posts Upgraded		Posts Downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Senior Management	324	1	0.31%	0	0%	1	100%
Senior Professionals	322	0	0.00%	0	0%	0	0%
Highly Skilled Supervision	12,042	31	0.26%	0	0%	0	0%
Highly Skilled Production	30,160	20	0.07%	0	0%	0	0%
Skilled	35,391	89	0.25%	0	0%	0	0%
Lower Skilled	10,745	19	0.18%	0	0%	0	0%
Military Skills Development System	0	0	0.00%	0	0%	0	0%
Interns	0	0	0.00%	0	0%	0	0%
<b>TOTAL</b>	<b>88,984</b>	<b>160</b>	<b>0.18%</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>0.6%</b>

Note: The percentage 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 2016 to 31 March 2017 (TABLE 3.4.2)**

Beneficiaries	African	Asian	Coloured	White	TOTAL
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Employees with a Disability</b>					<b>0</b>



## Part D – Human Resources Management

**Employees whose Salary Level Exceed the Grade Determined by Job Evaluation for the period 01 April 2016 to 31 March 2017 (in terms of PSR 1.V.C.3) (TABLE 3.4.3)**

Occupation	Number of employees	Job evaluation level	Remuneration level
Chief Financial Office	1	15	16
Chief Defence Matériel	1	15	16
Grand Total			2
<b>Total Number of Employees whose Salaries Exceeded the Level Determined by Job Evaluation in FY2016/17</b>			<b>2</b>
<b>Percentage of Total Employment</b>			<b>0.02%</b>

Note: Reason for deviation due to cognisance given to scarce skills as well as the complexity levels involved.

**Profile of Employees whose Salary Level Exceed the Grade Determined by Job Evaluation for the period 01 April 2016 to 31 March 2017 (in terms of PSR 1.V.C.3) (TABLE 3.4.4)**

Profile of Employees whose Salary Level Exceed the Grade Determined by Job Evaluation	African	Asian	Coloured	White	TOTAL
Female	0	0	0	0	0
Male	2	0	0	0	2
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Employees with a Disability</b>					<b>0</b>

<b>Total Number of Employees whose Salaries Exceeded the Grades Determined by Job Evaluation in FY2016/17</b>	None
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Note: No cases where the remuneration bands exceeded the grade was determined by job evaluation.

## Employment Changes

**Annual Turnover Rates by Salary Band for the period 01 April 2016 to 31 March 2017 (TABLE 3.5.1)**

Salary Band	Number of Employees per Salary Band as at 01 April 2016	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Minister/Deputy/Advisors	6	0	0	0.00%
Senior Management Service band D	5	0	1	-20.00%
Senior Management Service band C	19	1	4	-15.79%
Senior Management Service band B	59	1	11	-16.95%
Senior Management Service band A	219	0	25	-11.42%
Senior professionals	139	2	6	-2.88%
Highly skilled supervision	9 983	157	631	-4.75%
Highly skilled production	24 260	74	876	-3.31%
Skilled	36 315	210	1 249	-2.86%
Lower skilled	2 645	237	94	5.41%
Military Skills Development System	3 947	1 842	744	27.82%
Interns	0	0	0	0.00%
<b>TOTAL</b>	<b>77 597</b>	<b>2 524</b>	<b>3 641</b>	<b>-1.44%</b>

Critical Occupation	Number of Employees per Occupation as at 01 April 2016	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Air Space Control	518	0	20	-3.86%
Aircrew	466	13	24	-2.36%
Anti-Aircraft	1 050	79	63	1.52%
Artillery	1 425	77	55	1.54%
Combat Navy	648	26	25	0.15%
Engineer	101	1	9	-7.92%
Medical Prof	1 525	181	171	0.66%
Nursing	1 573	15	48	-2.10%
Technical	7 235	67	297	-3.18%
<b>TOTAL</b>	<b>14 541</b>	<b>459</b>	<b>712</b>	<b>-1.74%</b>

Note: 223 MSDS members are included in the total appointment figure for all critical occupations.

Termination Type	Number	% of Total
Death	427	11.73%
Resignation	1 136	31.20%
Contract Expiry	886	24.33%
Transfer	32	0.88%
Dismiss - Operational Requirements	0	0.00%
Dismiss- Ill Health	90	2.47%
Dismiss - Misconduct	176	4.83%
Discharge - Incapacity	11	0.30%
Retirement	854	23.46%
MEM/EISP/VSP	29	0.80%
<b>Total Number of Employees who Left as a % of the Total Employment as at 31 March 2017</b>	<b>3 641</b>	<b>4.69%</b>

Occupation	Employees as at 01 April 2016	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	518	58	11.20%	320	61.78%
Aircrew	466	102	21.89%	273	58.58%
Anti-Aircraft	1 050	90	8.57%	706	67.24%
Artillery	1 425	115	8.07%	1 118	78.46%
Combat Navy	648	99	15.28%	485	74.85%
Engineer	101	19	18.81%	46	45.54%
Medical Professional	1 525	113	7.41%	742	48.66%
Nursing	1 573	200	12.71%	542	34.46%
Technical	7 235	684	9.45%	4 314	59.63%
<b>TOTAL</b>	<b>14 541</b>	<b>1 480</b>	<b>10.18%</b>	<b>8 546</b>	<b>58.77%</b>

Promotions by Salary Band for FY2016/17 (TABLE 3.5.5)					
Salary Band	Employees as at 01 April 2016	Promotions to another Salary Level	Salary Band 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	308	7	2.27%	180	58.44%
Senior professionals	139	8	5.76%	63	45.32%
Highly skilled supervision	9 983	1 060	10.62%	6 399	64.10%
Highly skilled production	24 260	2 606	10.74%	18 328	75.55%
Skilled	36 315	2 637	7.26%	23 117	63.66%
Lower skilled	2 645	0	0.00%	1 687	63.78%
Military Skills Development System	3 947	0	0.00%	0	0.00%
Interns	0	0	0.00%	0	0.00%
<b>TOTAL</b>	<b>77 597</b>	<b>6 318</b>	<b>8.14%</b>	<b>49 774</b>	<b>64.14%</b>

### Employment Equity

Total Number of Employees in each of the following Occupational Categories as on 31 March 2017 (TABLE 3.6.1)									
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	851	80	124	397	821	81	218	512	3 084
Technicians and Associate Professionals	3 139	66	380	986	1 717	55	287	488	7 118
Clerks	5 571	106	1 305	870	4 278	79	752	1 575	14 536
Service and Sales Workers	20 443	196	2 704	1 528	5 022	38	845	406	31 182
Craft and Related Trades Workers	5 360	172	1 038	1 860	1 777	12	267	208	10 694
Plant and Machine Operators and Assemblers	208	2	52	19	11	0	1	0	293
Elementary Occupations	4 702	30	899	478	2 703	23	574	162	9 571
<b>TOTAL</b>	<b>40 275</b>	<b>652</b>	<b>6 502</b>	<b>6 138</b>	<b>16 330</b>	<b>288</b>	<b>2 944</b>	<b>3 351</b>	<b>76 480</b>
<b>Employees with disabilities</b>	<b>191</b>	<b>4</b>	<b>51</b>	<b>89</b>	<b>16</b>	<b>0</b>	<b>5</b>	<b>47</b>	<b>403</b>

**Total Number of Employees in each of the following Occupational Bands as on 31 March 2017 (TABLE 3.6.2)**

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	21	0	0	1	5	0	0	1	28
Senior Management	162	16	14	91	67	14	7	32	403
Professionally Qualified and Experienced Specialists and Mid-management	3 360	190	919	2 525	1 506	103	321	1 121	10 045
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	11 463	252	2,662	2 566	4 526	91	928	1 875	24 363
Semi-skilled and Discretionary Decision making	22 307	149	2 497	797	7 817	53	1 269	261	35 150
Unskilled and Defined Decision making	1 008	3	158	19	1 263	10	231	38	2 730
Military Skills Development System	1 954	42	252	139	1 146	17	188	23	3 761
Interns	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>40 275</b>	<b>652</b>	<b>6 502</b>	<b>6 138</b>	<b>16 330</b>	<b>288</b>	<b>2 944</b>	<b>3 351</b>	<b>76 480</b>

**Recruitment for the period 01 April 2016 to 31 March 2017 (TABLE 3.6.3)**

Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	1	0	0	0	2	0	0	0	3
Professionally Qualified and Experienced Specialists and Mid-management	27	10	3	22	35	8	13	39	157
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	17	0	5	1	24	4	8	15	74
Semi-skilled and Discretionary Decision making	82	0	8	7	98	4	8	3	210
Unskilled and Defined Decision making	124	1	7	4	93	0	5	3	237
Military Skills Development System	892	25	116	54	606	8	130	11	1 842
Interns	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>1 144</b>	<b>36</b>	<b>139</b>	<b>88</b>	<b>858</b>	<b>24</b>	<b>164</b>	<b>71</b>	<b>2 524</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Part D – Human Resources Management

Promotions for the Period 01 April 2016 to 31 March 2017 (TABLE 3.6.4)									
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	3	0	0	4	3	1	1	1	13
Professionally Qualified and Experienced Specialists and Mid-management	473	17	91	125	223	7	45	79	1 060
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	1 391	17	198	138	661	6	103	92	2 606
Semi-skilled and Discretionary Decision making	1 471	21	192	104	680	9	135	25	2 637
Unskilled and Defined Decision making	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>3 340</b>	<b>55</b>	<b>481</b>	<b>371</b>	<b>1 567</b>	<b>23</b>	<b>284</b>	<b>197</b>	<b>6 318</b>
<b>Employees with Disabilities</b>	<b>19</b>	<b>0</b>	<b>4</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>39</b>

Terminations for the Period 01 April 2016 to 31 March 2017 (TABLE 3.6.5)									
Occupational Band	Male				Female				TOTAL
	African	Asian	Coloured	White	African	Asian	Coloured	White	
Top Management	2	1	0	1	1	0	0	0	5
Senior Management	23	1	2	10	3	0	1	2	42
Professionally Qualified and Experienced Specialists and Mid-management	180	11	52	206	64	13	15	90	631
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	397	5	83	110	112	2	23	144	876
Semi-skilled and Discretionary Decision making	803	4	143	51	186	2	46	14	1,249
Unskilled and Defined Decision making	49	0	9	0	32	0	3	1	94
Military Skills Development System	364	9	30	25	291	1	21	3	744
Interns	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>1 818</b>	<b>31</b>	<b>319</b>	<b>403</b>	<b>689</b>	<b>18</b>	<b>109</b>	<b>254</b>	<b>3 641</b>
<b>Employees with Disabilities</b>	<b>11</b>	<b>0</b>	<b>7</b>	<b>9</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>33</b>

Disciplinary Action for the Period 01 April 2016 to 31 March 2017 (TABLE 3.6.6)

Disciplinary Action	Male				Female				TOTAL
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Correctional Counselling	1	0	0	0	0	0	0	0	1
Verbal Warning	0	0	0	0	0	0	0	0	0
Written Warning	9	1	0	2	3	0	0	3	18
Final Written Warning	11	1	1	1	1	0	0	1	16
Suspended	2	0	1	0	1	0	0	0	4
Fine	0	0	0	0	0	0	0	0	0
Demotion	0	0	0	0	0	0	0	0	0
Dismissal	3	0	0	2	1	0	0	1	7
Not Guilty	2	0	0	0	0	0	0	0	2
Case Withdrawn	9	0	0	1	3	0	0	0	13
<b>TOTAL</b>	<b>37</b>	<b>2</b>	<b>2</b>	<b>6</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>61</b>

Skills Development for the Period 01 April 2016 to 31 March 2017 (TABLE 3.6.7)

Occupational Categories	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Legislators, Senior Officials and Managers	0	0	0	0	0	0	0	0	0
Professionals	370	43	19	72	297	60	11	79	951
Technicians and Associate Professionals	1 542	138	28	300	712	110	14	90	2 934
Clerks	2 412	415	34	219	2 429	338	25	181	6 053
Service and Sales Workers	8 240	1 079	82	578	2 155	323	29	123	12 609
Craft and Related Trades Workers	2 841	407	52	404	1 028	144	5	74	4 955
Plant and Machine Operators and Assemblers	14	4	0	4	8	1	0	0	31
Elementary Occupations	1 540	263	16	194	659	136	9	61	2 878
<b>TOTAL</b>	<b>16 959</b>	<b>2 349</b>	<b>231</b>	<b>1 771</b>	<b>7 288</b>	<b>1 112</b>	<b>93</b>	<b>608</b>	<b>30 411</b>
<b>Employees with Disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Signing of Performance Agreements by SMS Members

Signing of Performance Agreements by SMS members as on 31 May 2016 (TABLE 3.7.1)				
SMS Level	Total Number of Funded SMS Posts FY2016/17	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	4	6	0	0%
Salary Level 16	6	4	2	50%
Salary Level 15	15	18	14	78%
Salary Level 14	53	52	58	112%
Salary Level 13	203	213	195	92%
<b>TOTAL</b>	<b>281</b>	<b>293</b>	<b>269</b>	<b>92%</b>

Reasons for not having Concluded Performance Agreements (TABLE 3.7.2)	
Reasons	
Non-compliance by members	

Disciplinary Steps Taken against SMS Members for not having Concluded Performance Agreements as on 31 March 2017 (TABLE 3.7.3)	
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 2016 to 31 March 2017 (TABLE 3.8.1)					Cost (Rand)	
Beneficiary Profile					Cost	Average Cost per Employee
Race	Gender	Number of Beneficiaries	Total Number of Employees in Group on 01 April 2016	% of Total within Group		
African	Male	8 716	40 783	21.37%	148 006 064	16 981
	Female	3 617	16 116	22.44%	58 862 981	16 274
<b>African Total</b>		<b>12 333</b>	<b>56 899</b>	<b>21.68%</b>	<b>206 869 045</b>	<b>16 774</b>
Asian	Male	156	636	24.53%	3 773 637	24 190
	Female	66	277	23.83%	1 450 564	21 978
<b>Asian Total</b>		<b>222</b>	<b>913</b>	<b>24.32%</b>	<b>5 224 201</b>	<b>23 532</b>
Coloured	Male	1 707	6 670	25.59%	32 512 646	19 047
	Female	818	2 880	28.40%	13 698 178	16 746
<b>Coloured Total</b>		<b>2 525</b>	<b>9 550</b>	<b>26.44%</b>	<b>46 210 824</b>	<b>18 301</b>
White	Male	1 674	6 403	26.14%	42 824 013	25 582
	Female	1 071	3 524	30.39%	25 919 748	24 201
<b>White Total</b>		<b>2 745</b>	<b>9 927</b>	<b>27.65%</b>	<b>68 743 761</b>	<b>25 043</b>
<b>GRAND TOTAL</b>		<b>17 825</b>	<b>77 289</b>	<b>23.06%</b>	<b>327 047 831</b>	<b>18 348</b>
<b>Employees with Disabilities</b>		<b>115</b>	<b>434</b>	<b>26.50%</b>	<b>2 358 579</b>	<b>20 509</b>



**Performance Rewards by Salary Bands for Personnel below Senior Management Service for the Period 01 April 2016 to 31 March 2017 (TABLE 3.8.2)**

Salary Bands	Beneficiary Profile			Cost		
	Number of Beneficiaries	Number of Employees on 01 April 2016	% of Total within Salary Bands	Total Cost (Rand)	Average Cost per Employee	Total Cost as a % of the Total Personnel Expenditure
Senior Professionals	26	139	18.71%	977 848	37 610	0.37%
Highly Skilled Supervision	2 742	9 983	27.47%	86 419 765	31 517	1.28%
Highly Skilled Production	6 638	24 260	27.36%	132 062 258	19 895	1.41%
Skilled	7 871	36 315	21.67%	103 792 339	13 187	1.08%
Lower Skilled	548	2 645	20.72%	3 795 622	6 926	0.94%
Military Skills Development System	0	3 947	0.00%	0	0	0.00%
<b>TOTAL</b>	<b>17 825</b>	<b>77 289</b>	<b>23.06%</b>	<b>327 047 831</b>	<b>18 348</b>	<b>1.20%</b>

**Performance Rewards by Critical Occupations for Personnel below Senior Management Service for the Period 01 April 2016 to 31 March 2017 (TABLE 3.8.3)**

Critical Occupation	Beneficiary Profile			Cost (Rand)	
	Number of Beneficiaries	Number of Employees on 01 April 2016	% of Total within Occupation	Total Cost	Average Cost per Employee
Air Space Control	112	513	21.83%	2 821 452	25 192
Aircrew	48	457	10.50%	1 400 993	29 187
Anti-Aircraft	220	1 046	21.03%	3 961 650	18 008
Artillery	320	1 422	22.50%	5 626 275	17 582
Combat Navy	127	640	19.84%	2 732 893	21 519
Engineer	13	97	13.40%	338 368	26 028
Medical Professional	249	1 518	16.40%	7 156 036	28 739
Nursing	300	1 571	19.10%	6 620 634	22 069
Technical	1 458	7 223	20.19%	31 341 260	21 496
<b>TOTAL</b>	<b>2 847</b>	<b>14 487</b>	<b>19.65%</b>	<b>61 999 560</b>	<b>21 777</b>

**Performance Related Rewards, by Salary Band, for Senior Management Service for FY2016/17 (TABLE 3.8.4)**

Salary Band	Beneficiary Profile			Cost		
	Number of Beneficiaries	Number of Employees on 01 April 2016	% of Total within Band	Total Cost (Rand)	Average Cost per Employee (Rand)	Total Cost as a % of the Total Personnel Expenditure per Salary Band
Senior Management Service Band A	85	219	38.81%	3 869 699	45 526	0.98%
Senior Management Service Band B	30	59	50.85%	1 616 109	53 870	0.41%
Senior Management Service Band C	9	19	47.37%	585 253	65 028	0.15%
Senior Management Service Band D	3	5	60.00%	409 914	136 638	0.10%
Minister/Deputy/Advisors	0	6	0.00%	0	0	0.00%
<b>TOTAL</b>	<b>127</b>	<b>308</b>	<b>41.23%</b>	<b>6 480 975</b>	<b>301 062</b>	<b>1.64%</b>

## Foreign Workers

Foreign Workers for the Period 01 April 2016 to 31 March 2017 by Salary Band (TABLE 3.9.1)						
Salary Band	01 April 2016		31 March 2017		Change	
	Number	% of Total	Number	% of Total	Number	% Change
	0	0.00%	0	0.00%	0	0.00%
<b>TOTAL</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>

Foreign Worker for the Period 01 April 2016 to 31 March 2017 by Major Occupation (TABLE 3.9.2)						
Major Occupation	01 April 2016		31 March 2017		Change	
	Number	% of Total	Number	% of Total	Number	% Change
	0	0.00%	0	0.00%	0	0.00%
<b>TOTAL</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>

## Leave Utilisation for the period 01 January 2016 to 31 December 2016

Sick leave for the period 01 January 2016 to 31 December 2016 (TABLE 3.10.1)						
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
Senior Management	1 148	97%	158	51%	7	3 036 122
Senior Professionals	471	75%	68	49%	7	1 850 295
Highly Skilled Supervision	46 759	91%	6 245	63%	7	75 901 251
Highly Skilled Production	141 763	88%	17 162	71%	8	132 990 604
Skilled	166 563	96%	20 189	56%	8	109 080 456
Lower Skilled	21 840	87%	2 207	83%	10	7 528 755
Military Skills Development System	870	100%	166	4%	5	343 794
<b>TOTAL</b>	<b>379 414</b>	<b>85%</b>	<b>46 195</b>	<b>60%</b>	<b>8</b>	<b>330 731 276</b>

Disability Leave (Temporary and Permanent) for the Period 01 January 2016 to 31 December 2016 (TABLE 3.10.2)						
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
Senior Management	24	100%	2	0.6%	12	69 102
Senior Professionals	2	100%	1	0.7%	2	6 059
Highly Skilled Supervision	7 796	100%	196	2.0%	40	12 910 834
Highly Skilled Production	17 160	100%	487	2.0%	35	16 469 640
Skilled	16 289	100%	450	1.2%	36	11 292 254
Lower skilled	564	100%	7	0.3%	81	203 640
Military Skills Development System	0	0%	0	0.0%	0	0
<b>TOTAL</b>	<b>41 835</b>	<b>100%</b>	<b>1 143</b>	<b>1.5%</b>	<b>37</b>	<b>40 951 530</b>

Note: The new sick leave cycle started on 01 January 2017.

Annual Leave for the Period 01 January 2016 to 31 December 2016 (TABLE 3.10.3)		
Salary Bands	Total Days Taken	Average per Employee
Senior Management	6 418	25
Senior Professionals	2 892	26
Highly Skilled Supervision	250 375	26
Highly Skilled Production	622 406	26
Skilled	783 836	23
Lower Skilled	53 999	20
Military Skills Development System	28 800	16
Interns	0	0
<b>TOTAL</b>	<b>1 748 726</b>	<b>24</b>

Capped leave for the Period 01 January 2016 to 31 December 2016 (TABLE 3.10.4)			
Salary Bands	Total Days of Capped Leave Taken	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at 31 December 2016
Senior Management	110	8	73
Senior Professionals	9	5	39
Highly Skilled Supervision	2 269	6	31
Highly Skilled Production	2 882	5	19
Skilled	2 012	4	21
Lower skilled	12	4	23
<b>TOTAL</b>	<b>7 294</b>	<b>5</b>	<b>23</b>

Leave Pay-Outs for the Period 01 April 2016 to 31 March 2017 (TABLE 3.10.5)			
Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee
Leave Pay-out for FY2016/2017 due to Non-utilisation of Leave for Previous Cycle	264 266	10	26 427
Leave Pay-out for FY2016/2017 due to Discounting of Leave	112 225 486	5 979	18 770
Leave Pay-out for FY2016/2017 on Termination of Service	101 817 944	1 724	59 059
<b>TOTAL</b>	<b>214 307 696</b>	<b>7 713</b>	<b>27 785</b>

## HIV and AIDS and Health Promotion Programmes

Steps Taken to Reduce the Risk of Occupational Exposure (TABLE 3.11.1)	
Units/Categories of Employees Identified to be at High Risk of Contracting HIV and Related Diseases	Key Steps Taken to Reduce the Risk
Low risk: All members	HIV and AIDS related prevention programmes including mass awareness and workplace programmes. Peer education programmes. Gender Equity programmes. CHATSEC programmes (moral, ethical and value-based programme).

## Part D – Human Resources Management

Steps Taken to Reduce the Risk of Occupational Exposure (TABLE 3.11.1)	
Units/Categories of Employees Identified to be at High Risk of Contracting HIV and Related Diseases	Key Steps Taken to Reduce the Risk
	<p>Availability of first aid kits and personal protective equipment.</p> <p>Condom distribution points for both males and females.</p> <p>Health promotion programmes before and after deployments.</p> <p>Education on Voluntary Male Medical Circumcision (VMMC) and appropriate referral to be circumcised.</p> <p>Education on Prevention of mother-to-child transmission (PMTCT).</p>
Medium risk: Members on deployment (internal to RSA) ie RSA border protection bases/posts and members on military courses	<p>All the above programmes and interventions apply. In addition:</p> <ul style="list-style-type: none"> <li>• HIV and AIDS lectures given during all military courses.</li> <li>• Trained Operational Emergency Care Practitioners (OECPs) in HIV and AIDS, TB and STIs that deploy with other military personnel.</li> <li>• Mobile clinics deployed to support borders with HIV education and ARV and TB treatment.</li> <li>• HIV Training provided pre-deployment and mass awareness programmes in deployed regions.</li> <li>• 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).</li> <li>• Specific health promotion programmes during deployment.</li> </ul>
High risk: Members on deployment (external to RSA)	<p>All the programmes and interventions reflected for low and medium risk exposure.</p> <p>Specific HIV prevention programmes aimed at reducing high risk behaviour eg targeting abuse of alcohol and other drugs/substance use.</p>

Details of Health Promotion and HIV and AIDS Programmes (TABLE 3.11.2)			
Question	Yes	No	Details
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		<p>Brig Gen K.T. Ndaba Director HIV and AIDS Programme SANDF HIV and AIDS Programme Manager.</p>
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 Programme formulates strategy, policies and plans and gives advice to 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 headquarter 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. Members from Chaplain General's office also contribute towards the monitoring and evaluation of the CHATSEC programme.</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 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 treatment HIV and AIDS programmes to all patients/clients throughout the organisation.</p>

Details of Health Promotion and HIV and AIDS Programmes (TABLE 3.11.2)			
Question	Yes	No	Details
			The HIV and AIDS Programme of the DOD is funded through the health service delivery and operating budget of the SAMHS.
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&amp;MV has delegated the management of HIV and AIDS to the Surgeon General (SG) through 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 as well as other statutory directors. 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 ARV sites has increased to 66 and 100% of all 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. In view of this, the SG has to ensure that all the deploying troops undergo health assessments. 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.</p> <p>The key elements of the HIV Prevention and Health Promotion Programme are:</p> <ul style="list-style-type: none"> <li>• HIV Counselling and Testing (HCT).</li> <li>• Provider-Initiated Counselling and Testing (PICT).</li> <li>• Male and female condom provision and distribution.</li> <li>• Peer education training.</li> <li>• Gender based violence training.</li> <li>• Spiritual and ethical, moral and value-based prevention programmes provided by Chaplains.</li> <li>• HIV and AIDS workplace programmes (includes condom provision, behaviour modification programmes, peer education training, mass awareness and occupational health and safety).</li> <li>• Mass awareness campaigns.</li> <li>• Management of occupational transmission eg supply of personal protective equipment.</li> <li>• Post-Exposure Prophylaxis (PEP).</li> <li>• Prevention of vertical transmission previously known as Mother to Child Transmission (PMTCT).</li> <li>• Prevention of opportunistic infections.</li> <li>• Utilisation of all awareness opportunities (eg National Health Days, Health Month, World AIDS Day, World TB Day, Condom Week, Youth Day, etc).</li> <li>• Management of sexually transmitted infections.</li> <li>• Health education, HIV and ARV training and development.</li> <li>• Voluntary Medical Male Circumcision (VMMC).</li> <li>• Prevention with positives.</li> <li>• Prevention and treatment of alcohol and drug abuse/ substance abuse.</li> <li>• Concurrent health assessments.</li> <li>• Health programmes targeting women of child bearing age.</li> <li>• Development and provision of HIV related Information and Educational Communication (IEC) material.</li> <li>• Awareness programmes with involvement of non-governmental organisations eg Society for Family Health.</li> <li>• Health Walks.</li> </ul>

## Part D – Human Resources Management

Details of Health Promotion and HIV and AIDS Programmes (TABLE 3.11.2)			
Question	Yes	No	Details
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		<p>The Comprehensive Plan for Care, Management and Treatment (CCMT) of HIV and AIDS in the DOD: 2017-2022 to be developed will be coordinated through the Directorate HIV and AIDS Programmes.</p> <p>Coordination within the SANDF through bilateral meetings between the SAMHS and the SA Army, the SA Navy and the SA Air Force.</p> <p>The Director HIV and AIDS Programme coordinates matters through the SAMHS HIV and AIDS Coordinating Committee. The Committee consists of members representing formations and units that provide health care services.</p> <p>At military unit level, HIV prevention and health promotion programmes are addressed via the Military Community Wellness Committees.</p>
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		<p>The Department took cognisance of the SA National Strategic Plan for HIV and AIDS, TB and STIs 2017-2022 and is awaiting the final signed copy before drafting their CCMT Plan for HIV and AIDS.</p> <p>There are numerous policies that address the issues of discrimination including Human Resource strategy documents. All HIV infected uniformed members of the DOD and Military Veterans are managed according to (amongst others):</p> <ul style="list-style-type: none"> <li>• “The DOD Instruction on the Management of HIV and AIDS in the DOD” and “The DOD Directive on the Health Classification and Deployability of SA National Defence Force Members with HIV and AIDS”.</li> <li>• Joint Defence Publication: Policy on Health Care Delivery.</li> <li>• DOD Directive: Transformation Management in the Department of Defence.</li> <li>• DOD Instruction: Policy on Transformation Management in the Department of Defence.</li> <li>• Joint Defence Publication: Process and Procedures for Transformation Management in the Department of Defence.</li> </ul>
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		<p>The DOD adheres to the principles of equity and equal opportunities in all practices. It values and manages diversity and in so doing 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> <p><u>Policy Documents</u></p> <p>No mandatory testing of PSAP officials.</p> <p>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 Surgeon General in terms of Regulation 15 of the Defence Act.</p> <p>HIV testing is voluntary and done with written informed consent, confidentiality and pre- and post-test counselling procedures.</p> <p>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.</p> <p>Grievance procedures are confidential and do not result in the disclosure of a person’s HIV status.</p> <p>Respecting the privacy and confidentiality of those living with HIV is a priority.</p>
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	x		<p>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.</p> <p>In addition, the military participates in the National Department of Health HIV Counselling and Testing (HCT) Campaign.</p>

Details of Health Promotion and HIV and AIDS Programmes (TABLE 3.11.2)			
Question	Yes	No	Details
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"> <li>• Monthly Mortality Analysis.</li> <li>• Knowledge Attitude and Practice (KAP) Surveys.</li> <li>• Health Informatics System - Clinical Data Management.</li> <li>• Project Feedback Forms submitted following the programmes/ projects and interventions (all planned HIV prevention interventions are monitored).</li> <li>• Care and treatment indicators have been developed.</li> <li>• Information obtained from staff visits to the various units.</li> </ul>
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		<p>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.</p> <p><b>The Nursing Officer:</b></p> <ul style="list-style-type: none"> <li>• Maintains a close relationship with the patient.</li> <li>• Administers treatment to the patients.</li> <li>• Provides on-going nursing care.</li> <li>• Completes the patient treatment card for treatment dosages given to the patient.</li> <li>• Provides counselling for HIV testing.</li> <li>• Conducts HIV testing on patients who give written consent.</li> <li>• Provides educational talks to patients on a one-on-one basis or in group sessions.</li> <li>• Plans awareness campaigns within the hospital addressing different topics.</li> <li>• Assists the doctor in contact tracing and occupational exposure in workplaces.</li> <li>• Is responsible for Infection Control measures in the health facilities.</li> </ul> <p><b>The Medical Officer is responsible for:</b></p> <ul style="list-style-type: none"> <li>• Assessing patients for co-morbidities and requesting baseline tests.</li> <li>• Ensures the notification of TB patients as TB infection is a notifiable disease.</li> <li>• Initiating TB/MDR-TB treatment regimen for the patient or referring to relevant facility.</li> <li>• Clinical monitoring of patients treatment for adverse events.</li> <li>• Prompt management of adverse events.</li> <li>• Reviews treatment of patients and makes necessary adjustments.</li> <li>• Presents difficult or complicated patients to the clinical management committee or provincial review committee.</li> <li>• Ensures follow up smears and cultures are conducted and results available on time.</li> <li>• Reports all adverse events to the Military Command Council.</li> </ul> <p><b>The Pharmacist in SAMHS facilities:</b></p> <ul style="list-style-type: none"> <li>• Ensures availability of TB drugs and ancillary drugs for co-morbidities.</li> <li>• Monitors drug stock levels.</li> <li>• Ensures correct storage of the drugs.</li> <li>• Dispatches drugs to patients who have been discharged to the local clinic or hospital.</li> </ul> <p><b>The SAMHS Psychologist:</b></p> <ul style="list-style-type: none"> <li>• Conducts initial assessment of patients with psychological problems.</li> <li>• Conducts one on one or group therapy sessions for patients.</li> <li>• Refers patients who need expert opinion timeously.</li> </ul> <p><b>The SAMHS Psychiatrist:</b></p> <ul style="list-style-type: none"> <li>• Conducts baseline evaluation of all patients with a history of mental illness and initiates treatment for mental illness.</li> <li>• Regularly monitors patients on psychiatric drugs or those with a history of mental illness.</li> <li>• Evaluates all patients who develop psychiatric symptoms as a result of treatment.</li> <li>• Manages patients who develop psychiatric symptoms whilst on Multi-Drug Resistant-TB treatment.</li> </ul>



Details of Health Promotion and HIV and AIDS Programmes (TABLE 3.11.2)			
Question	Yes	No	Details
			<p><b>The Dietician:</b></p> <ul style="list-style-type: none"> <li>• Conducts the initial assessment of patients with co-morbidities, those who are malnourished and children.</li> <li>• Prescribes the correct diet or nutritional supplements for patients who need a special diet or nutritional supplement.</li> <li>• Monitors progress of patients started on a specific diet.</li> <li>• Ensures that the hospital meals meet the nutritional requirements for patients with TB/MDR-TB.</li> <li>• Reviews the hospital menu at determined intervals.</li> <li>• Reports to the hospital management on a regular basis.</li> <li>• Established a feedback system for patients on the meals provided in the hospital.</li> </ul> <p><b>The Social Worker:</b></p> <ul style="list-style-type: none"> <li>• Conducts the initial assessment of patients and their home environment.</li> <li>• Assists patients and their families with social support required whilst in and out of the hospital.</li> <li>• Provides liaison with employers regarding employee benefits whilst in hospital.</li> <li>• Refers patients or families with special needs to relevant service providers.</li> <li>• Provides on-going counselling of patients and their families.</li> </ul> <p><b>The Occupational Therapist:</b></p> <ul style="list-style-type: none"> <li>• Conducts the initial assessment of patient's psycho-social status in relation to job evaluations.</li> <li>• Develops patient's insight into disease and behaviour through counselling and education.</li> <li>• Provides life skills development programmes.</li> <li>• Provides rehabilitation programmes for patients.</li> <li>• Monitors patient progress.</li> <li>• Facilitates support, stress management and behaviour modification groups.</li> <li>• Plans pre-vocational training programmes.</li> </ul> <p><b>The SAMHS Audiologist:</b></p> <ul style="list-style-type: none"> <li>• Conducts baseline assessment for all patients prior to initiation of treatment.</li> <li>• Advises the treating doctor where a patient already has hearing impairment at baseline before TB treatment started.</li> <li>• Monitors patients monthly for hearing impairment from baseline.</li> <li>• Recommends and refers management of patients with hearing impairment.</li> </ul> <p><b>The Physiotherapist:</b></p> <ul style="list-style-type: none"> <li>• Conducts initial assessment of patients with co-morbidities and extensive lung disease.</li> <li>• Develops treatment programmes for the individual patients.</li> <li>• Monitors patient's progress.</li> <li>• Assists patients with expectoration for monitoring culture conversion.</li> <li>• Trains patients on cough etiquette.</li> </ul> <p><b>Remote Military Health Sickbays and Clinics:</b></p> <ul style="list-style-type: none"> <li>• Monitors Patients on TB treatment.</li> <li>• Ensures treatment compliance that may include directly observed treatment.</li> <li>• Continues psycho-social support.</li> <li>• Trace treatment Interrupters and address reasons for interruption and ensure they remain on treatment.</li> <li>• Arranges transport for monthly follow-up at the date of patient treatment follow-up card.</li> <li>• Completes the patient treatment follow-up cards.</li> </ul>

**Labour Relations**

Collective Agreements for the Period 01 April 2016 to 31 March 2017 (TABLE 3.12.1)	
Subject Matter	Date
Re-instatement of Pension Benefits for Demilitarised Finance Officials in the DOD	29 March 2017

Misconduct and Disciplinary Hearings (per Type) Addressed and Finalised for the Period 01 April 2016 to 31 March 2017 (TABLE 3.12.2 & 3.12.3)		
Outcomes of Disciplinary Hearings	Number	% of Total
Correctional Counselling	1	2%
Verbal Warning	0	0%
Written Warning	18	31%
Final Written Warning	15	25%
Suspended Without Pay	3	5%
Fine	0	0%
Demotion	0	0%
Dismissal	7	12%
Not Guilty	2	3%
Case Withdrawn	13	22%
<b>TOTAL</b>	<b>59</b>	<b>100%</b>

Grievances Lodged for the Period 01 April 2016 to 31 March 2017 (TABLE 3.12.4)	
Grievances	Number
Number of Grievances Resolved	563
Number of Grievances Not Resolved	785
<b>Total Number of Grievances Lodged</b>	<b>1 348</b>

Disputes Lodged for the Period 01 April 2016 to 31 March 2017 (TABLE 3.12.5)	
Disputes	Number
Number of Disputes Upheld	3
Number of Disputes Dismissed	14
Number of Disputes Pending	20
<b>Total Number of Disputes Lodged</b>	<b>37</b>

Strike Actions for the Period 01 April 2016 to 31 March 2017 (TABLE 3.12.6)	
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

## Part D – Human Resources Management

Precautionary Suspensions for the Period 01 April 2016 to 31 March 2017 – Military Personnel (TABLE 3.12.7)	
Subject Matter	Number
Number of People Suspended	21
Number of People whose Suspensions Exceeded 30 Days	21
Average Number of Days Suspended	352
<b>Cost of Suspensions</b>	<b>R6 205 956.00</b>

Note: 15 members suspended with pay and 6 without pay.

Precautionary Suspensions for the Period 01 April 2016 to 31 March 2017 – Public Service Act Personnel (TABLE 3.12.7)	
Subject Matter	Number
Number of People Suspended	16
Number of People whose Suspensions Exceeded 30 Days	16
Average Number of Days Suspended	218
<b>Cost of Suspensions</b>	<b>R2 272 258.00</b>

## Skills Development

Training Needs Identified for the Period 01 April 2016 to 31 March 2017 (TABLE 3.13.1)						
Occupational Categories	Gender	Number of Employees as at 01 April 2016	Training Needs Identified at Start of Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	TOTAL
Legislators, Senior Officials and Managers	Female	1	0	0	0	0
	Male	1	0	0	0	0
Professionals	Female	1 639	0	12	0	12
	Male	1 461	0	34	0	34
Technicians and Associate Professionals	Female	2 560	0	109	3 511	3 620
	Male	4 679	0	104	8 155	8 259
Clerks	Female	6 679	0	95	3 128	3 223
	Male	8 131	0	109	7 320	7 429
Service and Sales Workers	Female	6 219	0	366	7 213	7 579
	Male	25 255	0	536	16 803	17 339
Craft and Related Trades Workers	Female	2 227	260	54	2 577	2 891
	Male	8 576	390	43	6 013	6 446
Plant and Machine Operators and Assemblers	Female	12	0	0	411	411
	Male	284	0	1	959	960
Elementary Occupations	Female	3 530	0	115	1 269	1 384
	Male	6 343	0	161	3 024	3 185
<b>Subtotal</b>	<b>Female</b>	<b>22 867</b>	<b>260</b>	<b>751</b>	<b>18 109</b>	<b>19 120</b>
	<b>Male</b>	<b>54 730</b>	<b>390</b>	<b>988</b>	<b>42 274</b>	<b>43 652</b>
<b>TOTAL</b>		<b>77 597</b>	<b>650</b>	<b>1 739</b>	<b>60 383</b>	<b>62 772</b>

Training Provided for the Period 01 April 2016 to 31 March 2017 (TABLE 3.13.2)						
Occupational Categories	Gender	Number of Employees as at 01 April 2016	Training Provided within Start of Reporting Period			
			Learnerships	Skills Programmes and other Short Courses	Other Forms of Training	TOTAL
Legislators, Senior Officials and Managers	Female	1	0	0	0	0
	Male	1	0	0	0	0
Professionals	Female	1 639	0	23	424	447
	Male	1 461	0	59	445	504
Technicians and Associate Professionals	Female	2 560	0	77	849	926
	Male	4 679	0	166	1 842	2 008
Clerks	Female	6 679	0	141	2 832	2 973
	Male	8 131	0	90	2 990	3 080
Service and Sales Workers	Female	6 219	0	220	2 537	2 757
	Male	25 255	0	93	9 759	9 852
Craft and Related Trades Workers	Female	2 227	181	25	1 045	1 070
	Male	8 576	573	62	3 069	3 131
Plant and Machine Operators and Assemblers	Female	12	0	0	9	9
	Male	284	0	1	21	22
Elementary Occupations	Female	3 530	0	55	810	865
	Male	6 343	0	100	1 913	2 013
<b>Subtotal</b>	<b>Female</b>	<b>22 867</b>	<b>181</b>	<b>541</b>	<b>8 506</b>	<b>9 228</b>
	<b>Male</b>	<b>54 730</b>	<b>573</b>	<b>571</b>	<b>20 039</b>	<b>21 183</b>
<b>TOTAL</b>		<b>77 597</b>	<b>754</b>	<b>1 112</b>	<b>28 545</b>	<b>30 411</b>

### Injury on Duty

Injury on Duty for the Period 01 April 2016 to 31 March 2017 (TABLE 3.14.1)		
Nature of Injury on Duty	Number	% of Total
Required Basic Medical Attention Only	330	83%
Temporary Total Disablement	32	8%
Permanent Disablement	9	2%
Fatal	26	7%
<b>TOTAL</b>	<b>397</b>	<b>100%</b>

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 CONSULTANTS<sup>109</sup>

Services Rendered and Paid for FY2016/17 (TABLE 3.15.1)		
Service/ Division	Total paid against Consultants on the FMS System	Description of Services
SA Army	R1 057 300.26	SABS Quality Assurance
SA Air Force	R19 490.34	SABS Quality Assurance
	R8 000.32	Occupational Safety and Health Quality Assurance
	R5 194.54	Overberg Review Commission
SA Navy	R14 198.00	Qualification Verification Consultants
	R101 549.36	SABS Quality Assurance
SAMHS	R3 086.00	Qualification Verification Consultants
	R566 232.92	SABS Quality Assurance
Human Resources Division	R53 196.43	Special Operations Medical Association (SOMA)
	R1 282 280.66	Qualification Verification Consultants
	R363 272.00	South African Board for People Practices
Defence Inspectorate Division	R43 160.40	SABS Quality Assurance Services
Defence Policy, Strategy and Planning Division	R1 528 808.88	Armaments Corporation of South Africa (ARMSCOR) Services (DDS: Defence Review)
Logistics Division	R585 042.76	Translation and, Transcription Services
	R109 389 016.71	PWC Asset Verification
Defence Foreign Relations	R21 801.00	Translation and, Transcription Services
Defence International Affairs	R76 374.30	Translation and, Transcription Services
Defence Intelligence Division	R 7 120.00	Qualification Verification Consultants
Military Ombud	R5 077.20	Qualification Verification Consultants
Financial Management Division	R4 522 608.00	Defence Review Funding Model
Defence Legal Services Division	R106 601.00	Translation, Transcription & Interpretation Services
Defence Matériel Division	R86 786 944.16	Project Management Consultants
British Peace and Support Technical Team	R12 521 875.21	British Military Advisory Technical Team Capitation fees
<b>Total Value Paid against the Item 35 Budget on Consultants</b>		<b>R219 068 230.45</b>

<sup>109</sup> Services rendered and paid under the Standard Chart of Accounts (SCoA) classification, "Consultants: Business Advisory Services".



**Paramount Chief of the Khoisan, Chief Hendrik “Hennie” van Wyk, the Minister of Defence and Military Veterans, Ms Nosiviwe Mapisa-Nqakula, and the Chief of the SA Air Force, Lt Gen Zimpande Msimang, observing Bradley van Sitters burning imphepho (incense) to invoke the spirit of Krotoa at the Groote Kerk in Church Square, Cape Town.  
(Photo by Sgt Ronald Knight)**





The Minister of Defence and Military Veterans, Ms Nosiviwe Mapisa-Nqakula (middle), with Krotoa's descendants (family).  
(Photo by Sgt Ronald Knight)



Bradley van Sitters burning imphepho (incense) on the Kudu horn ushering the spirit of Krotoa to the Castle of Good Hope where she is to rest for eternity.  
(Photo by Sgt Ronald Knight)



2016/17

**PART E**

**Financial Information**



The Secretary for Defence, Dr Sam Gulube, during the opening of the 2017 Rand Show. Dr Gulube said the Rand Show affords the SA National Defence Force an opportunity to interact with all South Africans with the purpose of educating them about their huge responsibilities. Behind Dr Gulube stands R Adm (JG) Musa Nkomonde, the SA Navy Inspector General.  
(Photo by Mr Witney Rasaka)





## REPORT BY THE ACCOUNTING OFFICER, DR S.M. GULUBE, FOR THE PERIOD 01 APRIL 2016 TO 31 MARCH 2017

### OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

During the period under review, the Department of Defence (DOD) progressed in many areas against set priorities. In support of Government's Outcome 11, "*Creating a better South Africa and contributing to a better and safer Africa in a better World*", South African National Defence Force (SANDF) soldiers were deployed outside the country in a United Nations (UN) Peace Support Operation in the Democratic Republic of the Congo (DRC) and an Anti-Piracy Operation in the Mozambique Channel.

The SANDF was deployed in four internal operations in support of Government's Outcome 3, "*All people in South Africa are and feel safe*". The aim of these operations was twofold; to safeguard our borders and to assist other Government departments in the areas of search and rescue, disaster aid and relief as well as VIP protection tasks.

During FY2015/16, the DOD indicated that the year was devoted to planning for the incremental implementation of the Defence Review 2015 (Milestone 1). I can now report that the DOD "*Plan to Arrest the Decline*" was completed and approved by the Minister at the Council on Defence (COD) on 07 March 2017. Option 2 (Arrest the decline within a 6-year period) of the Plan was accepted as the most feasible path to follow and will form the basis for further engagement with Parliamentary oversight bodies, National Treasury (NT) and political decision makers.

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 support of Government's Outcome 12, "*An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship*", the DOD endeavoured to increase the payment of legitimate supplier invoices within a period of 30-days. Discussions were held with the Forum for South African Directors-General (FOSAD). A task team, led by the Department of Planning, Monitoring and Evaluation, was established during the period under review. The task team agreed that the DOD will not be in a position to significantly improve on the payment of legitimate invoices until such time that a new accounting system is provided. Notwithstanding this situation, the DOD managed to pay 362 377 legitimate invoices out of the 470 359 invoices received during FY2016/17.

### OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

During the FY2016/17, the DOD received an appropriation of R47,236 billion, a 4.8% increase on the FY2015/16's appropriation. The DOD was able to spend 99.92% of its appropriated funds and surrendered Rm39,371 to the National Revenue Fund.

During the Minister's Budget Vote of 25 May 2017, the Minister reflected on the previous Financial Years' achievements and pointed out that within the limited financial resources, the DOD ensured the achievement of its operational mandate and related Ministerial priorities.

<sup>1</sup> Refer Part A, pages 8 to 12 and Part B, pages 39 to 41 and pages 46 to 48 for detail information on the future plans and operations of the Department.

## Departmental Receipts (Revenue)

The table below indicates DOD Sources of Revenue for FY2016/17.

Sources of Revenue						
Departmental Receipts	2015/16			2016/17		
	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
- Casino taxes	0	0	0	0	0	0
- Horse racing taxes	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	292 432	442 016	(149 584)	272 442	807 219	(534 777)
Transfers received	185 153	524 130	(338 977)	508 595	441 660	66 935
Fine, penalties and forfeits	4 086	600	3 486	1 122	1 164	(42)
Interest, dividends and rent on land	2 796	3 890	(1 094)	2 758	3 928	(1 170)
Sale of capital assets	59 549	36 212	23 337	45 182	31 858	13 324
Financial transactions in assets and liabilities	274 150	75 775	198 375	12 611	101 481	(88 870)
<b>Total</b>	<b>818 166</b>	<b>1 082 623</b>	<b>(264 457)</b>	<b>842 710</b>	<b>1 387 310</b>	<b>(544 600)</b>

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 has been enhanced to improve the budgeting, accounting and reporting of revenue, but links between systems remain inadequate and prevents credible cross referencing and validation of information. The development of the national Integrated Financial Management System (IFMS) prohibits the development of a fully integrated resource management system within Defence to effectively manage revenue. The department is not yet in a position to determine the exact amount to be collected due to the challenges mentioned and this may result in over or understatement of revenue.

Minor enhancements to systems and the appraisal of supporting policies continue to enable the provision of credible revenue information. Additional management reports continue to be developed and an automated revenue reconciliation capability has been developed to improve departmental 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 which is evaluated by the Departmental Planning and Budget Evaluation Committee. Revenue collected is accounted for at the point of origin, while a system generated report assists FSEs in managing revenue collection. As a result revenue collected has increased by 50.2% over the last 3 financial years. Various policies have been 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.

## Part E – Financial Information

The current Policy on the Management of Revenue in the Department of Defence (DODI: Fin No. 00025/2002) is currently under review.

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 DOD did not render any free services that would have yielded significant revenue during the financial year.

The Department has under-collected on the following items:

- Transfers received due to the decrease in United Nations (UN) reimbursements as part of the Memorandum of Understanding Agreements with the UN as a result of the withdrawal from the deployment in Sudan.
- Sale of capital assets due to less equipment sold on auctions.
- Bad debt written off that had a direct impact on departmental receipts, amounted to Rm2,319 during the FY2016/17. These debt were only considered for write off after the debt recovery process of the Department was followed and no further recovery was possible.

The Department has over-collected on the following items:

- Sale of goods and services other than capital assets due to improved ability to ensure revenue collection from Letters of Assist in UN peacekeeping operations.
- Interest, dividends and rent on land due to an increase in interest on bank accounts.
- Financial transactions in assets and liabilities due to exchange rate gains and penalties imposed on contracts.
- Fines and penalties received due to members being court martialled.

The sale of capital assets during the FY2015/16, resulted in Rm31,858 revenue generated on the General Defence Account during FY2016/17.

### Departmental Expenditure

The table below indicates the DOD Actual Expenditure Trends and Adjusted Appropriation for FY2014/15 to FY2016/17.

Summary of Actual Expenditure versus Adjusted Appropriation for Current and Prior Years			
	2014/15	2015/16	2016/17
	R'000	R'000	R'000
Vote	42 856 879	45 088 161	47 236 465
Expenditure	42 842 381	45 071 534	47 197 094
Over expenditure	0	0	0
Amount overspent as percentage of Vote	0	0	0
Amount surrendered	14 498	16 627	39 371
Amount surrendered as percentage of Vote	0.034%	0.037%	0.083%

The table below indicates the DOD Actual Expenditure versus the Adjusted Appropriation for FY2016/17 on Main Programme level.

Actual Expenditure versus Adjusted Appropriation for Current and Prior Years at Programme Level						
Programme	2015/16			2016/17		
	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	4 984 514	4 981 493	3 021	5 740 559	5 740 559	0
Force Employment	3 616 407	3 602 801	13 606	3 445 535	3 431 011	14 524
Landward Defence	15 118 951	15 118 951	0	15 557 822	15 557 822	0
Air Defence	7 085 719	7 085 719	0	6 782 585	6 782 585	0
Maritime Defence	3 732 748	3 732 748	0	4 323 232	4 298 385	24 847
Military Health Support	4 243 150	4 243 150	0	4 448 745	4 448 745	0
Defence Intelligence	830 060	830 060	0	881 289	881 289	0
General Support	5 476 612	5 476 612	0	6 056 698	6 056 698	0
<b>Total</b>	<b>45 088 161</b>	<b>45 071 534</b>	<b>16 627</b>	<b>47 236 465</b>	<b>47 197 094</b>	<b>39 371</b>

### Reasons for Over- / Under Expenditure

The underspending of Rm39,371 consists of the following:

- **Force Employment Programme.** Under expenditure was mainly within the Peace Support Operations environment (Rm14,524). It was due to operational requirements regarding aircraft chartering by the United Nations being less than what was anticipated.
- **Maritime Defence Programme.** Under expenditure was mainly within the Maritime Defence Programme (Rm24,847). This was as a result of austerity measures implemented in order to remain within the ceiling amount set by the National Treasury.

### Additions to Main Appropriation

The Defence Vote was increased with Rm66,720 to Rm47 236,465 through the Adjustments Vote. The additional amount of Rm66,720 was received as self-financing for revenue generated from the selling of equipment and spares procured through the Special Defence Account. This amount was surrendered to the National Revenue Fund.

### Virements / Shifts within the Vote

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

- **Approved by the National Treasury**
  - Rm10,012 was reallocated from Compensation of Employees (Maritime Defence Programme) to Current Transfers and Subsidies: Households to cover the cost of employment social benefits due to Defence members being separated from the Department through severance packages.
  - Rm28,924 was reallocated from savings within Goods and Services (Rm28,767) as well as Transfers and Subsidies: Non-Profit Institutions (Rm0,157) to cover the cost of legitimate claims instituted against the Department by institutions or individuals.



### • Approved by the Accounting Officer

- Rm5,447 was reallocated from the Defence Intelligence Programme to the Landward Defence Programme (Infantry Formation) for guard services rendered.
- Rm6,583 was reallocated from the Administration Programme (Human Resource Services) to the Landward Defence Programme (Infantry Formation) for guard services rendered.
- Rm16,639 was reallocated from the Air Defence Programme to the General Support Programme (Joint Logistic Services) to allocate funds to C Log for payments to be made on behalf of the SANDF with regards to Project THUSANO.
- Rm30,0 was reallocated from Departmental Agencies and Accounts (Special Defence Account) to the Landward Defence Programme (Goods and Services) in order to finalise the payment to Defence Decision Support Institute (DDSI) regarding research and development.
- Rm40,0 was reallocated from the Air Defence Programme (Departmental Agencies and Accounts) to the Administration Programme (Goods and Services) to continue with the study that would determine levels of compliance to best international practice in Through-Life Capability Management (TLCM) within the DOD.
- Rm50,738 was reallocated from the General Support Programme (Joint Logistic Services) to the Administration Programme (Accommodation Charges) for the payment of leases.
- Rm18,0 was reallocated from Goods and Services to Current Transfers and Subsidies: Public Corporation and Private Enterprises within the Maritime Defence Programme to fund critical funding shortfalls within the ARMSCOR Dockyard and the Institute for Maritime Technology (IMT).
- Rm61,0 was reallocated from Current Transfers and Subsidies: Departmental Agencies and Accounts to the General Support Programme (Goods and Services) to ensure that updated Information and Communication Technology (ICT) infrastructure is available within the Department of Defence by Command and Management Information Systems (CMIS).
- The re-allocation 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 2016/17 financial year.

### Virements / Roll-Overs

The Department did not submit a request for funds to be rolled-over from FY2015/16, hence no roll-overs were received during FY2016/17.

### Irregular, Unauthorised, Fruitless and Wasteful Expenditure

#### Irregular Expenditure

Irregular expenditure amounting to Rm328,071 was incurred during the year under review. The main contributors to the irregular expenditure were three incidents amounting to Rm311,277, which originated in previous financial years:

- Final payment of Rm109,389 was made for a contract that was awarded in the FY2012/13 where the contract was extended for more than 15% or R15 million, without National Treasury's written approval.
- Rm115,101 awaiting NT condonement decision which was paid during the year under review for 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 is recurring until such a time that all the contracts that were awarded are concluded.

- During the FY2015/16, a contract was awarded by means of an unfair bidding process where the Department did not exclude the company which drafted the requirements for Phase 1 to compete for the contract for Phase 2 of the project. This contract will only be concluded in the FY2020/21. The irregular expenditure incurred during the year under review for this contract was Rm86,787 and has been forwarded to the National Treasury for condonement.

Investigations were conducted, disciplinary actions were taken and measures to prevent recurrence were implemented for irregular expenditure incidents disclosed during the FY2015/16. The requests for condonement were sent to the National Treasury and the Department is currently awaiting decisions from the National Treasury.

The revised Strategy to prevent irregular, fruitless and wasteful expenditure was approved and implemented during the FY2016/17. Monthly meetings were held with representatives of all Services and Divisions to ensure that all possible irregular, fruitless and wasteful expenditure were analysed and disclosed correctly.

The decrease in the reported number of irregular, fruitless and wasteful expenditure incidents can be attributed to the buy-in of, and responsibility taken by the Services and Divisions, continued awareness training presented in the DOD and consequence management systems that were enforced by the Department.

### **Fruitless and Wasteful Expenditure**

Fruitless and wasteful expenditure incurred and disclosed amounted to R659 000 for the year under review. This was a decrease of Rm6,521 from the previous financial year. The biggest contributor for the fruitless and wasteful expenditure was events that were cancelled on short notice and where expenditure could not have been avoided.

### **Unauthorised Expenditure**

The DOD did not occur any unauthorised expenditure during the year under review.

### **Public / Private Partnerships**

The DOD did not enter into any public/private partnerships during FY2016/17.

### **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**

The DOD did not undertake any new or proposed activities during the year under review.

### **Supply Chain Management (SCM)**

The DOD endeavoured to ensure that its SCM processes are aligned and compliant with legislation, policies and directives. Specific instructions were issued during the reporting year in order to ensure that SCM processes and systems are augmented on a continuous basis.

Notwithstanding the fact that the list below covers the broad spectrum of SCM, prevention of irregular expenditure has always been underscored. Annually, the DOD undertakes a “Procurement Administration Course” for General Officers Commanding and Senior Procurement Officials. For the period under review four courses were held, wherein irregular expenditure was a focal learning area.

The list below highlights the instructions that have been issued during the reporting period:

- Log Div Instruction No. 10/2016 dated 16 March 2016: Mandatory requirement upon the Advertising of a Bid or Price Quotation.
- Log Div Instruction No. 26/2016 dated 08 June 2016: Vetting of Procurement and Supply Chain Management Personnel in the DOD.
- Log Div Instruction No. 38/2016 dated 25 June 2016: Procurement from Local Suppliers from within the area/region of the Procurement Entity.
- Log Div Instruction No. 36/2016 dated 25 July 2016: DOD Suppliers' Day for 2016.
- Log Div Instruction No. 49/2016 dated 07 September 2016: Submission of Procurement report on deviations from normal bidding process.
- Log Div Instruction No. 51/2016 dated 08 September 2016: Management of payment of invoices within 30 days in the DOD.
- Log Div Instruction No. 54/2016 dated 16 September 2016: Management of procurement contracts in the DOD.
- Log Div Instruction No. 64/2016 dated 13 October 2016: The use of UNHU IT Solutions (Pty) Ltd. as a service provider to the SANDF.
- Log Div Instruction No. 66/2016 dated 11 November 2016: Creation of Supplier codes and registration of banking details for suppliers on transversal contracts and period contracts.
- Log Div Instruction No. 68/2016 dated 03 November 2016: Management of transfer of contracts/government orders and transfer of payments in the DOD.
- Log Div Instruction No. 71/2016 dated 17 November 2016: Standard Operation Procedure for the utilisation of the Electronic Procurement System in the DOD.
- Log Div Instruction No. 10/2017 dated 23 February 2017: Procurement Seminar for DOD procurement officials 06 to 07 April 2017.

The DOD did not conclude any unsolicited bids for the period under review.

### Supply Chain Management related Challenges.

The following SCM challenges were experienced:

- **DOD Suppliers Database.** In an effort to increase awareness of business opportunities for Small, Medium and Micro Enterprises (SMMEs), Co-operatives and Rural Enterprises need to be educated to meet the requirements for registering on the DOD Suppliers Database. To this effect, a Memorandum of Understanding (MOU) between the DOD and the Department of Small Business Development (DSBD) was finalised during May 2016. The “Implementation Plan”, emanating from the MOU, is in the process of being finalised. Subsequently, five successful joint information sharing sessions (road shows) were held in co-operation with the DSBD.

- **Knowledge and Skills.** Members who are trained in procurement (as part of Logistics) are not adequately retained within the procurement environment as certain members are rotated for promotional purposes within the logistic environment.
- **Structures and Staffing.** The structure and staffing of procurement entities within the DOD is not sufficient to purposefully implement the stipulations contained in the MOU between the DOD and DSBD.
- **E-Procure System.** The implementation of an electronic procurement system within the DOD is not progressing adequately due to problems experienced with the integration of different systems used by the various role players. SITA and the DOD Finance Division are currently in the process of migrating to a programmatic registration.

### Gifts and Donations Received in Kind

The DOD did not receive any donor funds from external sources for operations during the financial year.

### Asset Management

The Department of Defence has made significant strides in ensuring that the asset management framework is complied with, this requires continuous review of the Modified Cash Standard to ensure that at all times the DOD is in compliance.

The Asset Management Operations Centre is still in effect to ensure that the information is reliable and accurate. This is done using the processes that have been established over the years it has been in place. This Centre will be extended to cater for the inventory reporting requirements for which planning is in progress.

### Intangible Assets

The fair value methodology developed in previous periods is still being utilised and there are no changes thereto.

### Challenges Experienced

Logistics systems continue to pose a challenge for the DOD. These systems were developed for cash basis of accounting and are the same ones from which the DOD is now moving towards reporting on an accrual basis. At this point, the DOD is re-assessing these systems and gaining momentum towards a single logistics system. This single logistics system will ensure that the DOD is in a better position to ensure compliance with the regulatory framework with limited human intervention and manual processes.

A user requirements specification is in the process of being drafted which will be utilised in the compilation of the Integrated Defence Enterprise System (IDES) by C CMIS.

### Inventory

Inventory is still reported as an annexure to the financial statements as there is no requirement yet to include them as a note or in the financial statements. However, planning for the implementation of inventory reporting is currently underway and the plan is being reviewed. The plan is for the DOD to achieve full inventory reporting on a piecemeal basis over a number of years, which will be agreed with NT.

### GENERAL COMMENTS

#### Cost Containment

During the FY2016/17, NT issued three instructions<sup>2</sup> pertaining to cost containment measures. The DOD interpreted these measures and gave effect to the implementation thereof in the Department by means of two Implementation Instructions to all DOD employees<sup>3</sup> as well as the DOD's travel agent, AB Logistics Travel<sup>4</sup>.

#### Condonements awaiting approval from National Treasury

The DOD approached NT to condone irregular 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 and other contracts awarded which were deviations from procurement processes. This irregular expenditure incurred and reported on are awaiting NT condonement as at reporting date.

#### Departure Received from National Treasury

The DOD requested a legal opinion from the Senior State Law Advisor on the legal status of the Special Defence Account (SDA). The opinion from the State Law Advisor concluded that the SDA does not meet the definition of a Public Entity in terms of the PFMA, but rather an account.

National Departments compile their financial statements according to the prescribed Modified Cash Standard accounting framework. National Treasury has subsequently granted the DOD a departure<sup>5</sup> in terms of Section 79 of the PFMA for separate financial statements to be prepared for the SDA and GDA for the FY2016/17 and FY2017/18. Approval has also been given by National Treasury for the SDA financial statements to be prepared in accordance with Generally Recognised Accounting Practices (GRAP).

This departure was granted to maintain understandability for the main users of the GDA and SDA financial statements while the DOD considers possible legislative changes to ensure relevance, reliability and fair presentation in future. Information pertaining to the financial impact of the departure are disclosed in the notes to the financial statements of the GDA.

#### Events after the reporting date

Quaker Peace Centre, a non-profit and public benefit organisation, instituted a legal action against the RSA Government. The legal action relates to the acquisition of the Strategic Defence Packages (SDPs), on the basis that the procurement was not done in a fair, equitable, transparent and competitive manner, as required by Section 217 of the Constitution.

The DOD joined other Government Departments affected in defending the matter and have embarked on a joint defence through the Office of the State Attorney.

The SDPs have been subjected to various investigations, amongst others, the Seriti Commission, and came up with the conclusion of no wrong doing by the DOD. The DOD is not likely to incur any cost arising from this litigation.

<sup>2</sup> (1) National Treasury SCM Instruction No. 1 of 2016/17 (Travel Policy Framework), dated 15 April 2016 (2) National Treasury Instruction No. 2 of 2016/17 (Cost Containment Measures) dated 30 September and (3) National Treasury Instruction No. 3 of 2016/17 (Cost Containment Measures related to Travel and Subsistence) dated 30 September 2016.

<sup>3</sup> DS/CFOR/504/3/1(16/17) dated 12 December 2016.

<sup>4</sup> DS/CFOR/504/3/1(16/17) dated 15 December 2016.

<sup>5</sup> National Treasury "Departure in terms of the Modified Cash Standard (MCS) relating to the Special Defence Account (SDA)" dated 16 October 2017.

**APPROVAL**

I hereby submit the attached DOD Annual Financial Statements for your attention.

A handwritten signature in black ink, appearing to read 'S.M. Gulube', written in a cursive style.

**(DR S.M. GULUBE)**  
**SECRETARY FOR DEFENCE: DIRECTOR-GENERAL**  
**18 OCTOBER 2017**

2016/17  
**PART E**

**Department of Defence and  
Military Veterans**



(General Defence Account)

**Annual Reports and Financial Statements**  
for the year ended 31 March 2017



## 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 audit of the financial statements

#### Qualified opinion

1. I have audited the financial statements of the Department of Defence set out on pages 224 to 372, which comprise the appropriation statement, the statement of financial position as at 31 March 2017, 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 to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Department of Defence as at 31 March 2017, and financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

#### Basis for qualified opinion

##### Moveable tangible capital assets

3. The department did not disclose all moveable tangible capital assets accurately in accordance with the chapter on capital assets, paragraph .21 of the MCS. Consequently, tangible capital assets stated at R57, 6 billion in disclosure note 31 to the financial statements are misstated by an amount of R1, 3 billion. In addition, the department did not disclose capital work in progress for projects. I was not able to determine the full extent of the non-disclosure as it was impracticable to do so.

##### Immovable capital assets: work-in-progress

4. Work-in-progress stated at R3,5 billion in disclosure note 33 to the financial statements is misstated by an amount of R1,5 billion, which comprises disagreement and limitation misstatements. Furthermore, the completed projects were not disclosed as prescribed in the chapter on capital assets in the MCS.

##### Intangible capital assets

5. I was unable to obtain sufficient appropriate audit evidence for intangible capital assets. Furthermore, I was unable to verify some of these assets. I was also unable to confirm the existence of these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the intangible capital assets stated at R3 billion in disclosure note 32 to the financial statements.

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## Fruitless and wasteful expenditure

6. Fruitless and wasteful expenditure to an amount of R303 million was incorrectly reported as resolved in note 26.1 and the disclosure note is as a result understated by this amount. I was also not provided with a register of investigations at the department during the audit. Consequently, I could not perform audit procedures to confirm the completeness of fruitless and wasteful expenditure. I was unable to confirm the completeness of fruitless and wasteful expenditure by alternative means.

## Irregular expenditure

7. Irregular expenditure to the amount of R419 million was not disclosed in the disclosure note to the financial statements, as required by treasury regulation 9.1.5 and section 40(3)(b)(i) of the PFMA. I was also not provided with a register of investigations at the department during the audit. Consequently, I could not perform audit procedures to confirm the completeness of irregular expenditure. I was unable to confirm the completeness of irregular expenditure by alternative means.
8. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
9. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
10. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**Emphasis of matters**

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## Special Defence Account

12. As disclosed in accounting policy note 1 and note 23 to the financial statements, the National Treasury permitted the department a departure from the MCS. In terms of the departure, the department can present separate financial statements for the 2016-17 and 2017-18 financial years for the Special Defence Account, which is not a separate legal entity.

## Restatement of corresponding figures

13. As disclosed in notes 19.3, 24.1, 24.2.1, 25.7, 26.4, 31.3.1, 31.4.1, 32.3.1 and 34 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of errors in the department's financial statements at, and for the year ended, 31 March 2017.

#### Accruals and payables not recognised

14. As disclosed in note 21 to the financial statements, payables, which exceed the payment term of 30 days as required in treasury regulation 8.2.3, amount to R102 929 000. This amount, in turn, exceeds the voted funds to be surrendered of R39 371 000 as per the statement of financial performance by R63 558 000. The amount of R63 558 000 would therefore have constituted unauthorised expenditure had the amounts due been paid in a timely manner.

#### Other matter

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

#### Unaudited supplementary schedules

16. The supplementary information set out on pages 373 to 389 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.

#### Responsibilities of accounting officer for the financial statements

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS and the requirements of the 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.
18. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the department or cease operations, or there is no realistic alternative but to do so.

#### Auditor-general's responsibilities for the audit of the financial statements

19. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
20. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

21. 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 material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
22. My procedures address the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
23. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – force employment	64 – 68
Programme 3 – landward defence	69 – 71
Programme 4 – air defence	72 – 74

24. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
25. 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.

### Other matters

26. I draw attention to the matters below.

#### Achievement of planned targets

27. Refer to the annual performance report on pages 64 – 68, 69 – 71 and 72 – 74 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

#### Adjustment of material misstatements

28. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of force employment, landward defence and air defence. As management subsequently corrected the misstatements, I did not report any material findings on the usefulness and reliability of the reported performance information.

## Report on audit of compliance with legislation

### Introduction and scope

29. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
30. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

#### Annual financial statements, performance and annual report

31. 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 identified by the auditors in the submitted financial statements were not adequately corrected and/or the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.

#### Expenditure management

32. Contractual obligations and money owed by the department were not met and settled within 30 days, as required by section 38(1)(f) of the PFMA and treasury regulation 8.2.3.
33. Effective steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. Most of the disclosed irregular expenditure was caused by non-compliance with supply chain management prescripts.
34. Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The expenditure disclosed does

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

not reflect the full extent of the fruitless and wasteful expenditure incurred as indicated in the basis for qualification paragraph. Most of the disclosed fruitless and wasteful expenditure was caused by cancelled events.

## Procurement and contract management

35. Contracts were extended or modified in excess of the 15% threshold without the approval of a properly delegated official, as required by National Treasury instruction note 32 on enhancing compliance monitoring and improving transparency and accountability in supply chain management, and treasury instruction note 3 of 2016-17.

## Consequence management

36. Disciplinary steps were not taken against officials who had incurred and/or permitted irregular expenditure and fruitless and wasteful expenditure, as required by section 38(1)(h)(iii) of the PFMA.

## Other information

37. The Department of Defence's accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
38. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
39. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Internal control deficiencies

40. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the material adjustments in the annual performance report and the findings on compliance with legislation included in this report.



## Leadership

41. The accounting officer did not exercise sufficient oversight on financial reporting on tangible capital assets, immovable assets, intangible assets, compliance and related internal controls, which resulted in misstatements of various financial statement items and non-compliance with laws and regulations. Furthermore, action plans developed by the accounting officer were not adequately implemented and/or monitored to prevent recurring findings. The accounting officer did not timeously address the accounting requirements of the special defence account. The accounting officer also did not implement sufficient monitoring controls over the process of reporting on performance information, which resulted in material adjustments to the performance report.

## Financial and performance management

42. Existing controls were not designed to ensure adequate record keeping to support accurate and complete reporting, resulting in material misstatements.

## Governance

43. Although management performs risk assessments on a regular basis, action plans were not timeously compiled, adequate and/or adequately monitored to prevent recurring findings and address significant matters.

*Auditor-General*

Pretoria

24 October 2017



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
  - obtain an understanding of internal control relevant to the audit 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 department's internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department of Defence's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a department to cease operating as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## ACCOUNTING POLICIES for the year ended 31 March 2017

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 (MCS). The Department has complied with the MCS in all respects, except for the departure as explained in par 23 of the accounting policy.

### 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 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 spot 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.

## 7. Revenue

### 7.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against the 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 relevant 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 relevant 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.

### 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.

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**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 or in the case of transfers and subsidies when they are due and payable.

Accrued expenditure payable is measured at cost.

**8.4 Leases****8.4.1 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.

**8.4.2 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.

**10. Prepayments and advances**

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

Prepayments and advances are initially and subsequently measured at cost.

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 takes place.

**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.

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.

#### 15. Capital Assets

##### 15.1 Immovable capital assets

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at fair value for recording in the asset register.

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.

##### 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;



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3. from 1 April 2010 are value 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;
3. from 1 April 2012 are valued at cost.

Assets acquired from projects managed by Armscor will be carried at fair value.

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, eg air craft or vessel, it is capitalised to the cost of the main asset.

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

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 the asset.

### 15.3 Minor assets

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

### 15.4 Intangible assets

All intangible assets acquired before November 2012 and through the Armscor process is measured at fair value. Assets acquired after October 2012 are valued at cost.

All other intangible assets acquired before April 2002 are valued at R1 and assets acquired after March 2002 are valued at cost or fair value.

Minor intangible assets refer to the paragraph 15.3 on Minor assets.

Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

Intangible 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 intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

## 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

### DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

#### **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 (other than for transfers and subsidies) 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.

### **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 therefore are provided in the note.

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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.

**23. Departures from the MCS requirements**

The MCS chapter on fair representation requires that financial statements shall present primary financial information, notes thereto, secondary information and other disclosures required to achieve fair presentation. The Department conducts sensitive and non-sensitive special defence activities through the Special Defence Account (SDA), established through the Defence Special Account Act, 1974 (Act no 6 of 1974). The SDA is not a legal entity and would therefore be required to prepare annual financial statements in terms of the current accounting framework for Departments, the Modified Cash Standard (MCS). However due to the sensitive nature of the transactions of the SDA, the SDA cannot report in terms of the MCS. National Treasury has approved a departure from the MCS to present the financial information of the SDA in a separate set of annual financial statements to the Department for the 2016/17 and 2017/18 financial years. The departure is granted to maintain understandability for the main users of the GDA and SDA financial statements while the Department effect legislative changes to the Defence Special Account Act, 1974 (Act No 6 of 1974) to clarify the application of the PFMA, the legal status of the SDA and to forge a detailed process for financial reporting.

#### **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 statement of performance.

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 current replacement value.

Subsequent measurement of the cost of inventory is determined on the weighted average basis.

#### **26. Public Private Partnerships**

Public Private Partnerships (PPP) are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.

#### **27. Employee benefits**

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

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**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Appropriation per programme	2016/17						2015/16		
	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
<b>Voted funds and Direct charges</b>									
<b>Programme</b>									
1. Administration	5 347 951	-	392 608	5 740 559	5 740 559	-	100.0%	4 984 514	4 981 493
2. Force Employment	3 672 635	-	(227 100)	3 445 535	3 431 011	14 524	99.6%	3 616 407	3 602 801
3. Landward Defence	15 627 275	-	(69 453)	15 557 822	15 557 822	-	100.0%	15 118 951	15 118 951
4. Air Defence	6 936 583	-	(153 998)	6 782 585	6 782 585	-	100.0%	7 085 719	7 085 719
5. Maritime Defence	4 386 815	-	(63 583)	4 323 232	4 298 385	24 847	99.4%	3 732 748	3 732 748
6. Military Health Support	4 440 671	-	8 074	4 448 745	4 448 745	-	100.0%	4 243 150	4 243 150
7. Defence Intelligence	900 248	-	(18 959)	881 289	881 289	-	100.0%	830 060	830 060
8. General Support	5 924 287	-	132 411	6 056 698	6 056 698	-	100.0%	5 476 612	5 476 612
<b>Total</b>	<b>47 236 465</b>	<b>-</b>	<b>-</b>	<b>47 236 465</b>	<b>47 197 094</b>	<b>39 371</b>	<b>99.9%</b>	<b>45 088 161</b>	<b>45 071 534</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Departmental receipts				1 387 310				1 082 623	
NRF Receipts				-				-	
Aid assistance				-				-	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				<b>48 623 775</b>				<b>46 170 784</b>	
<b>Add:</b>									
Aid assistance				-				-	
Prior year unauthorised expenditure approved without funding				-				-	
<b>Actual amounts per Statement of Financial Performance</b>				<b>47 197 094</b>				<b>45 071 534</b>	

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Appropriation per economic classification	2016/17						2015/16		
	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
<b>Current payments</b>	<b>39 407 071</b>	-	<b>(587 039)</b>	<b>38 820 032</b>	<b>38 780 661</b>	<b>39 371</b>	<b>99.9%</b>	<b>36 227 597</b>	<b>36 227 597</b>
Compensation of employees	27 094 559	-	(10 012)	27 084 547	27 059 700	24 847	99.9%	24 788 024	24 788 024
Salaries and wages	24 586 500	-	(589 798)	23 996 702	23 971 855	24 847	99.9%	22 149 000	22 149 000
Social contributions	2 508 059	-	579 786	3 087 845	3 087 845	-	100.0%	2 639 024	2 639 024
Goods and services	12 312 512	-	(577 027)	11 735 485	11 720 961	14 524	99.9%	11 439 573	11 439 573
Administrative fees	18 448	-	(6 075)	12 373	12 373	-	100.0%	11 381	11 381
Advertising	6 647	-	92 026	98 673	98 673	-	100.0%	8 431	8 431
Minor assets	219 843	-	32 639	252 482	252 482	-	100.0%	94 206	94 206
Audit costs: External	73 312	-	(22 695)	50 617	50 617	-	100.0%	60 979	60 979
Catering: Departmental activities	25 693	-	(2 932)	22 761	22 761	-	100.0%	27 217	27 217
Communication (G&S)	99 194	-	3 168	102 362	102 362	-	100.0%	88 963	88 963
Computer services	1 190 418	-	(268 923)	921 495	921 495	-	100.0%	1 055 993	1 055 993
Consultants: Business and advisory services	146 219	-	72 849	219 068	219 068	-	100.0%	300 594	300 594
Infrastructure and planning services	46 424	-	(30 470)	15 954	15 954	-	100.0%	32 933	32 933
Laboratory services	23 353	-	22 896	46 249	46 249	-	100.0%	32 069	32 069
Scientific and technological services	71 771	-	29 986	101 757	101 757	-	100.0%	97 713	97 713
Legal services	33 075	-	1 494	34 569	34 569	-	100.0%	54 853	54 853
Contractors	2 374 238	-	(259 391)	2 114 847	2 114 847	-	100.0%	2 207 794	2 207 794
Agency and support / outsourced services	415 805	-	229 965	645 770	645 770	-	100.0%	583 755	583 755
Entertainment	4 773	-	(230)	4 543	4 543	-	100.0%	4 785	4 785
Fleet services (including government motor transport)	92 434	-	16 426	108 860	108 860	-	100.0%	136 107	136 107
Inventory: Clothing material and accessories	154 688	-	(64 383)	90 305	90 305	-	100.0%	160 038	160 038
Inventory: Farming supplies	3 173	-	4 172	7 345	7 345	-	100.0%	7 387	7 387
Inventory: Food and food supplies	896 309	-	53 006	949 315	949 315	-	100.0%	886 530	886 530
Inventory: Fuel, oil and gas	618 716	-	(54 937)	563 779	563 779	-	100.0%	639 187	639 187
Inventory: Materials and supplies	89 517	-	(24 638)	64 879	64 879	-	100.0%	107 893	107 893
Inventory: Medical supplies	111 890	-	(46 465)	65 425	65 425	-	100.0%	98 713	98 713
Inventory: Medicine	243 403	-	(44 811)	198 592	198 592	-	100.0%	154 091	154 091
Inventory: Other supplies	165 054	-	(104 201)	60 853	60 853	-	100.0%	58 439	58 439

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Appropriation per economic classification	2016/17						2015/16		
	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
Consumable supplies	121 075	-	12 383	133 458	133 458	-	100.0%	133 485	133 485
Consumable: Stationery, printing and office supplies	62 844	-	(8 214)	54 630	54 630	-	100.0%	58 300	58 300
Operating leases	1 420 005	-	87 109	1 507 114	1 507 114	-	100.0%	1 318 598	1 318 598
Property payments	1 919 325	-	(364 096)	1 555 229	1 555 229	-	100.0%	1 465 752	1 465 752
Travel and subsistence	808 897	-	293 769	1 102 666	1 102 666	-	100.0%	991 344	991 344
Training and development	277 217	-	(37 557)	239 660	239 660	-	100.0%	228 253	228 253
Operating payments	559 694	-	(186 293)	373 401	358 877	14 524	96.1%	316 593	316 593
Venues and facilities	19 003	-	(8 113)	10 890	10 890	-	100.0%	12 440	12 440
Rental and hiring	55	-	5 509	5 564	5 564	-	100.0%	4 757	4 757
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>7 541 582</b>	-	<b>(74 762)</b>	<b>7 466 820</b>	<b>7 466 820</b>	-	<b>100.0%</b>	<b>8 006 284</b>	<b>8 003 263</b>
Provinces and municipalities	87	-	98	185	185	-	100.0%	61	61
Municipalities	87	-	98	185	185	-	100.0%	61	61
Municipal bank accounts	87	-	98	185	185	-	100.0%	31	31
Municipal agencies and funds	-	-	-	-	-	-	-	30	30
Departmental agencies and accounts	6 383 402	-	(131 635)	6 251 767	6 251 767	-	100.0%	6 843 138	6 840 117
Departmental agencies (non-business entities)	6 383 402	-	(131 635)	6 251 767	6 251 767	-	100.0%	6 843 138	6 840 117
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	5 804	5 804
Public corporations and private enterprises	1 025 387	-	42 326	1 067 713	1 067 713	-	100.0%	1 022 379	1 022 379
Public corporations	1 025 387	-	42 014	1 067 401	1 067 401	-	100.0%	1 022 353	1 022 353
Subsidies on products and production (pc)	1 025 387	-	18 000	1 043 387	1 043 387	-	100.0%	1 022 353	1 022 353
Other transfers to public corporations	-	-	24 014	24 014	24 014	-	100.0%	-	-
Private enterprises	-	-	312	312	312	-	100.0%	26	26
Other transfers to private enterprises	-	-	312	312	312	-	100.0%	26	26
Non-profit institutions	9 460	-	(157)	9 303	9 303	-	100.0%	8 081	8 081
Households	123 246	-	14 606	137 852	137 852	-	100.0%	126 821	126 821
Social benefits	123 246	-	10 009	133 255	133 255	-	100.0%	115 981	115 981
Other transfers to households	-	-	4 597	4 597	4 597	-	100.0%	10 840	10 840



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APPROPRIATION STATEMENT

for the year ended 31 March 2017

Appropriation per economic classification	2016/17						2015/16		
	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
<b>Payments for capital assets</b>	<b>287 812</b>	-	<b>659 482</b>	<b>947 294</b>	<b>947 294</b>	-	<b>100.0%</b>	<b>851 603</b>	<b>837 997</b>
Buildings and other fixed structures	121 935	-	25 921	147 856	147 856	-	100.0%	82 597	82 597
Buildings	121 935	-	25 921	147 856	147 856	-	100.0%	82 538	82 538
Other fixed structures	-	-	-	-	-	-	-	59	59
Machinery and equipment	164 538	-	532 357	696 895	696 895	-	100.0%	710 261	696 655
Transport equipment	47 495	-	334 083	381 578	381 578	-	100.0%	225 334	211 728
Other machinery and equipment	117 043	-	198 274	315 317	315 317	-	100.0%	484 927	484 927
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	993	-	6 560	7 553	7 553	-	100.0%	58 098	58 098
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	346	-	94 644	94 990	94 990	-	100.0%	647	647
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>2 319</b>	<b>2 319</b>	<b>2 319</b>	<b>-</b>	<b>100.0%</b>	<b>2 677</b>	<b>2 677</b>
<b>Total</b>	<b>47 236 465</b>	<b>-</b>	<b>-</b>	<b>47 236 465</b>	<b>47 197 094</b>	<b>39 371</b>	<b>99.9%</b>	<b>45 088 161</b>	<b>45 071 534</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17						2015/16		
	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
<b>Subprogramme</b>									
1. Ministry	75 024	-	36 107	111 131	111 131	-	100.0%	111 963	111 963
2. Departmental Direction	50 565	-	20 257	70 822	70 822	-	100.0%	66 980	66 980
3. Policy And Planning	119 077	-	(15 221)	103 856	103 856	-	100.0%	94 433	94 433
4. Financial Services	472 499	-	148 067	620 566	620 566	-	100.0%	324 266	324 266
5. Human Resources Support Services	804 605	-	(13 093)	791 512	791 512	-	100.0%	739 391	736 370
6. Legal Services	308 363	-	(17 095)	291 268	291 268	-	100.0%	278 596	278 596
7. Inspection Services	145 890	-	(29 479)	116 411	116 411	-	100.0%	115 948	115 948
8. Acquisition Services	112 742	-	37 982	150 724	150 724	-	100.0%	82 192	82 192
9. Communication Services	45 211	-	55 537	100 748	100 748	-	100.0%	43 826	43 826
10. South African National Defence Force Command and Control	154 015	-	(5 990)	148 025	148 025	-	100.0%	135 727	135 727
11. Religious Services	15 023	-	(485)	14 538	14 538	-	100.0%	18 257	18 257
12. Defence Reserve Direction	29 342	-	(1 282)	28 060	28 060	-	100.0%	25 192	25 192
13. Defence Foreign Relations	256 721	-	55 351	312 072	312 072	-	100.0%	262 199	262 199
14. Office Accommodation	2 161 267	-	121 952	2 283 219	2 283 219	-	100.0%	2 103 343	2 103 343
15. Military Veterans Management	597 607	-	-	597 607	597 607	-	100.0%	582 201	582 201
<b>Total</b>	<b>5 347 951</b>	<b>-</b>	<b>392 608</b>	<b>5 740 559</b>	<b>5 740 559</b>	<b>-</b>	<b>100.0%</b>	<b>4 984 514</b>	<b>4 981 493</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>4 694 181</b>	<b>-</b>	<b>369 417</b>	<b>5 063 598</b>	<b>5 063 598</b>	<b>-</b>	<b>100.0%</b>	<b>4 309 580</b>	<b>4 309 580</b>
Compensation of employees	2 052 638	-	52 577	2 105 215	2 105 215	-	100.0%	1 689 577	1 689 577
Salaries and wages	1 866 678	-	(234 312)	1 632 366	1 632 366	-	100.0%	1 495 210	1 495 210
Social contributions	185 960	-	286 889	472 849	472 849	-	100.0%	194 367	194 367
Goods and services	2 641 543	-	316 840	2 958 383	2 958 383	-	100.0%	2 620 003	2 620 003
Administrative fees	5 382	-	(5 179)	203	203	-	100.0%	7 828	7 828

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 1: Administration

	2016/17						2015/16		
	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
Advertising	3 250	-	90 929	94 179	94 179	-	100.0%	5 075	5 075
Minor assets	7 898	-	(4 041)	3 857	3 857	-	100.0%	7 629	7 629
Audit costs: External	-	-	-	-	-	-	-	941	941
Catering: Departmental activities	5 956	-	(2 386)	3 570	3 570	-	100.0%	4 463	4 463
Communication (G&S)	13 108	-	4 295	17 403	17 403	-	100.0%	14 212	14 212
Computer services	117 363	-	(30 702)	86 661	86 661	-	100.0%	78 731	78 731
Consultants: Business and advisory services	49 852	-	40 416	90 268	90 268	-	100.0%	53 504	53 504
Scientific and technological services	422	-	3 984	4 406	4 406	-	100.0%	1 190	1 190
Legal services	-	-	-	-	-	-	-	4 335	4 335
Contractors	10 664	-	(3 421)	7 243	7 243	-	100.0%	9 550	9 550
Agency and support / outsourced services	13 007	-	20 877	33 884	33 884	-	100.0%	15 030	15 030
Entertainment	3 406	-	693	4 099	4 099	-	100.0%	4 324	4 324
Fleet services (including government motor transport)	2 609	-	(1 256)	1 353	1 353	-	100.0%	1 445	1 445
Inventory: Clothing material and accessories	3 336	-	(320)	3 016	3 016	-	100.0%	4 279	4 279
Inventory: Food and food supplies	9 452	-	(954)	8 498	8 498	-	100.0%	9 345	9 345
Inventory: Fuel, oil and gas	12 047	-	(995)	11 052	11 052	-	100.0%	9 046	9 046
Inventory: Materials and supplies	1 117	-	(432)	685	685	-	100.0%	978	978
Inventory: Medical supplies	13	-	(13)	-	-	-	-	14	14
Consumable supplies	11 917	-	3 610	15 527	15 527	-	100.0%	11 562	11 562
Consumable: Stationery, printing and office supplies	9 880	-	(3 168)	6 712	6 712	-	100.0%	6 523	6 523
Operating leases	1 273 503	-	204 619	1 478 122	1 478 122	-	100.0%	1 295 516	1 295 516
Property payments	918 167	-	(64 296)	853 871	853 871	-	100.0%	846 773	846 773
Travel and subsistence	99 797	-	52 491	152 288	152 288	-	100.0%	140 993	140 993
Training and development	37 054	-	2 479	39 533	39 533	-	100.0%	37 542	37 542
Operating payments	23 650	-	14 339	37 989	37 989	-	100.0%	44 493	44 493
Venues and facilities	8 668	-	(5 130)	3 538	3 538	-	100.0%	3 724	3 724
Rental and hiring	25	-	401	426	426	-	100.0%	958	958

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

	2016/17						2015/16		
	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	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>644 947</b>	-	<b>2 742</b>	<b>647 689</b>	<b>647 689</b>	-	<b>100.0%</b>	<b>631 308</b>	<b>628 287</b>
Provinces and municipalities	30	-	8	38	38	-	100.0%	24	24
Municipalities	30	-	8	38	38	-	100.0%	24	24
Municipal bank accounts	30	-	8	38	38	-	100.0%	24	24
Departmental agencies and accounts	618 289	-	(4)	618 285	618 285	-	100.0%	607 812	604 791
Departmental agencies (non-business entities)	618 289	-	(4)	618 285	618 285	-	100.0%	607 812	604 791
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	100	100	100	-	100.0%	-	-
Public corporations	-	-	100	100	100	-	100.0%	-	-
Other transfers to public corporations	-	-	100	100	100	-	100.0%	-	-
Non-profit institutions	8 620	-	-	8 620	8 620	-	100.0%	7 192	7 192
Households	18 008	-	2 638	20 646	20 646	-	100.0%	16 280	16 280
Social benefits	18 008	-	2 961	20 969	20 969	-	100.0%	15 395	15 395
Other transfers to households	-	-	(323)	(323)	(323)	-	100.0%	885	885
<b>Payments for capital assets</b>	<b>8 823</b>	-	<b>20 261</b>	<b>29 084</b>	<b>29 084</b>	-	<b>100.0%</b>	<b>43 373</b>	<b>43 373</b>
Buildings and other fixed structures	-	-	184	184	184	-	100.0%	17	17
Buildings	-	-	184	184	184	-	100.0%	-	-
Other fixed structures	-	-	-	-	-	-	-	17	17
Machinery and equipment	8 823	-	20 077	28 900	28 900	-	100.0%	42 784	42 784
Transport equipment	-	-	8 233	8 233	8 233	-	100.0%	16 751	16 751
Other machinery and equipment	8 823	-	11 844	20 667	20 667	-	100.0%	26 033	26 033
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 1: Administration

	2016/17						2015/16		
	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
Software and other intangible assets	-	-	-	-	-	-	-	572	572
<b>Payment for financial assets</b>	-	-	188	188	188	-	100.0%	253	253
<b>Total</b>	5 347 951	-	392 608	5 740 559	5 740 559	-	100.0%	4 984 514	4 981 493

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

	2016/17						2015/16		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>74 842</b>	-	<b>35 714</b>	<b>110 556</b>	<b>110 556</b>	-	<b>100.0%</b>	<b>111 617</b>	<b>111 617</b>
Compensation of employees	41 311	-	(2 281)	39 030	39 030	-	100.0%	40 651	40 651
Goods and services	33 531	-	37 995	71 526	71 526	-	100.0%	70 966	70 966
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>21</b>	-	<b>268</b>	<b>289</b>	<b>289</b>	-	<b>100.0%</b>	<b>(773)</b>	<b>(773)</b>
Provinces and municipalities	21	-	(7)	14	14	-	100.0%	13	13
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	275	275	275	-	100.0%	(786)	(786)
<b>Payments for capital assets</b>	<b>161</b>	-	<b>125</b>	<b>286</b>	<b>286</b>	-	<b>100.0%</b>	<b>1 090</b>	<b>1 090</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	161	-	125	286	286	-	100.0%	1 090	1 090
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	-	-	-	-	-	-	<b>29</b>	<b>29</b>
<b>Total</b>	<b>75 024</b>	-	<b>36 107</b>	<b>111 131</b>	<b>111 131</b>	-	<b>100.0%</b>	<b>111 963</b>	<b>111 963</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
 for the year ended 31 March 2017

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	50 205	-	19 920	70 125	70 125	-	100.0%	65 616	65 616
Compensation of employees	34 320	-	(5 839)	28 481	28 481	-	100.0%	23 411	23 411
Goods and services	15 885	-	25 759	41 644	41 644	-	100.0%	42 205	42 205
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	127	-	273	400	400	-	100.0%	227	227
Provinces and municipalities	4	-	-	4	4	-	100.0%	4	4
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	123	-	273	396	396	-	100.0%	223	223
<b>Payments for capital assets</b>	233	-	64	297	297	-	100.0%	1 137	1 137
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	233	-	64	297	297	-	100.0%	1 137	1 137
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>50 565</b>	<b>-</b>	<b>20 257</b>	<b>70 822</b>	<b>70 822</b>	<b>-</b>	<b>100.0%</b>	<b>66 980</b>	<b>66 980</b>



## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	117 524	-	(16 224)	101 300	101 300	-	100.0%	92 114	92 114
Compensation of employees	84 352	-	(2 887)	81 465	81 465	-	100.0%	73 362	73 362
Goods and services	33 172	-	(13 337)	19 835	19 835	-	100.0%	18 752	18 752
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	943	-	(19)	924	924	-	100.0%	1 508	1 508
Provinces and municipalities	-	-	4	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	943	-	(23)	920	920	-	100.0%	1 508	1 508
<b>Payments for capital assets</b>	610	-	918	1 528	1 528	-	100.0%	811	811
Buildings and other fixed structures	-	-	25	25	25	-	100.0%	-	-
Machinery and equipment	610	-	893	1 503	1 503	-	100.0%	811	811
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	104	104	104	-	100.0%	-	-
<b>Total</b>	119 077	-	(15 221)	103 856	103 856	-	100.0%	94 433	94 433

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 1.4: Financial Services

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>470 414</b>	-	<b>134 248</b>	<b>604 662</b>	<b>604 662</b>	-	<b>100.0%</b>	<b>310 237</b>	<b>310 237</b>
Compensation of employees	420 928	-	145 007	565 935	565 935	-	100.0%	270 798	270 798
Goods and services	49 486	-	(10 759)	38 727	38 727	-	100.0%	39 439	39 439
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 698</b>	-	<b>4 213</b>	<b>5 911</b>	<b>5 911</b>	-	<b>100.0%</b>	<b>4 394</b>	<b>4 394</b>
Provinces and municipalities	-	-	1	1	1	-	100.0%	1	1
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 698	-	4 212	5 910	5 910	-	100.0%	4 393	4 393
<b>Payments for capital assets</b>	<b>387</b>	-	<b>9 595</b>	<b>9 982</b>	<b>9 982</b>	-	<b>100.0%</b>	<b>9 481</b>	<b>9 481</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	387	-	9 595	9 982	9 982	-	100.0%	9 481	9 481
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	-	<b>11</b>	<b>11</b>	<b>11</b>	-	<b>100.0%</b>	<b>154</b>	<b>154</b>
<b>Total</b>	<b>472 499</b>	-	<b>148 067</b>	<b>620 566</b>	<b>620 566</b>	-	<b>100.0%</b>	<b>324 266</b>	<b>324 266</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Subprogramme: 1.5: Human Resources Support Services

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>773 941</b>	-	<b>(15 470)</b>	<b>758 471</b>	<b>758 471</b>	-	<b>100.0%</b>	<b>700 419</b>	<b>700 419</b>
Compensation of employees	634 854	-	(20 565)	614 289	614 289	-	100.0%	557 859	557 859
Goods and services	139 087	-	5 095	144 182	144 182	-	100.0%	142 560	142 560
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>28 949</b>	-	<b>(625)</b>	<b>28 324</b>	<b>28 324</b>	-	<b>100.0%</b>	<b>30 477</b>	<b>27 456</b>
Provinces and municipalities	-	-	1	1	1	-	100.0%	-	-
Departmental agencies and accounts	20 681	-	(4)	20 677	20 677	-	100.0%	25 611	22 590
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	8 268	-	(622)	7 646	7 646	-	100.0%	4 866	4 866
<b>Payments for capital assets</b>	<b>1 715</b>	-	<b>2 989</b>	<b>4 704</b>	<b>4 704</b>	-	<b>100.0%</b>	<b>8 428</b>	<b>8 428</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	11	11
Machinery and equipment	1 715	-	2 989	4 704	4 704	-	100.0%	8 336	8 336
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	81	81
<b>Payment for financial assets</b>	-	-	<b>13</b>	<b>13</b>	<b>13</b>	-	<b>100.0%</b>	<b>67</b>	<b>67</b>
<b>Total</b>	<b>804 605</b>	-	<b>(13 093)</b>	<b>791 512</b>	<b>791 512</b>	-	<b>100.0%</b>	<b>739 391</b>	<b>736 370</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 1.6: Legal Services

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>306 000</b>	-	<b>(18 362)</b>	<b>287 638</b>	<b>287 638</b>	-	<b>100.0%</b>	<b>270 736</b>	<b>270 736</b>
Compensation of employees	267 048	-	(14 228)	252 820	252 820	-	100.0%	239 336	239 336
Goods and services	38 952	-	(4 134)	34 818	34 818	-	100.0%	31 400	31 400
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>379</b>	-	<b>44</b>	<b>423</b>	<b>423</b>	-	<b>100.0%</b>	<b>1 113</b>	<b>1 113</b>
Provinces and municipalities	3	-	4	7	7	-	100.0%	3	3
Departmental agencies and accounts	1	-	-	1	1	-	100.0%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	375	-	40	415	415	-	100.0%	1 110	1 110
<b>Payments for capital assets</b>	<b>1 984</b>	-	<b>1 178</b>	<b>3 162</b>	<b>3 162</b>	-	<b>100.0%</b>	<b>6 744</b>	<b>6 744</b>
Buildings and other fixed structures	-	-	92	92	92	-	100.0%	6	6
Machinery and equipment	1 984	-	1 086	3 070	3 070	-	100.0%	6 247	6 247
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	491	491
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>-</b>	<b>100.0%</b>	<b>3</b>	<b>3</b>
<b>Total</b>	<b>308 363</b>	<b>-</b>	<b>(17 095)</b>	<b>291 268</b>	<b>291 268</b>	<b>-</b>	<b>100.0%</b>	<b>278 596</b>	<b>278 596</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 1.7: Inspection Services

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	144 747	-	(31 088)	113 659	113 659	-	100.0%	110 081	110 081
Compensation of employees	123 653	-	(24 701)	98 952	98 952	-	100.0%	92 165	92 165
Goods and services	21 094	-	(6 387)	14 707	14 707	-	100.0%	17 916	17 916
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	990	-	(170)	820	820	-	100.0%	582	582
Provinces and municipalities	2	-	(2)	-	-	-	-	3	3
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	988	-	(168)	820	820	-	100.0%	579	579
<b>Payments for capital assets</b>	153	-	1 779	1 932	1 932	-	100.0%	5 285	5 285
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	153	-	1 779	1 932	1 932	-	100.0%	5 285	5 285
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	145 890	-	(29 479)	116 411	116 411	-	100.0%	115 948	115 948

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 1.8: Acquisition Services

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	111 544	-	37 491	149 035	149 035	-	100.0%	78 724	78 724
Compensation of employees	57 229	-	(1 550)	55 679	55 679	-	100.0%	53 002	53 002
Goods and services	54 315	-	39 041	93 356	93 356	-	100.0%	25 722	25 722
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	492	-	136	628	628	-	100.0%	2 524	2 524
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	492	-	136	628	628	-	100.0%	2 524	2 524
<b>Payments for capital assets</b>	706	-	355	1 061	1 061	-	100.0%	944	944
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	706	-	355	1 061	1 061	-	100.0%	944	944
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	112 742	-	37 982	150 724	150 724	-	100.0%	82 192	82 192

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 1.9: Communication Services

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>45 072</b>	-	<b>55 025</b>	<b>100 097</b>	<b>100 097</b>	-	<b>100.0%</b>	<b>42 135</b>	<b>42 135</b>
Compensation of employees	31 029	-	(4 849)	26 180	26 180	-	100.0%	23 517	23 517
Goods and services	14 043	-	59 874	73 917	73 917	-	100.0%	18 618	18 618
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>139</b>	-	<b>10</b>	<b>149</b>	<b>149</b>	-	<b>100.0%</b>	-	-
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	-	-	100	100	100	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	139	-	(91)	48	48	-	100.0%	-	-
<b>Payments for capital assets</b>	-	-	<b>502</b>	<b>502</b>	<b>502</b>	-	<b>100.0%</b>	<b>1 691</b>	<b>1 691</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	502	502	502	-	100.0%	1 691	1 691
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>45 211</b>	-	<b>55 537</b>	<b>100 748</b>	<b>100 748</b>	-	<b>100.0%</b>	<b>43 826</b>	<b>43 826</b>



**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Subprogramme: 1.10: South African National Defence Force Command and Control

	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>151 369</b>	-	<b>(9 013)</b>	<b>142 356</b>	<b>142 356</b>	-	<b>100.0%</b>	<b>133 317</b>	<b>133 317</b>
Compensation of employees	131 036	-	(6 591)	124 445	124 445	-	100.0%	117 922	117 922
Goods and services	20 333	-	(2 422)	17 911	17 911	-	100.0%	15 395	15 395
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 094</b>	-	<b>218</b>	<b>1 312</b>	<b>1 312</b>	-	<b>100.0%</b>	<b>466</b>	<b>466</b>
Provinces and municipalities	-	-	6	6	6	-	100.0%	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 094	-	212	1 306	1 306	-	100.0%	466	466
<b>Payments for capital assets</b>	<b>1 552</b>	-	<b>2 805</b>	<b>4 357</b>	<b>4 357</b>	-	<b>100.0%</b>	<b>1 944</b>	<b>1 944</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 552	-	2 805	4 357	4 357	-	100.0%	1 944	1 944
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>154 015</b>	-	<b>(5 990)</b>	<b>148 025</b>	<b>148 025</b>	-	<b>100.0%</b>	<b>135 727</b>	<b>135 727</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>14 185</b>	-	<b>(293)</b>	<b>13 892</b>	<b>13 892</b>	-	<b>100.0%</b>	<b>17 976</b>	<b>17 976</b>
Compensation of employees	11 551	-	(441)	11 110	11 110	-	100.0%	15 245	15 245
Goods and services	2 634	-	148	2 782	2 782	-	100.0%	2 731	2 731
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>699</b>	-	<b>(699)</b>	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	699	-	(699)	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>139</b>	-	<b>507</b>	<b>646</b>	<b>646</b>	-	<b>100.0%</b>	<b>281</b>	<b>281</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	139	-	507	646	646	-	100.0%	281	281
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>15 023</b>	-	<b>(485)</b>	<b>14 538</b>	<b>14 538</b>	-	<b>100.0%</b>	<b>18 257</b>	<b>18 257</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 1.12: Defence Reserve Direction

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>20 003</b>	-	<b>(1 655)</b>	<b>18 348</b>	<b>18 348</b>	-	<b>100.0%</b>	<b>17 656</b>	<b>17 656</b>
Compensation of employees	16 651	-	(1 035)	15 616	15 616	-	100.0%	15 054	15 054
Goods and services	3 352	-	(620)	2 732	2 732	-	100.0%	2 602	2 602
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>9 189</b>	-	<b>318</b>	<b>9 507</b>	<b>9 507</b>	-	<b>100.0%</b>	<b>7 414</b>	<b>7 414</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	8 620	-	-	8 620	8 620	-	100.0%	7 192	7 192
Households	569	-	318	887	887	-	100.0%	222	222
<b>Payments for capital assets</b>	<b>150</b>	-	<b>40</b>	<b>190</b>	<b>190</b>	-	<b>100.0%</b>	<b>122</b>	<b>122</b>
Buildings and other fixed structures	-	-	67	67	67	-	100.0%	-	-
Machinery and equipment	150	-	(27)	123	123	-	100.0%	122	122
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>29 342</b>	<b>-</b>	<b>(1 282)</b>	<b>28 060</b>	<b>28 060</b>	<b>-</b>	<b>100.0%</b>	<b>25 192</b>	<b>25 192</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 1.13: Defence Foreign Relations

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>253 068</b>	-	<b>57 172</b>	<b>310 240</b>	<b>310 240</b>	-	<b>100.0%</b>	<b>255 609</b>	<b>255 609</b>
Compensation of employees	198 676	-	(7 463)	191 213	191 213	-	100.0%	167 255	167 255
Goods and services	54 392	-	64 635	119 027	119 027	-	100.0%	88 354	88 354
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>2 620</b>	-	<b>(1 225)</b>	<b>1 395</b>	<b>1 395</b>	-	<b>100.0%</b>	<b>1 175</b>	<b>1 175</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 620	-	(1 225)	1 395	1 395	-	100.0%	1 175	1 175
<b>Payments for capital assets</b>	<b>1 033</b>	-	<b>(596)</b>	<b>437</b>	<b>437</b>	-	<b>100.0%</b>	<b>5 415</b>	<b>5 415</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 033	-	(596)	437	437	-	100.0%	5 415	5 415
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>256 721</b>	<b>-</b>	<b>55 351</b>	<b>312 072</b>	<b>312 072</b>	<b>-</b>	<b>100.0%</b>	<b>262 199</b>	<b>262 199</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 1.14: Office Accommodation

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	2 161 267	-	121 952	2 283 219	2 283 219	-	100.0%	2 103 343	2 103 343
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	2 161 267	-	121 952	2 283 219	2 283 219	-	100.0%	2 103 343	2 103 343
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	2 161 267	-	121 952	2 283 219	2 283 219	-	100.0%	2 103 343	2 103 343

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 1.15: Military Veterans Management

	2016/17				2015/16				
	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
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>597 607</b>	-	-	<b>597 607</b>	<b>597 607</b>	-	<b>100.0%</b>	<b>582 201</b>	<b>582 201</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	597 607	-	-	597 607	597 607	-	100.0%	582 201	582 201
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>									
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	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>									
<b>Total</b>	<b>597 607</b>	<b>-</b>	<b>-</b>	<b>597 607</b>	<b>597 607</b>	<b>-</b>	<b>100.0%</b>	<b>582 201</b>	<b>582 201</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 2: Force Employment

	2016/17						2015/16		
	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
<b>Subprogramme</b>									
1. Strategic Direction	186 949	-	(34 952)	151 997	151 997	-	100.0%	164 315	164 315
2. Operational Direction	307 758	-	(19 344)	288 414	288 414	-	100.0%	286 236	286 236
3. Special Operations	813 440	-	(3 303)	810 137	810 137	-	100.0%	756 469	756 469
4. Regional Security	1 257 658	-	(174 345)	1 083 313	1 068 789	14 524	98.7%	1 572 998	1 572 998
5. Support to the People	1 106 830	-	4 844	1 111 674	1 111 674	-	100.0%	836 389	822 783
6. Defence Capability Management	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3 672 635</b>	<b>-</b>	<b>(227 100)</b>	<b>3 445 535</b>	<b>3 431 011</b>	<b>14 524</b>	<b>99.6%</b>	<b>3 616 407</b>	<b>3 602 801</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>3 323 880</b>	<b>-</b>	<b>(423 668)</b>	<b>2 900 212</b>	<b>2 885 688</b>	<b>14 524</b>	<b>99.5%</b>	<b>3 038 310</b>	<b>3 038 310</b>
Compensation of employees	1 943 263	-	5 315	1 948 578	1 948 578	-	100.0%	1 898 261	1 898 261
Salaries and wages	1 868 154	-	(3 371)	1 864 783	1 864 783	-	100.0%	1 819 616	1 819 616
Social contributions	75 109	-	8 686	83 795	83 795	-	100.0%	78 645	78 645
Goods and services	1 380 617	-	(428 983)	951 634	937 110	14 524	98.5%	1 140 049	1 140 049
Administrative fees	159	-	(106)	53	53	-	100.0%	89	89
Advertising	502	-	(368)	134	134	-	100.0%	221	221
Minor assets	70 366	-	(61 421)	8 945	8 945	-	100.0%	15 696	15 696
Catering: Departmental activities	3 336	-	(375)	2 961	2 961	-	100.0%	6 383	6 383
Communication (G&S)	16 449	-	451	16 900	16 900	-	100.0%	17 313	17 313
Computer services	14 167	-	(8 569)	5 598	5 598	-	100.0%	6 184	6 184
Consultants: Business and advisory services	-	-	-	-	-	-	-	433	433
Infrastructure and planning services	1 232	-	(454)	778	778	-	100.0%	1 127	1 127
Scientific and technological services	7 221	-	2 919	10 140	10 140	-	100.0%	9 754	9 754
Contractors	411 315	-	(198 622)	212 693	212 693	-	100.0%	364 776	364 776
Agency and support / outsourced services	3 813	-	1 395	5 208	5 208	-	100.0%	8 271	8 271
Entertainment	118	-	(81)	37	37	-	100.0%	53	53



**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

	2016/17						2015/16		
	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
Fleet services (including government motor transport)	33 321	-	(6 350)	26 971	26 971	-	100.0%	36 345	36 345
Inventory: Clothing material and accessories	7 794	-	(2 807)	4 987	4 987	-	100.0%	7 196	7 196
Inventory: Farming supplies	1 043	-	(64)	979	979	-	100.0%	2 335	2 335
Inventory: Food and food supplies	143 233	-	(30 107)	113 126	113 126	-	100.0%	124 449	124 449
Inventory: Fuel, oil and gas	69 601	-	(5 993)	63 608	63 608	-	100.0%	32 489	32 489
Inventory: Materials and supplies	12 718	-	66 446	79 164	79 164	-	100.0%	99 515	99 515
Inventory: Medical supplies	1 280	-	4 099	5 379	5 379	-	100.0%	26 984	26 984
Inventory: Medicine	8 310	-	(7 677)	633	633	-	100.0%	2	2
Inventory: Other supplies	381	-	284	665	665	-	100.0%	555	555
Consumable supplies	18 775	-	3 194	21 969	21 969	-	100.0%	22 335	22 335
Consumable: Stationery, printing and office supplies	6 019	-	48	6 067	6 067	-	100.0%	4 430	4 430
Operating leases	1 181	-	(305)	876	876	-	100.0%	256	256
Property payments	20 919	-	(5 156)	15 763	15 763	-	100.0%	13 391	13 391
Travel and subsistence	232 782	-	(18 590)	214 192	214 192	-	100.0%	248 164	248 164
Training and development	8 074	-	(3 921)	4 153	4 153	-	100.0%	2 046	2 046
Operating payments	283 949	-	(156 938)	127 011	112 487	14 524	88.6%	85 283	85 283
Venues and facilities	2 559	-	(1 158)	1 401	1 401	-	100.0%	1 988	1 988
Rental and hiring	-	-	1 243	1 243	1 243	-	100.0%	1 986	1 986
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>254 543</b>	-	<b>2 720</b>	<b>257 263</b>	<b>257 263</b>	-	<b>100.0%</b>	<b>431 552</b>	<b>431 552</b>
Provinces and municipalities	-	-	3	3	3	-	100.0%	-	-
Municipalities	-	-	3	3	3	-	100.0%	-	-
Municipal bank accounts	-	-	3	3	3	-	100.0%	-	-
Departmental agencies and accounts	241 405	-	(101)	241 304	241 304	-	100.0%	412 349	412 349
Departmental agencies (non-business entities)	241 405	-	(101)	241 304	241 304	-	100.0%	412 349	412 349
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	8 424	-	-	8 424	8 424	-	100.0%	5 804	5 804
Public corporations	8 424	-	-	8 424	8 424	-	100.0%	8 000	8 000

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 2: Force Employment

	2016/17						2015/16		
	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
Subsidies on products and production (pc)	8 424	-	-	8 424	8 424	-	100.0%	8 000	8 000
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4 714	-	2 818	7 532	7 532	-	100.0%	5 399	5 399
Social benefits	4 714	-	2 705	7 419	7 419	-	100.0%	5 368	5 368
Other transfers to households	-	-	113	113	113	-	100.0%	31	31
<b>Payments for capital assets</b>	<b>94 212</b>	-	<b>193 842</b>	<b>288 054</b>	<b>288 054</b>	-	<b>100.0%</b>	<b>146 532</b>	<b>132 926</b>
Buildings and other fixed structures	1 160	-	4 785	5 945	5 945	-	100.0%	9 974	9 974
Buildings	1 160	-	4 785	5 945	5 945	-	100.0%	9 974	9 974
Machinery and equipment	92 059	-	190 050	282 109	282 109	-	100.0%	136 558	122 952
Transport equipment	44 089	-	165 006	209 095	209 095	-	100.0%	53 850	40 244
Other machinery and equipment	47 970	-	25 044	73 014	73 014	-	100.0%	82 708	82 708
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	993	-	(993)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>100.0%</b>	<b>13</b>	<b>13</b>
<b>Total</b>	<b>3 672 635</b>	<b>-</b>	<b>(227 100)</b>	<b>3 445 535</b>	<b>3 431 011</b>	<b>14 524</b>	<b>99.6%</b>	<b>3 616 407</b>	<b>3 602 801</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 2.1: Strategic Direction

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>175 437</b>	-	<b>(45 877)</b>	<b>129 560</b>	<b>129 560</b>	-	<b>100.0%</b>	<b>144 496</b>	<b>144 496</b>
Compensation of employees	110 229	-	(7 367)	102 862	102 862	-	100.0%	115 112	115 112
Goods and services	65 208	-	(38 510)	26 698	26 698	-	100.0%	29 384	29 384
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>10 266</b>	-	<b>(131)</b>	<b>10 135</b>	<b>10 135</b>	-	<b>100.0%</b>	<b>15 569</b>	<b>15 569</b>
Provinces and municipalities	-	-	2	2	2	-	100.0%	-	-
Departmental agencies and accounts	55	-	(55)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	8 424	-	-	8 424	8 424	-	100.0%	5 804	5 804
Non-profit institutions	-	-	-	-	-	-	-	8 000	8 000
Households	1 787	-	(78)	1 709	1 709	-	100.0%	1 765	1 765
<b>Payments for capital assets</b>	<b>1 246</b>	-	<b>11 056</b>	<b>12 302</b>	<b>12 302</b>	-	<b>100.0%</b>	<b>4 250</b>	<b>4 250</b>
Buildings and other fixed structures	-	-	360	360	360	-	100.0%	-	-
Machinery and equipment	1 246	-	10 696	11 942	11 942	-	100.0%	4 250	4 250
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>186 949</b>	<b>-</b>	<b>(34 952)</b>	<b>151 997</b>	<b>151 997</b>	<b>-</b>	<b>100.0%</b>	<b>164 315</b>	<b>164 315</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 2.2: Operational Direction

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>302 058</b>	-	<b>(18 811)</b>	<b>283 247</b>	<b>283 247</b>	-	<b>100.0%</b>	<b>282 253</b>	<b>282 253</b>
Compensation of employees	259 519	-	(11 202)	248 317	248 317	-	100.0%	250 997	250 997
Goods and services	42 539	-	(7 609)	34 930	34 930	-	100.0%	31 256	31 256
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>2 380</b>	-	<b>768</b>	<b>3 148</b>	<b>3 148</b>	-	<b>100.0%</b>	<b>667</b>	<b>667</b>
Provinces and municipalities	-	-	1	1	1	-	100.0%	-	-
Departmental agencies and accounts	41	-	(39)	2	2	-	100.0%	2	2
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 339	-	806	3 145	3 145	-	100.0%	665	665
<b>Payments for capital assets</b>	<b>3 320</b>	-	<b>(1 301)</b>	<b>2 019</b>	<b>2 019</b>	-	<b>100.0%</b>	<b>3 315</b>	<b>3 315</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 320	-	(1 301)	2 019	2 019	-	100.0%	3 315	3 315
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>307 758</b>	<b>-</b>	<b>(19 344)</b>	<b>288 414</b>	<b>288 414</b>	<b>-</b>	<b>100.0%</b>	<b>286 236</b>	<b>286 236</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Subprogramme: 2.3: Special Operations

	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>608 292</b>	-	<b>(21 313)</b>	<b>586 979</b>	<b>586 979</b>	-	<b>100.0%</b>	<b>536 905</b>	<b>536 905</b>
Compensation of employees	470 845	-	9 426	480 271	480 271	-	100.0%	432 922	432 922
Goods and services	137 447	-	(30 739)	106 708	106 708	-	100.0%	103 983	103 983
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>191 890</b>	-	<b>2 069</b>	<b>193 959</b>	<b>193 959</b>	-	<b>100.0%</b>	<b>183 128</b>	<b>183 128</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	191 302	-	-	191 302	191 302	-	100.0%	180 159	180 159
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	588	-	2 069	2 657	2 657	-	100.0%	2 969	2 969
<b>Payments for capital assets</b>	<b>13 258</b>	-	<b>15 938</b>	<b>29 196</b>	<b>29 196</b>	-	<b>100.0%</b>	<b>36 427</b>	<b>36 427</b>
Buildings and other fixed structures	400	-	4 986	5 386	5 386	-	100.0%	-	-
Machinery and equipment	11 865	-	11 945	23 810	23 810	-	100.0%	36 427	36 427
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	993	-	(993)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>100.0%</b>	<b>9</b>	<b>9</b>
<b>Total</b>	<b>813 440</b>	<b>-</b>	<b>(3 303)</b>	<b>810 137</b>	<b>810 137</b>	<b>-</b>	<b>100.0%</b>	<b>756 469</b>	<b>756 469</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 2.4: Regional Security

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	1 158 354	-	(176 942)	981 412	966 888	14 524	98.5%	1 292 366	1 292 366
Compensation of employees	449 745	-	(23 673)	426 072	426 072	-	100.0%	575 630	575 630
Goods and services	708 609	-	(153 269)	555 340	540 816	14 524	97.4%	716 736	716 736
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	50 000	-	21	50 021	50 021	-	100.0%	232 188	232 188
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	50 000	-	-	50 000	50 000	-	100.0%	232 188	232 188
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	21	21	21	-	100.0%	-	-
<b>Payments for capital assets</b>	49 304	-	2 576	51 880	51 880	-	100.0%	48 441	48 441
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	49 304	-	2 576	51 880	51 880	-	100.0%	48 441	48 441
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	-	-	-	-	-	3	3
<b>Total</b>	1 257 658	-	(174 345)	1 083 313	1 068 789	14 524	98.7%	1 572 998	1 572 998

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 2.5: Support to the People

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>1 079 739</b>	-	<b>(160 725)</b>	<b>919 014</b>	<b>919 014</b>	-	<b>100.0%</b>	<b>782 290</b>	<b>782 290</b>
Compensation of employees	652 925	-	38 131	691 056	691 056	-	100.0%	523 600	523 600
Goods and services	426 814	-	(198 856)	227 958	227 958	-	100.0%	258 690	258 690
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>7</b>	-	<b>(7)</b>	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	7	-	(7)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>27 084</b>	-	<b>165 573</b>	<b>192 657</b>	<b>192 657</b>	-	<b>100.0%</b>	<b>54 099</b>	<b>40 493</b>
Buildings and other fixed structures	760	-	(561)	199	199	-	100.0%	9 974	9 974
Machinery and equipment	26 324	-	166 134	192 458	192 458	-	100.0%	44 125	30 519
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 106 830</b>	<b>-</b>	<b>4 844</b>	<b>1 111 674</b>	<b>1 111 674</b>	<b>-</b>	<b>100.0%</b>	<b>836 389</b>	<b>822 783</b>



DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 2.6: Defence Capability Management

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>									
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	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>									
Total	-	-	-	-	-	-	-	-	-

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

	2016/17						2015/16		
	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
<b>Subprogramme</b>									
1. Strategic Direction	470 558	-	(11 671)	458 887	458 887	-	100.0%	442 829	442 829
2. Infantry Capability	6 185 836	-	23 082	6 208 918	6 208 918	-	100.0%	6 102 469	6 102 469
3. Armour Capability	445 473	-	1 095	446 568	446 568	-	100.0%	399 336	399 336
4. Artillery Capability	469 479	-	2 090	471 569	471 569	-	100.0%	527 555	527 555
5. Air Defence Artillery Capability	588 879	-	(17 487)	571 392	571 392	-	100.0%	561 608	561 608
6. Engineering Capability	712 252	-	43 162	755 414	755 414	-	100.0%	675 942	675 942
7. Operational Intelligence	252 520	-	(46 149)	206 371	206 371	-	100.0%	202 548	202 548
8. Command and Control Capability	203 192	-	(4 239)	198 953	198 953	-	100.0%	188 949	188 949
9. Support Capability	4 438 182	-	92 979	4 531 161	4 531 161	-	100.0%	4 414 820	4 414 820
10. General Training Capability	585 823	-	(172 719)	413 104	413 104	-	100.0%	397 699	397 699
11. Signal Capability	1 275 081	-	20 404	1 295 485	1 295 485	-	100.0%	1 205 196	1 205 196
<b>Total</b>	<b>15 627 275</b>	<b>-</b>	<b>(69 453)</b>	<b>15 557 822</b>	<b>15 557 822</b>	<b>-</b>	<b>100.0%</b>	<b>15 118 951</b>	<b>15 118 951</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>13 286 691</b>	<b>-</b>	<b>(107 318)</b>	<b>13 179 373</b>	<b>13 179 373</b>	<b>-</b>	<b>100.0%</b>	<b>12 484 201</b>	<b>12 484 201</b>
Compensation of employees	11 445 006	-	25 683	11 470 689	11 470 689	-	100.0%	10 583 972	10 583 972
Salaries and wages	10 319 202	-	(111 070)	10 208 132	10 208 132	-	100.0%	9 397 234	9 397 234
Social contributions	1 125 804	-	136 753	1 262 557	1 262 557	-	100.0%	1 186 738	1 186 738
Goods and services	1 841 685	-	(133 001)	1 708 684	1 708 684	-	100.0%	1 900 229	1 900 229
Administrative fees	3	-	14	17	17	-	100.0%	4	4
Advertising	1 203	-	1 329	2 532	2 532	-	100.0%	1 198	1 198
Minor assets	41 388	-	(23 643)	17 745	17 745	-	100.0%	39 635	39 635
Catering: Departmental activities	2 635	-	1 681	4 316	4 316	-	100.0%	2 676	2 676
Communication (G&S)	27 978	-	(3 625)	24 353	24 353	-	100.0%	23 217	23 217
Computer services	77 629	-	(19 964)	57 665	57 665	-	100.0%	72 016	72 016
Consultants: Business and advisory services	3 000	-	(1 943)	1 057	1 057	-	100.0%	4 380	4 380

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 3: Landward Defence

	2016/17						2015/16		
	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
Infrastructure and planning services	14 948	-	(6 957)	7 991	7 991	-	100.0%	21 136	21 136
Scientific and technological services	798	-	29 400	30 198	30 198	-	100.0%	3	3
Contractors	335 467	-	(138 095)	197 372	197 372	-	100.0%	357 161	357 161
Agency and support / outsourced services	35 336	-	(30 081)	5 255	5 255	-	100.0%	53 765	53 765
Entertainment	255	-	(142)	113	113	-	100.0%	154	154
Fleet services (including government motor transport)	43 312	-	21 964	65 276	65 276	-	100.0%	84 862	84 862
Inventory: Clothing material and accessories	72 002	-	(32 908)	39 094	39 094	-	100.0%	88 035	88 035
Inventory: Farming supplies	1 010	-	3 959	4 969	4 969	-	100.0%	3 506	3 506
Inventory: Food and food supplies	472 882	-	115 272	588 154	588 154	-	100.0%	476 913	476 913
Inventory: Fuel, oil and gas	231 009	-	(66 461)	164 548	164 548	-	100.0%	211 240	211 240
Inventory: Materials and supplies	26 540	-	(8 578)	17 962	17 962	-	100.0%	33 765	33 765
Inventory: Medical supplies	216	-	(210)	6	6	-	100.0%	30	30
Inventory: Medicine	10	-	(7)	3	3	-	100.0%	4	4
Inventory: Other supplies	40	-	1 702	1 742	1 742	-	100.0%	15 117	15 117
Consumable supplies	35 861	-	2 296	38 157	38 157	-	100.0%	38 778	38 778
Consumable: Stationery, printing and office supplies	19 918	-	(3 431)	16 487	16 487	-	100.0%	18 538	18 538
Operating leases	18 101	-	(5 030)	13 071	13 071	-	100.0%	2 907	2 907
Property payments	63 778	-	(28 082)	35 696	35 696	-	100.0%	42 428	42 428
Travel and subsistence	218 086	-	121 500	339 586	339 586	-	100.0%	277 313	277 313
Training and development	74 029	-	(32 201)	41 828	41 828	-	100.0%	31 036	31 036
Operating payments	20 248	-	(33 917)	(13 669)	(13 669)	-	100.0%	(4 425)	(4 425)
Venues and facilities	3 993	-	(216)	3 777	3 777	-	100.0%	4 821	4 821
Rental and hiring	10	-	3 373	3 383	3 383	-	100.0%	16	16
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>2 314 653</b>	-	<b>(89 575)</b>	<b>2 225 078</b>	<b>2 225 078</b>	-	<b>100.0%</b>	<b>2 528 555</b>	<b>2 528 555</b>
Provinces and municipalities	3	-	89	92	92	-	100.0%	2	2
Municipalities	3	-	89	92	92	-	100.0%	2	2
Municipal bank accounts	3	-	89	92	92	-	100.0%	2	2
Departmental agencies and accounts	2 235 860	-	(91 089)	2 144 771	2 144 771	-	100.0%	2 451 220	2 451 220

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Departmental agencies (non-business entities)	2 235 860	-	(91 089)	2 144 771	2 144 771	-	100.0%	2 451 220	2 451 220
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	38 400	-	312	38 712	38 712	-	100.0%	33 571	33 571
Public corporations	38 400	-	-	38 400	38 400	-	100.0%	33 571	33 571
Subsidies on products and production (pc)	38 400	-	-	38 400	38 400	-	100.0%	33 571	33 571
Private enterprises	-	-	312	312	312	-	100.0%	-	-
Other transfers to private enterprises	-	-	312	312	312	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	40 390	-	1 113	41 503	41 503	-	100.0%	43 762	43 762
Social benefits	40 390	-	(344)	40 046	40 046	-	100.0%	40 792	40 792
Other transfers to households	-	-	1 457	1 457	1 457	-	100.0%	2 970	2 970
<b>Payments for capital assets</b>	<b>25 931</b>	-	<b>126 639</b>	<b>152 570</b>	<b>152 570</b>	-	<b>100.0%</b>	<b>104 899</b>	<b>104 899</b>
Buildings and other fixed structures	132	-	34 339	34 471	34 471	-	100.0%	67	67
Buildings	132	-	34 339	34 471	34 471	-	100.0%	53	53
Other fixed structures	-	-	-	-	-	-	-	14	14
Machinery and equipment	25 779	-	92 305	118 084	118 084	-	100.0%	104 832	104 832
Transport equipment	1 907	-	73 746	75 653	75 653	-	100.0%	9 945	9 945
Other machinery and equipment	23 872	-	18 559	42 431	42 431	-	100.0%	94 887	94 887
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	20	-	(5)	15	15	-	100.0%	-	-
<b>Payment for financial assets</b>	-	-	<b>801</b>	<b>801</b>	<b>801</b>	-	<b>100.0%</b>	<b>1 296</b>	<b>1 296</b>
<b>Total</b>	<b>15 627 275</b>	-	<b>(69 453)</b>	<b>15 557 822</b>	<b>15 557 822</b>	-	<b>100.0%</b>	<b>15 118 951</b>	<b>15 118 951</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 3.1: Strategic Direction

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>463 454</b>	-	<b>(13 382)</b>	<b>450 072</b>	<b>450 072</b>	-	<b>100.0%</b>	<b>432 514</b>	<b>432 514</b>
Compensation of employees	322 090	-	74 091	396 181	396 181	-	100.0%	373 238	373 238
Goods and services	141 364	-	(87 473)	53 891	53 891	-	100.0%	59 276	59 276
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>7 001</b>	-	<b>(66)</b>	<b>6 935</b>	<b>6 935</b>	-	<b>100.0%</b>	<b>8 017</b>	<b>8 017</b>
Provinces and municipalities	-	-	7	7	7	-	100.0%	-	-
Departmental agencies and accounts	2	-	(2)	-	-	-	-	4	4
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	6 999	-	(71)	6 928	6 928	-	100.0%	8 013	8 013
<b>Payments for capital assets</b>	<b>103</b>	-	<b>1 777</b>	<b>1 880</b>	<b>1 880</b>	-	<b>100.0%</b>	<b>2 298</b>	<b>2 298</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	103	-	1 762	1 865	1 865	-	100.0%	2 298	2 298
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	15	15	15	-	100.0%	-	-
<b>Payment for financial assets</b>	<b>-</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>470 558</b>	-	<b>(11 671)</b>	<b>458 887</b>	<b>458 887</b>	-	<b>100.0%</b>	<b>442 829</b>	<b>442 829</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Subprogramme: 3.2: Infantry Capability

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>4 829 687</b>	-	<b>76 606</b>	<b>4 906 293</b>	<b>4 906 293</b>	-	<b>100.0%</b>	<b>4 516 229</b>	<b>4 516 229</b>
Compensation of employees	4 691 641	-	32 863	4 724 504	4 724 504	-	100.0%	4 344 137	4 344 137
Goods and services	138 046	-	43 743	181 789	181 789	-	100.0%	172 092	172 092
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 354 720</b>	-	<b>(59 412)</b>	<b>1 295 308</b>	<b>1 295 308</b>	-	<b>100.0%</b>	<b>1 577 790</b>	<b>1 577 790</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 345 276	-	(61 067)	1 284 209	1 284 209	-	100.0%	1 567 814	1 567 814
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	9 444	-	1 655	11 099	11 099	-	100.0%	9 976	9 976
<b>Payments for capital assets</b>	<b>1 429</b>	-	<b>5 417</b>	<b>6 846</b>	<b>6 846</b>	-	<b>100.0%</b>	<b>8 169</b>	<b>8 169</b>
Buildings and other fixed structures	100	-	103	203	203	-	100.0%	-	-
Machinery and equipment	1 329	-	5 314	6 643	6 643	-	100.0%	8 169	8 169
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>471</b>	<b>471</b>	<b>471</b>	<b>-</b>	<b>100.0%</b>	<b>281</b>	<b>281</b>
<b>Total</b>	<b>6 185 836</b>	<b>-</b>	<b>23 082</b>	<b>6 208 918</b>	<b>6 208 918</b>	<b>-</b>	<b>100.0%</b>	<b>6 102 469</b>	<b>6 102 469</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Subprogramme: 3.3: Armour Capability

	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>444 326</b>	-	<b>953</b>	<b>445 279</b>	<b>445 279</b>	-	<b>100.0%</b>	<b>397 798</b>	<b>397 798</b>
Compensation of employees	432 833	-	(1 906)	430 927	430 927	-	100.0%	386 242	386 242
Goods and services	11 493	-	2 859	14 352	14 352	-	100.0%	11 556	11 556
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 147</b>	-	<b>(603)</b>	<b>544</b>	<b>544</b>	-	<b>100.0%</b>	<b>669</b>	<b>669</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 147	-	(603)	544	544	-	100.0%	669	669
<b>Payments for capital assets</b>	-	-	<b>740</b>	<b>740</b>	<b>740</b>	-	<b>100.0%</b>	<b>860</b>	<b>860</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	740	740	740	-	100.0%	860	860
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	<b>5</b>	<b>5</b>	<b>5</b>	-	<b>100.0%</b>	<b>9</b>	<b>9</b>
<b>Total</b>	<b>445 473</b>	-	<b>1 095</b>	<b>446 568</b>	<b>446 568</b>	-	<b>100.0%</b>	<b>399 336</b>	<b>399 336</b>



**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>444 281</b>	-	<b>1 692</b>	<b>445 973</b>	<b>445 973</b>	-	<b>100.0%</b>	<b>404 715</b>	<b>404 715</b>
Compensation of employees	429 916	-	(538)	429 378	429 378	-	100.0%	391 326	391 326
Goods and services	14 365	-	2 230	16 595	16 595	-	100.0%	13 389	13 389
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>24 874</b>	-	<b>30</b>	<b>24 904</b>	<b>24 904</b>	-	<b>100.0%</b>	<b>121 951</b>	<b>121 951</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	24 418	-	-	24 418	24 418	-	100.0%	121 641	121 641
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	456	-	30	486	486	-	100.0%	310	310
<b>Payments for capital assets</b>	<b>324</b>	-	<b>339</b>	<b>663</b>	<b>663</b>	-	<b>100.0%</b>	<b>768</b>	<b>768</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	324	-	339	663	663	-	100.0%	768	768
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>-</b>	<b>100.0%</b>	<b>121</b>	<b>121</b>
<b>Total</b>	<b>469 479</b>	<b>-</b>	<b>2 090</b>	<b>471 569</b>	<b>471 569</b>	<b>-</b>	<b>100.0%</b>	<b>527 555</b>	<b>527 555</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 3.5: Air Defence Artillery Capability

	2016/17						2015/16		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>348 794</b>	-	<b>(17 819)</b>	<b>330 975</b>	<b>330 975</b>	-	<b>100.0%</b>	<b>304 547</b>	<b>304 547</b>
Compensation of employees	334 211	-	(19 207)	315 004	315 004	-	100.0%	291 503	291 503
Goods and services	14 583	-	1 388	15 971	15 971	-	100.0%	13 044	13 044
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>239 764</b>	-	<b>(336)</b>	<b>239 428</b>	<b>239 428</b>	-	<b>100.0%</b>	<b>256 514</b>	<b>256 514</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	238 779	-	-	238 779	238 779	-	100.0%	256 189	256 189
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	985	-	(336)	649	649	-	100.0%	325	325
<b>Payments for capital assets</b>	<b>321</b>	-	<b>640</b>	<b>961</b>	<b>961</b>	-	<b>100.0%</b>	<b>534</b>	<b>534</b>
Buildings and other fixed structures	-	-	235	235	235	-	100.0%	-	-
Machinery and equipment	301	-	425	726	726	-	100.0%	534	534
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	20	-	(20)	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	-	<b>28</b>	<b>28</b>	<b>28</b>	-	<b>100.0%</b>	<b>13</b>	<b>13</b>
<b>Total</b>	<b>588 879</b>	-	<b>(17 487)</b>	<b>571 392</b>	<b>571 392</b>	-	<b>100.0%</b>	<b>561 608</b>	<b>561 608</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>708 527</b>	-	<b>42 242</b>	<b>750 769</b>	<b>750 769</b>	-	<b>100.0%</b>	<b>672 595</b>	<b>672 595</b>
Compensation of employees	681 715	-	35 734	717 449	717 449	-	100.0%	645 326	645 326
Goods and services	26 812	-	6 508	33 320	33 320	-	100.0%	27 269	27 269
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>2 944</b>	-	<b>(943)</b>	<b>2 001</b>	<b>2 001</b>	-	<b>100.0%</b>	<b>1 624</b>	<b>1 624</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1	-	-	1	1	-	100.0%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 943	-	(943)	2 000	2 000	-	100.0%	1 624	1 624
<b>Payments for capital assets</b>	<b>781</b>	-	<b>1 840</b>	<b>2 621</b>	<b>2 621</b>	-	<b>100.0%</b>	<b>1 693</b>	<b>1 693</b>
Buildings and other fixed structures	-	-	196	196	196	-	100.0%	-	-
Machinery and equipment	781	-	1 644	2 425	2 425	-	100.0%	1 693	1 693
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>-</b>	<b>100.0%</b>	<b>30</b>	<b>30</b>
<b>Total</b>	<b>712 252</b>	<b>-</b>	<b>43 162</b>	<b>755 414</b>	<b>755 414</b>	<b>-</b>	<b>100.0%</b>	<b>675 942</b>	<b>675 942</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 3.7: Operational Intelligence

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	251 767	-	(47 071)	204 696	204 696	-	100.0%	201 764	201 764
Compensation of employees	244 707	-	(47 487)	197 220	197 220	-	100.0%	194 610	194 610
Goods and services	7 060	-	416	7 476	7 476	-	100.0%	7 154	7 154
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	404	-	629	1 033	1 033	-	100.0%	377	377
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	10	-	(10)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	394	-	639	1 033	1 033	-	100.0%	377	377
<b>Payments for capital assets</b>	349	-	287	636	636	-	100.0%	407	407
Buildings and other fixed structures	-	-	66	66	66	-	100.0%	-	-
Machinery and equipment	349	-	221	570	570	-	100.0%	407	407
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	6	6	6	-	100.0%	-	-
<b>Total</b>	252 520	-	(46 149)	206 371	206 371	-	100.0%	202 548	202 548

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 3.8: Command and Control Capability

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	200 472	-	(2 590)	197 882	197 882	-	100.0%	188 650	188 650
Compensation of employees	185 672	-	(239)	185 433	185 433	-	100.0%	172 641	172 641
Goods and services	14 800	-	(2 351)	12 449	12 449	-	100.0%	16 009	16 009
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	2 620	-	(1 984)	636	636	-	100.0%	7	7
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	2 619	-	(1 983)	636	636	-	100.0%	7	7
<b>Payments for capital assets</b>	100	-	335	435	435	-	100.0%	292	292
Buildings and other fixed structures	-	-	44	44	44	-	100.0%	-	-
Machinery and equipment	100	-	291	391	391	-	100.0%	292	292
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	203 192	-	(4 239)	198 953	198 953	-	100.0%	188 949	188 949

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>3 745 651</b>	-	<b>16 298</b>	<b>3 761 949</b>	<b>3 761 949</b>	-	<b>100.0%</b>	<b>3 793 972</b>	<b>3 793 972</b>
Compensation of employees	2 443 704	-	82 363	2 526 067	2 526 067	-	100.0%	2 320 238	2 320 238
Goods and services	1 301 947	-	(66 065)	1 235 882	1 235 882	-	100.0%	1 473 734	1 473 734
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>675 799</b>	-	<b>(25 617)</b>	<b>650 182</b>	<b>650 182</b>	-	<b>100.0%</b>	<b>552 100</b>	<b>552 100</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	627 364	-	(30 000)	597 364	597 364	-	100.0%	505 571	505 571
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	38 400	-	312	38 712	38 712	-	100.0%	33 571	33 571
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	10 035	-	4 071	14 106	14 106	-	100.0%	12 958	12 958
<b>Payments for capital assets</b>	<b>16 732</b>	-	<b>102 127</b>	<b>118 859</b>	<b>118 859</b>	-	<b>100.0%</b>	<b>67 956</b>	<b>67 956</b>
Buildings and other fixed structures	32	-	29 884	29 916	29 916	-	100.0%	14	14
Machinery and equipment	16 700	-	72 243	88 943	88 943	-	100.0%	67 942	67 942
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	<b>171</b>	<b>171</b>	<b>171</b>	-	<b>100.0%</b>	<b>792</b>	<b>792</b>
<b>Total</b>	<b>4 438 182</b>	-	<b>92 979</b>	<b>4 531 161</b>	<b>4 531 161</b>	-	<b>100.0%</b>	<b>4 414 820</b>	<b>4 414 820</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 3.10: General Training Capability

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>581 733</b>	-	<b>(173 583)</b>	<b>408 150</b>	<b>408 150</b>	-	<b>100.0%</b>	<b>390 425</b>	<b>390 425</b>
Compensation of employees	487 645	-	(134 111)	353 534	353 534	-	100.0%	359 012	359 012
Goods and services	94 088	-	(39 472)	54 616	54 616	-	100.0%	31 413	31 413
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>2 112</b>	-	<b>(418)</b>	<b>1 694</b>	<b>1 694</b>	-	<b>100.0%</b>	<b>3 984</b>	<b>3 984</b>
Provinces and municipalities	-	-	83	83	83	-	100.0%	-	-
Departmental agencies and accounts	7	-	(7)	-	-	-	-	1	1
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 105	-	(494)	1 611	1 611	-	100.0%	3 983	3 983
<b>Payments for capital assets</b>	<b>1 978</b>	-	<b>1 243</b>	<b>3 221</b>	<b>3 221</b>	-	<b>100.0%</b>	<b>3 289</b>	<b>3 289</b>
Buildings and other fixed structures	-	-	94	94	94	-	100.0%	-	-
Machinery and equipment	1 978	-	1 149	3 127	3 127	-	100.0%	3 289	3 289
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	<b>39</b>	<b>39</b>	<b>39</b>	-	<b>100.0%</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>585 823</b>	-	<b>(172 719)</b>	<b>413 104</b>	<b>413 104</b>	-	<b>100.0%</b>	<b>397 699</b>	<b>397 699</b>



DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 3.11: Signal Capability

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>1 267 999</b>	-	<b>9 336</b>	<b>1 277 335</b>	<b>1 277 335</b>	-	<b>100.0%</b>	<b>1 180 992</b>	<b>1 180 992</b>
Compensation of employees	1 190 872	-	4 120	1 194 992	1 194 992	-	100.0%	1 105 699	1 105 699
Goods and services	77 127	-	5 216	82 343	82 343	-	100.0%	75 293	75 293
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>3 268</b>	-	<b>(855)</b>	<b>2 413</b>	<b>2 413</b>	-	<b>100.0%</b>	<b>5 522</b>	<b>5 522</b>
Provinces and municipalities	3	-	(1)	2	2	-	100.0%	2	2
Departmental agencies and accounts	2	-	(2)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 263	-	(852)	2 411	2 411	-	100.0%	5 520	5 520
<b>Payments for capital assets</b>	<b>3 814</b>	-	<b>11 894</b>	<b>15 708</b>	<b>15 708</b>	-	<b>100.0%</b>	<b>18 633</b>	<b>18 633</b>
Buildings and other fixed structures	-	-	3 717	3 717	3 717	-	100.0%	53	53
Machinery and equipment	3 814	-	8 177	11 991	11 991	-	100.0%	18 580	18 580
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	<b>29</b>	<b>29</b>	<b>29</b>	-	<b>100.0%</b>	<b>49</b>	<b>49</b>
<b>Total</b>	<b>1 275 081</b>	-	<b>20 404</b>	<b>1 295 485</b>	<b>1 295 485</b>	-	<b>100.0%</b>	<b>1 205 196</b>	<b>1 205 196</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Programme 4: Air Defence	2016/17							2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Subprogramme</b>										
1. Strategic Direction	35 283	-	(11 218)	24 065	24 065	-	100.0%	20 830	20 830	
2. Operational Direction	208 681	-	17 147	225 828	225 828	-	100.0%	255 332	255 332	
3. Helicopter Capability	766 876	-	(38 491)	728 385	728 385	-	100.0%	619 683	619 683	
4. Transport and Maritime Capability	771 416	-	(177 313)	594 103	594 103	-	100.0%	684 446	684 446	
5. Air Combat Capability	1 276 444	-	(46 345)	1 230 099	1 230 099	-	100.0%	1 368 811	1 368 811	
6. Operational Support And Intelligence Capability	318 592	-	4 177	322 769	322 769	-	100.0%	297 730	297 730	
7. Command and Control Capability	608 893	-	(2 716)	606 177	606 177	-	100.0%	884 586	884 586	
8. Base Support Capability	1 843 675	-	103 596	1 947 271	1 947 271	-	100.0%	1 823 734	1 823 734	
9. Command Post	61 998	-	599	62 597	62 597	-	100.0%	60 528	60 528	
10. Training Capability	576 675	-	(96 170)	480 505	480 505	-	100.0%	492 224	492 224	
11. Technical Support Services	468 050	-	92 736	560 786	560 786	-	100.0%	577 815	577 815	
<b>Total</b>	<b>6 936 583</b>	<b>-</b>	<b>(153 998)</b>	<b>6 782 585</b>	<b>6 782 585</b>	<b>-</b>	<b>100.0%</b>	<b>7 085 719</b>	<b>7 085 719</b>	
<b>Economic classification</b>										
<b>Current payments</b>	<b>5 750 657</b>	<b>-</b>	<b>(180 737)</b>	<b>5 569 920</b>	<b>5 569 920</b>	<b>-</b>	<b>100.0%</b>	<b>5 146 482</b>	<b>5 146 482</b>	
Compensation of employees	3 552 666	-	(13 217)	3 539 449	3 539 449	-	100.0%	3 325 169	3 325 169	
Salaries and wages	3 214 517	-	(77 599)	3 136 918	3 136 918	-	100.0%	2 943 958	2 943 958	
Social contributions	338 149	-	64 382	402 531	402 531	-	100.0%	381 211	381 211	
Goods and services	2 197 991	-	(167 520)	2 030 471	2 030 471	-	100.0%	1 821 313	1 821 313	
Administrative fees	-	-	-	-	-	-	-	14	14	
Advertising	755	-	(363)	392	392	-	100.0%	575	575	
Minor assets	7 918	-	(3 005)	4 913	4 913	-	100.0%	7 394	7 394	
Catering: Departmental activities	3 333	-	(1 327)	2 006	2 006	-	100.0%	3 168	3 168	

DEFENCE AND MILITARY VETERANS - Vote 19

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Programme 4: Air Defence

	2016/17						2015/16		
	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
Communication (G&S)	10 672	-	1 500	12 172	12 172	-	100.0%	10 947	10 947
Computer services	37 667	-	1 582	39 249	39 249	-	100.0%	38 586	38 586
Consultants: Business and advisory services	961	-	(928)	33	33	-	100.0%	609	609
Infrastructure and planning services	3 609	-	(3 584)	25	25	-	100.0%	3 103	3 103
Laboratory services	31	-	(31)	-	-	-	-	-	-
Scientific and technological services	10 600	-	(10 575)	25	25	-	100.0%	540	540
Contractors	1 206 132	-	116 159	1 322 291	1 322 291	-	100.0%	1 086 529	1 086 529
Agency and support / outsourced services	9 496	-	10 925	20 421	20 421	-	100.0%	67 115	67 115
Entertainment	166	-	(92)	74	74	-	100.0%	77	77
Fleet services (including government motor transport)	6 804	-	403	7 207	7 207	-	100.0%	6 000	6 000
Inventory: Clothing material and accessories	26 475	-	(7 818)	18 657	18 657	-	100.0%	30 228	30 228
Inventory: Farming supplies	462	-	82	544	544	-	100.0%	475	475
Inventory: Food and food supplies	82 697	-	10 497	93 194	93 194	-	100.0%	77 452	77 452
Inventory: Fuel, oil and gas	238 489	-	(48 550)	189 939	189 939	-	100.0%	244 288	244 288
Inventory: Materials and supplies	23 671	-	(81 233)	(57 562)	(57 562)	-	100.0%	(74 574)	(74 574)
Inventory: Medical supplies	113	-	(69)	44	44	-	100.0%	123	123
Inventory: Medicine	-	-	4	4	4	-	100.0%	5	5
Inventory: Other supplies	68 184	-	(44 685)	23 499	23 499	-	100.0%	17 568	17 568
Consumable supplies	19 067	-	(3 711)	15 356	15 356	-	100.0%	16 187	16 187
Consumable: Stationery, printing and office supplies	7 294	-	(48)	7 246	7 246	-	100.0%	6 209	6 209
Operating leases	106 964	-	(105 880)	1 084	1 084	-	100.0%	1 459	1 459
Property payments	24 653	-	(9 042)	15 611	15 611	-	100.0%	18 609	18 609
Travel and subsistence	75 089	-	52 878	127 967	127 967	-	100.0%	103 240	103 240
Training and development	86 080	-	(62 103)	23 977	23 977	-	100.0%	26 311	26 311
Operating payments	140 512	-	21 456	161 968	161 968	-	100.0%	128 613	128 613

## DEFENCE AND MILITARY VETERANS - Vote 19

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	97	-	(4)	93	93	-	100.0%	92	92
Rental and hiring	-	-	42	42	42	-	100.0%	371	371
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 179 077</b>	-	<b>(40 054)</b>	<b>1 139 023</b>	<b>1 139 023</b>	-	<b>100.0%</b>	<b>1 852 934</b>	<b>1 852 934</b>
Provinces and municipalities	3	-	(1)	2	2	-	100.0%	2	2
Municipalities	3	-	(1)	2	2	-	100.0%	2	2
Municipal bank accounts	3	-	(1)	2	2	-	100.0%	2	2
Departmental agencies and accounts	1 160 610	-	(40 000)	1 120 610	1 120 610	-	100.0%	1 837 617	1 837 617
Departmental agencies (non-business entities)	1 160 610	-	(40 000)	1 120 610	1 120 610	-	100.0%	1 837 617	1 837 617
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	18 464	-	(53)	18 411	18 411	-	100.0%	15 315	15 315
Social benefits	18 464	-	(198)	18 266	18 266	-	100.0%	13 583	13 583
Other transfers to households	-	-	145	145	145	-	100.0%	1 732	1 732
<b>Payments for capital assets</b>	<b>6 849</b>	-	<b>66 482</b>	<b>73 331</b>	<b>73 331</b>	-	<b>100.0%</b>	<b>86 128</b>	<b>86 128</b>
Buildings and other fixed structures	-	-	1 412	1 412	1 412	-	100.0%	12 746	12 746
Buildings	-	-	1 412	1 412	1 412	-	100.0%	12 746	12 746
Machinery and equipment	6 849	-	64 898	71 747	71 747	-	100.0%	73 382	73 382
Transport equipment	548	-	33 869	34 417	34 417	-	100.0%	37 056	37 056
Other machinery and equipment	6 301	-	31 029	37 330	37 330	-	100.0%	36 326	36 326
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-

DEFENCE AND MILITARY VETERANS - Vote 19

**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Programme 4: Air Defence

	2016/17						2015/16		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Software and other intangible assets	-	-	172	172	172	-	100.0%	-	-
<b>Payment for financial assets</b>	-	-	<b>311</b>	<b>311</b>	<b>311</b>	-	<b>100.0%</b>	<b>175</b>	<b>175</b>
<b>Total</b>	<b>6 936 583</b>	<b>-</b>	<b>(153 998)</b>	<b>6 782 585</b>	<b>6 782 585</b>	<b>-</b>	<b>100.0%</b>	<b>7 085 719</b>	<b>7 085 719</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 4.1: Strategic Direction

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>35 280</b>	-	<b>(16 782)</b>	<b>18 498</b>	<b>18 498</b>	-	<b>100.0%</b>	<b>19 793</b>	<b>19 793</b>
Compensation of employees	12 327	-	11	12 338	12 338	-	100.0%	12 128	12 128
Goods and services	22 953	-	(16 793)	6 160	6 160	-	100.0%	7 665	7 665
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>3</b>	-	<b>5</b>	<b>8</b>	<b>8</b>	-	<b>100.0%</b>	<b>21</b>	<b>21</b>
Provinces and municipalities	3	-	(1)	2	2	-	100.0%	2	2
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	6	6	6	-	100.0%	19	19
<b>Payments for capital assets</b>	<b>-</b>	-	<b>5 559</b>	<b>5 559</b>	<b>5 559</b>	-	<b>100.0%</b>	<b>1 016</b>	<b>1 016</b>
Buildings and other fixed structures	-	-	30	30	30	-	100.0%	-	-
Machinery and equipment	-	-	5 529	5 529	5 529	-	100.0%	1 016	1 016
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>35 283</b>	-	<b>(11 218)</b>	<b>24 065</b>	<b>24 065</b>	-	<b>100.0%</b>	<b>20 830</b>	<b>20 830</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 4.2: Operational Direction

	2016/17						2015/16		
	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
<b>Economic classification</b>	<b>208 565</b>	<b>-</b>	<b>16 340</b>	<b>224 905</b>	<b>224 905</b>	<b>-</b>	<b>100.0%</b>	<b>254 804</b>	<b>254 804</b>
<b>Current payments</b>									
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	208 565	-	16 340	224 905	224 905	-	100.0%	254 795	254 795
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>116</b>	<b>-</b>	<b>807</b>	<b>923</b>	<b>923</b>	<b>-</b>	<b>100.0%</b>	<b>528</b>	<b>528</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	116	-	807	923	923	-	100.0%	528	528
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>									
<b>Total</b>	<b>208 681</b>	<b>-</b>	<b>17 147</b>	<b>225 828</b>	<b>225 828</b>	<b>-</b>	<b>100.0%</b>	<b>255 332</b>	<b>255 332</b>



**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>714 025</b>	-	<b>(41 108)</b>	<b>672 917</b>	<b>672 917</b>	-	<b>100.0%</b>	<b>554 908</b>	<b>554 908</b>
Compensation of employees	243 800	-	(26 491)	217 309	217 309	-	100.0%	204 671	204 671
Goods and services	470 225	-	(14 617)	455 608	455 608	-	100.0%	350 237	350 237
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>52 653</b>	-	<b>(71)</b>	<b>52 582</b>	<b>52 582</b>	-	<b>100.0%</b>	<b>63 717</b>	<b>63 717</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	52 414	-	-	52 414	52 414	-	100.0%	61 979	61 979
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	239	-	(71)	168	168	-	100.0%	1 738	1 738
<b>Payments for capital assets</b>	<b>198</b>	-	<b>2 665</b>	<b>2 863</b>	<b>2 863</b>	-	<b>100.0%</b>	<b>1 057</b>	<b>1 057</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	198	-	2 665	2 863	2 863	-	100.0%	1 057	1 057
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>-</b>	<b>100.0%</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>766 876</b>	<b>-</b>	<b>(38 491)</b>	<b>728 385</b>	<b>728 385</b>	<b>-</b>	<b>100.0%</b>	<b>619 683</b>	<b>619 683</b>

Subprogramme: 4.3: Helicopter Capability

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Subprogramme: 4.4: Transport and Maritime Capability

	2016/17				2015/16				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>761 494</b>	-	<b>(179 561)</b>	<b>581 933</b>	<b>581 933</b>	-	<b>100.0%</b>	<b>430 395</b>	<b>430 395</b>
Compensation of employees	195 677	-	(15 404)	180 273	180 273	-	100.0%	167 776	167 776
Goods and services	565 817	-	(164 157)	401 660	401 660	-	100.0%	262 619	262 619
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>9 839</b>	-	<b>270</b>	<b>10 109</b>	<b>10 109</b>	-	<b>100.0%</b>	<b>252 135</b>	<b>252 135</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	9 698	-	-	9 698	9 698	-	100.0%	252 097	252 097
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	141	-	270	411	411	-	100.0%	38	38
<b>Payments for capital assets</b>	<b>83</b>	-	<b>1 977</b>	<b>2 060</b>	<b>2 060</b>	-	<b>100.0%</b>	<b>1 916</b>	<b>1 916</b>
Buildings and other fixed structures	-	-	353	353	353	-	100.0%	-	-
Machinery and equipment	83	-	1 624	1 707	1 707	-	100.0%	1 916	1 916
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>771 416</b>	<b>-</b>	<b>(177 313)</b>	<b>594 103</b>	<b>594 103</b>	<b>-</b>	<b>100.0%</b>	<b>684 446</b>	<b>684 446</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 4.5: Air Combat Capability

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>420 297</b>	-	<b>(6 529)</b>	<b>413 768</b>	<b>413 768</b>	-	<b>100.0%</b>	<b>378 939</b>	<b>378 939</b>
Compensation of employees	78 537	-	(7 687)	70 850	70 850	-	100.0%	65 502	65 502
Goods and services	341 760	-	1 158	342 918	342 918	-	100.0%	313 437	313 437
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>856 092</b>	-	<b>(39 956)</b>	<b>816 136</b>	<b>816 136</b>	-	<b>100.0%</b>	<b>986 625</b>	<b>986 625</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	856 041	-	(40 000)	816 041	816 041	-	100.0%	986 179	986 179
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	51	-	44	95	95	-	100.0%	446	446
<b>Payments for capital assets</b>	<b>55</b>	-	<b>137</b>	<b>192</b>	<b>192</b>	-	<b>100.0%</b>	<b>3 241</b>	<b>3 241</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	55	-	137	192	192	-	100.0%	3 241	3 241
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>100.0%</b>	<b>6</b>	<b>6</b>
<b>Total</b>	<b>1 276 444</b>	<b>-</b>	<b>(46 345)</b>	<b>1 230 099</b>	<b>1 230 099</b>	<b>-</b>	<b>100.0%</b>	<b>1 368 811</b>	<b>1 368 811</b>

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**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Subprogramme: 4.6: Operational Support and Intelligence Capability

	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>311 221</b>	-	<b>5 000</b>	<b>316 221</b>	<b>316 221</b>	-	<b>100.0%</b>	<b>287 425</b>	<b>287 425</b>
Compensation of employees	295 452	-	4 671	300 123	300 123	-	100.0%	272 969	272 969
Goods and services	15 769	-	329	16 098	16 098	-	100.0%	14 456	14 456
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>5 688</b>	-	<b>(1 331)</b>	<b>4 357</b>	<b>4 357</b>	-	<b>100.0%</b>	<b>6 225</b>	<b>6 225</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	4 001	-	-	4 001	4 001	-	100.0%	6 486	6 486
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 687	-	(1 331)	356	356	-	100.0%	(261)	(261)
<b>Payments for capital assets</b>	<b>1 683</b>	-	<b>452</b>	<b>2 135</b>	<b>2 135</b>	-	<b>100.0%</b>	<b>4 020</b>	<b>4 020</b>
Buildings and other fixed structures	-	-	19	19	19	-	100.0%	-	-
Machinery and equipment	1 683	-	433	2 116	2 116	-	100.0%	4 020	4 020
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	<b>56</b>	<b>56</b>	<b>56</b>	-	<b>100.0%</b>	<b>60</b>	<b>60</b>
<b>Total</b>	<b>318 592</b>	-	<b>4 177</b>	<b>322 769</b>	<b>322 769</b>	-	<b>100.0%</b>	<b>297 730</b>	<b>297 730</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Subprogramme: 4.7: Command and Control Capability

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>370 328</b>	-	<b>(22 524)</b>	<b>347 804</b>	<b>347 804</b>	-	<b>100.0%</b>	<b>321 555</b>	<b>321 555</b>
Compensation of employees	191 891	-	8 546	200 437	200 437	-	100.0%	182 326	182 326
Goods and services	178 437	-	(31 070)	147 367	147 367	-	100.0%	139 229	139 229
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>238 276</b>	-	<b>422</b>	<b>238 698</b>	<b>238 698</b>	-	<b>100.0%</b>	<b>530 950</b>	<b>530 950</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	237 956	-	-	237 956	237 956	-	100.0%	530 876	530 876
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	320	-	422	742	742	-	100.0%	74	74
<b>Payments for capital assets</b>	<b>289</b>	-	<b>19 303</b>	<b>19 592</b>	<b>19 592</b>	-	<b>100.0%</b>	<b>32 081</b>	<b>32 081</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	12 725	12 725
Machinery and equipment	289	-	19 279	19 568	19 568	-	100.0%	19 356	19 356
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	24	24	24	-	100.0%	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>83</b>	<b>83</b>	<b>83</b>	-	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>608 893</b>	<b>-</b>	<b>(2 716)</b>	<b>606 177</b>	<b>606 177</b>	<b>-</b>	<b>100.0%</b>	<b>884 586</b>	<b>884 586</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 4.8: Base Support Capability

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	1 830 250	-	66 765	1 897 015	1 897 015	-	100.0%	1 775 221	1 775 221
Compensation of employees	1 607 147	-	69 464	1 676 611	1 676 611	-	100.0%	1 571 485	1 571 485
Goods and services	223 103	-	(2 699)	220 404	220 404	-	100.0%	203 736	203 736
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	12 904	-	490	13 394	13 394	-	100.0%	10 968	10 968
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	12 904	-	490	13 394	13 394	-	100.0%	10 968	10 968
<b>Payments for capital assets</b>	521	-	36 243	36 764	36 764	-	100.0%	37 481	37 481
Buildings and other fixed structures	-	-	990	990	990	-	100.0%	21	21
Machinery and equipment	521	-	35 253	35 774	35 774	-	100.0%	37 460	37 460
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	98	98	98	-	100.0%	64	64
<b>Total</b>	1 843 675	-	103 596	1 947 271	1 947 271	-	100.0%	1 823 734	1 823 734

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 4.9: Command Post

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>61 461</b>	-	<b>602</b>	<b>62 063</b>	<b>62 063</b>	-	<b>100.0%</b>	<b>59 250</b>	<b>59 250</b>
Compensation of employees	50 934	-	1 244	52 178	52 178	-	100.0%	49 989	49 989
Goods and services	10 527	-	(642)	9 885	9 885	-	100.0%	9 261	9 261
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>526</b>	-	<b>(163)</b>	<b>363</b>	<b>363</b>	-	<b>100.0%</b>	<b>737</b>	<b>737</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	526	-	(163)	363	363	-	100.0%	737	737
<b>Payments for capital assets</b>	<b>11</b>	-	<b>152</b>	<b>163</b>	<b>163</b>	-	<b>100.0%</b>	<b>541</b>	<b>541</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	11	-	152	163	163	-	100.0%	541	541
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>8</b>	<b>8</b>	-	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>61 998</b>	<b>-</b>	<b>599</b>	<b>62 597</b>	<b>62 597</b>	<b>-</b>	<b>100.0%</b>	<b>60 528</b>	<b>60 528</b>



**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>574 951</b>	-	<b>(97 171)</b>	<b>477 780</b>	<b>477 780</b>	-	<b>100.0%</b>	<b>489 899</b>	<b>489 899</b>
Compensation of employees	448 145	-	(73 560)	374 585	374 585	-	100.0%	385 407	385 407
Goods and services	126 806	-	(23 611)	103 195	103 195	-	100.0%	104 492	104 492
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 175</b>	-	<b>(330)</b>	<b>845</b>	<b>845</b>	-	<b>100.0%</b>	<b>435</b>	<b>435</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	500	-	-	500	500	-	100.0%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	675	-	(330)	345	345	-	100.0%	435	435
<b>Payments for capital assets</b>	<b>549</b>	-	<b>1 306</b>	<b>1 855</b>	<b>1 855</b>	-	<b>100.0%</b>	<b>1 861</b>	<b>1 861</b>
Buildings and other fixed structures	-	-	20	20	20	-	100.0%	-	-
Machinery and equipment	549	-	1 286	1 835	1 835	-	100.0%	1 861	1 861
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	-	<b>25</b>	<b>25</b>	<b>25</b>	-	<b>100.0%</b>	<b>29</b>	<b>29</b>
<b>Total</b>	<b>576 675</b>	-	<b>(96 170)</b>	<b>480 505</b>	<b>480 505</b>	-	<b>100.0%</b>	<b>492 224</b>	<b>492 224</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 4.11: Technical Support Services

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>462 785</b>	-	<b>94 231</b>	<b>557 016</b>	<b>557 016</b>	-	<b>100.0%</b>	<b>574 293</b>	<b>574 293</b>
Compensation of employees	428 756	-	25 989	454 745	454 745	-	100.0%	412 907	412 907
Goods and services	34 029	-	68 242	102 271	102 271	-	100.0%	161 386	161 386
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 921</b>	-	<b>610</b>	<b>2 531</b>	<b>2 531</b>	-	<b>100.0%</b>	<b>1 121</b>	<b>1 121</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 921	-	610	2 531	2 531	-	100.0%	1 121	1 121
<b>Payments for capital assets</b>	<b>3 344</b>	-	<b>(2 119)</b>	<b>1 225</b>	<b>1 225</b>	-	<b>100.0%</b>	<b>2 386</b>	<b>2 386</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 344	-	(2 267)	1 077	1 077	-	100.0%	2 386	2 386
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	148	148	148	-	100.0%	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>100.0%</b>	<b>15</b>	<b>15</b>
<b>Total</b>	<b>468 050</b>	<b>-</b>	<b>92 736</b>	<b>560 786</b>	<b>560 786</b>	<b>-</b>	<b>100.0%</b>	<b>577 815</b>	<b>577 815</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 5: Maritime Defence

	2016/17						2015/16		
	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
<b>Subprogramme</b>									
1. Maritime Direction	588 810	-	18 475	607 285	607 285	-	100.0%	586 213	586 213
2. Maritime Combat Capability	1 715 053	-	4 452	1 719 505	1 694 658	24 847	98.6%	1 238 808	1 238 808
3. Maritime Logistic Support Capability	933 246	-	(91 495)	841 751	841 751	-	100.0%	803 862	803 862
4. Maritime Human Resources and Training Capability	512 392	-	17 173	529 565	529 565	-	100.0%	497 655	497 655
5. Base Support Capability	637 314	-	(12 188)	625 126	625 126	-	100.0%	606 210	606 210
<b>Total</b>	<b>4 386 815</b>	<b>-</b>	<b>(63 583)</b>	<b>4 323 232</b>	<b>4 298 385</b>	<b>24 847</b>	<b>99.4%</b>	<b>3 732 748</b>	<b>3 732 748</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>3 013 183</b>	<b>-</b>	<b>(98 792)</b>	<b>2 914 391</b>	<b>2 889 544</b>	<b>24 847</b>	<b>99.1%</b>	<b>2 803 542</b>	<b>2 803 542</b>
Compensation of employees	2 293 953	-	(33 972)	2 259 981	2 235 134	24 847	98.9%	2 102 814	2 102 814
Salaries and wages	2 067 142	-	(64 490)	2 002 652	1 977 805	24 847	98.8%	1 857 978	1 857 978
Social contributions	226 811	-	30 518	257 329	257 329	-	100.0%	244 836	244 836
Goods and services	719 230	-	(64 820)	654 410	654 410	-	100.0%	700 728	700 728
Advertising	350	-	41	391	391	-	100.0%	777	777
Minor assets	18 275	-	(6 216)	12 059	12 059	-	100.0%	5 587	5 587
Catering: Departmental activities	761	-	877	1 638	1 638	-	100.0%	1 871	1 871
Communication (G&S)	9 027	-	2 004	11 031	11 031	-	100.0%	9 982	9 982
Computer services	25 853	-	(3 693)	22 160	22 160	-	100.0%	20 409	20 409
Consultants: Business and advisory services	479	-	(363)	116	116	-	100.0%	98	98
Infrastructure and planning services	2 759	-	(1 573)	1 186	1 186	-	100.0%	1 946	1 946
Contractors	226 105	-	12 087	238 192	238 192	-	100.0%	258 532	258 532
Agency and support / outsourced services	1 432	-	2 087	3 519	3 519	-	100.0%	10 996	10 996
Entertainment	68	-	(24)	44	44	-	100.0%	33	33
Fleet services (including government motor transport)	699	-	(330)	369	369	-	100.0%	1 106	1 106
Inventory: Clothing material and accessories	24 256	-	(11 392)	12 864	12 864	-	100.0%	6 120	6 120
Inventory: Farming supplies	-	-	176	176	176	-	100.0%	20	20
Inventory: Food and food supplies	92 143	-	(36 079)	56 064	56 064	-	100.0%	77 249	77 249

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

	2016/17						2015/16		
	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	19 127	-	66 040	85 167	85 167	-	100.0%	92 577	92 577
Inventory: Materials and supplies	16 594	-	(10 502)	6 092	6 092	-	100.0%	22 207	22 207
Inventory: Medical supplies	26	-	57	83	83	-	100.0%	8	8
Inventory: Other supplies	95 741	-	(60 810)	34 931	34 931	-	100.0%	25 146	25 146
Consumable supplies	11 888	-	(2 505)	9 383	9 383	-	100.0%	10 682	10 682
Consumable: Stationery, printing and office supplies	9 832	-	(3 442)	6 390	6 390	-	100.0%	7 297	7 297
Operating leases	1 861	-	(1 576)	285	285	-	100.0%	9 484	9 484
Property payments	26 273	-	(12 617)	13 656	13 656	-	100.0%	8 791	8 791
Travel and subsistence	49 409	-	27 897	77 306	77 306	-	100.0%	71 007	71 007
Training and development	16 117	-	(3 020)	13 097	13 097	-	100.0%	6 979	6 979
Operating payments	69 796	-	(22 105)	47 691	47 691	-	100.0%	50 380	50 380
Venues and facilities	339	-	(289)	50	50	-	100.0%	56	56
Rental and hiring	20	-	450	470	470	-	100.0%	1 388	1 388
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 366 999</b>	-	<b>16 125</b>	<b>1 383 124</b>	<b>1 383 124</b>	-	<b>100.0%</b>	<b>836 662</b>	<b>836 662</b>
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	1 123 038	-	-	1 123 038	1 123 038	-	100.0%	601 987	601 987
Departmental agencies (non-business entities)	1 123 038	-	-	1 123 038	1 123 038	-	100.0%	601 987	601 987
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	226 287	-	18 000	244 287	244 287	-	100.0%	219 884	219 884
Public corporations	226 287	-	18 000	244 287	244 287	-	100.0%	219 884	219 884
Subsidies on products and production (pc)	226 287	-	18 000	244 287	244 287	-	100.0%	219 884	219 884
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	17 674	-	(1 877)	15 797	15 797	-	100.0%	14 791	14 791
Social benefits	17 674	-	(1 907)	15 767	15 767	-	100.0%	14 594	14 594
Other transfers to households	-	-	30	30	30	-	100.0%	197	197

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 5: Maritime Defence

	2016/17						2015/16		
	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
<b>Payments for capital assets</b>	<b>6 633</b>	-	<b>18 996</b>	<b>25 629</b>	<b>25 629</b>	-	<b>100.0%</b>	<b>92 289</b>	<b>92 289</b>
Buildings and other fixed structures	-	-	308	308	308	-	100.0%	1 463	1 463
Buildings	-	-	308	308	308	-	100.0%	1 435	1 435
Other fixed structures	-	-	-	-	-	-	-	28	28
Machinery and equipment	6 633	-	9 157	15 790	15 790	-	100.0%	32 728	32 728
Transport equipment	-	-	2 631	2 631	2 631	-	100.0%	8 879	8 879
Other machinery and equipment	6 633	-	6 526	13 159	13 159	-	100.0%	23 849	23 849
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	7 553	7 553	7 553	-	100.0%	58 098	58 098
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	1 978	1 978	1 978	-	100.0%	-	-
<b>Payment for financial assets</b>	-	-	<b>88</b>	<b>88</b>	<b>88</b>	-	<b>100.0%</b>	<b>255</b>	<b>255</b>
<b>Total</b>	<b>4 386 815</b>	-	<b>(63 583)</b>	<b>4 323 232</b>	<b>4 298 385</b>	<b>24 847</b>	<b>99.4%</b>	<b>3 732 748</b>	<b>3 732 748</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 5.1: Maritime Direction

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>580 246</b>	-	<b>9 083</b>	<b>589 329</b>	<b>589 329</b>	-	<b>100.0%</b>	<b>568 539</b>	<b>568 539</b>
Compensation of employees	529 574	-	16 851	546 425	546 425	-	100.0%	508 597	508 597
Goods and services	50 672	-	(7 768)	42 904	42 904	-	100.0%	59 942	59 942
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>7 591</b>	-	<b>2 582</b>	<b>10 173</b>	<b>10 173</b>	-	<b>100.0%</b>	<b>5 944</b>	<b>5 944</b>
Provinces and municipalities	-	-	2	2	2	-	100.0%	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	7 591	-	2 580	10 171	10 171	-	100.0%	5 944	5 944
<b>Payments for capital assets</b>	<b>973</b>	-	<b>6 810</b>	<b>7 783</b>	<b>7 783</b>	-	<b>100.0%</b>	<b>11 711</b>	<b>11 711</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	28	28
Machinery and equipment	973	-	6 810	7 783	7 783	-	100.0%	11 683	11 683
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>19</b>
<b>Total</b>	<b>588 810</b>	<b>-</b>	<b>18 475</b>	<b>607 285</b>	<b>607 285</b>	<b>-</b>	<b>100.0%</b>	<b>586 213</b>	<b>586 213</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 5.2: Maritime Combat Capability

	2016/17				2015/16				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>624 200</b>	-	<b>(9 612)</b>	<b>614 588</b>	<b>589 741</b>	<b>24 847</b>	<b>96.0%</b>	<b>557 108</b>	<b>557 108</b>
Compensation of employees	525 325	-	(52 166)	473 159	448 312	24 847	94.7%	414 744	414 744
Goods and services	98 875	-	42 554	141 429	141 429	-	100.0%	142 364	142 364
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 090 773</b>	-	<b>6 162</b>	<b>1 096 935</b>	<b>1 096 935</b>	-	<b>100.0%</b>	<b>623 214</b>	<b>623 214</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 055 918	-	-	1 055 918	1 055 918	-	100.0%	590 842	590 842
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	31 879	-	9 000	40 879	40 879	-	100.0%	32 235	32 235
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 976	-	(2 838)	138	138	-	100.0%	137	137
<b>Payments for capital assets</b>	<b>80</b>	-	<b>7 874</b>	<b>7 954</b>	<b>7 954</b>	-	<b>100.0%</b>	<b>58 480</b>	<b>58 480</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	80	-	321	401	401	-	100.0%	382	382
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	7 553	7 553	7 553	-	100.0%	58 098	58 098
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>-</b>	<b>100.0%</b>	<b>6</b>	<b>6</b>
<b>Total</b>	<b>1 715 053</b>	<b>-</b>	<b>4 452</b>	<b>1 719 505</b>	<b>1 694 658</b>	<b>24 847</b>	<b>98.6%</b>	<b>1 238 808</b>	<b>1 238 808</b>



**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Subprogramme: 5.3: Maritime Logistic Support Capability

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>666 363</b>	-	<b>(103 241)</b>	<b>563 122</b>	<b>563 122</b>	-	<b>100.0%</b>	<b>589 006</b>	<b>589 006</b>
Compensation of employees	185 436	-	(13 113)	172 323	172 323	-	100.0%	166 708	166 708
Goods and services	480 927	-	(90 128)	390 799	390 799	-	100.0%	422 298	422 298
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>264 123</b>	-	<b>8 163</b>	<b>272 286</b>	<b>272 286</b>	-	<b>100.0%</b>	<b>200 474</b>	<b>200 474</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	67 120	-	-	67 120	67 120	-	100.0%	11 145	11 145
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	194 408	-	9 000	203 408	203 408	-	100.0%	187 649	187 649
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 595	-	(837)	1 758	1 758	-	100.0%	1 680	1 680
<b>Payments for capital assets</b>	<b>2 760</b>	-	<b>3 572</b>	<b>6 332</b>	<b>6 332</b>	-	<b>100.0%</b>	<b>14 365</b>	<b>14 365</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	1 435	1 435
Machinery and equipment	2 760	-	1 594	4 354	4 354	-	100.0%	12 930	12 930
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	1 978	1 978	1 978	-	100.0%	-	-
<b>Payment for financial assets</b>	-	-	<b>11</b>	<b>11</b>	<b>11</b>	-	<b>100.0%</b>	<b>17</b>	<b>17</b>
<b>Total</b>	<b>933 246</b>	-	<b>(91 495)</b>	<b>841 751</b>	<b>841 751</b>	-	<b>100.0%</b>	<b>803 862</b>	<b>803 862</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Subprogramme: 5.4: Maritime Human Resources and Training Capability

	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	509 378	-	18 503	527 881	527 881	-	100.0%	496 840	496 840
Compensation of employees	481 046	-	19 060	500 106	500 106	-	100.0%	474 322	474 322
Goods and services	28 332	-	(557)	27 775	27 775	-	100.0%	22 518	22 518
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	3 014	-	(1 939)	1 075	1 075	-	100.0%	788	788
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 014	-	(1 939)	1 075	1 075	-	100.0%	788	788
<b>Payments for capital assets</b>	-	-	593	593	593	-	100.0%	21	21
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	593	593	593	-	100.0%	21	21
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	16	16	16	-	100.0%	6	6
<b>Total</b>	512 392	-	17 173	529 565	529 565	-	100.0%	497 655	497 655

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 5.5: Base Support Capability

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>632 996</b>	-	<b>(13 525)</b>	<b>619 471</b>	<b>619 471</b>	-	<b>100.0%</b>	<b>592 049</b>	<b>592 049</b>
Compensation of employees	572 572	-	(4 604)	567 968	567 968	-	100.0%	538 443	538 443
Goods and services	60 424	-	(8 921)	51 503	51 503	-	100.0%	53 606	53 606
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 498</b>	-	<b>1 157</b>	<b>2 655</b>	<b>2 655</b>	-	<b>100.0%</b>	<b>6 242</b>	<b>6 242</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 498	-	1 157	2 655	2 655	-	100.0%	6 242	6 242
<b>Payments for capital assets</b>	<b>2 820</b>	-	<b>147</b>	<b>2 967</b>	<b>2 967</b>	-	<b>100.0%</b>	<b>7 712</b>	<b>7 712</b>
Buildings and other fixed structures	-	-	308	308	308	-	100.0%	-	-
Machinery and equipment	2 820	-	(161)	2 659	2 659	-	100.0%	7 712	7 712
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	<b>33</b>	<b>33</b>	<b>33</b>	-	<b>100.0%</b>	<b>207</b>	<b>207</b>
<b>Total</b>	<b>637 314</b>	-	<b>(12 188)</b>	<b>625 126</b>	<b>625 126</b>	-	<b>100.0%</b>	<b>606 210</b>	<b>606 210</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Subprogramme	2016/17						2015/16		
	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
<b>1. Strategic Direction</b>	205 854	-	(21 586)	184 268	184 268	-	100.0%	168 328	168 328
<b>2. Mobile Military Health Support</b>	123 331	-	(2 402)	120 929	120 929	-	100.0%	120 655	120 655
<b>3. Area Military Health Service</b>	1 549 033	-	123 266	1 672 299	1 672 299	-	100.0%	1 597 652	1 597 652
<b>4. Specialist/Tertiary Health Service</b>	1 585 610	-	132 900	1 718 510	1 718 510	-	100.0%	1 553 413	1 553 413
<b>5. Military Health Product Support Capability</b>	209 919	-	(27 944)	181 975	181 975	-	100.0%	134 540	134 540
<b>6. Military Health Maintenance Capability</b>	304 907	-	(69 203)	235 704	235 704	-	100.0%	319 614	319 614
<b>7. Military Health Training Capability</b>	462 017	-	(126 957)	335 060	335 060	-	100.0%	348 948	348 948
<b>Total</b>	<b>4 440 671</b>	<b>-</b>	<b>8 074</b>	<b>4 448 745</b>	<b>4 448 745</b>	<b>-</b>	<b>100.0%</b>	<b>4 243 150</b>	<b>4 243 150</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>4 431 518</b>	<b>-</b>	<b>(57 557)</b>	<b>4 373 961</b>	<b>4 373 961</b>	<b>-</b>	<b>100.0%</b>	<b>4 170 043</b>	<b>4 170 043</b>
Compensation of employees	3 388 064	-	(59 281)	3 328 783	3 328 783	-	100.0%	3 136 307	3 136 307
Salaries and wages	3 081 596	-	(95 873)	2 985 723	2 985 723	-	100.0%	2 810 861	2 810 861
Social contributions	306 468	-	36 592	343 060	343 060	-	100.0%	325 446	325 446
Goods and services	1 043 454	-	1 724	1 045 178	1 045 178	-	100.0%	1 033 736	1 033 736
Advertising	30	-	54	84	84	-	100.0%	285	285
Minor assets	54 648	-	(51 235)	3 413	3 413	-	100.0%	5 806	5 806
Catering: Departmental activities	1 323	-	478	1 801	1 801	-	100.0%	2 181	2 181
Communication (G&S)	8 158	-	(1 732)	6 426	6 426	-	100.0%	6 093	6 093
Computer services	60 015	-	(31 933)	28 082	28 082	-	100.0%	35 942	35 942
Consultants: Business and advisory services	-	-	569	569	569	-	100.0%	713	713
Infrastructure and planning services	823	-	(823)	-	-	-	-	317	317
Laboratory services	23 322	-	22 927	46 249	46 249	-	100.0%	32 069	32 069
Scientific and technological services	-	-	6 793	6 793	6 793	-	100.0%	7 573	7 573
Legal services	2 333	-	(2 333)	-	-	-	-	-	-
Contractors	59 411	-	(19 288)	40 123	40 123	-	100.0%	40 006	40 006
Agency and support / outsourced services	283 557	-	138 404	421 961	421 961	-	100.0%	406 119	406 119

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

	2016/17						2015/16		
	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	50	-	(49)	1	1	-	100.0%	10	10
Fleet services (including government motor transport)	2 675	-	2 993	5 668	5 668	-	100.0%	4 941	4 941
Inventory: Clothing material and accessories	11 701	-	(3 054)	8 647	8 647	-	100.0%	20 705	20 705
Inventory: Farming supplies	605	-	41	646	646	-	100.0%	1 042	1 042
Inventory: Food and food supplies	50 100	-	4 258	54 358	54 358	-	100.0%	85 079	85 079
Inventory: Fuel, oil and gas	20 361	-	1 904	22 265	22 265	-	100.0%	20 376	20 376
Inventory: Materials and supplies	140	-	1 224	1 364	1 364	-	100.0%	1 476	1 476
Inventory: Medical supplies	110 201	-	(50 316)	59 885	59 885	-	100.0%	71 526	71 526
Inventory: Medicine	235 083	-	(37 131)	197 952	197 952	-	100.0%	154 080	154 080
Inventory: Other supplies	-	-	1	1	1	-	100.0%	53	53
Consumable supplies	11 946	-	4 041	15 987	15 987	-	100.0%	15 538	15 538
Consumable: Stationery, printing and office supplies	3 129	-	2 519	5 648	5 648	-	100.0%	9 132	9 132
Operating leases	3 615	-	(2 918)	697	697	-	100.0%	1 090	1 090
Property payments	20 587	-	(262)	20 325	20 325	-	100.0%	20 270	20 270
Travel and subsistence	59 634	-	25 298	84 932	84 932	-	100.0%	79 433	79 433
Training and development	10 470	-	(4 367)	6 103	6 103	-	100.0%	5 419	5 419
Operating payments	8 394	-	(3 260)	5 134	5 134	-	100.0%	6 381	6 381
Venues and facilities	1 143	-	(1 079)	64	64	-	100.0%	81	81
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsides</b>	<b>6 240</b>	-	<b>9 300</b>	<b>15 540</b>	<b>15 540</b>	-	<b>100.0%</b>	<b>26 194</b>	<b>26 194</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	58	-	(58)	-	-	-	-	6 666	6 666
Departmental agencies (non-business entities)	58	-	(58)	-	-	-	-	6 666	6 666
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	26	26
Private enterprises	-	-	-	-	-	-	-	26	26
Other transfers to private enterprises	-	-	-	-	-	-	-	26	26
Non-profit institutions	840	-	(157)	683	683	-	100.0%	889	889

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 6. Military Health Support

	2016/17						2015/16		
	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
Households	5 342	-	9 515	14 857	14 857	-	100.0%	18 613	18 613
Social benefits	5 342	-	6 638	11 980	11 980	-	100.0%	14 670	14 670
Other transfers to households	-	-	2 877	2 877	2 877	-	100.0%	3 943	3 943
<b>Payments for capital assets</b>	<b>2 913</b>	-	<b>55 670</b>	<b>58 583</b>	<b>58 583</b>	-	<b>100.0%</b>	<b>46 300</b>	<b>46 300</b>
Buildings and other fixed structures	-	-	259	259	259	-	100.0%	275	275
Buildings	-	-	259	259	259	-	100.0%	275	275
Machinery and equipment	2 913	-	55 411	58 324	58 324	-	100.0%	46 025	46 025
Transport equipment	-	-	10 855	10 855	10 855	-	100.0%	9 112	9 112
Other machinery and equipment	2 913	-	44 556	47 469	47 469	-	100.0%	36 913	36 913
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	<b>661</b>	<b>661</b>	<b>661</b>	-	<b>100.0%</b>	<b>613</b>	<b>613</b>
<b>Total</b>	<b>4 440 671</b>	-	<b>8 074</b>	<b>4 448 745</b>	<b>4 448 745</b>	-	<b>100.0%</b>	<b>4 243 150</b>	<b>4 243 150</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 6.1: Strategic Direction

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>204 956</b>	-	<b>(25 064)</b>	<b>179 892</b>	<b>179 892</b>	-	<b>100.0%</b>	<b>161 639</b>	<b>161 639</b>
Compensation of employees	173 999	-	(15 100)	158 899	158 899	-	100.0%	162 149	162 149
Goods and services	30 957	-	(9 964)	20 993	20 993	-	100.0%	(510)	(510)
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>898</b>	-	<b>2 973</b>	<b>3 871</b>	<b>3 871</b>	-	<b>100.0%</b>	<b>5 934</b>	<b>5 934</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	58	-	(58)	-	-	-	-	1 666	1 666
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	840	-	(157)	683	683	-	100.0%	889	889
Households	-	-	3 188	3 188	3 188	-	100.0%	3 379	3 379
<b>Payments for capital assets</b>	-	-	<b>486</b>	<b>486</b>	<b>486</b>	-	<b>100.0%</b>	<b>755</b>	<b>755</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	486	486	486	-	100.0%	755	755
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	<b>19</b>	<b>19</b>	<b>19</b>	-	<b>100.0%</b>	-	-
<b>Total</b>	<b>205 854</b>	-	<b>(21 586)</b>	<b>184 268</b>	<b>184 268</b>	-	<b>100.0%</b>	<b>168 328</b>	<b>168 328</b>



**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

Subprogramme: 6.2: Mobile Military Health Support

	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>123 050</b>	-	<b>(4 414)</b>	<b>118 636</b>	<b>118 636</b>	-	<b>100.0%</b>	<b>113 705</b>	<b>113 705</b>
Compensation of employees	110 446	-	348	110 794	110 794	-	100.0%	106 023	106 023
Goods and services	12 604	-	(4 762)	7 842	7 842	-	100.0%	7 682	7 682
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>145</b>	-	<b>74</b>	<b>219</b>	<b>219</b>	-	<b>100.0%</b>	<b>5 667</b>	<b>5 667</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	5 000	5 000
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	145	-	74	219	219	-	100.0%	667	667
<b>Payments for capital assets</b>	<b>136</b>	-	<b>1 662</b>	<b>1 798</b>	<b>1 798</b>	-	<b>100.0%</b>	<b>1 194</b>	<b>1 194</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	136	-	1 662	1 798	1 798	-	100.0%	1 194	1 194
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	-	<b>276</b>	<b>276</b>	<b>276</b>	-	<b>100.0%</b>	<b>89</b>	<b>89</b>
<b>Total</b>	<b>123 331</b>	-	<b>(2 402)</b>	<b>120 929</b>	<b>120 929</b>	-	<b>100.0%</b>	<b>120 655</b>	<b>120 655</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Subprogramme: 6.3: Area Military Health Service

	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>1 544 810</b>	-	<b>118 938</b>	<b>1 663 748</b>	<b>1 663 748</b>	-	<b>100.0%</b>	<b>1 581 265</b>	<b>1 581 265</b>
Compensation of employees	1 165 312	-	93 105	1 258 417	1 258 417	-	100.0%	1 193 263	1 193 263
Goods and services	379 498	-	25 833	405 331	405 331	-	100.0%	388 002	388 002
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>4 000</b>	-	<b>684</b>	<b>4 684</b>	<b>4 684</b>	-	<b>100.0%</b>	<b>7 220</b>	<b>7 220</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	26	26
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4 000	-	684	4 684	4 684	-	100.0%	7 194	7 194
<b>Payments for capital assets</b>	<b>223</b>	-	<b>3 496</b>	<b>3 719</b>	<b>3 719</b>	-	<b>100.0%</b>	<b>9 101</b>	<b>9 101</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	223	-	3 496	3 719	3 719	-	100.0%	9 101	9 101
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>148</b>	<b>148</b>	<b>148</b>	<b>-</b>	<b>100.0%</b>	<b>66</b>	<b>66</b>
<b>Total</b>	<b>1 549 033</b>	<b>-</b>	<b>123 266</b>	<b>1 672 299</b>	<b>1 672 299</b>	<b>-</b>	<b>100.0%</b>	<b>1 597 652</b>	<b>1 597 652</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Subprogramme: 6.4: Specialist/Tertiary Health Service

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>1 583 258</b>	-	<b>86 960</b>	<b>1 670 218</b>	<b>1 670 218</b>	-	<b>100.0%</b>	<b>1 524 045</b>	<b>1 524 045</b>
Compensation of employees	1 160 776	-	52 549	1 213 325	1 213 325	-	100.0%	1 116 016	1 116 016
Goods and services	422 482	-	34 411	456 893	456 893	-	100.0%	408 029	408 029
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 094</b>	-	<b>3 239</b>	<b>4 333</b>	<b>4 333</b>	-	<b>100.0%</b>	<b>5 364</b>	<b>5 364</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 094	-	3 239	4 333	4 333	-	100.0%	5 364	5 364
<b>Payments for capital assets</b>	<b>1 258</b>	-	<b>42 638</b>	<b>43 896</b>	<b>43 896</b>	-	<b>100.0%</b>	<b>23 772</b>	<b>23 772</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	84	84
Machinery and equipment	1 258	-	42 638	43 896	43 896	-	100.0%	23 688	23 688
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>-</b>	<b>100.0%</b>	<b>232</b>	<b>232</b>
<b>Total</b>	<b>1 585 610</b>	<b>-</b>	<b>132 900</b>	<b>1 718 510</b>	<b>1 718 510</b>	<b>-</b>	<b>100.0%</b>	<b>1 553 413</b>	<b>1 553 413</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Subprogramme: 6.5: Military Health Product Support Capability

	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>209 596</b>	-	<b>(32 527)</b>	<b>177 069</b>	<b>177 069</b>	-	<b>100.0%</b>	<b>133 373</b>	<b>133 373</b>
Compensation of employees	105 234	-	(50 261)	54 973	54 973	-	100.0%	48 105	48 105
Goods and services	104 362	-	17 734	122 096	122 096	-	100.0%	85 268	85 268
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	<b>68</b>	<b>68</b>	<b>68</b>	-	<b>100.0%</b>	<b>337</b>	<b>337</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	68	68	68	-	100.0%	337	337
<b>Payments for capital assets</b>	<b>323</b>	-	<b>4 509</b>	<b>4 832</b>	<b>4 832</b>	-	<b>100.0%</b>	<b>824</b>	<b>824</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	323	-	4 509	4 832	4 832	-	100.0%	824	824
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	<b>6</b>	<b>6</b>	<b>6</b>	-	<b>100.0%</b>	<b>6</b>	<b>6</b>
<b>Total</b>	<b>209 919</b>	-	<b>(27 944)</b>	<b>181 975</b>	<b>181 975</b>	-	<b>100.0%</b>	<b>134 540</b>	<b>134 540</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

	2016/17						2015/16		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>304 504</b>	-	<b>(70 470)</b>	<b>234 034</b>	<b>234 034</b>	-	<b>100.0%</b>	<b>317 643</b>	<b>317 643</b>
Compensation of employees	228 635	-	(9 682)	218 953	218 953	-	100.0%	192 494	192 494
Goods and services	75 869	-	(60 788)	15 081	15 081	-	100.0%	125 149	125 149
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>103</b>	-	<b>1 298</b>	<b>1 401</b>	<b>1 401</b>	-	<b>100.0%</b>	<b>1 214</b>	<b>1 214</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	103	-	1 298	1 401	1 401	-	100.0%	1 214	1 214
<b>Payments for capital assets</b>	<b>300</b>	-	<b>(63)</b>	<b>237</b>	<b>237</b>	-	<b>100.0%</b>	<b>686</b>	<b>686</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	300	-	(63)	237	237	-	100.0%	686	686
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	-	<b>32</b>	<b>32</b>	<b>32</b>	-	<b>100.0%</b>	<b>71</b>	<b>71</b>
<b>Total</b>	<b>304 907</b>	-	<b>(69 203)</b>	<b>235 704</b>	<b>235 704</b>	-	<b>100.0%</b>	<b>319 614</b>	<b>319 614</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 6.7: Military Health Training Capability

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>461 344</b>	-	<b>(130 980)</b>	<b>330 364</b>	<b>330 364</b>	-	<b>100.0%</b>	<b>338 373</b>	<b>338 373</b>
Compensation of employees	443 662	-	(130 240)	313 422	313 422	-	100.0%	318 257	318 257
Goods and services	17 682	-	(740)	16 942	16 942	-	100.0%	20 116	20 116
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>964</b>	<b>964</b>	<b>964</b>	<b>-</b>	<b>100.0%</b>	<b>458</b>	<b>458</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	964	964	964	-	100.0%	458	458
<b>Payments for capital assets</b>	<b>673</b>	<b>-</b>	<b>2 942</b>	<b>3 615</b>	<b>3 615</b>	<b>-</b>	<b>100.0%</b>	<b>9 968</b>	<b>9 968</b>
Buildings and other fixed structures	-	-	259	259	259	-	100.0%	191	191
Machinery and equipment	673	-	2 683	3 356	3 356	-	100.0%	9 777	9 777
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>117</b>	<b>117</b>	<b>-</b>	<b>100.0%</b>	<b>149</b>	<b>149</b>
<b>Total</b>	<b>462 017</b>	<b>-</b>	<b>(126 957)</b>	<b>335 060</b>	<b>335 060</b>	<b>-</b>	<b>100.0%</b>	<b>348 948</b>	<b>348 948</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Programme 7: Defence Intelligence

	2016/17						2015/16		
	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
<b>Subprogramme</b>									
1. Strategic Direction	71	-	(71)	-	-	-	-	-	-
2. Operations	472 482	-	(66)	472 416	472 416	-	100.0%	459 762	459 762
3. Defence Intelligence Support Services	427 695	-	(18 822)	408 873	408 873	-	100.0%	370 298	370 298
<b>Total</b>	<b>900 248</b>	<b>-</b>	<b>(18 959)</b>	<b>881 289</b>	<b>881 289</b>	<b>-</b>	<b>100.0%</b>	<b>830 060</b>	<b>830 060</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>442 950</b>	<b>-</b>	<b>(20 265)</b>	<b>422 685</b>	<b>422 685</b>	<b>-</b>	<b>100.0%</b>	<b>382 083</b>	<b>382 083</b>
Compensation of employees	404 891	-	(25 725)	379 166	379 166	-	100.0%	347 933	347 933
Salaries and wages	363 843	-	(29 636)	334 207	334 207	-	100.0%	306 675	306 675
Social contributions	41 048	-	3 911	44 959	44 959	-	100.0%	41 258	41 258
Goods and services	38 059	-	5 460	43 519	43 519	-	100.0%	34 150	34 150
Administrative fees	-	-	213	213	213	-	100.0%	231	231
Advertising	106	-	(102)	4	4	-	100.0%	-	-
Minor assets	1 172	-	(1 140)	32	32	-	100.0%	223	223
Catering: Departmental activities	99	-	3	102	102	-	100.0%	122	122
Communication (G&S)	2 119	-	(235)	1 884	1 884	-	100.0%	1 645	1 645
Computer services	269	-	(269)	-	-	-	-	7	7
Consultants: Business and advisory services	-	-	7	7	7	-	100.0%	-	-
Infrastructure and planning services	-	-	5 582	5 582	5 582	-	100.0%	-	-
Contractors	1 718	-	(924)	794	794	-	100.0%	738	738
Agency and support / outsourced services	228	-	(23)	205	205	-	100.0%	313	313
Entertainment	183	-	(144)	39	39	-	100.0%	57	57
Fleet services (including government motor transport)	261	-	(228)	33	33	-	100.0%	3	3
Inventory: Clothing material and accessories	53	-	12	65	65	-	100.0%	29	29
Inventory: Food and food supplies	10 744	-	1 184	11 928	11 928	-	100.0%	10 442	10 442
Inventory: Fuel, oil and gas	2 083	-	(27)	2 056	2 056	-	100.0%	1 862	1 862
Inventory: Materials and supplies	201	-	(154)	47	47	-	100.0%	108	108



## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Programme 7: Defence Intelligence

	2016/17						2015/16		
	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
Consumable supplies	932	-	(308)	624	624	-	100.0%	576	576
Consumable: Stationery, printing and office supplies	1 512	-	(408)	1 104	1 104	-	100.0%	1 134	1 134
Operating leases	6 405	-	1 933	8 338	8 338	-	100.0%	7 566	7 566
Property payments	952	-	(468)	484	484	-	100.0%	268	268
Travel and subsistence	5 365	-	1 501	6 866	6 866	-	100.0%	6 314	6 314
Training and development	2 518	-	(872)	1 646	1 646	-	100.0%	1 348	1 348
Operating payments	943	-	504	1 447	1 447	-	100.0%	1 071	1 071
Venues and facilities	196	-	(177)	19	19	-	100.0%	93	93
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>456 729</b>	-	<b>971</b>	<b>457 700</b>	<b>457 700</b>	-	<b>100.0%</b>	<b>444 994</b>	<b>444 994</b>
Provinces and municipalities	-	-	2	2	2	-	100.0%	3	3
Municipalities	-	-	2	2	2	-	100.0%	3	3
Municipal bank accounts	-	-	2	2	2	-	100.0%	3	3
Departmental agencies and accounts	452 451	-	(319)	452 132	452 132	-	100.0%	442 271	442 271
Departmental agencies (non-business entities)	452 451	-	(319)	452 132	452 132	-	100.0%	442 271	442 271
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4 278	-	1 288	5 566	5 566	-	100.0%	2 720	2 720
Social benefits	4 278	-	1 288	5 566	5 566	-	100.0%	2 720	2 720
<b>Payments for capital assets</b>	<b>569</b>	-	<b>335</b>	<b>904</b>	<b>904</b>	-	<b>100.0%</b>	<b>2 978</b>	<b>2 978</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	569	-	335	904	904	-	100.0%	2 978	2 978
Transport equipment	-	-	595	595	595	-	100.0%	2 707	2 707
Other machinery and equipment	569	-	(260)	309	309	-	100.0%	271	271
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 7: Defence Intelligence

	2016/17						2015/16		
	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
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	-	-	-	-	-	5	5
<b>Total</b>	<b>900 248</b>	<b>-</b>	<b>(18 959)</b>	<b>881 289</b>	<b>881 289</b>	<b>-</b>	<b>100.0%</b>	<b>830 060</b>	<b>830 060</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 7.1: Strategic Direction

	2016/17				2015/16				
	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
<b>Economic classification</b>									
<b>Current payments</b>	60	-	(60)	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	60	-	(60)	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	11	-	(11)	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	11	-	(11)	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>71</b>	<b>-</b>	<b>(71)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Subprogramme: 7.2: Operations

	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>19 664</b>	-	<b>25</b>	<b>19 689</b>	<b>19 689</b>	-	<b>100.0%</b>	<b>17 491</b>	<b>17 491</b>
Compensation of employees	2 070	-	(586)	1 484	1 484	-	100.0%	1 469	1 469
Goods and services	17 594	-	611	18 205	18 205	-	100.0%	16 022	16 022
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>452 451</b>	-	<b>(319)</b>	<b>452 132</b>	<b>452 132</b>	-	<b>100.0%</b>	<b>442 271</b>	<b>442 271</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	452 451	-	(319)	452 132	452 132	-	100.0%	442 271	442 271
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>367</b>	-	<b>228</b>	<b>595</b>	<b>595</b>	-	<b>100.0%</b>	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	367	-	228	595	595	-	100.0%	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>472 482</b>	-	<b>(66)</b>	<b>472 416</b>	<b>472 416</b>	-	<b>100.0%</b>	<b>459 762</b>	<b>459 762</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 7.3: Defence Intelligence Support Services

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>423 226</b>	-	<b>(20 230)</b>	<b>402 996</b>	<b>402 996</b>	-	<b>100.0%</b>	<b>364 592</b>	<b>364 592</b>
Compensation of employees	402 821	-	(25 139)	377 682	377 682	-	100.0%	346 464	346 464
Goods and services	20 405	-	4 909	25 314	25 314	-	100.0%	18 128	18 128
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>4 278</b>	-	<b>1 290</b>	<b>5 568</b>	<b>5 568</b>	-	<b>100.0%</b>	<b>2 723</b>	<b>2 723</b>
Provinces and municipalities	-	-	2	2	2	-	100.0%	3	3
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4 278	-	1 288	5 566	5 566	-	100.0%	2 720	2 720
<b>Payments for capital assets</b>	<b>191</b>	-	<b>118</b>	<b>309</b>	<b>309</b>	-	<b>100.0%</b>	<b>2 978</b>	<b>2 978</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	191	-	118	309	309	-	100.0%	2 978	2 978
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>5</b>
<b>Total</b>	<b>427 695</b>	<b>-</b>	<b>(18 822)</b>	<b>408 873</b>	<b>408 873</b>	<b>-</b>	<b>100.0%</b>	<b>370 298</b>	<b>370 298</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

	2016/17						2015/16		
	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
<b>Subprogramme</b>									
1. Joint Logistic Services	2 908 352	-	16 979	2 925 331	2 925 331	-	100.0%	2 546 667	2 546 667
2. Command and Management Information Systems	1 011 199	-	132 474	1 143 673	1 143 673	-	100.0%	1 096 461	1 096 461
3. Military Police	587 136	-	2 370	589 506	589 506	-	100.0%	529 249	529 249
4. Technology Development	516 244	-	(309)	515 935	515 935	-	100.0%	424 021	424 021
5. Departmental Support	901 356	-	(19 103)	882 253	882 253	-	100.0%	880 214	880 214
<b>Total</b>	<b>5 924 287</b>	<b>-</b>	<b>132 411</b>	<b>6 056 698</b>	<b>6 056 698</b>	<b>-</b>	<b>100.0%</b>	<b>5 476 612</b>	<b>5 476 612</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>4 464 011</b>	<b>-</b>	<b>(68 119)</b>	<b>4 395 892</b>	<b>4 395 892</b>	<b>-</b>	<b>100.0%</b>	<b>3 893 356</b>	<b>3 893 356</b>
Compensation of employees	2 014 078	-	38 608	2 052 686	2 052 686	-	100.0%	1 703 991	1 703 991
Salaries and wages	1 805 368	-	26 553	1 831 921	1 831 921	-	100.0%	1 517 468	1 517 468
Social contributions	208 710	-	12 055	220 765	220 765	-	100.0%	186 523	186 523
Goods and services	2 449 933	-	(106 727)	2 343 206	2 343 206	-	100.0%	2 189 365	2 189 365
Administrative fees	12 904	-	(1 017)	11 887	11 887	-	100.0%	3 215	3 215
Advertising	451	-	506	957	957	-	100.0%	300	300
Minor assets	18 178	-	183 340	201 518	201 518	-	100.0%	12 236	12 236
Audit costs: External	73 312	-	(22 695)	50 617	50 617	-	100.0%	60 038	60 038
Catering: Departmental activities	8 250	-	(1 883)	6 367	6 367	-	100.0%	6 353	6 353
Communication (G&S)	11 683	-	510	12 193	12 193	-	100.0%	5 554	5 554
Computer services	857 455	-	(175 375)	682 080	682 080	-	100.0%	804 118	804 118
Consultants: Business and advisory services	91 927	-	35 091	127 018	127 018	-	100.0%	240 857	240 857
Infrastructure and planning services	23 053	-	(22 661)	392	392	-	100.0%	5 304	5 304
Scientific and technological services	52 730	-	(2 535)	50 195	50 195	-	100.0%	78 653	78 653
Legal services	30 742	-	3 827	34 569	34 569	-	100.0%	50 518	50 518
Contractors	123 426	-	(27 287)	96 139	96 139	-	100.0%	90 502	90 502
Agency and support / outsourced services	68 936	-	86 381	155 317	155 317	-	100.0%	22 146	22 146
Entertainment	527	-	(391)	136	136	-	100.0%	77	77

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

## Programme 8: General Support

	2016/17						2015/16		
	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
Fleet services (including government motor transport)	2 753	-	(770)	1 983	1 983	-	100.0%	1 405	1 405
Inventory: Clothing material and accessories	9 071	-	(6 096)	2 975	2 975	-	100.0%	3 446	3 446
Inventory: Farming supplies	53	-	(22)	31	31	-	100.0%	9	9
Inventory: Food and food supplies	35 058	-	(11 065)	23 993	23 993	-	100.0%	25 601	25 601
Inventory: Fuel, oil and gas	25 999	-	(855)	25 144	25 144	-	100.0%	27 309	27 309
Inventory: Materials and supplies	8 536	-	8 591	17 127	17 127	-	100.0%	24 418	24 418
Inventory: Medical supplies	41	-	(13)	28	28	-	100.0%	28	28
Inventory: Other supplies	708	-	(693)	15	15	-	100.0%	-	-
Consumable supplies	10 689	-	5 766	16 455	16 455	-	100.0%	17 827	17 827
Consumable: Stationery, printing and office supplies	5 260	-	(284)	4 976	4 976	-	100.0%	5 037	5 037
Operating leases	8 375	-	(3 734)	4 641	4 641	-	100.0%	320	320
Property payments	843 996	-	(244 173)	599 823	599 823	-	100.0%	515 222	515 222
Travel and subsistence	68 735	-	30 794	99 529	99 529	-	100.0%	64 880	64 880
Training and development	42 875	-	66 448	109 323	109 323	-	100.0%	117 572	117 572
Operating payments	12 202	-	(6 372)	5 830	5 830	-	100.0%	4 797	4 797
Venues and facilities	2 008	-	(60)	1 948	1 948	-	100.0%	1 585	1 585
Rental and hiring	-	-	-	-	-	-	-	38	38
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 318 394</b>	-	<b>23 009</b>	<b>1 341 403</b>	<b>1 341 403</b>	-	<b>100.0%</b>	<b>1 254 085</b>	<b>1 254 085</b>
Provinces and municipalities	51	-	(5)	46	46	-	100.0%	30	30
Municipalities	51	-	(5)	46	46	-	100.0%	30	30
Municipal bank accounts	51	-	(5)	46	46	-	100.0%	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	30	30
Departmental agencies and accounts	551 691	-	(64)	551 627	551 627	-	100.0%	483 216	483 216
Departmental agencies (non-business entities)	551 691	-	(64)	551 627	551 627	-	100.0%	483 216	483 216
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	752 276	-	23 914	776 190	776 190	-	100.0%	760 898	760 898
Public corporations	752 276	-	23 914	776 190	776 190	-	100.0%	760 898	760 898



DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Programme 8: General Support

	2016/17						2015/16		
	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
Subsidies on products and production (pc)	752 276	-	-	752 276	752 276	-	100.0%	760 898	760 898
Other transfers to public corporations	-	-	23 914	23 914	23 914	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	14 376	-	(836)	13 540	13 540	-	100.0%	9 941	9 941
Social benefits	14 376	-	(1 134)	13 242	13 242	-	100.0%	8 859	8 859
Other transfers to households	-	-	298	298	298	-	100.0%	1 082	1 082
<b>Payments for capital assets</b>	<b>141 882</b>	-	<b>177 257</b>	<b>319 139</b>	<b>319 139</b>	-	<b>100.0%</b>	<b>329 104</b>	<b>329 104</b>
Buildings and other fixed structures	120 643	-	(15 366)	105 277	105 277	-	100.0%	58 055	58 055
Buildings	120 643	-	(15 366)	105 277	105 277	-	100.0%	58 055	58 055
Machinery and equipment	20 913	-	100 124	121 037	121 037	-	100.0%	270 974	270 974
Transport equipment	951	-	39 148	40 099	40 099	-	100.0%	87 034	87 034
Other machinery and equipment	19 962	-	60 976	80 938	80 938	-	100.0%	183 940	183 940
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	326	-	92 499	92 825	92 825	-	100.0%	75	75
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>264</b>	<b>264</b>	<b>264</b>	<b>-</b>	<b>100.0%</b>	<b>67</b>	<b>67</b>
<b>Total</b>	<b>5 924 287</b>	<b>-</b>	<b>132 411</b>	<b>6 056 698</b>	<b>6 056 698</b>	<b>-</b>	<b>100.0%</b>	<b>5 476 612</b>	<b>5 476 612</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	<b>2 753 687</b>	-	<b>(38 989)</b>	<b>2 714 698</b>	<b>2 714 698</b>	-	<b>100.0%</b>	<b>2 319 436</b>	<b>2 319 436</b>
Compensation of employees	1 391 431	-	47 880	1 439 311	1 439 311	-	100.0%	1 147 547	1 147 547
Goods and services	1 362 256	-	(86 869)	1 275 387	1 275 387	-	100.0%	1 171 889	1 171 889
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>16 782</b>	-	<b>(825)</b>	<b>15 957</b>	<b>15 957</b>	-	<b>100.0%</b>	<b>13 675</b>	<b>13 675</b>
Provinces and municipalities	-	-	2	2	2	-	100.0%	-	-
Departmental agencies and accounts	3	-	(3)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	7 465	-	-	7 465	7 465	-	100.0%	7 109	7 109
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	9 314	-	(824)	8 490	8 490	-	100.0%	6 566	6 566
<b>Payments for capital assets</b>	<b>137 883</b>	-	<b>56 698</b>	<b>194 581</b>	<b>194 581</b>	-	<b>100.0%</b>	<b>213 490</b>	<b>213 490</b>
Buildings and other fixed structures	120 643	-	(15 499)	105 144	105 144	-	100.0%	58 055	58 055
Machinery and equipment	16 914	-	72 523	89 437	89 437	-	100.0%	155 360	155 360
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	326	-	(326)	-	-	-	-	75	75
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>-</b>	<b>100.0%</b>	<b>66</b>	<b>66</b>
<b>Total</b>	<b>2 908 352</b>	<b>-</b>	<b>16 979</b>	<b>2 925 331</b>	<b>2 925 331</b>	<b>-</b>	<b>100.0%</b>	<b>2 546 667</b>	<b>2 546 667</b>

**DEFENCE AND MILITARY VETERANS - Vote 19**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2017**

Subprogramme: 8.2: Command and Management Information Systems

	2016/17				2015/16				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>972 714</b>	-	<b>16 945</b>	<b>989 659</b>	<b>989 659</b>	-	<b>100.0%</b>	<b>926 820</b>	<b>926 820</b>
Compensation of employees	91 907	-	(9 487)	82 420	82 420	-	100.0%	73 384	73 384
Goods and services	880 807	-	26 432	907 239	907 239	-	100.0%	853 436	853 436
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>37 243</b>	-	<b>(1 063)</b>	<b>36 180</b>	<b>36 180</b>	-	<b>100.0%</b>	<b>60 032</b>	<b>60 032</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	35 026	-	-	35 026	35 026	-	100.0%	58 648	58 648
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 217	-	(1 063)	1 154	1 154	-	100.0%	1 384	1 384
<b>Payments for capital assets</b>	<b>1 242</b>	-	<b>116 592</b>	<b>117 834</b>	<b>117 834</b>	-	<b>100.0%</b>	<b>109 609</b>	<b>109 609</b>
Buildings and other fixed structures	-	-	85	85	85	-	100.0%	-	-
Machinery and equipment	1 242	-	23 682	24 924	24 924	-	100.0%	109 609	109 609
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	92 825	92 825	92 825	-	100.0%	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 011 199</b>	<b>-</b>	<b>132 474</b>	<b>1 143 673</b>	<b>1 143 673</b>	<b>-</b>	<b>100.0%</b>	<b>1 096 461</b>	<b>1 096 461</b>

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 8.3: Military Police

	2016/17					2015/16			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>580 712</b>	-	<b>(2 675)</b>	<b>578 037</b>	<b>578 037</b>	-	<b>100.0%</b>	<b>521 484</b>	<b>521 484</b>
Compensation of employees	530 740	-	215	530 955	530 955	-	100.0%	483 060	483 060
Goods and services	49 972	-	(2 890)	47 082	47 082	-	100.0%	38 424	38 424
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>3 679</b>	-	<b>983</b>	<b>4 662</b>	<b>4 662</b>	-	<b>100.0%</b>	<b>1 814</b>	<b>1 814</b>
Provinces and municipalities	51	-	(7)	44	44	-	100.0%	30	30
Departmental agencies and accounts	783	-	(61)	722	722	-	100.0%	675	675
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 845	-	1 051	3 896	3 896	-	100.0%	1 109	1 109
<b>Payments for capital assets</b>	<b>2 745</b>	-	<b>3 956</b>	<b>6 701</b>	<b>6 701</b>	-	<b>100.0%</b>	<b>5 950</b>	<b>5 950</b>
Buildings and other fixed structures	-	-	48	48	48	-	100.0%	-	-
Machinery and equipment	2 745	-	3 908	6 653	6 653	-	100.0%	5 950	5 950
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>-</b>	<b>100.0%</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>587 136</b>	<b>-</b>	<b>2 370</b>	<b>589 506</b>	<b>589 506</b>	<b>-</b>	<b>100.0%</b>	<b>529 249</b>	<b>529 249</b>

DEFENCE AND MILITARY VETERANS - Vote 19

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 8.4: Technology Development

	2016/17						2015/16		
	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
<b>Economic classification</b>									
<b>Current payments</b>	353	-	(322)	31	31	-	100.0%	73	73
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	353	-	(322)	31	31	-	100.0%	73	73
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	515 879	-	-	515 879	515 879	-	100.0%	423 893	423 893
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	515 879	-	-	515 879	515 879	-	100.0%	423 893	423 893
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	12	-	11	23	23	-	100.0%	55	55
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	12	-	11	23	23	-	100.0%	55	55
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	-	-	2	2	2	-	100.0%	-	-
<b>Total</b>	516 244	-	(309)	515 935	515 935	-	100.0%	424 021	424 021

## DEFENCE AND MILITARY VETERANS - Vote 19

## APPROPRIATION STATEMENT

for the year ended 31 March 2017

Subprogramme: 8.5: Departmental Support

	2016/17						2015/16		
	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
<b>Economic classification</b>	<b>156 545</b>	<b>-</b>	<b>(43 078)</b>	<b>113 467</b>	<b>113 467</b>	<b>-</b>	<b>100.0%</b>	<b>125 543</b>	<b>125 543</b>
<b>Current payments</b>	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	156 545	-	(43 078)	113 467	113 467	-	100.0%	125 543	125 543
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>744 811</b>	<b>-</b>	<b>23 914</b>	<b>768 725</b>	<b>768 725</b>	<b>-</b>	<b>100.0%</b>	<b>754 671</b>	<b>754 671</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	744 811	-	23 914	768 725	768 725	-	100.0%	753 789	753 789
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	882	882
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-	-	-	-	-	-	-
<b>Payment for financial assets</b>	<b>-</b>	<b>-</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>901 356</b>	<b>-</b>	<b>(19 103)</b>	<b>882 253</b>	<b>882 253</b>	<b>-</b>	<b>100.0%</b>	<b>880 214</b>	<b>880 214</b>

**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended 31 March 2017

**1. Detail of transfers and subsidies as per Appropriation Act (after Virement):**

Detail of these transactions can be viewed in note 6 on Transfers and subsidies and Annexure 1 (A-F) to the Annual Financial Statements.

**2. Detail of specifically and exclusively appropriated amounts voted (after Virement):**

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

**3. Detail on payments for financial assets**

Detail of these transactions per programme can be viewed in note 5 to Payment for financial assets to the Annual Financial Statements.

**4. Explanations of material variances from Amounts Voted (after Virement):**

**4.1 Per programme:**

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
<b>Force Employment</b>	3 445 535	3 431 011	14 524	0.42%

Under-expenditure was mainly within the Peace Support Operations (Rm14 524). This was mainly due to operational requirements, regarding aircraft chartering, being less by the United Nations than planned for.

<b>Maritime Defence</b>	4 323 232	4 298 385	24 847	0.57%
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Under-expenditure was mainly within the Maritime Defence Programme (Rm24 847). This was as a result of austerity measures implemented in order to remain within the ceiling amount as set by the National Treasury.

4.2 Per economic classification:	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
<b>Current expenditure</b>				
Compensation of employees	27 084 547	27 059 700	24 847	0.09%
Goods and services	11 735 485	11 720 961	14 524	0.12%

Under-expenditure was mainly within the Maritime Defence Programme (Rm24 847). This was as a result of austerity measures implemented in order to remain within the ceiling amount as set by the National Treasury. Under-expenditure was mainly within the Peace Support Operations (Rm14 524). This was mainly due to operational requirements, regarding aircraft chartering, being less by the United Nations than planned for.



## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>REVENUE</b>			
Annual appropriation	1	47 236 465	45 088 161
Departmental revenue	2	1 387 310	1 082 623
<b>TOTAL REVENUE</b>		<b>48 623 775</b>	<b>46 170 784</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	27 059 700	24 788 024
Goods and services	4	11 720 961	11 439 573
<b>Total current expenditure</b>		<b>38 780 661</b>	<b>36 227 597</b>
<b>Transfers and subsidies</b>	<b>6</b>	<b>7 466 820</b>	<b>8 003 263</b>
<b>Expenditure for capital assets</b>			
Tangible capital assets	7	852 304	837 350
Intangible assets	7	94 990	647
<b>Total expenditure for capital assets</b>		<b>947 294</b>	<b>837 997</b>
<b>Payments for financial assets</b>	<b>5</b>	<b>2 319</b>	<b>2 677</b>
<b>TOTAL EXPENDITURE</b>		<b>47 197 094</b>	<b>45 071 534</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>1 426 681</b>	<b>1 099 250</b>
<b>Reconciliation of Net Surplus for the year</b>			
Voted Funds		39 371	16 627
Departmental revenue and NRF Receipts	13	1 387 310	1 082 623
<b>NET SURPLUS FOR THE YEAR</b>		<b>1 426 681</b>	<b>1 099 250</b>

**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>1 020 041</b>	<b>852 149</b>
Cash and cash equivalents	8	70 377	63 309
Prepayments and advances	9	176 776	253 576
Receivables	10	772 888	535 264
<b>Non-current assets</b>		<b>229 948</b>	<b>452 786</b>
Investments	11	75 000	75 000
Receivables	10	154 948	377 786
<b>TOTAL ASSETS</b>		<b>1 249 989</b>	<b>1 304 935</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>400 818</b>	<b>471 188</b>
Voted funds to be surrendered to the Revenue Fund	12	39 371	16 627
Departmental revenue to be surrendered to the Revenue Fund	13	119 595	183 392
Bank overdraft	14	155 387	170 389
Payables	15	86 465	100 780
<b>Non-Current liabilities</b>		<b>5 065</b>	<b>4 186</b>
Payables	16	5 065	4 186
<b>TOTAL LIABILITIES</b>		<b>405 883</b>	<b>475 374</b>
<b>NET ASSETS</b>		<b>844 106</b>	<b>829 561</b>
<b>Represented by:</b>			
Capitalisation Reserves		75 000	75 000
Recoverable revenue		769 106	754 561
<b>TOTAL</b>		<b>844 106</b>	<b>829 561</b>

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**STATEMENTS OF CHANGES IN NET ASSETS**  
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>NET ASSETS</b>			
<b>Capitalisation Reserves</b>			
Opening balance		75 000	75 000
Other movements		-	-
Closing balance		<u>75 000</u>	<u>75 000</u>
<b>Recoverable revenue</b>			
Opening balance		754 561	466 663
Transfers		14 545	287 898
Irrecoverable amounts written off		(3 298)	(3 741)
Debts revised		7 962	(12 025)
Debts recovered (included in departmental receipts)		(608 653)	(209 446)
Debts raised		618 534	513 110
Closing balance		<u>769 106</u>	<u>754 561</u>
<b>TOTAL</b>		<u><u>844 106</u></u>	<u><u>829 561</u></u>

**CASH FLOW STATEMENT**  
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>48 591 917</b>	<b>46 134 572</b>
Annual appropriated funds received	1	47 236 465	45 088 161
Departmental revenue received	2	1 351 524	1 042 521
Interest received	2.3	3 928	3 890
Net decrease/(increase) in working capital		47 699	(341 011)
Surrendered to Revenue Fund		(1 467 734)	(1 081 134)
Current payments		(38 780 661)	(36 227 597)
Payments for financial assets		(2 319)	(2 677)
Transfers and subsidies paid		(7 466 820)	(8 003 263)
<b>Net cash flows available from operating activities</b>	<b>17</b>	<b>922 082</b>	<b>478 890</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7	(947 294)	(837 997)
Proceeds from sale of capital assets	2.4	31 858	36 212
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
<b>Net cash flows from investing activities</b>		<b>(915 436)</b>	<b>(801 785)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		14 545	287 898
Increase/(decrease) in non-current payables		879	2 409
<b>Net cash flows from financing activities</b>		<b>15 424</b>	<b>290 307</b>
Net increase/(decrease) in cash and cash equivalents		22 070	(32 588)
Cash and cash equivalents at beginning of period		(107 080)	(74 492)
<b>Cash and cash equivalents at end of period</b>	<b>18</b>	<b>(85 010)</b>	<b>(107 080)</b>

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 31 March 2017

**1. Annual Appropriation**

1.1 Annual Appropriation	2016/17			2015/16	
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	5 740 559	5 740 559	-	4 984 514	4 984 514
Force Employment	3 445 535	3 445 535	-	3 616 407	3 616 407
Landward Defence	15 557 822	15 557 822	-	15 118 951	15 118 951
Air Defence	6 782 585	6 782 585	-	7 085 719	7 085 719
Maritime Defence	4 323 232	4 323 232	-	3 732 748	3 732 748
Military Health Support	4 448 745	4 448 745	-	4 243 150	4 243 150
Defence Intelligence	881 289	881 289	-	830 060	830 060
General Support	6 056 698	6 056 698	-	5 476 612	5 476 612
<b>Total</b>	<b>47 236 465</b>	<b>47 236 465</b>	<b>-</b>	<b>45 088 161</b>	<b>45 088 161</b>

Note	2016/17 R'000	2015/16 R'000
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**2. Departmental Revenue**

Sales of goods and services other than capital assets	2.1	807 219	442 016
Fines, penalties and forfeits	2.2	1 164	600
Interest, dividends and rent on land	2.3	3 928	3 890
Sales of capital assets	2.4	31 858	36 212
Transactions in financial assets and liabilities	2.5	101 481	75 775
Transfers received	2.6	441 660	524 130
<b>Departmental revenue collected</b>		<b>1 387 310</b>	<b>1 082 623</b>

**2.1 Sales of goods and services other than capital assets**

Sales of goods and services produced by the department	<b>806 472</b>	<b>439 041</b>
Administrative fees	9	19
Other sales	806 463	439 022
Sales of scrap, waste and other used current goods	747	2 975
<b>Total</b>	<b>807 219</b>	<b>442 016</b>

Other sales - Sales of Goods consisting of eg light meals, sea maps & charts, aviation fuel etc. increased by R5 726.

Services Rendered mainly to the United Nations increased by R350 635.

**2.2 Fines, penalties and forfeits**

Fines	<b>1 164</b>	<b>600</b>
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**2.3 Interest, dividends and rent on land**

Interest	<b>3 928</b>	<b>3 890</b>
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**2.4 Sales of capital assets**

<b>Tangible assets</b>			
Specialised military assets	31.2	31 858	14 232
Machinery and equipment		-	21 980
		<b>31 858</b>	<b>36 212</b>

**2.5 Transactions in financial assets and liabilities**

Forex gain	37 823	45 962
Other Receipts including Recoverable Revenue	63 658	29 813
<b>Total</b>	<b>101 481</b>	<b>75 775</b>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>2.6 Transfers received</b>			
Foreign governments		<u>441 660</u>	<u>524 130</u>
United Nations (MOU/LOA) reimbursements			
<b>3. Compensation of employees</b>			
<b>3.1 Salaries and wages</b>			
Basic salary		16 908 515	15 791 115
Performance award		333 529	153 574
Service Based		171 918	141 957
Compensative/circumstantial		2 451 791	2 333 109
Periodic payments		14 785	13 230
Other non-pensionable allowances		4 091 318	3 716 015
<b>Total</b>		<u><b>23 971 856</b></u>	<u><b>22 149 000</b></u>
<b>3.2 Social contributions</b>			
<b>Employer contributions</b>			
Pension		2 936 224	2 498 255
Medical		150 793	139 993
Bargaining council		827	776
<b>Total</b>		<u><b>3 087 844</b></u>	<u><b>2 639 024</b></u>
<b>Total compensation of employees</b>		<u><b>27 059 700</b></u>	<u><b>24 788 024</b></u>
<b>Average number of employees</b>		<u><b>76 616</b></u>	<u><b>77 386</b></u>

Included in the total compensation of employees is an amount of Rm4 387 for 2016/17 (2015/16: Rm4 034) paid to two members of legislature.

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>4. Goods and services</b>			
Administrative fees		12 373	11 381
Advertising		98 673	8 431
Minor Assets	4.1	252 481	94 206
Catering		22 761	27 217
Communication		102 362	88 963
Computer services	4.2	921 495	1 055 993
Consultants: Business and Advisory services		219 068	300 594
Infrastructure and planning services		15 954	32 933
Laboratory services		46 249	32 069
Scientific and technological services		101 757	97 713
Legal services		34 569	54 853
Contractors		2 114 847	2 207 794
Agency and support / outsourced services		645 770	583 755
Entertainment		4 543	4 785
Audit cost – external	4.3	50 617	60 979
Fleet services		108 860	136 107
Inventory	4.4	2 000 493	2 112 278
Consumables	4.5	188 088	191 785
Operating leases		1 507 114	1 318 598
Property payments	4.6	1 555 229	1 465 752
Rental and hiring		5 564	4 757
Travel and subsistence	4.7	1 102 666	991 344
Venues and facilities		10 890	12 440
Training and development		239 660	228 253
Other operating expenditure	4.8	358 878	316 593
<b>Total</b>		<b>11 720 961</b>	<b>11 439 573</b>
<b>4.1 Minor assets</b>	4		
<b>Tangible assets</b>		<b>62 014</b>	<b>94 189</b>
Buildings and other fixed structures		147	271
Biological assets		2	-
Machinery and equipment		61 797	93 698
Transport assets		32	154
Specialised military assets		36	66
<b>Intangible assets</b>		<b>190 467</b>	<b>17</b>
Software		190 467	17
<b>Total</b>		<b>252 481</b>	<b>94 206</b>
<b>4.2 Computer services</b>	4		
SITA computer services		787 009	977 983
External computer service providers		134 486	78 010
<b>Total</b>		<b>921 495</b>	<b>1 055 993</b>
<b>4.3 Audit cost – external</b>	4		
Regularity audits		48 435	53 278
Investigations		487	3 756
Computer audits		1 695	3 945
<b>Total</b>		<b>50 617</b>	<b>60 979</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>4.4 Inventory</b>	4		
Clothing material and accessories		90 305	160 038
Farming supplies		7 345	7 387
Food and food supplies		949 315	886 530
Fuel, oil and gas		563 779	639 187
Materials and supplies		64 879	107 893
Medical supplies		65 425	98 713
Medicine		198 592	154 091
Other supplies	4.4.1	60 853	58 439
<b>Total</b>		<b>2 000 493</b>	<b>2 112 278</b>
<b>4.4.1 Other Supplies</b>			
Other		60 853	58 439
<b>Total</b>		<b>60 853</b>	<b>58 439</b>
<b>4.5 Consumables</b>	4		
Consumables supplies		<b>133 458</b>	<b>133 485</b>
Uniform and clothing		564	529
Household supplies		47 450	52 403
IT consumables		61 413	54 021
Other consumables		24 031	26 532
Stationery, printing and office supplies		54 630	58 300
<b>Total</b>		<b>188 088</b>	<b>191 785</b>
<b>4.6 Property payments</b>	4		
Municipal services		845 055	840 403
Property maintenance and repairs		671 467	587 108
Other		38 707	38 241
<b>Total</b>		<b>1 555 229</b>	<b>1 465 752</b>
<b>4.7 Travel and subsistence</b>	4		
Local		798 299	666 370
Foreign		304 367	324 974
<b>Total</b>		<b>1 102 666</b>	<b>991 344</b>
<b>4.8 Other operating expenditure</b>	4		
Professional bodies, membership and subscription fees		2 351	2 418
Resettlement costs		43 709	38 301
Other		312 818	275 874
<b>Total</b>		<b>358 878</b>	<b>316 593</b>
<b>5. Payments for financial assets</b>			
Material losses through criminal conduct - theft		-	-
Other material losses written off		-	-
Debts written off	5.1	2 319	2 677
Forex losses		-	-
<b>Total</b>		<b>2 319</b>	<b>2 677</b>

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>5.1 Debts written off</b>			
<b>Nature of debts written off</b>			
Salary related		1 910	2 552
Estates		326	66
Loss of State Funds		79	8
Loss of Revenue		-	49
Suppliers in debt		4	2
<b>Total</b>		<b>2 319</b>	<b>2 677</b>
<b>6. Transfers and subsidies</b>			
Departmental agencies and accounts	Annex 1A	6 251 767	6 840 117
Public corporations and private enterprises	Annex 1B	1 067 713	1 022 379
Foreign governments and international organisations	Annex 1C	-	5 804
Non-profit institutions	Annex 1D	9 303	8 081
Households	Annex 1E	137 852	126 821
Provinces and municipalities	Annex 1F	185	61
<b>Total</b>		<b>7 466 820</b>	<b>8 003 263</b>
<b>Unspent funds transferred to the above beneficiaries</b>			
Provinces and municipalities		-	-
Departmental agencies and accounts		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>7. Expenditure for capital assets</b>			
<b>Tangible assets</b>		<b>852 304</b>	<b>837 350</b>
Buildings and other fixed structures		147 856	82 597
Machinery and equipment		696 895	696 655
Specialised military assets		7 553	58 098
<b>Intangible assets</b>		<b>94 990</b>	<b>647</b>
Software		94 990	647
<b>Total</b>		<b>947 294</b>	<b>837 997</b>
<b>7.1 Analysis of funds utilised to acquire capital assets - 2016/17</b>			
<b>Tangible assets</b>		<b>852 304</b>	<b>852 304</b>
Buildings and other fixed structures		147 856	147 856
Machinery and equipment		696 895	696 895
Specialised military assets		7 553	7 553
<b>Intangible assets</b>		<b>94 990</b>	<b>94 990</b>
Software		94 990	94 990
<b>Total</b>		<b>947 294</b>	<b>947 294</b>
	<b>Voted Funds R'000</b>	<b>Aid Assistance R'000</b>	<b>Total R'000</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

	Voted Funds R'000	Aid Assistance R'000	Total R'000
<b>7.2 Analysis of funds utilised to acquire capital assets - 2015/16</b>			
<b>Tangible assets</b>	<b>837 350</b>	<b>-</b>	<b>837 350</b>
Buildings and other fixed structures	82 597	-	82 597
Machinery and equipment	696 655	-	696 655
Specialised military assets	58 098	-	58 098
<b>Intangible assets</b>	<b>647</b>	<b>-</b>	<b>647</b>
Software	647	-	647
<b>Total</b>	<b>837 997</b>	<b>-</b>	<b>837 997</b>
	<b>Note</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>
<b>7.3 Finance lease expenditure included in Expenditure for Capital assets</b>			
<b>Tangible assets</b>			
Machinery and equipment		<b>42 259</b>	<b>44 400</b>
<b>8. Cash and cash equivalents</b>			
Consolidated Paymaster General Account		-	-
Cash on hand		29 269	46 879
Investments (Domestic)		41 108	16 430
<b>Total</b>		<b>70 377</b>	<b>63 309</b>
<b>9. Prepayments and advances</b>			
Staff advances		4 828	26 356
Travel and subsistence		82 725	109 843
Advances paid (Not expensed)	9.1	89 223	117 377
<b>Total</b>		<b>176 776</b>	<b>253 576</b>
<b>9.1 Advances Paid (Not expensed)</b>			
National Departments	Annex 8A	78 899	111 983
Other Institutions	Annex 8A	10 324	5 394
<b>Total</b>		<b>89 223</b>	<b>117 377</b>
<b>9.2 Prepayments (Not expensed)</b>			
Listed by economic classification			
Goods and services		-	-
Interest and rent on land		-	-
Transfers and subsidies		-	-
Capital assets		-	-
Other		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>9.3 Prepayments (Expensed)</b>			
Listed by economic classification			
Goods and services		12	1 806
Interest and rent on land		-	-
Transfers and subsidies		-	-
Capital assets		-	-
Other		-	-
<b>Total</b>		<b>12</b>	<b>1 806</b>

Supplier (DSTV) was paid for April 2017 until June 2017. During 2015/16 a supplier (MWEB) was paid for a contract for the period April 2016 to August 2016.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

	Note	2016/17		Total	2015/16		Total
		Current R'000	Non-Current R'000	R'000	Current R'000	Non-Current R'000	R'000
<b>10. Receivables</b>							
Claims recoverable	10.1 & Annex 4	46 226	4 784	51 010	32 617	4 591	37 208
Staff debt	10.2	63 686	27 350	91 036	37 989	27 284	65 273
Fruitless and wasteful expenditure	10.4	327	-	327	-	28	28
Other debtors	10.3	662 649	122 814	785 463	464 658	345 883	810 541
<b>Total</b>		<b>772 888</b>	<b>154 948</b>	<b>927 836</b>	<b>535 264</b>	<b>377 786</b>	<b>913 050</b>

	Note	2016/17 R'000	2015/16 R'000
<b>10.1 Claims recoverable</b>			
National departments		50 861	37 067
Provincial departments		29	22
Local governments		120	119
<b>Total</b>		<b>51 010</b>	<b>37 208</b>

	Note	2016/17 R'000	2015/16 R'000
<b>10.2 Staff debt</b>			
Salary related		52 185	30 893
Study loans - Students		30 167	26 784
Motor vehicle accidents		6 490	5 522
State guarantees		32	30
Loss of state money		681	716
Damage to state property		223	213
Private patients		132	386
Travel and subsistence		1 081	729
Insurance		24	-
Medical claims		21	-
<b>Total</b>		<b>91 036</b>	<b>65 273</b>

	Note	2016/17 R'000	2015/16 R'000
<b>10.3 Other debtors</b>			
Operations		4 670	638 216
Study loans - Students		75 657	69 838
Aviation services		5 844	6 364
Suppliers		1 517	4 703
Motor vehicle accidents		11 777	11 230
Estates		2 293	2 198
State guarantees		1 192	1 224
Medical Claims		1 548	18 068
Private Patients		1 603	1 247
Market Support		-	16
Aviation fuel		3 507	1 434
Institutions		102	341
Damage to state property		48	9
Loss of state money		14 878	14 621
Salary overpayments		27 971	25 041
Salary related		32 541	15 991
Irregular Expenditure		206	-
UN Reimbursements MOA/MOU		8 386	-
UN Services Rendered LOA		591 723	-
<b>Total</b>		<b>785 463</b>	<b>810 541</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>10.4 Fruitless and wasteful expenditure</b>			
Opening balance		28	44
Less amounts recovered		(22)	(16)
Less amounts written off		-	-
Transfers from Note 26 Fruitless and Wasteful expenditure		321	-
<b>Total</b>		<b>327</b>	<b>28</b>

Penalty was charged for the delay of two DC9 aircrafts.

<b>10.5 Impairment of receivables</b>			
Estimate of impairment of receivables		105 820	100 412
<b>Total</b>		<b>105 820</b>	<b>100 412</b>

At the end of the reporting date the department assesses whether there is any objective evidence that a financial asset should be considered for impairment.

Impairment estimates are determined by estimating the present value of the expected future inflow of cash that is expected in settlement of the financial asset. PV is determined by using the prevailing interest rate at the reporting date.

**11. Investments**

**Non-Current**

**Shares and other equity**

Armcor		75 000	75 000
<b>Total</b>		<b>75 000</b>	<b>75 000</b>

**Analysis of non current investments**

Opening balance		75 000	75 000
Additions in cash		-	-
Disposals for cash		-	-
Non-cash movements		-	-
<b>Closing balance</b>		<b>75 000</b>	<b>75 000</b>

An impairment test performed on the Investment to Armcor, based on 2016/17 Annual Financial Statements, indicates no impairment.

**12. Voted funds to be surrendered to the Revenue Fund**

Opening balance		16 627	14 498
Prior period errors		-	-
Transfer from Statement of Financial Performance		39 371	16 627
Add: Unauthorised expenditure for current year		-	-
Voted funds not requested/not received		-	-
Paid during the year		(16 627)	(14 498)
<b>Closing balance</b>		<b>39 371</b>	<b>16 627</b>

**13. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund**

Opening balance		183 392	167 405
Prior period errors		-	-
Transfer from Statement of Financial Performance		1 387 310	1 082 623
Paid during the year		(1 451 107)	(1 066 636)
<b>Closing balance</b>		<b>119 595</b>	<b>183 392</b>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000			
<b>14. Bank overdraft</b>						
Consolidated Paymaster General Account		<u>155 387</u>	<u>170 389</u>			
<b>15. Payables - current</b>						
Amounts owing to other entities		-	-			
Advances received	15.1	-	-			
Clearing accounts	15.2	109	160			
Other payables	15.3	86 356	100 620			
<b>Total</b>		<u>86 465</u>	<u>100 780</u>			
<b>15.1 Advances received</b>						
National Departments	Annex 8B	-	-			
<b>Total</b>		<u>-</u>	<u>-</u>			
<b>15.2 Clearing accounts</b>						
Insurance		-	8			
Travel & Subsistence		1	8			
Suppliers		108	144			
<b>Total</b>		<u>109</u>	<u>160</u>			
<b>15.3 Other payables</b>						
Salary related		30 206	28 821			
Debtors in credit		250	1			
State guarantees		28	77			
Suppliers		27 729	58 700			
Medical claims		40	325			
Travel & Subsistence		16 106	12 607			
Unallocated deposits		-	89			
Advances paid		11 997	-			
<b>Total</b>		<u>86 356</u>	<u>100 620</u>			
	<b>Note</b>	<b>One to two years R'000</b>	<b>Two to three years R'000</b>	<b>More than three years R'000</b>	<b>2016/17 Total R'000</b>	<b>2015/16 Total R'000</b>
<b>16. Payables non-current</b>						
Amount owing to other entities		-	-	-	-	-
Advances received		-	-	-	-	-
Other payables	16.1	1 091	142	3 832	5 065	4 186
<b>Total</b>		<u>1 091</u>	<u>142</u>	<u>3 832</u>	<u>5 065</u>	<u>4 186</u>
	<b>Note</b>	<b>2016/17 R'000</b>	<b>2015/16 R'000</b>			
<b>16.1 Other Payables</b>						
State Guarantees		4 006	3 986			
Medical claims		35	-			
Salary related		1 021	72			
Travel & Subsistence		3	128			
<b>Total</b>		<u>5 065</u>	<u>4 186</u>			

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>17. Net cash flow available from operating activities</b>			
Net surplus/(deficit) as per Statement of Financial Performance		1 426 681	1 099 250
Add back non cash/cash movements not deemed operating activities		(504 599)	(620 360)
(Increase)/decrease in receivables – current		(14 786)	(310 876)
(Increase)/decrease in prepayments and advances		76 800	(72 002)
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables – current		(14 315)	41 867
Proceeds from sale of capital assets		(31 858)	(36 212)
Expenditure on capital assets		947 294	837 997
Surrenders to Revenue Fund		(1 467 734)	(1 081 134)
Voted funds not requested/not received		-	-
Other non-cash items		-	-
<b>Net cash flow generated by operating activities</b>		<b>922 082</b>	<b>478 890</b>
<b>18. Reconciliation of cash and cash equivalents for cash flow purposes</b>			
Consolidated Paymaster General account		(155 387)	(170 389)
Cash on hand		29 269	46 879
Cash with commercial banks (Local)		41 108	16 430
<b>Total</b>		<b>(85 010)</b>	<b>(107 080)</b>



## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## NOTES ON SECONDARY FINANCIAL INFORMATION

### for the year ended 31 March 2017

**19. Contingent liabilities and contingent assets****19.1 Contingent liabilities**

Liable to	Nature	Note	2016/17 R'000	2015/16 R'000
Housing loan guarantees	Employees	Annexure 3A	1 791	2 064
Claims against the department		Annexure 3B	928 406	816 241
Intergovernmental payables (unconfirmed balances)		Annexure 5	47	60
Environmental rehabilitation liability		Annexure 3B	1 137 407	1 069 421
<b>Total</b>			<b>2 067 651</b>	<b>1 887 786</b>

**19.2 Contingent assets**

Claim against SANDU due to damage to Military Police Vehicles during a protest	80	80
Breach of contract	127	127
Damage to state property	8	8
<b>Total</b>	<b>215</b>	<b>215</b>

**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 can not be certain as to the timing of the outflow of the related resources / amounts.
- There was no possibility for any reimbursements as at 31 March 2017.

**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.

**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.
- These are Contingent Assets hence, we can not be certain as to the timing of the inflow of the related resources / amounts.
- There was no possibility for any cancellation of these claims by the DOD as at 31 March 2017.

**19.3 Prior period error - Contingent assets**

Nature of prior period error	Note 19.2	2015/16 R'000
Relating to 2015/16		
Fraud		(2 853)
<b>Total</b>		<b>(2 853)</b>

The amount disclosed in 2015/16 was removed as it has already been recognised as a receivable.

**NOTES ON SECONDARY FINANCIAL INFORMATION**  
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000	
<b>20. Commitments</b>				
<b>Current expenditure</b>				
Approved and contracted		2 942 905	2 694 825	
Approved but not yet contracted		1 088 794	1 281 794	
		<u>4 031 699</u>	<u>3 976 619</u>	
<b>Capital expenditure</b>				
Approved and contracted		139 390	248 878	
Approved but not yet contracted		281 984	30 295	
		<u>421 374</u>	<u>279 173</u>	
<b>Total Commitments</b>		<u>4 453 073</u>	<u>4 255 792</u>	
<b>Commitments longer than 1 year</b>				
<b>Current Expenditure</b>				
Approved and contracted		394 263		
Approved but not yet contracted		431 842		
		<u>826 105</u>		
<b>Capital expenditure (Including transfers)</b>				
Approved and contracted		238		
Approved but not yet contracted		41 121		
		<u>41 359</u>		
<b>Total Commitments longer than 1 year</b>		<u>867 464</u>		
<b>21. Accruals and Payables not recognised</b>				
<b>21.1 Accruals</b>				
		2016/17 R'000	2015/16 R'000	
<b>Listed by economic classification</b>	<b>30 Days R'000</b>	<b>30+ Days R'000</b>	<b>Total R'000</b>	<b>Total R'000</b>
Goods and services	9 878	20	9 898	149 526
Transfers and subsidies	4 125	-	4 125	5 131
Capital assets	8 532	94	8 626	638
<b>Total</b>	<u>22 535</u>	<u>114</u>	<u>22 649</u>	<u>155 295</u>
<b>Listed by programme level</b>				
Administration			270	70 796
Landward Defence			1 898	50 214
Air Defence			4 707	9 853
Maritime Defence			14 767	1 584
Military Health Support			330	16 018
Defence Intelligence			-	267
Joint Support			621	3 802
Force Employment			56	2 761
<b>Total</b>			<u>22 649</u>	<u>155 295</u>

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**NOTES ON SECONDARY FINANCIAL INFORMATION**  
for the year ended 31 March 2017

	30 Days R'000	30+ Days R'000	2016/17 R'000 Total R'000	2015/16 R'000 Total R'000
<b>21.2 Payables not recognised</b>				
<b>Listed by economic classification</b>				
Goods and services	201 888	102 872	304 760	369 203
Transfers and subsidies	17 094	-	17 094	9 139
Capital assets	2 307	57	2 364	20 020
Other	-	-	-	-
<b>Total</b>	<b>221 289</b>	<b>102 929</b>	<b>324 218</b>	<b>398 362</b>
<b>Listed by programme level</b>				
Administration			19 632	40 692
Landward Defence			67 343	140 476
Air Defence			56 604	53 292
Maritime Defence			37 006	19 800
Military Health Support			101 898	69 273
Defence Intelligence			352	226
Joint Support			24 567	55 153
Force Employment			16 816	19 450
<b>Total</b>			<b>324 218</b>	<b>398 362</b>
Confirmed balances with departments		Annex 5	-	-
Confirmed balances with other government entities		Annex 5	-	-
<b>Total</b>			<b>-</b>	<b>-</b>
<b>22. Employee benefits</b>				
Leave entitlement			833 004	709 805
Service bonus (Thirteenth cheque)			761 229	710 842
Performance awards			3 156	2 892
Capped leave commitments			876 385	916 771
Other			104 326	307 600
<b>Total</b>			<b>2 578 100</b>	<b>2 647 910</b>

Leave entitlement with negative balances amounting to R62 334 422 for the 2016/17 financial year and R66 557 790 for the 2015/16 financial year are included in the above amounts.

**NOTES ON SECONDARY FINANCIAL INFORMATION**  
for the year ended 31 March 2017

23. Lease Commitments

23.1 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
<b>2016/17</b>					
Not later than 1 year	-	-	1 600	3 600	5 200
Later than 1 year and not later than 5 years	-	-	838	198	1 036
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>2 438</b>	<b>3 798</b>	<b>6 236</b>
<b>2015/16</b>					
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	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>3 894</b>	<b>9 301</b>	<b>13 195</b>

23.2 Finance leases expenditure

<b>2016/17</b>					
Not later than 1 year	-	-	-	18 283	18 283
Later than 1 year and not later than 5 years	-	-	-	14 859	14 859
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33 142</b>	<b>33 142</b>
<b>2015/16</b>					
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	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48 611</b>	<b>48 611</b>

Nothing has come to our attention with respect to sub-leased assets

24. Accrued departmental revenue

	2016/17 R'000	2015/16 R'000
Sales of goods and services other than capital assets	42	2 219
Fines, penalties and forfeits	36 234	32 642
Interest, dividends and rent on land	-	-
Sale of capital assets	9 088	31 858
Transactions in financial assets and liabilities	-	-
Transfers received	79 785	172 819
<b>Total</b>	<b>125 149</b>	<b>239 538</b>

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**NOTES ON SECONDARY FINANCIAL INFORMATION**  
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
<b>24.1 Prior period error</b>			
	24		
<b>Nature of prior period error</b>			
Relating to 2015/16			
Transfers received			(4 928)
<b>Total</b>			<u><u>(4 928)</u></u>
Transfers received for 2015/16 was adjusted to reflect actual amounts for receipts and penalties levied.			
<b>24.2 Analysis of accrued revenue</b>			
Opening balance		239 538	145 102
Less: Amounts received		(506 999)	(560 222)
Add: Amounts recognised		486 556	770 895
Less: Amounts written off / reversed as irrecoverable		(93 946)	(116 237)
<b>Closing balance</b>		<u><u>125 149</u></u>	<u><u>239 538</u></u>
<b>24.2.1 Prior period error</b>			
	24		
<b>Nature of prior period error</b>			
Relating to 2015/16			
Less: Amounts received			(4 928)
<b>Total</b>			<u><u>(4 928)</u></u>
Transfers received for 2015/16 was adjusted to reflect actual amounts for receipts and penalties levied. This resulted in the line item "less: amounts received" being restated.			
<b>24.3 Accrued departmental revenue written off</b>			
Penalty imposed by the United Nations		<u>93 946</u>	<u>116 237</u>
The amount represents actual penalties deducted from revenue from the DOD for unserviceable equipment.			
<b>24.3 Impairment of accrued departmental revenue</b>			
Estimate of impairment of accrued departmental revenue		<u>33 161</u>	<u>65 236</u>
<b>25. Irregular expenditure</b>			
<b>25.1 Reconciliation of irregular expenditure</b>			
Opening balance		631 746	820 305
Prior period error	25.7	-	(1 526)
As restated		<u>631 746</u>	<u>818 779</u>
Add: Irregular expenditure - relating to prior year	25.7	206 513	78
Add: Irregular expenditure - relating to current year	25.2	328 070	671 889
Less: Prior year amounts condoned		(219 701)	(778 531)
Less : Current year amounts condoned		(155)	(77 479)
Less: Amounts not condoned and recoverable	25.4	(206)	-
Less: Amounts not condoned and not recoverable	25.5	(1 208)	(2 990)
<b>Irregular expenditure awaiting condonement</b>		<u><u>945 059</u></u>	<u><u>631 746</u></u>
<b>Analysis of awaiting condonement per age classification</b>			
Current		327 916	594 410
Prior years		617 143	37 336
<b>Total</b>		<u><u>945 059</u></u>	<u><u>631 746</u></u>

**NOTES ON SECONDARY FINANCIAL INFORMATION**  
for the year ended 31 March 2017

		2016/17 R'000
<b>25.2 Details of Irregular expenditure - Current Year</b>		
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	
Non-compliance to the PPPFA	In process	115 101
Contract irregularities	Investigation to determine the responsible official is still in process.	253
Remuneration of officials without authority	Investigation to determine the responsible official is still in process.	31
Splitting	Investigation to determine the responsible official is still in process.	38
Deviation from the procurement process	Investigation to determine the responsible official is still in process.	212 647
<b>Total</b>		<u><u>328 070</u></u>
<b>25.3 Details of irregular expenditure condoned</b>		
<b>Incident</b>	<b>Condoned by (condoning authority)</b>	
<b>Prior year</b>		
Deviation from the procurement process	Supply Chain Irregular Expenditure Control Committee	64 354
Procurement without authority	Supply Chain Irregular Expenditure Control Committee	737
Additional days worked by casual workers not authorised	Prosecution and Recovery Committee	1
Non-compliance to PPPFA	National Treasury	154 563
No MOD authority before foreign visit expenditure	Prosecution and Recovery Committee	41
Other matters	Supply Chain Irregular Expenditure Control Committee	5
<b>Current year</b>		
Contract Irregularity	Supply Chain Irregular Expenditure Control Committee	138
Additional days worked by casual workers not authorised	Supply Chain Irregular Expenditure Control Committee	3
Deviation from the procurement process	Supply Chain Irregular Expenditure Committee	14
<b>Total</b>		<u><u>219 856</u></u>
<b>25.4 Details of irregular expenditure recoverable (not condoned )</b>		
<b>Incident</b>		
Improper management of cell phone accounts	Prosecution and Recovery Committee	206
<b>Total</b>		<u><u>206</u></u>
<b>25.5 Details of irregular expenditure not recoverable (not condoned not recoverable)</b>		
<b>Incident</b>		
Deviation from procurement process for the arrangement of Military Tattoo in 2014	Prosecution and Recovery Committee. Military Police investigation in process	1 187
Quotations were manipulated not to use the cheapest quotation	Prosecution and Recovery Committee. Military Police investigation in process	21
<b>Total</b>		<u><u>1 208</u></u>
<b>25.6 Details of irregular expenditure under investigation (not included in the main note )</b>		
<b>Incident</b>		-
<b>Total</b>		<u><u>-</u></u>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**NOTES ON SECONDARY FINANCIAL INFORMATION**  
for the year ended 31 March 2017

		2015/16 R'000
<b>25.7 Prior period error</b>		
<b>Nature of prior period error</b> (affecting the opening balance)		<b>(1 526)</b>
Information became available during the investigations that the expenditure was indeed irregular. The prior period was adjusted to include the understated amounts. (5 different incidents).		142
Information became available during the investigations that the expenditure was indeed irregular. The prior period was adjusted to include the understated amounts. (4 different incidents).		(1 668)
<b>Relating to 2015/16</b>		<b>206 513</b>
Information became available during the investigations that the expenditure was indeed irregular. The prior period was adjusted to include the understated amounts. (2 different incidents).		206 513
<b>Total</b>		<b>204 987</b>
<b>25.8 Details of the non-compliance where an institution was not represented in a bid committee for contracts arranged by other institutions.</b>		
<b>Incident</b>		-
<b>Total</b>		-
	<b>Note</b>	<b>2016/17 R'000</b>
		<b>2015/16 R'000</b>
<b>26. Fruitless and wasteful expenditure</b>		
<b>26.1 Reconciliation of fruitless and wasteful expenditure</b>		
Opening Balance		308 205
Prior period error	26.4	-
As restated		308 205
Fruitless and wasteful expenditure – relating to prior year		30
Fruitless and wasteful expenditure – relating to current year	26.3	659
Less: Amounts resolved		(308 000)
Less: Amounts transferred to receivables for recovery	10.4	(321)
<b>Closing balance</b>		<b>573</b>
<b>26.2 Analysis of awaiting resolution per economic classification</b>		
Current		573
Capital		-
<b>Total</b>		<b>573</b>
		<b>2016/17 R'000</b>
<b>26.3 Analysis of Current Year's Fruitless and wasteful expenditure</b>		
<b>Incident</b>		
Penalty fees paid	<b>Disciplinary steps taken/criminal proceedings</b>	7
Cancelled events	Investigation to determine responsibility still in process	636
Air ticket paid but not used	Investigation to determine responsibility still in process	9
Non-Compliance to conditions of vehicle service plan	Investigation to determine responsibility still in process	4
No show fees	Investigation to determine responsibility still in process	3
<b>Total</b>		<b>659</b>



**NOTES ON SECONDARY FINANCIAL INFORMATION**  
for the year ended 31 March 2017

2016/17  
R'000

**26.4 Prior period error**

**Nature of prior period error**

**Prior period error**

Non-attendance of Public Relations Institutes of SA (PRISA) conference . The incident was not previously disclosed because there was a dispute whether the expenditure was indeed fruitless and wasteful expenditure.

Re-classification to be irregular expenditure. The member was a foreign student who lived in SA with his family in military accommodation and the member and his family were entitled to have their laundry done on State cost. The irregularity was that the laundry contract had expired and therefore the procurement process of obtaining quotations should have been followed.

A funeral was held and the DOD deviated from the internal policy with regards to the portion to be paid by the DOD. The incident was initially disclosed as irregular expenditure and after the investigation was finalised, it was re-classified as fruitless and wasteful expenditure .

Procurement of a gift for a member who was not entitled to the gift. Fruitless and wasteful expenditure was discovered during the investigation for irregular expenditure and was not disclosed previously.

16

7

(24)

32

1

**Nature of prior period error**

**Relating to 2015/16**

Penalty paid in respect of hotel accommodation cancellation for a cancelled staff visit to Kingshasha during Dec 2014. The incident was not previously disclosed because there was a dispute whether the expenditure was indeed fruitless and wasteful expenditure.

30

30

**Total**

**46**

**26.5 Details of fruitless and wasteful expenditure under investigation (not in the main note)**

**Incident**

-

**Total**

-

**27. Identification and nature of related party relationship**

As at 31 March 2017 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.

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## NOTES ON SECONDARY FINANCIAL INFORMATION

### for the year ended 31 March 2017

**Related party transactions**

The Department is not aware of any related party transactions (i.e. transactions not at arms length) that occurred during the period between the Department and the President of the RSA; the Deputy President of the RSA; the Cabinet of the Government of the RSA, including the Ministers of all National Departments; National Departments and Public Entities falling under these departments.

During the period the following related party transactions occurred between the Department and the Castle Control Board (CCB):

- The CCB is mandated in terms of the Castle Management Act, 1993 (Act 207 of 1993), to govern and manage the Castle of Good Hope on behalf of the Minister of Defence and Military Veterans. The CCB is housed and located in the Castle of Good Hope, Cape Town.
- The following entities and activities occupy or utilise parts of the Castle of Good Hope, at no consideration to the Department however in some instances consideration is paid to the CCB:
  - Die Goewerneur restaurant,
  - Waterblommetjie restaurant,
  - Castle Forge,
  - Carriage rides,
  - Castle Military Museum,
  - Souvenir shop,
  - Iziko Museum of Cape Town,
  - The Western Cape Army Support Base (forming part of the Department) supplied guards to the CCB to guard the Castle of Good Hope and to perform ceremonial duties at no charge,
  - Defence Reserves Provincial Office Western Cape,
  - SA Heritage Resources Agency (SAHRA),
  - Good Hope Art Studio,
  - 5X Reserve Force Regiments.
- The Department provides management and administrative support to the SANDF Fund at no consideration.
- The Department is not aware of any related party transactions that might have occurred during the period between the Department and the Reserve Force Council.
- The Department did not identify any related party 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.

	Note	2016/17 R'000	2015/16 R'000
<b>28. Key management personnel</b>			
<b>Description</b>	<b>No. of Individuals</b>		
Political Office Bearers:	2	4 387	4 034
Officials			
Level 15 to 16	16	24 391	22 093
Level 14	14	13 752	11 195
Level 12 to 13	7	5 518	5 061
Family members of key management personnel	4	1 542	484
<b>Total</b>		<b>49 590</b>	<b>42 867</b>

**NOTES ON SECONDARY FINANCIAL INFORMATION**  
for the year ended 31 March 2017

	2016/17 R'000	2015/16 R'000
<b>29. Provisions</b>		
Environmental Liability	108 158	60 962
Housing allowance for tenants for the individual linked savings facility (ILSF)	-	60 735
<b>Total</b>	<b>108 158</b>	<b>121 697</b>

**Reconciliation of movement in provisions - 2016/17**

	R'000	R'000	ILSF R'000	Environmental Liability R'000	Total provisions R'000
Opening balance	-	-	60 735	60 962	121 697
Increase in provision	-	-	-	-	-
Settlement of provision	-	-	(60 735)	-	(60 735)
Change in provision due to change in estimation of inputs	-	-	-	47 196	47 196
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108 158</b>	<b>108 158</b>

	R'000	R'000	ILSF R'000	Environmental Liability R'000	Total provisions R'000
<b>Reconciliation of movement in provisions - 2015/16</b>					
Opening balance	-	-	60 735	53 597	114 332
Increase in provision	-	-	-	7 365	7 365
Settlement of provision	-	-	-	-	-
Change in provision due to change in estimation of inputs	-	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>60 735</b>	<b>60 962</b>	<b>121 697</b>

**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.

2016/17  
R'000

**30. Non-adjusting events after reporting date**

Legal action instituted against the Department during April 2017, due to the acquisition of the Strategic Defence Packages (SDP's) which were not procured in a fair, equitable, transparent and competitive manner as required by Section 217 of the Constitution.

-

No estimation of cost can be made at this time.

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## NOTES ON SECONDARY FINANCIAL INFORMATION

### for the year ended 31 March 2017

## 31. Movable Tangible Capital Assets

## MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>HERITAGE ASSETS</b>	<b>137</b>	<b>-</b>	<b>92</b>	<b>-</b>	<b>229</b>
Heritage assets	137	-	92	-	229
<b>MACHINERY AND EQUIPMENT</b>	<b>8 934 027</b>	<b>-</b>	<b>830 625</b>	<b>1 352</b>	<b>9 763 300</b>
Transport assets	3 352 502	-	396 158	1 352	3 747 308
Computer equipment	957 997	-	66 800	-	1 024 797
Furniture and office equipment	214 177	-	32 347	-	246 524
Other machinery and equipment	4 409 351	-	335 320	-	4 744 671
<b>SPECIALISED MILITARY ASSETS</b>	<b>47 761 740</b>	<b>-</b>	<b>105 179</b>	<b>-</b>	<b>47 866 919</b>
Specialised military assets	47 761 740	-	105 179	-	47 866 919
<b>BIOLOGICAL ASSETS</b>	<b>5 910</b>	<b>-</b>	<b>11</b>	<b>4</b>	<b>5 917</b>
Biological assets	5 910	-	11	4	5 917
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>56 701 814</b>	<b>-</b>	<b>935 907</b>	<b>1 356</b>	<b>57 636 365</b>

## Movable Tangible Capital Assets under investigation

	Number	Value R'000
Heritage assets	-	-
Machinery and equipment	1 907	13 234
Specialised military assets	2	982
Biological assets	-	-

- All the above assets are still being investigated by the responsible Services and Division. The BOIs are still on going.
- The amounts indicated are estimates that will be verified by a project that has been earmarked for such purposes.
- The assets under investigation relate to differences noted between FMS and Log systems.

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31.1 Additions

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	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
<b>HERITAGE ASSETS</b>					
Heritage assets	-	92	-	-	92
<b>MACHINERY AND EQUIPMENT</b>	<b>638 789</b>	<b>214 150</b>	<b>(42 259)</b>	<b>19 945</b>	<b>830 625</b>
Transport assets	375 273	940	-	19 945	396 158
Computer equipment	56 497	10 303	-	-	66 800
Furniture and office equipment	32 186	161	-	-	32 347
Other machinery and equipment	174 833	202 746	(42 259)	-	335 320
<b>SPECIALISED MILITARY ASSETS</b>	<b>4 712</b>	<b>53 307</b>	<b>-</b>	<b>47 160</b>	<b>105 179</b>
Specialised military assets	4 712	53 307	-	47 160	105 179
<b>BIOLOGICAL ASSETS</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>11</b>
Biological assets	-	11	-	-	11
<b>TOTAL ADDITIONS TO MOVEABLE TANGIBLE CAPITAL ASSETS</b>	<b>643 501</b>	<b>267 560</b>	<b>(42 259)</b>	<b>67 105</b>	<b>935 907</b>

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## 31.2 Disposals

## DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for cash R'000	Non-cash disposals R'000	Total disposals R'000	Cash received Actual R'000
<b>HERITAGE ASSETS</b>	-	-	-	-
Heritage assets	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	-	1 352	1 352	-
Transport assets	-	1 352	1 352	-
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	-	-	-
<b>SPECIALISED MILITARY ASSETS</b>	-	-	-	31 858
Specialised military assets	-	-	-	31 858
<b>BIOLOGICAL ASSETS</b>	-	4	4	-
Biological assets	-	4	4	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	-	1 356	1 356	31 858

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31.3 Movement for 2015/16

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>HERITAGE ASSETS</b>	<b>107</b>	<b>(2)</b>	<b>32</b>	<b>-</b>	<b>137</b>
Heritage assets	107	(2)	32	-	137
<b>MACHINERY AND EQUIPMENT</b>	<b>8 033 084</b>	<b>262 121</b>	<b>670 171</b>	<b>31 349</b>	<b>8 934 027</b>
Transport assets	3 161 723	(4 256)	204 464	9 429	3 352 502
Computer equipment	848 149	1 485	109 812	1 449	957 997
Furniture and office equipment	147 504	453	67 155	935	214 177
Other machinery and equipment	3 875 708	264 439	288 740	19 536	4 409 351
<b>SPECIALISED MILITARY ASSETS</b>	<b>46 423 614</b>	<b>229 052</b>	<b>1 109 074</b>	<b>-</b>	<b>47 761 740</b>
Specialised military assets	46 423 614	229 052	1 109 074	-	47 761 740
<b>BIOLOGICAL ASSETS</b>	<b>5 905</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>5 910</b>
Biological assets	5 905	1	5	1	5 910
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>54 462 710</b>	<b>491 172</b>	<b>1 779 282</b>	<b>31 350</b>	<b>56 701 814</b>

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**31.3.1 PRIOR PERIOD ERROR**

During the year an asset verification and review of the asset register was undertaken that revealed the following:

- Assets that existed were not recorded on the asset register. These assets were subsequently recorded on the asset register
- Duplicate assets were found on the asset register. These assets were subsequently removed from the asset register
- Assets derived from projects were found that were not recorded on the asset register. These assets were subsequently recorded on the asset register
- Assets were found to have been included in the incorrect asset classes. These assets were subsequently reclassified to the correct asset classes
- Assets were found to have been recorded at incorrect values. These values were subsequently corrected in the asset register

**Nature of prior period error**

	R'000
<b>Relating to 2014/15 (Effecting the opening balance)</b>	<b>491 172</b>
Assets reclassified/derecognised	(7 429)
Assets added	11 480
Price changes/Projects	487 121

During the year it was noted that additions of the 2015/16 financial year was erroneous due to incorrect values used when recording assets, certain assets were not recognised as part of the 2015/16 additions and certain duplicate assets were recognised. These errors were corrected and the corrections are effected as a restatement of the additions for the 2015/16 financial year.

**Relating to 2015/16**

Assets reclassified	(67 391)
Assets added	(45 597)
Price changes	20 870
<b>Total</b>	<b>(42 664)</b>
	<b>423 781</b>



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**31.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

Minor assets	Specialised Military assets		Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	2 973	-	-	171 395	-	174 368
Value adjustments	-	-	-	-	-	-	-
Additions	-	29	-	-	26 271	-	26 300
Disposals	-	-	-	-	-	-	-
<b>TOTAL MINOR ASSETS</b>	-	<b>3 002</b>	-	-	<b>197 666</b>	-	<b>200 668</b>
	Specialised Military assets		Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Closing balance
Number of R1 Minor assets	-	218	-	-	1 241 112	-	1 241 330
Number of minor assets at cost	-	1 594	-	-	73 847	-	75 441
<b>TOTAL MINOR ASSETS</b>	-	<b>1 812</b>	-	-	<b>1 314 959</b>	-	<b>1 316 771</b>

**Minor capital assets under investigation**

	Number	Value
Specialised military assets	-	-
Intangible assets	-	-
Heritage assets	-	-
Machinery and equipment	-	-
Biological assets	-	-

Cases under investigation will be re-valued according to the asset policy

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### for the year ended 31 March 2017

## 31.4 Minor assets (continued)

## MOVEMENT IN MINOR ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

## Minor assets

	Specialised Military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	2 610	-	110 711	-	113 321
Prior period error	-	-	-	24 341	-	24 341
Additions	-	430	-	36 446	-	36 876
Disposals	-	67	-	103	-	170
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>2 973</b>	<b>-</b>	<b>171 395</b>	<b>-</b>	<b>174 368</b>
	Specialised Military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000
Number of R1 Minor assets	-	182	-	1 264 461	-	1 264 643
Number of minor assets at cost	-	1 575	-	97 328	-	98 903
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>1 757</b>	<b>-</b>	<b>1 361 789</b>	<b>-</b>	<b>1 363 546</b>

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**31.4.1 PRIOR PERIOD ERROR**

	R'000
<b>Nature of prior period error</b>	<b>24 341</b>
Relating to 2015/16 (affecting the opening balance)	-
Machinery and equipment	24 341
	-
Relating to 2015/16	-
Intangible assets added	-
<b>Total</b>	<b>24 341</b>

Machinery and equipment were found to have been included in incorrect asset classes. Also certain assets were recorded at incorrect values. These items were subsequently reclassified and the values updated to the correct values

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**NOTES ON SECONDARY FINANCIAL INFORMATION**

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31.5 Movable assets written-off

**MOVABLE ASSETS WRITTEN-OFF FOR THE YEAR ENDED 31 MARCH 2017**

	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	-	-	-	-	-	-
<b>TOTAL MOVABLE</b>	-	-	-	-	-	-

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32. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	409 086	-	429 879	-	838 965
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	381 209	-	-	294	380 915
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	1 587 556	-	263 345	61 612	1 789 289
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>2 377 851</b>	<b>-</b>	<b>693 224</b>	<b>61 906</b>	<b>3 009 169</b>

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## 32.1 Additions

## ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	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
<b>SOFTWARE</b>	521 016	-	(91 137)	-	429 879
<b>MASTHEADS AND PUBLISHING TITLES</b>	-	-	-	-	-
<b>PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS</b>	-	-	-	-	-
<b>RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS</b>	-	263 345	-	-	263 345
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>521 016</b>	<b>263 345</b>	<b>(91 137)</b>	<b>-</b>	<b>693 224</b>

- Non cash additions are related to Intellectual Property and Trademarks developed by Armscor on behalf of the DOD.

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32.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for cash	Non- cash disposal	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
<b>SOFTWARE</b>	-	-	-	-
<b>MASTHEADS AND PUBLISHING TITLES</b>	-	-	-	-
<b>PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS</b>	-	294	294	-
<b>RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS</b>	-	61 612	61 612	-
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	-	<b>61 906</b>	<b>61 906</b>	-

Items derecognised relate to the following:

- Software no longer in use due to technological advancements in software versions and in the hardware,
- Licenses that have expired and are therefore no longer valid,
- Designs that are no longer in use due to technological advancement.

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## 32.3 Movements

## MOVEMENTS IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	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	1 268	214 624	-	1 587 556
<b>TOTAL MOVEMENT IN INTANGIBLE CAPITAL ASSETS</b>	<b>1 911 090</b>	<b>1 268</b>	<b>482 745</b>	<b>17 252</b>	<b>2 377 851</b>



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**32.3.1 PRIOR PERIOD ERROR**

	R'000
<b>Nature of prior period error</b>	
<b>Relating to 2014/15 (affecting the opening balance)</b>	<b>1 268</b>
Software	-
Patents, Licenses, Copyright, Brand names, Trademarks	-
Recipes, Formulae, Prototypes, Designs, Models - Value adjustments	1 268
<b>Relating to 2015/16 (affecting the opening balance)</b>	
	-
	-
<b>Total</b>	<b>1 268</b>

The Department embarked on a comprehensive exercise to correct the historical IA registers in terms of:

Completeness, classification and valuation. After the Audit performed by the AGSA on the restated amounts at the financial year end 2014/15, errors were identified as per the management report and subsequently lead to prior year corrections.

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## NOTES ON SECONDARY FINANCIAL INFORMATION

### for the year ended 31 March 2017

## 33. Immovable Tangible Capital Assets

## MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>11 699 953</b>	<b>-</b>	<b>1 151 526</b>	<b>-</b>	<b>12 851 479</b>
Non-residential buildings	9 152 074	-	1 151 526	-	10 303 600
Other fixed structures	2 547 879	-	-	-	2 547 879
<b>HERITAGE ASSETS</b>	<b>2 767 474</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 767 474</b>
Heritage assets	2 767 474	-	-	-	2 767 474
<b>LAND AND SUBSOIL ASSETS</b>	<b>12 870 888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 870 888</b>
Land	12 870 888	-	-	-	12 870 888
<b>Capital work-in-progress</b>	<b>3 142 402</b>	<b>684 550</b>	<b>762 959</b>	<b>1 126 259</b>	<b>3 463 652</b>
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>30 480 717</b>	<b>684 550</b>	<b>1 914 485</b>	<b>1 126 259</b>	<b>31 953 493</b>

## Immovable Tangible Capital Assets

Included in the above total of the immovable tangible capital assets per the asset register are assets that are under investigation

	Number	Value
		R'000
Building and other fixed structures	-	-
Heritage assets	-	-
Land and subsoil assets	-	-

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33.1 Additions

**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	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
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>788 226</b>	<b>1 126 259</b>	<b>(762 959)</b>	<b>-</b>	<b>1 151 526</b>
Dwellings	-	-	-	-	-
Non-residential buildings	788 226	1 126 259	(762 959)	-	1 151 526
Other fixed structures	-	-	-	-	-
<b>HERITAGE ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Heritage assets	-	-	-	-	-
<b>LAND AND SUBSOIL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Land	-	-	-	-	-
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>788 226</b>	<b>1 126 259</b>	<b>(762 959)</b>	<b>-</b>	<b>1 151 526</b>

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33.2 Disposals

**DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	Sold for cash R'000	Non-cash disposals R'000	Total disposals R'000	Cash received Actual R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>				
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	-	-	-	-
<b>HERITAGE ASSETS</b>				
Heritage assets	-	-	-	-
<b>LAND AND SUBSOIL ASSETS</b>				
Land	-	-	-	-
<b>TOTAL DISPOSAL OF IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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33.3 Movement for 2015/16

**MOVEMENT OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016**

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	11 501 797	-	198 156	-	11 699 953
Dwellings	-	-	-	-	-
Non-residential buildings	8 953 918	-	198 156	-	9 152 074
Other fixed structures	2 547 879	-	-	-	2 547 879
<b>HERITAGE ASSETS</b>	2 767 474	-	-	-	2 767 474
Heritage assets	2 767 474	-	-	-	2 767 474
<b>LAND AND SUBSOIL ASSETS</b>	12 870 888	-	-	-	12 870 888
Land	12 870 888	-	-	-	12 870 888
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	27 140 159	-	198 156	-	27 338 315

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**NOTES ON SECONDARY FINANCIAL INFORMATION**

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33.4 Immovable assets valued at R1

**IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2017**

	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R'000	R'000	R'000	R'000
R1 Immovable assets	-	-	-	-
<b>TOTAL</b>	-	-	-	-

**IMMOVABLE ASSETS VALUED AT R1 IN THE ASSET REGISTER FOR 31 MARCH 2016**

R1 Immovable assets	-	-	-	-
<b>TOTAL</b>	-	-	-	-

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**NOTES ON SECONDARY FINANCIAL INFORMATION**  
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33.5 Immovable assets written-off

**IMMOVABLE ASSETS WRITTEN-OFF FOR THE YEAR ENDED 31 MARCH 2017**

	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R'000	R'000	R'000	R'000
Immovable assets written-off	-	-	-	-
<b>TOTAL IMMOVABLE ASSETS WRITTEN-OFF</b>	-	-	-	-

**IMMOVABLE ASSETS WRITTEN-OFF FOR THE YEAR ENDED 31 MARCH 2016**

	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R'000	R'000	R'000	R'000
Immovable assets written-off	-	-	-	-
<b>TOTAL IMMOVABLE ASSETS WRITTEN-OFF</b>	-	-	-	-

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## S42 Immovable assets

## 33.6 Assets subjected to transfer in terms of S42 of the PFMA - 2016/17

	No of Assets	Value of Assets R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>		
Dwellings	-	-
Non-residential buildings	-	-
Other fixed structures	-	-
<b>HERITAGE ASSETS</b>		
Heritage assets	-	-
<b>LAND AND SUBSOIL ASSETS</b>		
Land	-	-
<b>TOTAL</b>		
	-	-
	-	-
	-	-
<b>Assets subjected to transfer in terms of S42 of the PFMA - 2015/16</b>		
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>		
Dwellings	-	-
Non-residential buildings	-	-
Other fixed structures	-	-
<b>HERITAGE ASSETS</b>		
Heritage assets	-	-
<b>LAND AND SUBSOIL ASSETS</b>		
Land	-	-
<b>TOTAL</b>		
	-	-
	-	-
	-	-



**NOTES ON SECONDARY FINANCIAL INFORMATION**  
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34. Prior period errors

34.1

Correction of prior period errors

	Note	R '000
<b>Revenue:</b>		-
<b>Net effect</b>		-
<b>Expenditure:</b>		
<b>Net effect</b>		-
<b>Assets:</b>		
Accrued departmental revenue : Transfers received	24.1	(4 928)
Less amount received	24.2.1	4 928
<b>Net effect</b>		-
<b>Liabilities:</b>		
<b>Payables:</b>		
<b>Net effect</b>		-
<b>Other:</b>		
Irregular expenditure : Prior period error	25.1 & 25.7	(1 526)
Analysis of awaiting condonement per age classification	25.1 & 25.7	1 526
Fruitless and wasteful expenditure : Prior period error	26.1 & 26.4	16
Analysis of awaiting condonement per age classification	26.2 & 26.4	(16)
Contingent assets	19.3	(2 853)
Intangible capital assets - recipes formulae, prototypes, designs, models	32.3.1	1 268
Movable tangible assets	31.3.1	423 781
Movable minor assets	31.4.1	24 341
<b>Net effect</b>		<b>446 537</b>

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## NOTES ON SECONDARY FINANCIAL INFORMATION

### for the year ended 31 March 2017

## 35. Departure from MCS

During the year under review, the Department made transfer payments amounting to Rbn 5.6 (2015/16: Rbn 6.2) to the SDA. National Treasury has approved a departure from the MCS to present the financial information of the SDA in a separate set of annual financial statements to that of the Department for the 2016/17 and 2017/18 financial years. These annual financial statements must be prepared in accordance with Generally Recognised Accounting Practice (GRAP). The following summary of financial information relating to the SDA is disclosed in detail in Part E pages 402 to 428 of this annual report.

	Part E SDA AFS Note	2016/17 R'000	2015/16 R'000
<b>Statement of Financial Position</b>			
<b>Assets</b>			
Cash and cash equivalents	2	5 638 179	5 630 785
Receivables from exchange transactions	3	10 800	19 824
Receivables from non-exchange transactions	4	7 766	4 632
Prepayments	5	3 118 563	2 870 693
Other financial assets	6	101 575	83 320
		<b>8 876 883</b>	<b>8 609 254</b>
<b>Liabilities</b>			
Payables from exchange transactions	7	517 894	823 166
Payables from non-exchange transactions	8	29 665	29 734
Provisions	9	5 108	9 170
Funds to be surrendered to the National Revenue Fund	10	45 364	66 720
Other financial liabilities	11	6 606	12 838
		<b>604 637</b>	<b>941 628</b>
<b>Net assets</b>		<b>8 272 246</b>	<b>7 667 626</b>
<b>Statement of Financial Performance</b>			
Revenue	12	5 715 133	6 317 988
Foreign exchange gains	13	181 195	81 202
Expenditure		(5 056 488)	(5 495 352)
Foreign exchange loss		(189 856)	(94 730)
Surplus for the year		<b>649 984</b>	<b>809 108</b>
<b>Secondary information</b>			
Commitments	17	12 528 634	15 552 389
Contingencies	18	2 751 198	3 252 628
Fruitless and wasteful expenditure	23	271 748	271 748
Irregular expenditure	24	68 694	387 594

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

**ANNEXURE 1A**  
**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENTS/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2015/16 Appropriation Act R'000
	Adjusted Appropriation 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)	20 675	-	-	20 675	20 675	100%	22 589
Department of Military Veterans	597 607	-	-	597 607	597 607	100%	582 201
Special Defence Account	5 764 469	-	(131 000)	5 633 469	5 633 469	100%	6 235 061
Communication Licences (Radio & TV)	651	-	(635)	16	16	100%	266
<b>TOTAL</b>	<b>6 383 402</b>	<b>-</b>	<b>(131 635)</b>	<b>6 251 767</b>	<b>6 251 767</b>		<b>6 840 117</b>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 1B STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2015/16 Final Appropriation Act R'000	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred	Capital R'000		Current R'000
<b>PUBLIC CORPORATION</b>									
<b>Transfers</b>									
Armaments Corporation of South Africa	1 025 387	-	18 000	1 043 387	1 043 387	100%	-	-	1 021 900
Claims against the State	-	-	24 014	24 014	24 014	100%	-	-	-
<b>Sub total</b>	<b>1 025 387</b>	<b>-</b>	<b>42 014</b>	<b>1 067 401</b>	<b>1 067 401</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>1 021 900</b>
<b>PRIVATE ENTERPRISES</b>									
<b>Transfers</b>									
Claims against the State	-	-	312	312	312	100%	-	-	479
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>312</b>	<b>312</b>	<b>312</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>479</b>
<b>Total</b>	<b>1 025 387</b>	<b>-</b>	<b>42 326</b>	<b>1 067 713</b>	<b>1 067 713</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>1 022 379</b>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

**ANNEXURE 1C**  
**STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS**

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION			EXPENDITURE		2015/16 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
<b>Transfers</b>						
Claims against the State	-	-	-	-	-	5 804
<b>TOTAL</b>	-	-	-	-	-	<b>5 804</b>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2017

### ANNEXURE 1D STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON -PROFIT INSTITUTIONS	TRANSFER ALLOCATION			EXPENDITURE		2015/16 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
<b>Transfers</b>						
St John's Ambulance Brigade	840	-	(157)	683	683	100%
Reserve Force Council	8 620	-	-	8 620	8 620	100%
<b>TOTAL</b>	<b>9 460</b>	<b>-</b>	<b>(157)</b>	<b>9 303</b>	<b>9 303</b>	<b>8 081</b>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

**ANNEXURE 1E**  
**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE		2015/16 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
<b>Transfers</b>						
DOD members	123 244	-	10 011	133 255	133 255	100%
Claims against the State	-	-	4 597	4 597	4 597	100%
Act of Grace	-	-	-	-	-	400
	<b>123 244</b>	<b>-</b>	<b>14 608</b>	<b>137 852</b>	<b>137 852</b>	<b>126 821</b>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### 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	
Provincial and Local Governments	85	-	100	185	185	100%
<b>TOTAL</b>	<b>85</b>	<b>-</b>	<b>100</b>	<b>185</b>	<b>185</b>	<b>100%</b>



DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

**ANNEXURE 1G**  
**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2016/17 R'000	2015/16 R'000
<b>Received in kind</b>			
Day Technical Products (Pty) Ltd		10	-
Amani Africa		567	-
British Royal Navy		400	-
<b>Subtotal</b>		<b>977</b>	-
<b>TOTAL</b>		<b>977</b>	-

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### 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 16/17	% Held 15/16	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed
				2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	
<b>National/Provincial Public Entity</b>												
Castle Control Board (under control of the Minister of Defence)	3A	100%	100%	-	-	-	-	1 475	10 134	(5 944)	(2 519)	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	2 074 000	2 578 600	(125 600)	(61 500)	No
South African National Defence Force Fund	3A (Not Listed)	100%	100%	-	-	-	-	16 052	15 041	1 011	546	No
<b>Total</b>						<b>75 000</b>	<b>75 000</b>	<b>2 091 527</b>	<b>2 603 775</b>	<b>(130 533)</b>	<b>(63 473)</b>	

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

**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		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities		
		R'000	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
<b>Controlled entities</b>										
South African National Defence Force Fund	The SANDF Fund is established in terms of the Funds Raising Act, 1968 (Act No. 107 of 1968). The aim of the fund is to render aid to SA National Defence Force and Auxiliary 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)	-	-	16 052	15 041	-	-	-	-	-
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	-	-	1 475	10 134	-	-	-	-	-
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 directly support technology and acquisition strategies.	75 000	75 000	2 074 000	2 578 000	-	-	-	-	-
<b>Total</b>		<b>75 000</b>	<b>75 000</b>	<b>2 091 527</b>	<b>2 603 175</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### ANNEXURE 3A STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2017 - LOCAL

Guarantor Institution	Guaranteee in respect of	Original Guaranteed capital amount	Opening balance as at 1 April 2016	Guarantees drawdowns during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	New guarantees issued and acknowledged during the year 2016/2017	Closing balance 31 March 2017	Guaranteed interest outstanding as at 31 March 2017	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	<b>Housing</b>								
ABSA		-	447	-	93	-	354	-	-
First National Bank		-	574	-	34	-	540	-	-
Free State Dev Corp		-	313	-	70	-	243	-	-
Greenstart Home Loans		-	238	-	16	-	222	-	-
Nedbank		-	60	-	18	-	42	-	-
Standard Bank		-	432	-	97	55	390	-	-
<b>Total</b>		-	<b>2 064</b>	-	<b>328</b>	<b>55</b>	<b>1 791</b>	-	-

The amount of R17 600,00 was incorrectly captured under ABSA Bank instead of Nedbank during 2015/16. This has been corrected in the opening balances of ABSA and Nedbank respectively.

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

**ANNEXURE 3B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 March 2017**

Nature of Liability	Opening Balance 1 April 2016 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable R'000	Closing Balance 31 March 2017 R'000
<b>Claims against the department</b>					
Civil claims	804 059	128 078	14 944	-	917 193
Mobile assets accidents (MAA)	12 182	4 262	5 231	-	11 213
<b>Subtotal</b>	<b>816 241</b>	<b>132 340</b>	<b>20 175</b>	<b>-</b>	<b>928 406</b>
<b>Environmental Liability</b>					
UXO contamination and rehabilitation	1 069 421	67 986	-	-	1 137 407
<b>Subtotal</b>	<b>1 069 421</b>	<b>67 986</b>	<b>-</b>	<b>-</b>	<b>1 137 407</b>
<b>TOTAL</b>	<b>1 885 662</b>	<b>200 326</b>	<b>20 175</b>	<b>-</b>	<b>2 065 813</b>

**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 can not be certain as to the timing of the outflow of the related resources / amounts.
- There was no possibility for any reimbursements as at 31 March 2017.

**Environmental Liability**

- The baseline costing for the removal and disposal of unexploded ordnance at SANDF facilities was accepted to be the baseline cost as determined from February 2012.
- It was decided to escalate the expenses in the line with CPI.

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 31 March 2017

#### ANNEXURE 4 CLAIMS RECOVERABLE

Department	Confirmed balance		Unconfirmed balance		Total		Cash in transit at year end 2016/17*	
	2017/03/31	2016/03/31	2017/03/31	2016/03/31	2017/03/31	2016/03/31	Receipt date up to six (6) working days before year-end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Government Entity								
Department of Agriculture, Forestry, and Fishery	-	-	927	908	927	908	-	-
Department of Correctional Services	-	-	3	9	3	9	-	-
Department of Environmental Affairs & Tourism	-	-	-	91	-	91	-	-
Department of Health Gauteng	-	-	318	462	318	462	-	-
Department of Military Veterans	19 061	-	14 811	32 005	33 872	32 005	-	-
Department of Public Services & Administration	-	-	-	17	-	17	-	-
Department of Public Works	-	-	8 118	12	8 118	12	-	-
National Treasury	-	-	4 429	3 452	4 429	3 452	-	-
Department of Energy	-	-	-	5	-	5	-	-
South African Police Services	-	-	61	128	61	128	-	-
Office of the Premier EC	-	-	84	84	84	84	-	-
City of Cape Town	-	-	17	17	17	17	-	-
Department of Health KZN	8	-	-	-	8	-	-	-
Department of International Relations and Co-operation (DIRCO)	-	-	588	-	588	-	-	-
Sol Plaaies Municipality	-	-	18	18	18	18	-	-
National Youth Commission	-	-	2 567	-	2 567	-	-	-
<b>TOTAL</b>	<b>19 069</b>	<b>-</b>	<b>31 941</b>	<b>37 208</b>	<b>51 010</b>	<b>37 208</b>	<b>-</b>	<b>-</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

**ANNEXURE 5**  
**INTER-GOVERNMENT PAYABLES**

Government Entity	Confirmed balance		Unconfirmed balance		Total		Cash in transit at year end 2016/17*	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Payment date up to six (6) working days before year-end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>Department</b>								
SAPS	-	-	17	-	17	-	-	-
Justice & Constitutional Development	-	-	-	13	-	13	-	-
Health KZN	-	-	-	13	-	13	-	-
Dept of Health (Gauteng)	-	-	-	16	-	16	-	-
Dept of Health (Mpumalanga)	-	-	-	18	-	18	-	-
STATS SA	-	-	18	-	18	-	-	-
Dept of Education (Western Cape)	-	-	12	-	12	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>60</b>	<b>47</b>	<b>60</b>		<b>-</b>

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 2017

### ANNEXURE 6 INVENTORY

	2016/17		2015/16	
	Quantity	R'000	Quantity	R'000
<b>Inventory</b>				
Opening balance	489 534 615	32 823 543	488 727 635	35 904 723
Add/(Less): Adjustments to prior year balances	183 199 305	1 022 328	85 129 117	(1 081 929)
Add: Additions/Purchases - Cash	28 933 085	1 939 978	30 413 305	2 234 335
Add: Additions - Non-cash	5 870 485	393 619	-	-
(Less): Disposals	-	-	-	-
(Less): Issues	(224 749 497)	(4 412 223)	(114 735 442)	(4 233 586)
Add/(Less): Adjustments	-	-	-	-
Closing balance	<b>482 787 993</b>	<b>31 767 245</b>	<b>489 534 615</b>	<b>32 823 543</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

**ANNEXURE 7**

**Movement in Capital Work-in-Progress**

**MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2017**

	Opening balance R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
<b>MACHINERY AND EQUIPMENT</b>	-	-	-	-
Other machinery and equipment	-	-	-	-
<b>SPECIALISED MILITARY ASSETS</b>	-	-	-	-
Specialised military assets	-	-	-	-
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	3 826 952	762 959	(1 126 259)	3 463 652
Non-residential buildings	3 826 952	762 959	(1 126 259)	3 463 652
<b>TOTAL</b>	<b>3 826 952</b>	<b>762 959</b>	<b>(1 126 259)</b>	<b>3 463 652</b>

**MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2016**

	Opening balance R'000	Prior period errors R'000	Current Year Capital WIP R'000	Completed Assets R'000	Closing balance R'000
<b>MACHINERY AND EQUIPMENT</b>	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
<b>SPECIALISED MILITARY ASSETS</b>	-	-	-	-	-
Specialised military assets	-	-	-	-	-
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	2 702 988	-	1 322 120	(198 156)	3 826 952
Non-residential buildings	2 702 988	-	1 322 120	(198 156)	3 826 952
<b>TOTAL</b>	<b>2 702 988</b>	<b>-</b>	<b>1 322 120</b>	<b>(198 156)</b>	<b>3 826 952</b>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

### ANNEXURE 8A INTER-ENTITY ADVANCES PAID (note 9)

ENTITY	Confirmed balance		Unconfirmed balance		Total	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
Advance paid to DJRCO	78 899	111 983	-	-	78 899	111 983
<b>Sub Total</b>	<b>78 899</b>	<b>111 983</b>	<b>-</b>	<b>-</b>	<b>78 899</b>	<b>111 983</b>
<b>OTHER INSTITUTIONS</b>						
AB Logistics	-	-	10 324	5 394	10 324	5 394
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>10 324</b>	<b>5 394</b>	<b>10 324</b>	<b>5 394</b>
<b>TOTAL</b>	<b>78 899</b>	<b>111 983</b>	<b>10 324</b>	<b>5 394</b>	<b>89 223</b>	<b>117 377</b>

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

**ANNEXURE 8B**

**INTER-ENTITY ADVANCES RECEIVED (note 15.1)**

ENTITY	Confirmed balance		Unconfirmed balance		Total	
	31/03/2016 R'000	31/03/2015 R'000	31/03/2016 R'000	31/03/2015 R'000	31/03/2016 R'000	31/03/2015 R'000
<b>NATIONAL DEPARTMENTS</b>						
Current	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-



**Lt Gen Derick Mgwebi, the Force Commander of the United Nations Organisation Stabilisation Mission in the Congo (MONUSCO) (right) visits the Western Brigade.  
(Photo by S Sgt Lebogang Tlhaole and courtesy of MONUSCO)**

2016/17  
**PART E**

**Department of Defence and  
Military Veterans**



(Special Defence Account)

**Annual Reports and Financial Statements**  
for the year ended 31 March 2017



**Aircraft Mechanics deployed in the Democratic Republic of the Congo, include avions, armourers and Material Support Clerk (MSC) Technicians who ensure serviceability of the Rooivalk.  
(Photo by S Sgt Lebogang Tlhaole)**

**SPECIAL DEFENCE ACCOUNT  
ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2017

**GENERAL INFORMATION**

<b>Nature of business and principal activities</b>	Aquisition of Armaments
<b>Accounting Officer</b>	Dr SM Gulube
<b>Bankers</b>	South African Reserve Bank
<b>Preparer</b>	The annual financial statements were internally compiled by: Mr MH Singh (Director) Ms C Halvey (Deputy Director) Ms L Botha (Senior State Accountant)

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**SPECIAL DEFENCE ACCOUNT  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

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**SPECIAL DEFENCE ACCOUNT  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

**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 was 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 2018 and, in the light of this review and the current financial position, he is satisfied that the SDA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing 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 402 to 428, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 May 2017 and were signed by:



(DR S.M. GULUBE)

SECRETARY FOR DEFENCE: DIRECTOR-GENERAL

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**SPECIAL DEFENCE ACCOUNT  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

## Report of the auditor-general to Parliament on Special Defence Account

### Report on the audit of the financial statements

#### Qualified opinion

1. I have audited the financial statements of the Special Defence Account set out on pages 402 to 428, which comprise the statement of financial position as at 31 March 2017, 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 to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of my report the financial statements present fairly, in all material respects, the financial position of the Special Defence Account as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

#### Basis for qualified opinion

##### Sensitive projects

3. 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 R216 099 000 (2016: R408 721 000) in note 13 and financial assets stated at R101 575 000 (2016: R83 320 000) in note 6 to the financial statements were necessary.
4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

**SPECIAL DEFENCE ACCOUNT  
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5. I am independent of the Special Defence Account in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**Emphasis of matter**

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

Restatement of corresponding figures

8. As disclosed in note 20 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the financial statements of the entity at, and for the year ended, 31 March 2017.

Uncertainty relating to the outcome of exceptional litigation

9. With reference to note 18 to the financial statements, the Special Defence Account through the Department of Defence is the defendant in a certain lawsuit. The ultimate outcome of the matter cannot currently be determined and no provision for any liability that may result has been made in the financial statements.

**Responsibilities of the accounting officer**

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of Generally Recognised Accounting Practices (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.
11. In preparing the financial statements, the accounting officer is responsible for assessing the Special Defence Account's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention to either liquidate the Special Defence Account or to cease operations, or there is no realistic alternative but to do so.

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**SPECIAL DEFENCE ACCOUNT  
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## **Auditor-general's responsibilities for the audit of the financial statements**

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

## **Report on the audit of the annual performance report**

14. The objectives of the SDA are included within the Department of Defence's reporting on performance information against predetermined objectives.

## **Report on audit of compliance with legislation**

### **Introduction and scope**

15. 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 material findings on the compliance of the Special Defence Account with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance. These procedures were, however, not extended to certain sensitive expenditure in connection with the special defence activities as per section 2(2) of the Defence Special Account Act, 1974, (Act No. 6 of 1974) as amended.
16. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

### **Annual financial statements**

17. 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)(b) of the PFMA. Material misstatements of expenditure, foreign exchange gains and losses, commitments and prepayments identified by the auditors in the submitted financial statements were adequately corrected and the supporting records for commitments were provided subsequently. The limitations relating to special defence activities could not be corrected due to their nature and resulted in a qualified opinion.

**SPECIAL DEFENCE ACCOUNT  
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**Internal control deficiencies**

18. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the finding on compliance with legislation included in this report as the limitation imposed on the audit is inherent to the environment of the SDA.

**Leadership**

19. The accounting officer did not exercise its oversight responsibility over financial reporting, internal controls and compliance with legislation. The financial statements were not adequately reviewed before submitting them for auditing, which resulted in material misstatements being identified during the audit process. This also resulted in non-compliance with the PFMA.

*Auditor-General*

Pretoria

31 July 2017



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**SPECIAL DEFENCE ACCOUNT  
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## Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and on the SDA’s compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit 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 SDA’s internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Special Defence Account ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause an entity to cease to continue as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**SPECIAL DEFENCE ACCOUNT  
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**Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

## DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**SPECIAL DEFENCE ACCOUNT**  
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**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2017

	Note(s)	2017	2016
		R'000	Restated*
		R'000	R'000
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2	5 638 179	5 630 785
Receivables from exchange transactions	3	10 800	19 824
Receivables from non-exchange transactions	4	7 766	4 632
Prepayments	5	1 700 913	1 175 122
		<b>7 357 658</b>	<b>6 830 363</b>
<b>Non-Current Assets</b>			
Prepayments	5	1 417 650	1 695 571
Other financial assets	6	101 575	83 320
		<b>1 519 225</b>	<b>1 778 891</b>
<b>Total Assets</b>		<b>8 876 883</b>	<b>8 609 254</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	7	517 894	823 166
Payables from non-exchange transactions	8	29 665	29 734
Provisions	9	5 108	9 170
Funds to be surrendered to the National Revenue Fund	10	45 364	66 720
Other financial liabilities	11	6 606	12 838
		<b>604 637</b>	<b>941 628</b>
<b>Total Liabilities</b>		<b>604 637</b>	<b>941 628</b>
<b>Net Assets</b>		<b>8 272 246</b>	<b>7 667 626</b>
Accumulated surplus		8 272 246	7 667 626

\* See Note 20



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**SPECIAL DEFENCE ACCOUNT  
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**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 31 March 2017

	Note(s)	2017 R'000	2016 Restated* R'000
Revenue	12	5 715 133	6 317 988
Foreign exchange gains		181 195	81 202
Operating expenses	13	(5 056 488)	(5 495 352)
Foreign exchange loss		(189 856)	(94 730)
<b>Operating surplus</b>		<b>649 984</b>	<b>809 108</b>
<b>Surplus for the year</b>		<b>649 984</b>	<b>809 108</b>

\* See Note 20

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**SPECIAL DEFENCE ACCOUNT  
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**STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2017**

	Accumulated surplus R'000	Total net assets R'000
<b>Opening balance as previously reported</b>	<b>6 931 632</b>	<b>6 931 632</b>
<b>Adjustments</b>		
Prior year adjustments - Royalty income	(4 493)	(4 493)
Prior year adjustments - Fair value adjustments	(1 901)	(1 901)
<b>Balance at 01 April 2015 as restated*</b>	<b>6 925 238</b>	<b>6 925 238</b>
<b>Changes in net assets</b>		
Surplus for the year	809 108	809 108
Funds to be surrendered to the National Revenue Fund	(66 720)	(66 720)
Total changes	742 388	742 388
<b>Opening balance as previously reported</b>	<b>7 668 064</b>	<b>7 668 064</b>
<b>Adjustments</b>		
Prior year adjustments - Foreign exchange	(438)	(438)
<b>Balance at 01 April 2016 as restated*</b>	<b>7 667 626</b>	<b>7 667 626</b>
<b>Changes in net assets</b>		
Funds to be surrendered to the National Revenue Fund	(45 364)	(45 364)
Surplus for the year	649 984	649 984
Total changes	604 620	604 620
<b>Balance at 31 March 2017</b>	<b>8 272 246</b>	<b>8 272 246</b>

\* See Note 20

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**SPECIAL DEFENCE ACCOUNT**  
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**CASH FLOW STATEMENT**  
for the year ended 31 March 2017

	Note(s)	2017 R '000	2016 Restated* R '000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Funds from the Department of Defence		5 633 469	6 235 061
Other receipts		87 554	92 049
		<u>5 721 023</u>	<u>6 327 110</u>
<b>Payments</b>			
Suppliers		(5 609 223)	(4 948 819)
<b>Net cash flows from operating activities</b>	14	<u>111 800</u>	<u>1 378 291</u>
<b>Cash flows from investing activities</b>			
Increase in financial assets		(22 793)	(17 760)
<b>Net cash flows from investing activities</b>		<u>(22 793)</u>	<u>(17 760)</u>
<b>Cash flows from financing activities</b>			
Net movement in other financial liabilities		(6 232)	(6 549)
Movement in funds surrendered to the National Revenue Fund		(21 356)	35 557
Funds surrendered to the National Revenue Fund	15	(45 364)	(66 720)
<b>Net cash flows from financing activities</b>		<u>(72 952)</u>	<u>(37 712)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>16 055</b>	<b>1 322 819</b>
Cash and cash equivalents at the beginning of the year		5 630 785	4 321 494
Effect of exchange rate movement on cash balances		(8 661)	(13 528)
<b>Cash and cash equivalents at the end of the year</b>	2	<u>5 638 179</u>	<u>5 630 785</u>

\* See Note 20

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**SPECIAL DEFENCE ACCOUNT**  
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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
for the year ended 31 March 2017

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	R '000
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Royalty income	-	-	-	6 755	6 755	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	6 003 722	(370 253)	5 633 469	5 633 469	-	27
Fines	-	-	-	39 816	39 816	
Sale of goods	-	-	-	12 205	12 205	
Other revenue	-	-	-	22 888	22 888	
<b>Total revenue from non- exchange transactions</b>	<b>6 003 722</b>	<b>(370 253)</b>	<b>5 633 469</b>	<b>5 708 378</b>	<b>74 909</b>	
<b>Total revenue</b>	<b>6 003 722</b>	<b>(370 253)</b>	<b>5 633 469</b>	<b>5 715 133</b>	<b>81 664</b>	
<b>Expenditure</b>						
Largest projects	(4 218 126)	165 973	(4 052 153)	(2 634 312)	1 417 841	27
Non-project related expenditure	(620 271)	204 280	(415 991)	(1 286 334)	(870 343)	27
Sensitive projects	(460 850)	-	(460 850)	(216 099)	244 751	27
General projects	(704 475)	-	(704 475)	(919 743)	(215 268)	27
<b>Total expenditure</b>	<b>(6 003 722)</b>	<b>370 253</b>	<b>(5 633 469)</b>	<b>(5 056 488)</b>	<b>576 981</b>	
<b>Operating surplus</b>	-	-	-	<b>658 645</b>	<b>658 645</b>	
Foreign exchange loss	-	-	-	(189 856)	(189 856)	
Foreign exchange gain	-	-	-	181 195	181 195	
	-	-	-	(8 661)	(8 661)	
<b>Surplus before taxation</b>	-	-	-	<b>649 984</b>	<b>649 984</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	-	-	-	<b>649 984</b>	<b>649 984</b>	

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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
for the year ended 31 March 2017

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	R '000
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Funds from the Department of Defence	6 003 722	(370 253)	<b>5 633 469</b>	5 633 469	-	
Other receipts	(6 003 722)	370 253	<b>(5 633 469)</b>	87 554	<b>5 721 023</b>	
	-	-	-	<b>5 721 023</b>	<b>5 721 023</b>	
<b>Payments</b>						
Suppliers	-	-	-	(5 609 223)	<b>(5 609 223)</b>	
<b>Net cash flows from operating activities</b>	-	-	-	<b>111 800</b>	<b>111 800</b>	
<b>Cash flows from investing activities</b>						
Net movement in other financial assets	-	-	-	(22 793)	<b>(22 793)</b>	
<b>Cash flows from financing activities</b>						
Movement in other financial liabilities	-	-	-	(6 232)	<b>(6 232)</b>	
Movement in funds to be surrendered to the National Revenue Fund	-	-	-	(21 356)	<b>(21 356)</b>	
Funds to be surrendered to the National Revenue Fund	-	-	-	(45 364)	<b>(45 364)</b>	
<b>Net cash flows from financing activities</b>	-	-	-	<b>(72 952)</b>	<b>(72 952)</b>	
Net increase/(decrease) in cash and cash equivalents	-	-	-	16 055	<b>16 055</b>	
Cash and cash equivalents at the beginning of the year	-	-	-	5 630 785	<b>5 630 785</b>	
Effect of exchange rate movement on cash balances	-	-	-	(8 661)	<b>(8 661)</b>	
<b>Cash and cash equivalents at the end of the year</b>	-	-	-	<b>5 638 179</b>	<b>5 638 179</b>	

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**SPECIAL DEFENCE ACCOUNT  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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## **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), issued by the Accounting Standards Board of South Africa in accordance with Section 91(1) of the Public Finance Management Act (Act no 1 of 1999).

These accounting policies are consistent with the previous period.

#### **1.1 Standards of GRAP issued but not yet effective**

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.

#### **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 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

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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. The SDA will continue to apply GRAP 104 for the current financial year.

**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.

**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.

DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

**SPECIAL DEFENCE ACCOUNT  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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**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.

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.



**SPECIAL DEFENCE ACCOUNT  
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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.

**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.

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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.

#### **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.

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**1.14 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.

**1.15 Receivables from non-exchange transactions**

Receivables from non-exchange transactions are recognised when the SDA has a right to receive the monies due to it, which are allocated in terms of legislation or are due in accordance with an agreement. Receivables from non-exchange transactions are initially measured at fair value and subsequently measured at amortised cost.

**1.16 Prepayments and advances**

Prepayments and advances are measured at cost. 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.

**1.17 Other financial assets**

Other financial assets are measured at fair value unless the fair value cannot be determined reliably. Where fair value cannot be determined, financial assets are measured at cost.

**1.18 Payables from exchange transactions**

The SDA recognises payables from exchange transactions where liabilities result in counter-performance by the respective parties.

Payables from exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost.

**1.19 Payables from non-exchange transactions**

The SDA recognises payables from non-exchange transactions for amounts received through non-exchange revenue, which are not recognised as revenue as a result of outstanding obligations against the revenue.

Payables from non-exchange transactions are initially measured at fair value and are subsequently measured at amortised cost.

**1.20 Funds to be surrendered to the National Revenue Fund**

The SDA is not required to surrender any funds allocated in terms of section 4 of the Defence Special Account Act, 1974 (Act No 6 of 1974). Per agreement with the National Treasury, the SDA cedes any cash amounts received excluding funds transferred from the Department of Defence. The amount surrendered is calculated and distributed through net assets on an annual basis to the National Revenue Fund.

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**1.21 Other financial liabilities**

Other financial liabilities are measured at amortised cost. Effective interest is capitalised against the amounts outstanding in accordance with the agreement.

**1.22 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
- 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.

**1.23 Budget information**

The budget is prepared on a cash basis. The SDA does not budget for any revenue other than the transfer payment received through the Department of Defence. Expenditure incurred exceeding the transfer payment is defrayed from accumulated reserves.

**1.24 Related Party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party; or an entity that is subject to common control or joint control.

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 recognised criteria, is included in the disclosure notes.

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**1.25 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.

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.

**1.26 Comparative figures**

Comparatives are included for all except where Standards of GRAP provides otherwise. Comparatives are restated where prior period errors are identified.

**1.27 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.

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**1.28 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.

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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<b>2. Cash and cash equivalents</b>		
Cash and cash equivalents at fair value consist of:		
Cash on hand	18 987	19 427
Bank balances	5 612 279	5 597 459
Short-term deposits	6 913	13 899
	<u>5 638 179</u>	<u>5 630 785</u>

Short-term deposits include an amount of Rm6.9 (2015/16: Rm13.8) to be used by the Compliance Programme.

**3. Receivables from exchange transactions**

Trade debtors	9 715	11 984
Staff debtors	1 085	3 401
Other debtors	-	4 439
	<u>10 800</u>	<u>19 824</u>

Other debtors consist of Armscor suspense accounts.

**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.

**4. Receivables from non-exchange transactions**

Revenue due from Armscor for sale of goods	<u>7 766</u>	<u>4 632</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.

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<b>5. Prepayments</b>		
Current prepayments	1 700 913	1 175 122
Non-current prepayments	1 417 650	1 695 571
	<u>3 118 563</u>	<u>2 870 693</u>

Secured against bank guarantees held by Armscor. Prepayments are due to current obligations / deliveries and are recovered on a proportional basis.

A prior period error as a result of non-compliance to GRAP 4 cannot be retrospectively corrected due to system constraints.

**6. Other financial assets****Designated at cost**

Other financial asset	145 493	122 699
Impairments	(43 918)	(39 379)
	<u>101 575</u>	<u>83 320</u>

**Non-current assets**

Designated at cost	<u>101 575</u>	<u>83 320</u>
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**Reconciliation of financial assets at cost through surplus or deficit - 2017**

	Opening Balance	Additions	Impairments	Closing Balance
Other financial assets	83 320	22 793	(4 638)	101 575

**Reconciliation of financial assets at cost through surplus or deficit - 2016**

	Opening Balance	Additions	Impairments	Closing Balance
Other financial assets	71 296	17 760	(5 736)	83 320

**7. Payables from exchange transactions**

Contract creditors	515 914	814 160
Strategic Defence Procurement Programme	-	9 006
DI Staff Debtors in credit	1 980	-
	<u>517 894</u>	<u>823 166</u>

**8. Payables from non-exchange transactions**

Contract creditors: Fines	25 016	25 102
Revenue received in advance	4 649	4 632
	<u>29 665</u>	<u>29 734</u>



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<b>9. Provisions</b>				
Retention fees	5 108	9 170		
<b>Reconciliation of provisions - 2017</b>				
	<b>Opening Balance</b>	<b>Reduction due to re- measurement</b>	<b>Total</b>	
Retention fees	9 170	(4 062)	5 108	
<b>Reconciliation of provisions - 2016</b>				
	<b>Opening Balance</b>	<b>Additions</b>	<b>Reduction due to re- measurement</b>	<b>Total</b>
Retention fees	9 026	1 197	(1053)	9 170
<p>Armcor, 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.</p>				
<b>10. Funds to be surrendered to the National Revenue Fund</b>				
Opening balance	66 720	31 163		
Fines, penalties and forfeits	36 234	32 642		
Sales of goods and services other than capital assets	42	2 220		
Sales of capital assets	9 088	31 858		
Less: Payments made	(66 720)	(31 163)		
<b>Closing balance</b>	<b>45 364</b>	<b>66 720</b>		
<b>11. Other financial liabilities</b>				
<b>At amortised cost</b>				
Fines, penalties and forfeits	6 606	12 838		
<p>Secured against short-term deposit held at Corporation for Public Deposits. Interest free without specific repayment arrangements.</p>				
<p>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.</p>				
<b>Current liabilities</b>				
At amortised cost	6 606	12 838		

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<b>12. Revenue</b>		
Royalty income	6 755	6 187
Recoveries from suppliers	-	4
Funds from the Department of Defence	5 633 469	6 235 061
Contract fines	39 816	24 899
Revenue allocated from the sale of goods	12 205	31 858
Other revenue	22 888	19 979
	<b>5 715 133</b>	<b>6 317 988</b>

The amount included in revenue arising from exchanges of goods or services are as follows:

Royalty income	6 755	6 187
Recoveries from suppliers	-	4
	<b>6 755</b>	<b>6 191</b>

The amount included in revenue arising from non-exchange transactions is as follows:

<b>Transfer revenue</b>		
Funds from the Department of Defence	5 633 469	6 235 061
Contract fees and fines	39 816	24 899
Revenue allocated from the sale of goods	12 205	31 858
Other revenue	22 888	19 979
	<b>5 708 378</b>	<b>6 311 797</b>

The fair value of inflowing resources was measured based on the fair value of the cash consideration received or receivable.

The amount of fines waived for 2016/17 is R5 852 373 (2015/16: R1 942 047). This relates to contract fines and represent the amount refunded to suppliers during the year under review

**13. Operating expenses**

**Per project type:**

Largest projects	2 634 312	2 672 812
General projects	919 743	717 289
Sensitive projects	216 099	408 721
Non-project related expenditure	1 286 334	1 696 530
	<b>5 056 488</b>	<b>5 495 352</b>

**Per nature**

Goods and services	2 986 679	4 860 203
Machinery and equipment	463 648	319 281
Buildings and other fixtures	4 492	5 504
Specialised military assets	1 601 669	310 364
	<b>5 056 488</b>	<b>5 495 352</b>

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<b>Per programme</b>		
Landward Defence	2 440 462	2 297 036
Air Defence	1 202 831	2 023 202
Maritime Defence	135 532	135 795
Military Health Support	162	1 336
Force Employment	341 719	244 797
Joint Support	622 154	371 131
Special Defence Activities	187 411	395 693
Other expenses not directly allocated per programme	126 217	26 362
	<b>5 056 488</b>	<b>5 495 352</b>

**14. Cash generated from (used in) operations**

Surplus	649 984	809 108
<b>Adjustments for:</b>		
Gain on foreign exchange	(181 195)	(81 202)
Loss on foreign exchange	189 856	94 730
Debt impairment	4 538	5 736
Movements in provisions	(4 062)	144
<b>Changes in working capital:</b>		
Receivables from exchange transactions	9 024	(11 457)
Other receivables from non-exchange transactions	(3 134)	20 579
Prepayments	(247 870)	164 712
Payables from exchange transactions	(305 272)	389 925
Increase / (decrease) in payables from non-exchange transactions	(69)	(13 984)
	<b>111 800</b>	<b>1 378 291</b>

**15. Funds to be surrendered to the National Revenue Fund**

Payment to be made to the National Revenue Fund	<b>45 364</b>	<b>66 720</b>
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**16. Financial instruments disclosure**

**Categories of financial instruments**

**2017**

**Financial assets**

	At fair value	At cost	Total
Other financial assets	-	101 575	101 575
Cash and cash equivalents	5 638 179	-	5 638 179
	<b>5 638 179</b>	<b>101 575</b>	<b>5 739 754</b>

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<b>Financial liabilities</b>			
	<b>At amortised cost</b>	<b>Total</b>	
Other financial liabilities	6 606	6 606	
Trade and other payables from exchange transactions	517 894	517 894	
	<b>524 500</b>	<b>524 500</b>	
<b>2016</b>			
<b>Financial assets</b>			
	<b>At fair value</b>	<b>At cost</b>	<b>Total</b>
Other financial assets	-	83 320	83 320
Cash and cash equivalents	5 630 785	-	5 630 785
	<b>5 630 785</b>	<b>83 320</b>	<b>5 714 105</b>
<b>Financial liabilities</b>			
	<b>At amortised cost</b>	<b>Total</b>	
Other financial liabilities	12 838	12 838	
Trade and other payables from exchange transactions	823 166	823 166	
	<b>836 004</b>	<b>836 004</b>	
<b>17. Commitments</b>			
Approved and contracted	12 262 629	14 195 899	
Approved but not yet contracted	265 733	1 348 634	
Capital commitments: Strategic Defence Procurement Programme (SDP)	272	7 856	
	<b>12 528 634</b>	<b>15 552 389</b>	

The amount relating to Strategic Defence Packages capital commitment represents the capital amount at prevailing exchange rates at year-end, but excludes escalation and other additional costs (eg finance costs). Included in the amount of R271 824 (2015/16: R7 856 374) is a foreign component of USD 20 289 (2015/16: USD 105 226, GBP 197 056 and SEK 1 077 039).

No forward cover was utilised.

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<b>18. Contingencies</b>		
Claims against the State	2 750 912	3 250 755
Retention fees	286	1 873
	<u>2 751 198</u>	<u>3 252 628</u>

The amount in Claims against the State relates to a commission claim of EUR 192 180 623 with a rand value of R2 725 912 247 (1 Euro = R14.184116) (2015/16: R3 225 755 213). 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 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 Portugese 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. The plaintiff again approached the court to obtain evidence from a further witness in Dublin, Ireland. This witness is a South African with dual citizenship, apparently domiciled in Dublin. Armscor opposed this application as it will have a negative implication on the cost to defend the matter as well as a delay to finalise this litigation. The court ruled in favour of the plaintiff and although a date has been allocated it is expected that the commission will proceed in Dublin on a date to be established. The opinions of the specialists on the use of the helicopter shall also commence during 2017 to be finalised by the end of the year.

The amount in Retention fees for 2016/17 to the amount of R285 749 (2015/16: R1 873 139) relates to fees withheld by Armscor for suppliers not meeting the BEE requirements.

**19. Related parties**

**Identification and nature of related party relationship**

As at 31 March 2017, 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.

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**20. Prior period errors**

Foreign exchange gains has been restated for 2015/16 due to an adjustment on the unrealised gains which was previously overstated.

**Statement of financial position**

Payables from exchange transactions	-	(438)
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**Statement of Financial Performance**

Revenue - foreign exchange gains	-	438
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Prepayments - not retrospectively corrected:

Included in the amount of R2 870 693 000 (2015/16) is an amount of R172 722 707 which relates to foreign exchange adjustments at year-end. The incorrect application of GRAP 4 resulted in prepayments being treated as a monetary item. The Department utilises the Financial Management System (FMS) which is a cash based system. This means that the financial year 2015/16 cannot be addressed retrospectively to correct the error. GRAP 4 has been applied correctly to prepayments for the current financial year 2016/17, whereby prepayments have been treated as a non-monetary item.

**21. 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.

**Credit risk**

Receivables

The SDA funds the capital operations of the Department of Defence. As a result of funding these operations, receivables may arise due to the non-delivery of goods and services. These receivables include recoveries from suppliers and fines.

Receivables may also arise where funds are due to the SDA as a result of the sales of capital goods that were funded from the SDA. The latter is usually limited to a very short period as Armscor's policy is not to deliver any goods before the monies are received. Notwithstanding this policy, transactions did occur where the risks and rewards of ownership have passed to the buyer and as a result, the monies are due to the SDA.

Cash and cash equivalents

The cash in the current account represents the balance of funds available in the Paymaster-General account. Short-term deposits are held in the Corporation for Public Deposits as required by the Treasury Regulations and the Defence Special Account Act, 1974 (Act No 6 of 1974). Cash on hand and the balances in the Paymaster-General account are not exposed to any credit risk.

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for the year ended 31 March 2017**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2017 R'000	2016 R'000
<b>Maximum credit risk exposure</b>		
Cash and cash equivalents	6 913	13 899
Receivables	7 766	4 632
	<u>14 679</u>	<u>18 531</u>
<p>% of total financial assets for 2016/17 is 0.26% (2015/16: 0.32%)</p>		
<b>Market risk</b>		
<p>The SDA is exposed to both interest rate risk and foreign currency risk.</p>		
<b>Interest rate risk</b>		
<p>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.</p>		
<p>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:</p>		
<p>- 2016/17: R208</p>		
<p>- 2015/16: R322</p>		
<b>Foreign exchange risk</b>		
<p>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.</p>		
<p>The SDA does not hedge foreign exchange fluctuations.</p>		
<p>At 31 March 2017, the currency has changed by 2.60% against the Euro with all other variables held constant, the surplus for the year was affected by a net loss of R8 660 976 (net loss 2015/16: R13 528 375), mainly as a result of foreign exchange gains or losses on translation of foreign currencies through surplus or deficit.</p>		
Financial assets impairment		
<b>Financial instruments at fair value</b>		
Cash and cash equivalents	2 641	969
<b>Financial instruments at amortised cost</b>		
Receivables	(17 313)	-
Payables	6 011	(14 497)
	<u>(8 661)</u>	<u>(13 528)</u>

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**SPECIAL DEFENCE ACCOUNT  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2017**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2017 R'000	2016 R'000
<b>Foreign currency exposure at statement of financial position date</b>		
<b>Current assets</b>		
Cash and cash equivalents	18 987	19 427
<b>Liabilities</b>		
Current	604 637	941 628
The SDA reviews its foreign currency exposure, including commitments on an ongoing basis.		
<b>22. Going concern</b>		
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.		
<b>23. Fruitless and wasteful expenditure</b>		
Opening balance	271 748	271 748
This relates to a contract that was cancelled and re-instated.		
<b>24. Irregular expenditure</b>		
Opening balance	387 594	279 469
Add: Irregular Expenditure - current year	68 694	108 125
Less: Current year amounts condoned	(387 594)	-
	<b>68 694</b>	<b>387 594</b>
<b>Analysis of expenditure awaiting condonation per age classification</b>		
Current year	68 694	108 125
Prior years	-	279 469
	<b>68 694</b>	<b>387 594</b>
<b>Details of irregular expenditure – current year</b>		
	<b>Disciplinary steps taken/criminal proceedings</b>	
PPPFA Non-Compliance	Application for condonement still pending from NT.	65 503
Deviation from the procurement process.	An investigation will be conducted to determine the responsible official.	1 391
Expenditure not approved by a delegated authority.	An investigation will be conducted to determine the responsible official.	1 800
		<b>68 694</b>



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for the year ended 31 March 2017

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2017 R'000	2016 R'000
<p>Expenditure deemed to be irregular expenditure of R68 694 323 (2015/16: R108 124 957) 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.</p>		
<b>25. Reconciliation between budget and statement of financial performance</b>		
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:		
Net surplus per the statement of financial performance	649 984	809 108
<b>Adjusted for:</b>		
Sale of goods	(12 205)	(31 858)
Other revenue	(22 888)	(19 979)
Recovery of suppliers	-	(4)
Foreign exchange	8 661	13 528
Contract fines	(39 816)	(24 899)
Expenditure	(576 981)	(739 709)
Royalty income	(6 755)	(6 187)
<b>Net surplus per approved budget</b>	<b>-</b>	<b>-</b>
<b>26. Reconciliation between budget and cash flow statement</b>		
Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:		
<b>Operating activities</b>		
Actual amount as presented in the budget statement	649 984	809 108
Basis differences	(538 184)	569 183
<b>Net cash flows from operating activities</b>	<b>111 800</b>	<b>1 378 291</b>
<b>Investing activities</b>		
Actual amount as presented in the budget statement	649 984	809 108
Basis differences	(672 777)	(826 868)
<b>Net cash flows from investing activities</b>	<b>(22 793)</b>	<b>(17 760)</b>
<b>Financing activities</b>		
Actual amount as presented in the budget statement	649 984	809 108
Basis differences	(722 936)	(846 820)
<b>Net cash flows from financing activities</b>	<b>(72 952)</b>	<b>(37 712)</b>
<b>Net cash generated from operating, investing and financing activities</b>	<b>16 055</b>	<b>1 322 819</b>

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for the year ended 31 March 2017**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2017	2016
	R'000	R'000

**27. Material differences between the budget and actual amounts**

The Department requested Virements from the SDA to the GDA for the reinstatement of finance functionaries pension benefits (Compensation of Employees) and Departmental shortfalls within the operating budget (Goods and Services) to the amount of Rm370 253. These Virements were approved by National Treasury.

The financial statements for the SDA are prepared on the accrual basis of accounting.

**Largest projects, Sensitive projects and General projects:** The acquisition of armaments systems is managed by means of acquisition projects. Due to long lead times, non-realisation of planned project deliverables, and the inability of Defence Industry to timely deliver in Departmental requirements, the budget was not fully expended in the financial year. The SDA Act makes provision that unspent funds at the end of the financial year remain within the SDA. Sensitive projects reflect an under expenditure due to foreign related invoices that could not be paid during 2016/17.

**Non-project related expenditure:** Although the total expenditure for Other projects (SDA) 2016/17 FY requirements as at 31 March 2017 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.

2016/17

**PART E**

**National Conventional  
Arms Control Committee**



**Assurance Report**  
for the year ended 31 March 2017

# 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. In accordance with section 12 of the National Conventional Arms Control Act, 2002 (Act No. 41 of 2002), as amended, I have performed a limited assurance audit engagement on the conduct of the affairs of the National Conventional Arms Control Committee (NCACC) for the period ended 31 March 2017.
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 for the NCACC for the period ended 31 March 2017. My limited assurance procedures included the following specific procedures related 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

### DEPARTMENT OF DEFENCE AND MILITARY VETERANS – Vote 19

- 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
  - 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
  - Confirming whether the NCACC has liaised with the relevant government agencies regarding the enforcement of the act
  - Inspecting a sample of the authorisation or refusal of issuing any permits as contemplated in section 14 of the 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 2017 is sufficient and appropriate to provide a basis for my conclusion expressed below.

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## Internal control

9. I considered internal control relevant to my audit of compliance with legislation; however, my objective was not to express any form of assurance thereon. 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 caused 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 2017



AUDITOR-GENERAL  
SOUTH AFRICA

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