Department of Defence

Overarching Strategic Statement

for 2011

Working Together We Can Do More

defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF DEFENCE (DOD)

"Doing things differently to achieve more with less"

Overarching Strategic Statement

For the fiscal years

2011/12– 2015/16

Date of tabling: 09 March 2011

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Foreword by the Honourable Minister of Defence and Military Veterans, L.N. Sisulu, MP

In the 2010 budget Vote, we profiled the conscious development of reliable, dependable human capital base within the Defence Force. To this end, we announced the establishment of the National Defence Service Force Commission, revitalisation of the Defence Reserves and finalisation of the non statutory Force Military Veterans Pension, to mention but a few. Auditable outputs have been recorded in so far as these are concerned and are evidenced by the Promulgation of Defence Amendment Act 22 of 2010, whose object is to provide for the establishment of the National Defence Force Service Commission charged with a role to create a separate dispensation for the Defence Force, creating a paradigm that prescribes contracts for Defence Reserves whilst protecting them from discrimination by employers and creditors.

Stemming from the President's announcement at a special Cabinet meeting on 25 October 2010, a new growth path for the country has been agreed upon. This path places people's employment at the centre of government's economic policy. Defence commits itself to support government's intent in terms of inherent available Defence capabilities and initiatives such as the MSDS and National Youth Service system in contribution to national skills development and job creation.

Notwithstanding the auditing standards that are continually being enhanced, the Ministry will earnestly pursue the realisation of a qualification free Audit. Some auditable strides have been registered which are a result of the multi-pronged strategy to realise the qualification free audit, of which operation "Clean Audit" is but one. Deepening in establishing internal controls that will help to proactively mitigate functions and processes that could lead to an audit qualification will be prioritised. A strong monitoring and evaluation capability will be enhanced.

The role of Defence within the Government Cluster system in the International Co-operation Trade and Security (ICTS) Cluster, will continue to receive priority attention in order to strengthen South Africa's support of international and regional peace, security and stability.

The SANDF contributes with contingent force of 1229 men and women under the Mission dubbed MONUSCO in the DRC and 634 soldiers under the Mission code named UNAMID in Sudan. Apart from the troop contribution in the Peace Mission in the DRC, SANDF troops also provide post conflict reconstruction in that country with the view to strengthening the weak state apparatus and institutions. In this respect the focus areas are integration and team building training, transformation process and general military training of the Armed Forces. On the basis of bilateral arrangements with Central African Republic, SANDF has deployed 49 men and women with the view to providing general military assistance in the form of training to the Armed Forces of said country.

Internally, the SANDF has since April 2010 deployed for border safeguarding along the borders of RSA and her neighbouring countries. Currently, SANDF has already set its footprint along RSA/Zimbabwe Border and RSA/Mozambique border and due to deploy along RSA/Lesotho border on 1 April 2011. State resources need to be mobilised more aggressively to ensure the stable roll out of Operation CORONA (border-safeguarding). Currently, Defence is furthermore exploring possibilities to ensure security against piracy prevails in the SADC waters on a bilateral and multinational basis. The piracy threat is real and therefore they is a need to ensure in accordance with safe guarding territorial integrity that we need to develop a plan on how to deal with this problem and ensure that our trade lines remain safe and secure.

At the time of writing, the SANDF has joined forces with National Disaster Management Centre for humanitarian assistance community affected by floods national. To this end, the SANDF has deployed air assets to airlift entrapped people to safety, as well as delivering food parcels for those in need. The mandate of the Defence remains that of Defence and protection of the, Republic, its territorial integrity and its people in accordance with the Constitution of the Republic and the principles on international law regulating the use of forces.

We have entered into a Delivery Agreement (DA) with the President to facilitate service delivery in terms of selected Medium Term Strategic Framework (MTSF) outcomes. In the meanwhile Defence has implemented the outcomes based strategic planning approach in order to ensure that high performance levels are achieved and properly accounted for. I am also a signatory to the delivery Agreements of Outcome 2, 3,

and 5 and as such obligations that flow from these delivery agreements must find expression in the planning instruments of the Constitutional institutions that service the Defence mandate, with the Defence Secretariat providing the essential norms and standards to guarantee implementation.

The Strategic Plans are developed to give effect to the two constitutional entities that service the Defence Mandate which are the Defence Force and the Defence Secretariat reflect, amongst others, the essence of the Delivery Agreement (DA) entered into, between myself and the Commander in Chief in terms of applicable Outcomes and provide parameters and expectations that I consider achievable for Defence. The alignment of Defence with the Constitutional and legislative mandate is reflected through the pursuance of our identified Outcomes, Outputs, Vision and Mission which will ensure that Defence remains relevant to the dynamic circumstances.

Finally, allow me to reflect a little on impact assessment of my Portfolio. During the Budget Vote 21 of both FY2009/10 and FY2010/11, I outlined the institutional reforms that will form the strategic levers of my transformation Agenda. In the FY 2009 Budget Vote, I indicated the need to provide a visible reward and recognition to all those that sacrificed their well being to help us realise the freedoms that we now enjoy. As such Military Veterans were consciously my transformation agenda. To date the Department is indeed in place. The coming years will thus be characterised by initiatives to maximise the functionality of the organ of State by widening the footprint of a reliable and dependable service delivery focused Department.

The execution of the Constitutional and legislative Defence mandate of both the Defence Secretariat and the South African National Defence Force are provided in the strategic and annual performance plans accompanying this Overarching Statement. These documents provide the required detailed information on the functioning of these two Defence entities.

I am confident that through these planning instruments, distinctive features of the Defence Force will be protected whilst delivery to the citizens will be enhanced.

(L.N. SISULU)
MINISTER OF DEFENCE AND MILITARY VETERANS, MP

THE DEFENCE FUNCTION IN CONTEXT

DEFENCE CONSTITUTIONAL MANDATE

The primary object of the Defence function is to provide for the Defence and protection of the Republic, its territorial integrity and its people. The Constitution provides that the rendition of the Defence function should be done in a manner consistent with the provisions of the Constitution and the principles of international law regulating the use of force.

The Department of Defence (DOD) derives its mandate primarily from section 200(2) of the Constitution[1] as well as section 227 of the Interim Constitution of the Republic of South Africa[2]. The Defence mandate is given substance by the Defence Act[3], the White Paper on Defence (1996) and the Defence Review (1998).

The DOD comprises of the Defence Secretariat which is established in terms of Section 204 of the Defence Act and the South African National Defence Force (SANDF) established in terms of Section 200 (2) of the Interim Constitution[4].

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.

THE DOD MEDIUM-TERM STRATEGIC FOCUS

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

- To defend and protect South Africa, its sovereignty, its territorial integrity, its national interests and its people in accordance with the Constitution and principles of international law regulating the use of force.
- To contribute to freedom from fear and want, including the promotion of human security, both nationally and internationally.
- To contribute to a better life for the people of South Africa.

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

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

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1   Act 108 of 1996.
2   Act 200 of 1993
3   Act 42 of 2002
4   Act 200 of 1993.

THE MINISTER OF DEFENCE AND MILITARY VETERANS (MOD&MV) PRIORITIES

For the period ahead, the Minister has made a determination of matters considered important for the DOD to pursue as strategic priorities. The execution of these strategic priorities will enhance the effective realisation of the Defence mandate. Monitoring and evaluation of performance against these identified strategic priorities will test the extent to which the Defence function has been able to "do things differently and achieve more with less". The strategic priorities identified are as follows:

- <u>Execution of the Border Safeguarding Function</u>. The safeguarding of the borders of South Africa remains one of the key functions of the SANDF. The phased in approach, adopted by the SANDF in undertaking this function, will continue in FY2011/12 with the final phase completed in FY2012/13.

- <u>Establishment of the New Service Dispensation</u>. The Defence Amendment Act, 22 of 2011, has been enacted. As intended, the Defence Amendment Act has created a new service dispensation for the SANDF members. In FY2011/12 the DOD shall focus on the implementation of the afore-mentioned amendment in order to realise this dispensation. Consequential amendments to other Acts will also be taken into account.

- <u>Enhancement of the SANDF's Landward Defence Capabilities</u>. In order to undertake all required missions, the enhancement of the Landward Defence Capabilities is essential. For the Landward Defence Capability to operate jointly with the Air Defence and Maritime Defence Capabilities, this enhancement is considered a priority. The Landward Defence Capability has not enjoyed the advantage of being part of the Strategic Defence Packages and is thus lacking technologically advanced Primary Mission Equipment.

- <u>Maritime Security</u>. The Defence and security of South Africa is inextricably linked to that of the region and the continent. Being a littoral country, South Africa needs to have a balanced maritime capability to effectively respond to arising maritime security threats affecting South Africa.

- <u>Job Creation</u>. In support of the government initiative on job creation, the DOD plans to create job opportunities in the following areas:
  - ➢ Filling of all 1 401 vacant funded positions in the DOD.
  - ➢ Recruitment of 5 700 young South Africans per year to the Military Skills Development System (MSDS).
  - ➢ Call up of 16 400 Defence Reserve members per year to undertake specific tasks over specific periods of time.
  - ➢ The enhancement of the DOD Works Capability to create opportunities for people with technical skills within the SANDF. This in turn will allow for the SANDF intakes to increase with the same number of the SANDF members transferred to the DOD Works Capability.
  - ➢ Creation of job opportunities in the Defence Industry through approved DOD projects.

- <u>Enhancement of the SANDF's Peacekeeping Capability (SANDF Deployability)</u>. The role of the SANDF in promoting peace and security in the region and the continent necessitates the enhancement of the SANDF's peacekeeping capability that will include the SANDF's Forward Deployment Capability.

- <u>National Youth Service</u>. The implementation of the National Youth Service by using core Defence capabilities to provide initial training to the youth prior to absorption into service delivery departments.

- <u>Revitalisation of the Reserves</u>. As part of the One Force concept, the Reserves must be transformed and revitalised to fulfil the various important Defence roles allocated to them.

- <u>Restructuring and Support of the Defence Industry</u>. The restructuring should focus on Defence capability, the interactive framework and function alignment in order to properly synchronise these with the requirements and mandate of Defence. The emphasis should be on Governance, Risk Management, Compliance and Accountability framework applicable within Defence Portfolio.

- <u>Department of Defence Works Capability</u>. The state of the DOD facilities portfolio calls for the review of the existing arrangements for the repair and maintenance of Defence facilities. The establishment of the DOD Works Capability seeks to achieve an end state where the DOD will have an in-house capacity that will ultimately assume the full responsibility of the Defence facilities repair and maintenance. The DOD Works Capability will at the same time create job opportunities in the DOD, thus contributing to the Government's priority of job creation.

DEFENCE OUTCOMES

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

- Enhanced Civil Control of the Department of Defence.
- RSA is Defended and Protected.

DEFENCE OUTPUTS

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

- 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.

DEFENCE ACTIVITIES

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

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

DEFENCE INPUTS

- Provide professional & Supported DOD Human Resources.
- Provide appropriate & sustained Materiél.
- Provide integrated & reliable Defence Information & Intelligence.
- Provide sound Financial Management of the DOD.

BUILDING FOR THE FUTURE (REJUVENATION)

- Ensure Appropriate Strategic Reserves.
- Renew DOD Main Equipment and Doctrine.
- Undertake Defence Research & Development.
- Promote & appropriate Defence Industry.
- Ensure Consensus on Defence.

DOD STRATEGY MAP

As a whole, the DOD has made progress with the implementation of the Balanced Score Card (BSC) as a performance management framework. Although the performance management system has not reached maturity in the DOD, it has established a profound footing in the Department's planning process.

Figure 1: DOD Strategy Map
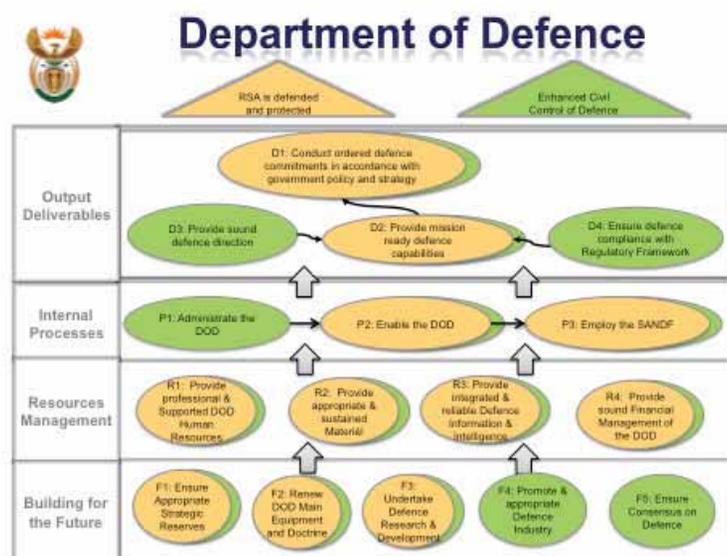
BUDGET PROGRAMME STRUCTURE OF THE DOD

For financial allocation and reporting purposes, the Outputs of Defence are presented in terms of programmes representing the contribution of various Services and Divisions within the DOD in the achievement of the Defence mandate. The outputs of the eight DOD individual programmes are described in Table 1.

Table 1: DOD Budget Programme Structure

Programme	Purpose	Accountable Entity
Administration.	Conduct the policy development, management and administration of the Department.	Ministry
		Def Sec /SANDF
Force Employment.	Successfully conduct all operations, as well as joint interdepartmental and multinational military exercises.	SANDF
Landward Defence.	Provide prepared and supported landward Defence capabilities for the Defence and protection of South Africa.	SANDF
Air Defence.	Provide prepared and supported air Defence capabilities for the Defence and protection of South Africa.	SANDF
Maritime Defence.	Provide prepared and supported maritime Defence capabilities for the Defence and protection of South Africa.	SANDF
Military Health Support.	Provide prepared and supported military health capabilities and services for the Defence and protection of South Africa.	SANDF
Defence Intelligence.	Provide a Defence intelligence and counter-intelligence capability.	SANDF
General Support.	Provide general support capabilities and services to the Department.	Def Sec /SANDF

DOD ALIGNMENT WITH MEDIUM TERM STRATEGIC FRAMEWORK (MTSF) PRIORITIES

The Table below indicates the DOD alignment to MTSF Priorities as issued by the Presidency. This is a Framework that guides the Government's programme during the electoral mandate for the period 2009 – 2014 and beyond.

Table 2: DOD Alignment with the MTSF Priorities

Strategic Priority as Reflected in the MTSF	Elements of Strategy	DOD Alignment with MTSF Priorities
Strategic Priority 1: Speeding up growth and transforming the economy to create decent work and sustainable livelihoods.	Creation of decent employment, economic growth, broad-based industrialisation.	Ensure that procurement processes promote broad-based economic empowerment.
		Development of the White Paper on Defence Industry.
	Intensify the implementation of the National Youth Service by enhancing youth development through job creation in public sector programmes.	The DOD National Youth Service Strategy and Military Skills Development System (MSDS) are work in progress to meet the government's priority of developing youth.
Strategic Priority 2: Massive programme to build economic and social infrastructure.	Development of robust, reliable, affordable and secure ICT infrastructure.	Development of the DOD integrated cyber-security policy.
	Establish an integrated management framework to ensure the synchronisation of DOD and DPW strategic objectives of Defence facility infrastructure development and management.	Establishment of the DOD Works' Capability to address the Defence facilities maintenance backlog. Development of the DOD Asset and Facilities Management Policy Framework will enable Defence to assume full responsibility for the management and maintenance of facilities and fixed assets.
Strategic Priority 3: Comprehensive rural land development strategy linked to land and agrarian reform and food security.	Support other government departments in the aggressive implementation of land reform policies. Facilitation of the Draft DPW Disposal Policy into a policy implementation document.	Finalisation of pending Defence land claims (land restitution). Develop partnership with local Government and broad based community organization in optimal utilization of underutilized military land and facilities.
Strategic Priority 4: Strengthen the skills and human resource base.	Broaden access to post-secondary education and improve higher education.	Access to post-secondary education funding by means of bursaries.
	In partnership with identified academic institutions, develop DOD logistics training institutions into centres of excellence for Supply Chain Management and Life Cycle Management.	Restructuring of DOD logistics training capability to be streamlined towards force preparation objectives, broad-based skills and human resource development.
	To provide the technical skills needed by the economy there is a need to work very closely with state-owned enterprises to train people in the skills needed by the economy.	The DOD will have to work with entities such as Armscor, Denel and the Castle Control Board to ensure that skills development is achieved.

Strategic Priority as Reflected in the MTSF	Elements of Strategy	DOD Alignment with MTSF Priorities
Strategic Priority 5: Improve the health profile of all South Africans.	Increase institutional capacity to deliver health-system functions.	Hospital revitalisation programme. Health promotion treatment, care and support. Filling of vacant funded posts and improving remuneration of health and medical care personnel.
	Improving treatment of TB.	DOD awareness programmes.
	Comprehensive plan for HIV/AIDS.	DOD prevention awareness programmes. HIV treatment roll-out sites. Bio-medical research on issues around mission readiness.
Strategic Priority 6: Intensify the fight against crime and corruption.	Develop the strategy and Plan to inform DOD's role in borderline safeguarding.	Undertaking of border safeguarding function.
	Combat the scourge of corruption in the public and private sectors by strengthening legal and policy frameworks.	Full implementation of anti-criminality strategy and plan. Full implementation of Fraud Prevention Plan. Promote financial disclosures at all levels. Strengthen the GRC processes to address the ethical and fiduciary requirements that guide the securing of service providers. Strengthen the DOD Risk Management Framework.
	Support provided to other government institutions in the fight against crime and corruption and ensuring that people in SA are and feel safe.	Internal Deployment of the SANDF.
	Effective and efficient Defence Legal Service.	Strengthening of the Military Justice System and reducing military court case backlogs.
Strategic Priority 7: Build cohesive, caring and sustainable communities.	Promote shared value system.	Intensify civic education programmes to include all members and employees.
Strategic Priority 8: Pursuing African advancement and enhanced international co-operation.	Continued prioritisation of African Agenda.	Promote nationally identified outputs that relate to advancement of regional and global peace, security and sustainability.
		Ensure that regional, continental and international peace security structures are capacitated and strengthened by appropriate deployments.
		Ensure that adequate legal instruments and frameworks exist to support the requisite deployments in Peace Missions and General Military Assistance Missions.
	Improving political and economic integration of the SADC.	Improve governance within SADC in terms of Defence Specific Security Sector Reform programmes.
	Strengthen South-South Relations.	Implementation and monitoring of IBSA Agreements and Action Plans relevant to the DOD. Ensure alignment of agreements with NEPAD, revitalise NAASP, and support AU and UN efforts to guarantee lasting solutions to conflicts.
	Strengthening political and economic relations with emerging nations and forums.	Participation in the BRICS Forum by South Africa to ensure that South Africa and Africa in general contribute to the growing economy of the world. The DOD Foreign Relations Strategy to include the BRICS objectives.

Strategic Priority as Reflected in the MTSF	Elements of Strategy	DOD Alignment with MTSF Priorities
Strategic Priority 9: Sustainable resources management and use.	Promote a culture of sustainable resource management.	Assist in protecting marine resources in co-operation with the South African Police Services (SAPS). Promote the responsible management of land resources through the collaboration with stakeholders to promote land use recycling.
	Contribute to a system for environmental Impact Management Strategy.	Ensure compliance with National Environmental Management Act (NEMA) and the applicable protocols regarding sustainable resource management.
	Effectively utilise the allocated radio frequency spectrum.	Promote prudent utilisation of Defence allocated bandwidth.
	Implementation of national Framework for sustainable development. Develop a sustainable Supply Chain Management and Life Cycle Management framework that meets Force employment requirements and is compliant with NT resource management guidelines and requirements.	Compliance with relevant protocols to ensure sustainable environmental management. Ensure that the Logistics Intervention and Restructuring Programme objectives are accomplished and embraced within the DOD at all levels.
Strategic Priority 10: Building a developmental state, including improvement of public service and strengthening of democratic institutions.	Improving the capacity and efficacy of the State.	The review of the Defence Secretariat to align it with the mandate for Defence organisation and support requirements for the Minister of Defence and Military Veterans. Strengthening the Monitoring and Evaluation component of the DOD. Defence Strategy, Force Design and Force Structure that responds to the country's current and emerging needs.
	In order to have a capacitated State that will ensure that service delivery is happening faster, there is a need to fill all funded vacant posts.	Linked to the Medium-term Expenditure Framework, the DOD will ensure that funded posts are to be filled, incumbents capacitated and skilled in order to meet the post requirements.
	Entrenching a culture and practice of an efficient, transparent, honest and compassionate Public Service.	Continually project patriotism and high levels of discipline that characterise the Defence Force. Deepen the understanding of the code of conduct that defines the outlook of the members and employees of Defence. Improve DOD supply chain and financial management to facilitate the payment of SMME's on time. Promote the responsible use of public resources and accountability through the realisation of a qualification-free audit.

INFORMATION SYSTEMS SUPPORTING DOD PERFORMANCE INFORMATION

Since 2005, the DOD has developed an information system called "GEJIMA" which provides for one-stop-shop capturing of performance information. The aforementioned system is managed by the State Information, Technology Agency (SITA), and is utilised to conduct gap and trend analysis with regards to performance information. Notwithstanding the challenges with the current local area networks experienced in certain domains within the DOD, the Department is determined to improve on the integrity, currency and reliability of the performance information. In cases of infrastructural failures, capturing of data on the system as it relates to planning and performance data is undertaken at the SITA offices and the consolidated information is confirmed by Departmental planning authorities.

DOD SELECTED PERFORMANCE INDICATORS

Table 3: DOD Trendable Performance Indicators and Targets

Indicator	Programme	Past			Current[5]	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
% Compliance of SADC early warning centre contribution with SADC and SADC organ outcomes	Force Employment	New indicator				100%	100%	100%
% Compliance with the SADC standby force agreements and South African pledge	Force Employment	New indicator				100%	100%	100%
Number of large-scale external operations per year[6]	Force Employment	11	9	8	4	3	3	3
Average number of personnel deployed daily in external operations	Force Employment	2 698	2 931	2 480	2 041	1 985	1 985	1 985
Number of person days used during internal operations[7]	Force Employment	515 516	231 608	133 036	524 000	375 000	555 165	735 840
Number of internal operations in support of other government departments per year	Force Employment	3	4	5	5	4	4	4
Number of joint, inter departmental and military exercises conducted per year	Force Employment	10	10	8	8	8	8	8
% Compliance with UN requirements, rules and regulations for peace missions	Force Employment	New indicator				100%	100%	100%
Total number of Defence diplomatic missions	Administration	32	36	37	37	37	37	37
Finalisation of the DOD Border Management Strategy	Administration	New indicator				Approved	Implementation (Monitor)	Compliance (Monitor)
Number of force employment hours flown each year	Air Defence	12 271	11 099	12 754	8 279	10 402	8 862	9 452
Number of sea hours on patrol in South African maritime zones per year	Maritime Defence	9 648	8 236	12 945	8 286	9 000	9 000	9 000
Throughput in terms of the DOD National Youth Service concept	Administration	New indicator				1 500	2 000	6 000
Number of military skills development members in the system per year	Landward Defence	4 677	6 736	8 874	8 662	11 140	11 140	11 140
Total number of active reserves	Landward Defence[8]	12 583	19 763	13 352	11 083	16 400	17 500	18 500

Table 4. Trendable Performance Indicators and Targets: Job Creation

Performance Indicator/priorities	Programme	Projections			MTSF Outcome
		2011/12	2012/13	2013/14	
Members in the MSDS per year.	Administration	11 140	11 140	11 140	Outcome 5
Number of active Reserves per year.	Administration	16 400	17 500	18 500	Outcome 5
Throughput in terms of the DOD National Youth Service concept.	Administration	1 500	2 000	6 000	Outcome 5
% Vacant funded post filled by June 2011.	Administration	100%	100%	100%	Outcome 5
% Decline in turn-over rates.	Administration	6%	5%	5%	Outcome 5
Establishment of a DOD Works Capability function (Strategic Direction)	Administration	Approval of the DOD Works Capability Structure	Monitor (Implementation)	Monitor (Impact)	Outcome 5
Creation of job opportunities in the Defence industry according to DOD projects	Administration	TBD	TBD	TBD	Outcome 5

FINANCIAL CONSIDERATIONS IN ALLOCATION OF THE DEFENCE PROGRAMMES

The composition of the Defence's Budget Programmes as published in the Estimates of National Expenditure (ENE) 2011, Vote 22 is as provided the Table below.

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5   Data as reported for the first two quarters of the FY2010/11.
6   The indicator has been changed from 2011/12 to only reflect "large-scale" operations, as the requirement for general military assistance and small-scale operations cannot be accurately projected. Currently the requirement is for two large-scale (Battalion + [More than 800 members]) operations, but contingency planning is being done to be prepared for a third operation of limited duration, should it be required.
7   The large number in 2010 was due to operations in support of the 2010 FIFA World Cup and the gradual increase from 2011/12 onwards is the result of the phasing in of border safeguarding operations.
8   The bulk of the Reserves are within the Landward Defence Programme, with smaller numbers within the other Programmes.

Table 5: Financial Allocations of the Defence Programmes

Programmes	2010/11 R'000	2011/12 R'000	2012/13 R'000	2013/41 R'000
Administration	3 247 080	3 718 129	4 052 120	4 395 303
Force Employment	1 908 870	2 241 553	2 436 064	2 692 237
Landward Defence	9 982 892	11 763 543	12 773 878	13 730 269
Air Defence	6 059 126	6 768 133	7 216 773	7 007 093
Maritime Defence	2 179 822	2 500 516	2 539 002	2 919 458
Military Health Support	2 770 215	3 044 139	3 328 036	3 519 675
Defence Intelligence	631 149	668 988	702 465	737 049
General Support	3 936 179	3 899 964	4 322 904	4 701 090
Total	30 715 333	34 604 965	37 371 242	39 702 174

DOD EXPENDITURE TRENDS

The detail of DOD's estimated expenditure is reflected in Government's Estimate of National Expenditure 2011 and is included in the Appropriation Bill 2011 tabled in Parliament on 23 February 2011.

DEPARTMENTAL RECEIPTS

Departmental receipts are mainly from the sale of redundant or obsolete equipment and Defence matériel, the rental of accommodation to personnel, and board and lodging. The reason for the fluctuations in real departmental receipts, specifically financial transactions in assets and liabilities, is due to the unpredictable nature of reimbursements for peace support operations. Revenue collection projections are also hampered by the unpredictable nature of the potential buyers of SANDF equipment, and by international treaties, protocols and licence agreements. Between FY2009/10 and FY2013/14, revenue is expected to increase from R676.7 million to R885.9 million, at an average annual rate of 7.7 percent.

Table 6: Estimated Departmental Revenue

Economic classification	Audited outcome[1]			Revised estimate	Medium-term receipts estimate		
(Rand thousand)	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Sales of goods and services produced by department	165 148	165 268	209 606	281 638	295 720	310 506	326 031
Sales of scrap, waste, arms and other used current goods	7 336	28 285	-	17 859	18 752	19 690	20 674
Transfers received	-	290 653	228 291	195 682	172 353	180 971	190 019
Fines, penalties and forfeits	1 157	1 058	3 724	3 615	3 796	3 986	4 185
Interest, dividends and rent on land	1 710	1 398	2 750	2 473	2 597	2 726	2 863
Sales of capital assets	128 913	122 066	19 481	52 684	55 318	58 084	60 988
Transactions in financial assets and liabilities	247 591	20 662	236 097	348 515	255 006	267 756	281 144
Total Departmental Receipts	**551 855**	**629 390**	**699 949**	**902 466**	**803 542**	**843 719**	**885 904**

ORGANS OF STATE AND PUBLIC ENTITIES REPORTING TO THE MOD&MV

This Strategic Statement is applicable to all organs of State and public entities reporting to the Minister in terms of the Public Finance Management Act (PFMA). These include the following:

- Department of Military Veterans. The purpose of the Department of Military Veterans is that it is responsible for the overall management and administration of military veterans affairs including but not limited to developing policy, legislation, programmes, benefits and services that facilitate the transition from active service to civilian life.

- Defence Force Service Commission. This Commission is responsible for making recommendations to the Minister concerning conditions of service of SANDF members.

- ARMSCOR. ARMSCOR is a Schedule 2 entity under the PFMA mandated to support the delivery of the strategic Defence capabilities.

- Castle Control Board. The Castle Control Board is classified as a public entity under the PFMA and carries the mandate of managing and protecting the Castle of Good Hope on behalf of the MOD & MV and has the ultimate ownership responsibility for the Castle.

DOD PERFORMANCE INFORMATION FOR THE PERIOD FY2011/12 TO FY2015/16

Table 7: DOD Performance Information for the Period FY2011/12 to FY2015/16

MTSF Outcome	DOD Outcome	DOD Outputs	Performance Indicator	Estimated Performance (Targets) 10/11	Medium-term Targets					Delegation
					11/12	12/13	13/14	14/15	15/16	
Outcome 2	RSA is defended and protected	Combat ready Defence capabilities	Trend of deployable status on Concurrent Health Assessment	Positive trend	Positive trend	Positive trend	Positive trend	Positive trend	Positive trend	SANDF
Outcome 3	RSA is defended and protected	Combat ready Defence capabilities	Landward Capability requirement approved (Approved Defence Strategy)	TBD	Approved	Implementation	Implementation	Implementation	Implementation	Def Sec/SANDF
			Approved DOD Border Management Strategy	TBD	Strategy Approved	Monitor (Implementation)	Monitor (Compliance)	Monitor (Effectiveness)	Monitor (Effectiveness)	Def Sec
			% funding allocation received for approved DOD Strategic Defence Packages	TBD	50%	75%	100%	100%	100%	Def Sec
			Approved Strategy to facilitate securing of National Key Points	TBD	Approved	Monitor (Implementation)	Monitor (Compliance)	Monitor (Effectiveness)	Monitor (Effectiveness)	Def Sec/SANDF
			Approved National Defence Security Strategy	TBD	Approved by MOD&MV (Consultation with security agencies)	Monitor (Implementation)	Monitor (Compliance)	Monitor (Effectiveness)	Monitor (Effectiveness)	Def Sec/SANDF
	Enhanced civil control of DOD	Defence Compliance with Regulatory Framework	Approved DOD Fraud and Corruption Prevention Strategy	TBD	Approved	Monitor (Implementation)	Monitor (Compliance)	Monitor (Effectiveness)	Monitor (Effectiveness)	SANDF
Outcome 5	Enhanced civil control of DOD	Defence Direction	Approval and implementation of the Reserve Force Legislation	Legislation drafted	Regulations drafted and Approved	Legislation Monitored	Legislation Implemented	Legislation Implemented	Legislation Implemented	Def Sec/SANDF
			Approved Human Capital Development Strategy and Plan	TBD	Approved Strategy	Strategy Piloted	Development of Policy	Monitor Policy	Review Policy	Def Sec/SANDF
			Approved HR Skills Development Plan	TBD	Pilot DOD Skills Audit Instrument	Conduct Skills Audit (Comprehensive)	Compile DOD Master Skills Plan	Approved DOD Skills Gap Development Plan	Monitor Development Plan	Def Sec/SANDF
			Throughput numbers in terms of the DOD National Youth Concept	TBD	1 500	2000	6000	TBD	TBD	Def Sec/SANDF

MTSF Outcome	DOD Outcome	DOD Outputs	Performance Indicator	Estimated Performance (Targets) 10/11	Medium-term Targets					Delegation
					11/12	12/13	13/14	14/15	15/16	
Outcome 11	RSA is defended and protected	Ordered Defence Commitments	% Compliance SADC Early Warning Centre Contribution with SADC Organ Outcomes	70% operational	100% operational	100% operational	100% operational	100% operational	100% operational	SANDF
			% Compliance to agreed force levels (SADC Standby Force agreements and South African Pledge)	Force Levels to >95% of the TCC MOU	Force Levels to >95% of the TCC MOU	Force Levels to >95% of the TCC MOU	Force Levels to >95% of the TCC MOU	Force Levels to >95% of the TCC MOU	Force Levels to >95% of the TCC MOU	SANDF/Def Sec
				Equipments to 90% of the TCC MOU	Equipments to 90% of the TCC MOU	Equipments to 90% of the TCC MOU	Equipments to 90% of the TCC MOU	Equipments to 90% of the TCC MOU	Equipments to 90% of the TCC MOU	
				Financial Expenditure to >90% of the Mission Cash Flow Plan	Financial Expenditure to >90% of the Mission Cash Flow Plan	Financial Expenditure to >90% of the Mission Cash Flow Plan	Financial Expenditure to >90% of the Mission Cash Flow Plan	Financial Expenditure to >90% of the Mission Cash Flow Plan	Financial Expenditure to >90% of the Mission Cash Flow Plan	
			% Compliance of Border Safeguarding	100%	100%	100%	100%	100%	100%	SANDF
			Compliance with the agreed force levels (Peace Missions)	Force Levels to >95% of the MOU	Force Levels to >95% of the TCC MOU	Force Levels to >95% of the TCC MOU	Force Levels to >95% of the TCC MOU	Force Levels to >95% of the TCC MOU	Force Levels to >95% of the TCC MOU	SANDF
				Equipments to 90% of the TCC MOU	Equipments to 90% of the TCC MOU	Equipments to 90% of the TCC MOU	Equipments to 90% of the TCC MOU	Equipments to 90% of the TCC MOU	Equipments to 90% of the TCC MOU	
				Financial Expenditure to >90% of the Mission Cash Flow Plan	Financial Expenditure to >90% of the Mission Cash Flow Plan	Financial Expenditure to >90% of the Mission Cash Flow Plan	Financial Expenditure to >90% of the Mission Cash Flow Plan	Financial Expenditure to >90% of the Mission Cash Flow Plan	Financial Expenditure to >90% of the Mission Cash Flow Plan	

MTSF Outcome	DOD Outcome	DOD Outputs	Performance Indicator	Estimated Performance (Targets) 10/11	Medium-term Targets					Delegation
					11/12	12/13	13/14	14/15	15/16	
Outcome 11	Enhanced civil control of Defence	Defence Direction	DOD Representation %: Approved DOD peace mission coordination fora	5%	15%	20%	25%	30%	35%	Def Sec
			Compliance with the agreed force levels (Force Employment)	Information Classified						SANDF
			Amended DOD Information Security Systems (ISS) policy (Inclusive of cyber-security aspects)	Policy Revised	Policy promulgated	Policy Implemented	Policy Implemented	Policy reviewed	Reviewed policy promulgated	Def Sec/ SANDF
			Approved DOD cyber-security policy	TBD	Policy drafted	Further work as directed	Further work as directed	Policy Approved	Policy implemented	Def Sec
			Defence Strategy, Force Design and Force Structure	TBD	Draft Defence Strategy, Force Design and Force Structure developed.	Defence Strategy, Force Design and Force Structure Approved	Defence Strategy, Force Design and Force Structure Implemented	Defence Strategy, Force Design and Force Structure Implementation monitored	Defence Strategy, Force Design and Force Structure Implementation monitored	Def Sec
			DOD representation %: current number of positions filled against allocated for a quota of international institutions	5%	15%	20%	25%	30%	35%	Def Sec
			Approved White Paper on Defence Industry	White Paper drafted	White Paper approved	White Paper implemented	White paper implementation monitored.	White paper implementation monitored.	White paper implementation monitored.	Def Sec
Outcome 12	Enhanced civil control of Defence	Defence Direction	% Decline in DOD Vacancies	TBD	6%	6%	6%	6%	6%	Def Sec
			Auditor-General's Opinion	1x qualification	1x qualification	Unqualified	Unqualified	Unqualified	Unqualified	SANDF/ Def Sec
		Defence in compliance with the regulatory framework	% decline in turn-over rates	TBD	6%	5%	5%	6%	6%	Def Sec/ SANDF
			Number of disciplinary cases in the DOD finalised within 120 days	TBD	35%	40%	45%	50%	50%	Def Sec
			Significant reduction in the cases of irregularities and corruption in the DOD	TBD	20%	40%	60%	80%	100%	Def Sec/ SANDF
			Percentage litigation settlement in favour of the DOD.	TBD	50%	60%	70%	80%	90%	Def Sec/ SANDF
			Institutionalisation of the Defence Force Service Commission	TBD	Establishment	Fully Functional	Review (Impact Assessment)	Implement Assessment Findings	Fully Functional	Def Sec

MTSF Outcome	DOD Outcome	DOD Outputs	Performance Indicator	Estimated Performance (Targets) 10/11	Medium-term Targets					Delegation
					11/12	12/13	13/14	14/15	15/16	
Outcome 12	Enhanced civil control of Defence	Defence in compliance with the regulatory framework	Approved Defence Fiscal Framework	TBD	Development of revised Defence fiscal framework	Review of Defence fiscal framework in line with Defence Strategy	Full implementation of Defence Fiscal Framework	Assess impact of Defence Fiscal Framework	Implement Reviewed Framework	Def Sec/CFO
			Approved Defence Capabilities Framework	TBD	Approved	Implementation	Monitor Effectiveness	Review	Implement Reviewed Framework	Def Sec/ SANDF
			Approved research capability	TBD	Organisational structure	Fully operational structure	Fully operational structure	Fully operational structure	Fully operational structure	Def Sec
			Approved DOD Anti-Corruption Policy and Strategy.	TBD	Approval	Implementation	Monitor	Review	Implement	Def Sec
			Compliance with MISS and information security	TBD	100%	100%	100%	100%	100%	Def Sec
			Approved DOD Asset and Facilities Management Policy.	TBD	Develop Policy Framework	Development of subordinate policies	Implementation of guidelines to give effect to policy	Implementation and monitoring	Review	Def Sec
			% Vacant funded post filled.	100% by June 2011	100%	100%	100%	100%	100%	Def Sec/ SANDF

DOD SERVICE DELIVERY IMPROVEMENT PLAN

Table 8: DOD Service Delivery Improvement Plan (SDIP)

KEY SERVICE	SERVICE BENEFICIARY		CURRENT STANDARD		DESIRED STANDARD
Ensuring a clean audit for the HR environment by establishing internal controls that will help to pro-actively mitigate HR functions and processes that could lead to an audit qualification	DOD Management and Officials	Quantity	The DOD has been receiving audit qualification for the past seven (7) consecutive years.	Quantity	No audit qualification from 2012 onwards.
		Quality	Current HR processes and practices of the DOD require mapping to ensure that they are streamlined and integrated. Governing processes of HR policies, procedures and practices need to be reviewed.	Quality	Establish effective internal controls on the processes that have an impact on disclosure notes to annual financial statement in order to ensure sustainable, predictable and reliable HR systems, policies, practices, processes and procedures.
		Consultation	Monthly and weekly meetings are held in terms of the Human Resources Board (HRB) and HR Exco, respectively, to discuss HR and related issues.	Consultation	To establish an integrated policy forum that comprises of HR Practitioners at Lvel 3 & 4 to discuss implementation measures of the policy decision taken in the policy making structures.
		Access	The DOD utilises physical unit visits to empower HR practitioners on policy measures, and through the Intranet, information bulletins and, distribution of policy documents.	Access	To streamline information flow throughout the policy making structural processes to ensure that monitoring and evaluation are done expeditiously.
		Courtesy	Services/Divisions/Formations/Units are provided with the opportunity to give inputs to be incorporated in the policy document. However, the inputs from the units are often addressed as implementation concerns after the policy has been promulgated.	Courtesy	That HR Practitioners across all levels of the department are provided with an opportunity to provide input into the policy before promulgation.
		Open & Transparency	The HR Practitioners are kept informed of HR policies, procedures and practices through bulletins and Intranet.	Open & Transparency	To have informed HR Practitioners that keep abreast with contemporary policy matters.
		Information	Information is disseminated through physical unit visits, information bulletins, the Intranet, communication forums .	Information	To inform HR Practitioners of possible changes in HR procedures and practices ahead of implementation of those changes, through effective on-line communication, e.g. the Internet or Intranet.
		Redress	TBD	Redress	TBD
		Value for Money	HR policies, procedures and practices are implemented, taking into account the principle of efficiency, effectiveness and economy.	Value for Money	Effective implementation of polices, procedures and practices by competent practitioners that will eliminate unfair labour practices.
		Time	HR policies, procedures and practices are developed and implemented as and when the need arises.	Time	That continuity and rejuvenation are achieved in a sustained manner.
		Cost		Cost	
		Human Resources	HR Practitioners in the DOD.	Human Resources	HR Practitioners and all officials in the DOD, taking ownership of the processes.

KEY SERVICE	SERVICE BENEFICIARY		CURRENT STANDARD		DESIRED STANDARD
Filling of Posts in the DOD	DOD Management and Officials	Quantity	The department has a large number of vacant posts across all levels. This contributes to incapacity and impacts negatively on service delivery.	Quantity	To reduce the turnaround time of filling the posts to six (6) months from the date of their becoming vacant.
		Quality	The applicable staffing policy makes provision for a vacancy for six months to a year.	Quality	Revise the staffing policy by focusing on interventions to improve the quality of staffing.
		Consultation	Policy making structures that include the Defence Staff Council, HR Board, HR Exco and, HR Policy Development Committee. Liaise with external departments/institutions including DPSA and PSC.	Consultation	To conduct roadshows across all levels of the DOD, empowering HR Practitioners and end-users of the policy.
		Access	The policy website (Intranet), and hard copies are distributed across DOD via post.	Access	Implementation of automated software through IFMS (SAP) that will reflect the total profile of the post in terms of its vacancy period and equity status.
		Courtesy	Services/Divisions seldom send letters of regret to post applicants who did not make the shortlist, let alone acknowledge receipt of application.	Courtesy	Improve the recruitment & selection system to effectively enable the department to practise professional etiquette by issuing acknowledgements & regrets.
		Openness & Transparency	The practice with regard to the current staffing process does not involve all the relevant role-players in terms of employment equity and labour representatives. The latter enhances the extent of openness and transparency of the process.	Openness & Transparency	Staffing processes that observe the provision of R&S practices, as enshrined in the Act, Regulations and departmental policy.
		Information	Information is disseminated through physical unit visits, information bulletins, Intranet and communication forums.	Information	To inform HR Practitioners of possible changes to the staffing policy and practices ahead and implementation of those changes through effective on-line communication, e.g Internet or Intranet.
		Redress	TBD	Redress	TBD
		Value for Money	The staffing process that is followed until the appointment of a suitable candidate is done effectively, efficiently and economically.	Value for Money	Improving the recruitment & selection to be "just on time".
		Time	More than 12 months after the post becomes vacant	Time	Post filled within a period of six (6) months
		Cost	Staffing budget.	Cost	Staffing budget.

KEY SERVICE	SERVICE BENEFICIARY		CURRENT STANDARD		DESIRED STANDARD
Performance Agreements and financial declarations	DOD SMS members	Quantity	An estimated 60% of SMS Performance Agreements are signed after the stipulated required timeline and 40% is still outstanding to date.	Quantity	100% signing of Performance Agreements within the required time period. PA to include gender responsibilities and accountability.
Performance Agreements of SMS that are signed within stipulated time period		Quality	Performance Agreements are compiled without taking into account the deliverables stipulated in the Strategic Business Plans of respective environments.	Quality	Detailed Performance Agreements that will serve as an enabling tool to highlight ways and means to achieve the strategic objectives as reflected in the plans.
PA to include constitutional imperative in respect of responsibility and accountability		Consultation	Human Resources Management environment is responsible for the management function. It issues an instruction on an annual basis to inform SMS members about submission of PA's. The instruction is often accompanied by the guidelines on how to complete the PAs.	Consultation	Conduct a workshop once per annum, involving all SMS members in the DOD, to serve as a forum to educate and empower members in terms of PAs

PA to include constitutional imperative in respect of responsibility and accountability. |
		Access	Human Resources Management section liaises with SMS members through the office that deals with Performance Agreements.	Access	Introduce an electronic system that can be utilized to keep the data of signed and unsigned PA's on time, and furnish the reasons for noncompliance with the stipulated timelines.
		Courtesy	SMS members are continuously reminded with regard to PAs that are due for submission and any other improvement that needs to be done to the already submitted PAs.	Courtesy	SMS members to be given a period of six (6) months before the financial year to submit PAs for the subsequent financial year.
		Open & Transparency	Completed, signed and approved PAs of SMS members are available for reference by members reporting to a particular SMS member.	Openness & Transparency	Creation of a computer system to enable authorized members who report a particular SMS member to view PAs on a regular basis. This will ensure that they stay focused on the course as far as strategic objectives are concerned.
		Information	SMS members are informed through circulars and ministerial directives on issues pertaining to PAs. There is also a Ministerial Handbook for SMS members, which gives guidelines on PAs, amongst others.	Information	Utilise the Internet as a tool to educate and empower SMS members and prospective SMS members on PAs regarding their important strategic link to Strategic Business Plan.
		Redress	TBD	Redress	TBD
		Value for Money	SMS members complete PAs taking into account financial guidelines and budgetary provision allocated to their specific environments.	Value for Money	Introduce a monitoring and evaluation system that will help validate the direct link of the PAs and Strategic Business Plan.
		Time	As per Financial Year.	Time	As per Financial Year.
		Cost	According to Budget allocation for the FY.	Cost	According to Budget allocation for the FY.
		Human Resources	As per number of staff employed within a particular service/division/unit/directorate.	Human Resources	As per number of staff employed within a particular service/division/unit/directorate.

KEY SERVICE	SERVICE BENEFICIARY		CURRENT STANDARD		DESIRED STANDARD
Performance Assessments/ Incentives	DOD Officials	Quantity	An average of 70% of performance assessments are completed and submitted on time as stipulated in the directives and instructions.	Quantity	100% completed performance assessments within the required time period.
		Quality	Performance assessments are completed using 360 degree method (multi-rater). The supervisory responsibility of performance assessments/incentives needs to be strengthened to ensure that the quality of the results is objective and not compromised.	Quality	Revise the system of performance assessments/ incentives to be aligned with individual performance.
		Consultation	The DOD customises the PMDS guidelines issued by the DPSA to be applied internally. There are instructions issued annually to Services/Divisions by the HR Service System environment highlighting measures to be applied in the performance assessment/incentive process.	Consultation	To hold education and empowerment workshops annually with managers and supervisors. This will help improve the competency level of managers/ supervisors in managing the process effectively.
		Access	Performance assessments/incentives are available electronically and on hard copy and are distributed across Services/divisions/formations/units.	Access	Performance assessments/incentives are available electronically and on hard copy and are distributed across Services/divisions/formations/units.
		Courtesy	HR Service System provides support to environments that require assistance in completing performance assessments/incentives.	Courtesy	Introduce an electronic system to monitor environments that need to be assisted in completing performance assessments/incentives.
		Openness & Transparency	The process of managing and completing performance assessments/incentives involves stakeholders throughout the management and decision making structures up to the HOD.	Openness & Transparency	The process of managing and completing performance assessments/incentives involves stakeholders throughout the management and decision-making structures up to the HOD.
		Information	Instructions are issued to Services/Divisions, and are published in the Intranet, and further communicated through information bulletins.	Information	Instructions are issued to Services/Divisions, and are published in the Intranet and further communicated through information bulletins.
		Redress	Members/employees are advised to utilize the grievance management system of the department to raise issues that need to be redressed.	Redress	Members/employees are advised to utilize the grievance management system of the department to raise issues that need to be redressed.
		Value for Money	The payment of the incentive is done on the basis of the confirmed results of the Moderating Committee.	Value for Money	Performance assessment/incentive system to be revised by including supporting motivations that accompany the results. The latter will assist the Moderating Committee to take informed decisions in awarding the incentives.
		Time	As per Financial Year.	Time	As per Financial Year.
		Cost	As per allocated budget for the payment of incentives.	Cost	As per allocated budget for the payment of incentives.
		Human Resources	As per identified personnel for performance assessments/ incentives.	Human Resources	As per identified personnel for performance assessments/incentives.

(Footnotes)
1 Data as reported for the first two quarters of the FY2010/11.
2 The indicator has been changed from 2011/12 to only reflect "large-scale" operations, as the requirement for general military assistance and small-scale operations cannot be accurately projected. Currently the requirement is for two large-scale (Battalion + [More than 800 members]) operations, but contingency planning is being done to be prepared for a third operation of limited duration, should it be required.
3 The large number in 2010 was due to operations in support of the 2010 FIFA World Cup and the gradual increase from 2011/12 onwards is the result of the phasing in of border safeguarding operations.
4 The bulk of the Reserves are within the Landward Defence Programme, with smaller numbers within the other Programmes.