



MINISTRY OF DEFENCE AND MILITARY VETERANS
Republic of South Africa

INTRODUCTION OF THE DEBATE ON THE DEFENCE AND MILITARY VETERANS BUDGET VOTE 2017 IN THE NATIONAL ASSEMBLY, BY HON NOSIVIWE MAPISA-NQAKULA, RSA MINISTER FOR DEFENCE AND MILITARY VETERANS, 25 MAY 2017, PARLIAMENT OF THE RSA, CAPE TOWN

Speaker of the National Assembly / Chairperson

Deputy Minister, Hon KB Maphatsoe

Fellow Cabinet Colleagues and Deputy Ministers

Co-Chairperson and members of the Joint Standing Committee on Defence

Members of the Portfolio Committee on Defence and Military Veterans

Honourable Members

Heads of the DOD, SANDF and DMV

Commanders and Senior officials of both the Departments of Defence and Military Veterans

Chairperson, CEO and Heads of ALL entities of the Ministry of Defence and Military Veterans.

Our distinguished guests

Officers, Warrant Officers, NCO's and oursoldiers in the units

Friends, fellow South Africans

Today I feel great to be a South African, even greater to be an African. Today is Africa Day, one of the greatest indicators of the advances made by the African Continent. Today marks the 23rd anniversary of South Africa's membership of the Organisation of African Unity and its successor, the African Union. It was in May 1994 that South Africa was admitted into the ranks of the OAU, to become that body's 53rd member.

I want, without any fear of contradiction, to assert that the birth of the OAU in 1963 was directly connected to the argument made by our own Pixely ka Isaka Seme in his seminal article in 1906, when he argued that Africa was in the process of being reborn – his thesis of the regeneration of Africa.

We lift up the memory of the former President of the ANC, Oliver Tambo, at this point, as one of Africa's leaders who contributed greatly to the regeneration of Africa by leading,

for, any years, the masses of our country in the struggle to liberate our country and her people.

It is also with great humility and pride for me to recognise two leaders who worked under Tambo as the ANC led the forces of revolution to topple the apartheid regime, to bring about the freedom that we enjoy today. The first person I want to recognise is a woman who was a mother to many of us, a teacher and a protector, a woman whose valour in the struggle earned her the highest honour in the ANC: Isithwalandwe/Seaparankoe, Mme Gertie Shope, who, also, was awarded the OR Tambo Lifetime Achievement.

We also want to recognise a veteran of our struggle, Ntate Isaac Makopo, a trailblazer in the formation of Umkhonto we Sizwe. He served the country and its people with distinction and was honoured with the Order of Luthuli by our government.

For our part in the DOD I have instructed the Chief of the SANDF to appoint Mama Shope and Ntate Makopo as Honorary Colonels in the South African National Defence Force.

I invite you to support us as we link the celebration of Africa Day, to the significant role played by our men and women in uniform, in support of efforts to bring about and consolidate much needed peace, stability and conditions of safety, for all the people of the continent.

As a country, we have much to celebrate given the role that South Africa continues to play and the successes we score to bring about peace and stability in support of the continent's collective efforts to create the necessary conditions for human development and betterment of all our people, as part of the Africa agenda. The role of the SANDF, recognised as a mid-wife for peace in the continent, has been integral in these efforts.

We are deeply encouraged by the levels of support and appreciation shown by our people towards the work of the SANDF. Testimony to this is the enthusiasm shown towards events such as the Armed Forces Day and the various exhibitions we hold annually.

As we mark Africa Day, I wish to introduce to Parliament, some of the young men and women, who served in the United Nations Force Intervention Brigade in the eastern regions of the DRC.

They are led by Col Monwabisi Dyakopu, who was their National Contingent Commander. The Force Intervention Brigade was mandated to protect civilians, women and children and to remove all the negative forces in the DRC. The Force Intervention Brigade played an important role in neutralizing the M23, one of the negative forces in Eastern DRC.

We have introduced, as part of our appreciation of the commitment and sacrifices by our soldiers deployed in operations, a compensation policy in respect of those members who lose their lives, in line with the UN policy.

I am pleased to report that the Department of Defence, having completed the relevant plans, has started implementing Milestone One of the

Defence Review 2015, intended to mitigate the decline of the capabilities of the SANDF. The plans are our foundation to engage with the National Planning Commission, the Department of Performance Monitoring and Evaluation and the National Treasury in a comprehensive and robust manner.

The primary focus is to address the serious mismatch between the current funding allocation to and the expectations placed on the Department of Defence. We should also appreciate that this is being done within the following five work packages:

- **The first** is focused on Critical Organisational and Efficiency Interventions that can be executed within the current resource allocation to Defence.
- **The second** is to revisit the functional Policies, Strategies and Plans that will ensure the implementation of the DR 2015. This can be done within the current allocation.
- **The third** is critical interventions that are focused on operational support systems that are required to sustain current operations. This requires additional funding in the form of an increase to the baseline Rbn 10,67.allocation to the SANDF.
- **The fourth** addresses specific capital interventions to improve and renew priority capabilities required to execute current operational commitments. These interventions require additional funding in the form of a baseline increase of Rbn 8,96.
- **The fifth** are the interventions to maintain comprehensive defence capabilities in line with the constitutional mandate of the DefenceForce. These interventions require an additional baseline increase of Rbn 35,44.

Funding Implications

Chairperson

As indicated in the Defence Review, the full implementation would imply a doubling of the current allocation from the fiscus over the long-term. In reality, the Defence allocation has been declining by 5% per annum in real terms over the last 20 years to a mere 1% of the GDP. Meanwhile, the appropriate funding level as articulated in the Defence Review 2015 would require a steady state increase to at least 2% of GDP over time.

Whilst there is great appreciation for the competing pressures on the fiscus, the persistent and continued dramatic downward trend in real terms of the funding allocation to defence has reached a point where the DOD runs the risk of losing more of its essential capabilities in addition to those already lost.

Engagement with the National Treasury

Chairperson

It is clear that a closer relationship between the DOD and the NT is required to take the implementation of the Defence Review forward. To this end, the Minister of Finance and I agreed that an inter-departmental Budget Task Team should be established. The importance of this process is that we are endeavouring to develop a common DOD and NT proposal, endorsed by both Ministries that will inform our engagement of the

MINTEC and MINCOMMBUD processes and the development of the next MTSF and the Mandate Paper.

One of our important projects is the development of an integrated DOD Budgeting and Costing Tool with which we intend to strengthen defence financial management in the future

The Task Team is working towards achieving a long-term perspective on the required resources to implement the Defence Review through the following initiatives:

- Firstly, developing in conjunction with the National Treasury specific policy options and funding trajectories from the fiscus,
- Secondly, developing and driving a comprehensive DOD efficiency programme in order to make the current DOD allocation more efficient .
- Thirdly, leveraging alternative defence revenue-streams by the sweating of assets, developing intellectual property, ensuring reimbursement from United Nations Peace Missions as well as other initiatives

Economic Impact of a Viable Defence Force in Peacetime

Chairperson and Honourable Members

South Africa will continue to employ *inter alia* the following principal security strategies:

- Political, economic and military co-operation with other states, including the development of a common security regime, regional defence co-operation and the pursuit of confidence and security building measures (CSBMs) in Southern Africa.
- The prevention, management and resolution of conflict through nonviolent means, including diplomacy and conflict resolution through the SADC Organ, the AU Peace and Security Council and the UN Security Council.
- The use of force, or the threat of the use of force, as a legitimate measure of last resort when political and other interventions have been exhausted.

The SANDF is already involved in peacetime activities on matters that impact on the lives of South Africans on a daily basis.

a) The SANDF is training several members of its reserve force in a collaborative effort with some of South Africa's provinces in courses on water purification and fire extinguishing.

b) The reserve force members are working in those provinces as Community Development Practitioners in order to assist provincial governments in their rural development initiatives;

c) A total of thirteen youth entrepreneurship service camps were presented in the North West Province that trained 2600 learners.

d) The order was given in 2016 for military messes in the Defence Force to procure commodities produced by local communities. That process has already started as part of the plans for FY 2017/18.

Defence Annual Performance Plan 2017

The implementation of the Defence Review 2015 is now fully embedded into the established planning processes of the Department and will drive the 'Defence Business Unusual Agenda' over the next two MTSF periods. Similarly, reporting on the implementation of the Defence Review 2015 is also part of the reporting processes in the Department. In other words, we have institutionalised the 'Defence Business Unusual Agenda' within the Department.

Optimised Utilisation of the DOD Works Capability

Chairperson

The Defence Works Formation capacitation is currently at 83%, indicating a strength of 2078 currently. Continuous training and skilling of artisans is 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. The Defence Works Formation is conducting 168 projects throughout the 9 provinces of the RSA out of DOD's own resource allocations.

Last year I signed an MOU with DPW. In the spirit of that MOU, the Defence Works Formation has taken over the maintenance and refurbishment of 1 Military Hospital. Nonetheless, the complexities of the project remain a concern. I will be monitoring this process closely.

The capacity of the Defence Works Formation remains limited in effecting maintenance and repairs. An example hereof is the situation at the borderline. Therefore, we are seeking the support of Parliament to fully re-establish this maintenance and repair capability within the DOD.

OP THUSANO

During the 2016/17 period, 1 871 vehicles were repaired in collaboration with the Cuban armed forces, at a cost-saving of Rm 108 334. Cuba has deployed an additional 41 technical specialists across the country to assist us in resuscitating the Technical Service Corps capability. In addition, the Cuban specialists were able to repair the following equipment: the bio-medical workshop; vehicle diagnostic machinery; medical technology equipment; and a magnetic particle test bench, among others.

In June 2017, 40 SANDF members will be graduating in the Republic of Cuba in Air Traffic Control, Technical Air and Mechanical Engineering, as well as Ground-School training. This is made of 27 cadets and 13 officers.

I would like to take this opportunity to introduce the Cuban team responsible for the project. They are led by Brigadier General Borjas Ortega. Indeed, as taught by the late El Comandante Fidel Castro Ruz, the spirit of solidarity should continue to live amongst the Cuban and South African peoples.

DEFENCE COMMITMENTS

Maritime Security

The transfer of the Dockyard to the South African Navy is underway as recommended by the Defence Review 2015. The multi-lateral agreement between the DOD, Denel and ARMSCOR has been signed and Denel is awaiting National Treasury approval.

Consultations with the employees of the dockyard are continuing to ensure that all labour matters are attended to.

The South African Navy has continued to deploy vessels in support of the Maritime Security Strategy. Over the past year, the SA Navy has conducted three protracted patrols in the Mozambique Channel utilising a Frigate, an Offshore Patrol Vessel and the SAS DRAKENSBERG respectively.

Furthermore, SAS Amatola, one of our Frigates successfully participated in the SS MENDI Centenary Commemoration in the United Kingdom and Exercise GOOD HOPE in Germany.

Since the sod turning ceremony in December 2015 significant progress has been made in terms of converting Naval Station Durban to a fully-fledged Naval Base.

Border Safeguarding

Notwithstanding challenges in border safeguarding, the SANDF continues to register substantial operational achievements, particularly in the area of stock theft, recovery of stolen vehicles, and prevention of cross-border crime.

During this year, the DOD will submit a **Border Safeguarding Strategy** to the Justice, Crime Prevention and Security (JCPS) Ministers for approval. It is still my intention that the required number of companies deployed must increase from 15 to 22, as per plan and to make our borders more secure. This however is impeded by the continuous reductions in the defence budget. We need the support of Parliament to deal with this.

Collateral Benefits

The SANDF continues to help during disasters, in South Africa and elsewhere on the Continent. During the current period, units of the defence force participated in rescue missions of one kind or the other, including aircraft accidents and fire disasters.

Development of Cyber Warfare and Sensor Capabilities

This year, the DOD will provide a comprehensive departmental Cyber Warfare Strategy and Sensor Strategy to the Justice, Crime, Prevention and Security (JCPS) Cluster Ministers for approval. We are seized to the matters of Cyber Security in the country

HUMAN RESOURCE RENEWAL

The new HR strategy has been completed and maps out the rejuvenation of the Defence Force. However due to the reduced HR budget allocation the new

recruits'intake is expected to decrease in size thus is negatively affecting force-rejuvenation. This is exacerbated by the high rate of natural attrition, which is about 3 500 persons per annum.

Following the reduction in the aggregate expenditure ceiling, Department's budget for compensation of employees was reduced by R1.9 billion in the FY2017/18.

Defence Foreign Relations and Gender Equity

Chairperson

The DOD has kept true to its approach of a layered defence through a substantial footprint of Defence Attachés. The SANDF has, and will continue to deploy over the current Medium Term Expenditure Framework a complement of 44 Defence Attachés, 10 of which cover the 12 SADC countries on a residential and non-residential basis, 13 in the rest of Africa and 21 with the rest of the world.

By the end of January 2017, the Department had a total of 40 male uniform members in command positions out of a total of 225 being 17, 78%. The percentage of female-generals is gradually increasing from 16% in 2013 to 19% in 2017.

It is envisaged over this financial period that a total of 11 female defence members will be deployed as Attachés. We will continue to make a steady progress in this regard.

Defence Reserves

The current Regulations for the Reserve Force have been revised and aligned to meet new DOD requirements and will be shortly promulgated in the Government Gazette. In addition we commit ourselves to overseeing name changes to certain Reserve Force Units.

South African National Defence Force Education Trust

The SANDF Education Trust, based on voluntary contributions from members of the public, was established in October 2013 and since then has awarded bursaries to 90 beneficiaries. We seek the support of Parliament to translate this fund to a formal fund of the Department supported from the defence allocation. It is unfortunate and embarrassing that we do not have an institutionalised system where orphaned children of defence force members rely on the goodwill of our people.

ARMSCOR

Turnaround Strategy

The Armscor's Turn-around Strategy has resulted in a number of African countries showing interest in using Armscor's services. Furthermore, Armscor is registered as a strategic supplier with UN Procurement to ensure the increased participation of SA Defence Industry in the supply of their requirements.

Armscor remains committed to providing military veterans support in various areas such as, economic empowerment, corporate social investment, skills development as well as employment.

National Defence Industry Council

Transformation of the defence industry remains a critical strategic goal. In this regard, we established the National Defence Industry Council (NDIC) last year to facilitate a platform for Government support and repositioning of the Defence Industry.

The NDIC has already developed the Defence Industry Strategy and the Defence Industry Charter, providing pathways for the transformation and growth of the Defence Industry-paving the way for youth and women to participated in this industry.

The Charter has been submitted to the Minister of Trade and Industry to initiate the process towards publication and public comment.

It is our intention to officially launch the Charter in June of this year.

Truck Africa

To enhance the landward defence program, a partnership of DOD, Armscor, CSIR and Denel has taken the initiative to locally build a multi-purpose support vehicle called Truck Africa.

Apart from creating jobs, this initiative will help develop skills led by the local defence industry. A prototype of Truck Africa has been produced with production planned to begin in the medium term.

AAD 2016

The AAD 2016 was the most successful to date and for the very first time the AAD 2016 promoted Africa's defence capabilities through Africa Unity Pavilion showcasing the technology products and services of the continent.

The total impact of AAD 2016 to the economic output is in the region of R1.1b with R146m contribution to South Africa's tax revenue. More than 2 400 jobs were created during this period.

Military Ombud

During 2016, the office of Military Ombud received 276 new complaints. A further 118 were carried over from the previous financial year. A total of 198 complaints were finalised in the last financial year.

The office of the Ombud will host the 10th International Conference of Ombud Institutions for the Armed Forces in June this year.

We also announce the appointment of the very first Deputy Military Ombud Ms P.R. Masutha.

The Defence Force Service Commission

I wish to congratulate the Commission on the successful hosting of the recent Civil-Military Relations Seminar.

Since 2014, the DFSC undertook 23 consultative visits to SANDF Units to interact with SANDF members across all rank levels on their conditions of service. During 2016, a number of recommendations to improve their conditions were processed.

Such recommendations include the decoupling of salary from rank, the review of the Military Skills Development Program and pronouncements on the improvements to living quarters for our soldiers.

DEPARTMENT OF MILITARY VETERANS

The Turnaround Strategic Initiative introduced two years ago to assist the DMV to deliver on its mandate in a more effective and efficient manner is beginning to yield concrete positive results.

Furthermore, the DMV managed to spend 85% of its allocated budget in 2016/17 financial year, as opposed to almost 60% expenditure during year 2015/16 FY. The DMV management team is now hard at work to put in place the necessary systems, processes as well as policies to ensure that all the Rm 622 allocated funds are spent prudently.

The long overdue process of amending the Military Veterans Act, 2011 is now firmly on course and will be put before Parliament during the course of this financial year.

Honourable members

The budget allocation for the entire vote in the financial year 2017/18 is R48 billion which is approximately 1% of the GDP. The MTEF allocations indicate that for financial year 2018/19 our budget will decline to less than 0.98% of GDP. These figures indicate a persistent decline of the defence budget.

Given the planning that has gone in embedding our change programs into our normal APP's for both Departments, we have deemed this the YEAR OF CHANGE. Despite the challenges we have outlined here, we are not planning to fail. We need your support in this regard.

I thank you.