

## **INTRODUCTION TO BUDGET VOTE DEBATE FOR DEFENCE AND MILITARY VETERANS, BUDGET VOTE 22, NATIONAL ASSEMBLY 23 JULY 2014**

Chairperson,

Deputy Minister, KB Maphatsoe

Chairperson and Members of the Portfolio Committee

Members of the Extended Public Committee

Secretary for Defence and Senior Managers of the DOD

Chief of the SANDF and members of the Military Command

Senior Managers of the Department of Military Veterans

Distinguished Guests

Our members joining us through the live feed from our bases,

I want to take this opportunity to welcome you all on the occasion of the presentation of our Budget to the Extended Public Committee of the National Assembly. In particular allow me to introduce to you our new Deputy Minister, Hon KB Maphatsoe who has now joined our team in the Ministry in the new term of the Administration. I also want to welcome both our returning and new members of the Portfolio Committee and those that will serve on the Joint Standing Committee on Defence.

Also allow me to recognize various of our stakeholder and guests, amongst whom are the stalwarts and veterans of our Armed Forces, including members of the Luthuli Detachment and first High Command of Umkhonto we Sizwe, members of communities, and representatives of the Defence Industry

Let me start by inviting all of us to give a thought once more to the plight of the people of Gaza in Palestine, who are currently caught up in a campaign of military aggression led by the Israelite government. We want to start the introduction of this debate by once again making a call for a cessation to hostilities within that region as it has already resulted in the unnecessary loss of human life and untold suffering of women and children.

Today we convene to participate in the debate for the Budget Vote for both the Department of Defence and the Department of Military Veterans. This specific debate is singularly the most important in a long time, considering its coinciding with the tabling of the 2014 Defence Review for finalization by Parliament, and following a few months after we gazzetted the Military Veterans Regulations. The finalizing of these two processes constitute an important part of the strategic basis for our work in the next five years and our planning processes for the entire Medium Term Strategic Framework.

20 years since the birth of the SANDF as a single, united national asset, the country is engaged in a useful but long overdue public discourse about the mandate and scope, the design and resourcing of the Defence Force going into the future. This discourse, based on the 2014 Defence Review, is finally now here in Parliament, and accordingly therefore, must constitute a significant part of this Budget debate today.

Chairperson,

It is important for me to outline this basic focus of the debate from the outset, so that the expectation of both Parliament and the South African people are aligned to our thinking about what this debate should achieve.

While there are many current topical issues and ongoing programmes within the Defence environment, our work in this financial year has to be subject to the implementation program of the Defence Review once finalized by Parliament. We do hope, therefore that, given its centrality to our planning, Parliament will treat the finalization of the Review as a matter of critical urgency.

Honourable members will recall that, in adopting the current Defence Review for tabling in Parliament, Cabinet directed that

***“The Minister of Defence and Military Veterans ensures that the Military Strategy, Force Structure, force design, capability, acquisition plans and funding trajectory, are translated into long term defence development programme which is aligned and integrated into government planning cycle.”***

This task constitutes the broad programmatic thrust of the Ministry and its two departments.

The Ministry has in the meantime created a full time capacity to develop a methodology for implementation of the Defence Review once finalised by Parliament.

We are looking at a Defence Development Programme spanning 20 years, divided into four Medium Terms Strategic Framework Periods of 5 years each. The first one is the current MTSF from 2014/15 to 2018/2019 Financial Years. The next five years strategic programme of the Ministry shall be based in the main on those aspects of the Defence Review for the first MTSF period.

The Strategic Intent of the Ministry in the next five years will be built into the planning cycle of government and shall be aligned to support the National Development Plan (NDP), the New Growth Path and the Industrial Policy Action Plan. In addition, it is also going to be important that the implementation of the Defence Review takes into consideration the tasks and commitments for Defence arising from the new National Security Strategy.

At a cluster level, the DoD should be positioned to support the objectives of the JCPS cluster based on Outcome 3 of the MTSF and vision 2030. In order to realise the vision, the cluster has committed to reducing levels of contact crime, ensuring an efficient and effective criminal justice system, ensuring that our borders are effectively defended, protected, secured and well-managed, securing cyber space, ensuring domestic stability and securing the identity of all persons in South Africa.

The introduction of this long-term planning brings greater coherence and continuity to our planning system and towards the achievement of the vision and goals of the country.

The question crucially posed by the Review is: what is it that we want the defence force to do at home, in the region and the rest of the continent. Once

that question is definitively answered, adequate resources must be allocated to enable the DoD to execute its mandate with the requisite effectiveness and efficiency.

Despite the constraints mentioned above the defence force has performed admirably well. This was acknowledged by the Commander- in- Chief President Jacob Zuma when we marked Armed Forces Day on 21 February this year. As we celebrate 20 years of democracy and of the creation of the SANDF, we salute our men and women in uniform for a job well done at home and in the rest of Africa.

But as we look forward to the next twenty years we must take all measures to ensure that the defence force is not handicapped in any way in the execution of its mandate.

The current DR report makes recommendations on the assumption that the military will continue to have four main responsibilities. These are:

- To defend and protect South Africa
- To safeguard its borders and infrastructure
- To promote peace and security in Africa
- To perform developmental and other tasks assigned to it

On the basis of this assumption the Review recommends that we strive to achieve five “milestones” which are:

- To arrest the decline
- To rebalance the force by reprioritising
- To ensure capacity meets current needs

- To develop capacity to meet future challenges
- To build the strength to deal with a limited war should the need arise

These Milestones, if accepted by Parliament, will have to be implemented within set time frames coinciding with the government planning cycle.

Over the next five years, as part of the first milestone, the Ministry will focus on the following strategic areas:

- a. Ensuring Strategic Leadership and Succession Planning for the Defence Programme over the next 20 years.
- b. Developing the Funding Mechanism and ensure adequate resourcing of the Defence function.
- c. Directing the renewal of defence personnel to ensure that the personnel profile is able to meet future defence obligations.
- d. Directing the renewal of the defence organisation to achieve greater efficiencies and effectiveness.
- e. Reviewing the defence capability strategy and direct defence acquisition in line with the four milestones of the Defence Review.
- f. Directing the development of the Defence Industry Strategy and the Technology Agenda and Innovation Plans in support of the defence development programme, as well as the integration of the Defence Industry into the mainstream industrial policy (IPAP).

Many aspects of the above can be pursued in the short-term without additional funding, and which will have down-stream benefit for the implementation of the Defence Review.

It is important that the Defence Review should not be premised simply on the need for more money for the SANDF. While this is important, the DoD has a responsibility in preparing its ground for implementation, to ensure that it improves its processes to work smarter, eliminate wastage, improve accountability and redeploy current resources.

Without pre-empting the outcome of the Parliamentary process, the Ministry will ensure that during this financial year, both the Secretary for Defence and the Chief of the SANDF lay the necessary ground work towards the attainment of immediate milestones, in line with the Performance Agreement to be signed with the President.

The development of these long-term plans does not mean that the department will no longer continue to function in terms of its current obligations and immediate plans. These will however need to be reprioritised and aligned to the long-term goals over the next five years.

The Ministry is engaging the National Treasury about the implications of these planning imperatives for the normal cycle of budget allocations, in particular the submissions for adjustment estimates that should be completed by the end of this month. It is important that the adjustment to the budget baseline of the department is not done outside consideration of those elements of the long-term

plan that should be implemented during this Financial Year, as dictated by outcome of the parliamentary process.

As Minister, I will provide a comprehensive directive that formally sets out the key performance areas of the Ministry, Defence Secretariat and the Defence Force for the next five years and the forthcoming MTSF periods.

In the immediate, the Ministry will establish the mechanisms to provide strategic direction to the implementation of Defence Review. This will include the establishment of the project governance structures and methodology.

The Implementation plan for the Review plans will be presented to the JCPS DG Cluster, the JCPS Cabinet Committee and Cabinet when appropriate to do so.

We will be engaging with the National Treasury on a continuous basis on our 'Business Unusual Planning Trajectory'. Furthermore, as our plans become clearer and more defined we will engage with the Technical Evaluation Committee (MTEC) and the 'Ministerial Committee on the Budget' concerning the funding of identified interventions within our 'Business Unusual Planning Trajectory'.

Chairperson,

Even as we plan for the Defence Review implementation, the SANDF and the Department of Defence (DOD) function is overextended by a host of events nationally, regionally, continentally and internationally. Central to these complex activities is the management of intrastate conflicts on the African continent.

The SANDF will still need to continue with its current operational plans in support of our international obligations and our foreign policy objectives. As stated by the President in his State of the Nation Address:

***“ South Africa will continue to support regional and continental processes to respond to and resolve crises, promote peace and security, strengthen regional integration, significantly increase intra- African trade and champion development in Africa. This role will continue and government is looking into the resourcing of the SANDF mandate in line with the recently concluded Defence Review.”***

What then are our challenges? The Defence Review recognizes and states unambiguously that the SANDF is in a state of decline characterised by force imbalance between capabilities; ageing technology and unaffordability of many of its main operating systems.

We do not have a choice, but to respond with urgency to put plans to arrest the decline within the current five years, starting immediately during this financial year. Five years is averagely the amount of time it will take us to develop a limited and sustainable defence capability. The longer the neglect is perpetuated, the greater the effort, time and cost it will take to arrest the decline.

Although the SANDF is still able to maintain operational presence, if we do not start now, the decline will get worse. Our mandate in the next five years is to act fast to restore the minimum capabilities required to safeguard South Africa, protect its maritime resources and trade routes, conduct peace missions and humanitarian interventions.

## **FORCE INTERVENTION BRIGADE**

The security situation in the DRC deteriorated to low levels because of the various negative forces, including M23, resulting in the deployment of the first Force Intervention Brigade.

A force went in and made a difference when M23 were eliminated. In this regard South Africa should celebrate the role of its home developed Rooivalk Helicopter that was overall instrumental in the overall success of the FIB. Since the success of the FIB, we have seen more negative forces coming forth to lay down their arms and showing commitment to participate in the reconstruction process. The FIB is

extended for another year until June 2015 and will allow a SADC presence in the process of demobilisation, disarmament and reintegration.

## **UNAMID**

South African soldiers are still deployed in Sudan as part of the UNAMID and are doing well despite the harsh conditions they find themselves in.

The SANDF has been committed for another year from 1 April 2014 to 31 March 2015.

## **African Capacity for Immediate Response to Crisis**

The continued instability in the Continent as a result of intra-state conflict has been a cause for concern. The absence of a fully established African Standby Force led to a decision by African leaders to establish the African Capacity for Immediate Response to Crisis (ACIRIC). This is an interim capability that allows the continent to take direct charge of dealing with this challenge. Preparations for combat readiness are going ahead.

I have however indicated to the SANDF the necessity of proper preparation for any future deployments. Given some of the lessons of our previous deployments, I also think it is high time that the SANDF includes counter insurgency training in response to the realities of the environments to which we are deploying in the continent. Training limited to conventional warfare is no longer sufficient as we increasingly have to deal with bandit activity in various parts of the continent.

## **BORDER SAFEGUARDING**

The capacity for the SANDF to continue to secure our border will need to be enhanced during the current MTSF. The SANDF is doing all that it can to address support and sustainment requirements for air and maritime components as well as an inter-departmental approach to fix eroded infrastructure.

## **MARITIME SECURITY**

After the adoption of the South African Maritime Security Strategy, South Africa has participated in securing our waters, including and deployment along the Mocambican channel. The operation has succeeded in deterring maritime crimes, protected our maritime resources and trade routes.

A tripartite MOU has also been signed by three SADC countries, namely South Africa, Tanzania and Mozambique to operationalize the Maritime Security Strategy.

Currently the DOD is improving its operations in co-operation with our SADC partners to ensure that resources are optimally utilized to fight maritime crime.

## **SANDF RESERVE FORCE**

The revitalisation of the Reserve Force remains a priority. Progress has been inhibited by financial constraints. The Reserves are, however, providing an increasing proportion of the deployments both on external peace support operations and for the protection of our borders. I would like to express my appreciation to the almost 15 000 Reserves who serve voluntarily each year. Their sacrifice together with the understanding of their families is greatly appreciated.

## **SANDF EDUCATION TRUST**

The SANDF Education Trust was established in October 2013 to assist dependents of members who died in combat with bursaries. During the 2014 academic year the Trust contributed assistance in the bursaries towards the education of 36 learners. The fund still requires further support and more private sector contribution is encouraged in this regard.

Chairperson

I am happy to report to Parliament and the public that we have registered notable progress in the priorities we introduced last year.

## **Permanent Defence Force Service Commission**

It gives me great pleasure to announce that we have finally appointed the permanent members of the Defence Force Services Commission as per our undertaking last year. The Commission has since its appointment in 2013 embarked on wide spread consultations and visits to familiarise itself with the challenges falling within its mandate. The Commission has reported to me that they have been overwhelmed by the expectations of members. I have directed that the Commission should receive support of all our managers and commanders to meet the realistic expectations of our members in the provision of service benefits.

Following on our experiences in the Central African Republic, I have requested the Commission to work with the Department to develop a policy on the awarding of death benefits to beneficiaries of member who pass away while deployed in internal and external operations. In December 2013, I received an Interim Policy on the payment of death benefits which made it possible for compensations to be made to the families of those soldiers who died fighting in the battle of Bangui. A comprehensive policy will be finalized this year.

### **Ministerial Medical Task Team on Military Health Systems**

Over the past year I have become aware of a number of factors negatively affecting the functioning of our three military hospitals. I have also been gravely concerned about the working conditions of our medical professionals, which have led to a situation where large numbers of doctors have resigned, not to open private practices, but to join public hospitals.

I therefore decided to appoint a Ministerial Medical Task Team in March 2014. The Task Team is chaired by Prof Makgoba and consists of ten medical professionals. The Task Team launched an urgent investigation into the factors negatively impacting on the functioning of our three military hospitals. They conducted their investigation over a period of 6 weeks and provided me with a report on their findings and recommendations in April this year.

Upon receiving the report it became clear that there was a need to extend the mandate of the Team to allow them to do an assessment of the medical services

provided to our members at our bases and those in deployment both internally and external. I am expecting the final report in this regard on the 15th August 2014.

I have, in the interim, taken the following steps towards the implementation of findings and recommendations of the interim Report:

- I have instructed the Department to convene a workshop to develop an implementation plan for these recommendations; and to identify the capacity needed to implement a turn-around strategy within the area of human resources.
- I have also directed the department to conduct an audit to determine the categories of those members who qualify to receive commuted overtime. Once this is done, such payments should be made to those members who are owed monies with immediate effect.

## **DEFENCE WORKS AND FACILITY IMPROVEMENT**

The DoD Works Formation is now established and is in the process of being fully capacitated. Its mandate is to provide the Department of Defence with an in-house capability for facility management, Real Estate Management, and Maintenance and Repair.

We envisage that, in the short term, the Works Formation can take over planned maintenance, refurbishment, capital works and demolition functions from National Department of Public Works (NDPW).

At the end of June 2014, the COD approved the rollout of the CSIR Plan with an ultimate aim that Works Formation partially should take over functions from DPW.

Simultaneously, I have also instructed Works Formation to continue with the establishment of the Joint Interim Operational Centre (JIOC) and commence partial devolution of functions from NDPW. The 1st Floor at 1 Military Hospital will be a pilot project to test effectiveness of our own capability in performing projects independently the under the auspices of CSIR.

The DoD Works Formation has already registered significant successes since its establishment two years ago. These include the training of 649 members, aged 50 and above, as qualified artisans and deploying them in the formation.

A new intake of 250 members are undergoing a 4 year training program since January 2014, pushing the current staffing levels to 56% in the formation.

We have also finalized the DoD User Asset Management Plan (UAMP) which is now used by National Treasury as the basis of calculation to fund our Immovable Asset Portfolio. Previously DOD had no basis to budget for construction, maintenance and refurbishment of facilities.

## **RE-POSITIONING THE HR FUNCTION TO RESPOND TO DEFENCE REVIEW IMPLEMENTATION IMPERATIVES**

An urgent need exists for the simultaneous recruitment of younger soldiers, career management, succession plan; and an exit management system.

The new HR strategy of the department should provide for a military career model that will ensure that the SANDF is appropriately staffed in support of the unique military requirements; and a new profile of a soldier within the SANDF.

The department will also need to develop measures to retain technical and specialist personnel, including condition of services and benefits aligned with market trends.

In the medium to long term, I intend to utilize the policy that allows Minister to approve the extension of service of certain defence personnel past their designated retirement date to retain the experience and skills we require at leadership and technical levels.

As part of its program, the JCPS will consider proposals for a government-wide mechanism to place defence members who no longer conform to post and mustering requirements into other departments or agencies as anticipated in the Review.

We also have a serious responsibility to address serious challenges of discipline within our ranks. While we do have many women and men who are part of a dedicated and disciplined force making us proud everyday, I have also noted growing trends of incidents of indiscipline creeping into our Defence Force.

I have directed that service chiefs and commanders should take direct responsibility for enforcing discipline. The CSANDF should ensure that we have an effective Military Justice System is strengthened to assist us to deal with cases of discipline in a decisive manner ensuring quick and decisive resolution of cases.

Chairperson,

As members are aware, we are currently faced with a challenge of establishing the correct foundations to develop the future leader-group of the SANDF. This means that we must have the right quality and correct number of young leaders emerging as Corporals and Lieutenants in the next few years. They must also be developed as the strategic leadership that must be in place 20 years from now.

As part of this, the DoD will need to establish its own fully fledged Defence Academy in the long term. Such academy must have sufficient inherent capacity to ensure the Defence Force officer requirements for both the Regulars and Reserves are met.

Honourable Members,

As much as Government has a responsibility to maintain a healthy force, individual defence members have a corresponding responsibility to meet the health and fitness requirements of the Defence Force.

In addition to the above, the involvement of defence members in sport and allied activities shall be encouraged as a further mechanism toward maintaining the health of the force.

The creation and capacitating of the office of the Military Ombud is starting to make a positive impact on the dispute resolution and labour relations dynamics of the SANDF.

The confidence of the members in the effectiveness of the Ombud continues to grow

During the FY 2013/14 the Office of the Military Ombud received 290 new cases which were assessed and corresponded to. A total of 240 cases were finalised during the financial year. The majority of cases received related to service termination, service benefits, promotion, demotion and rank review. The Military Ombud also submitted a report (in two parts) on the allegations of abuse at the Infantry School, as directed by the Minister and these were referred to the CSANDF for implementation.

The Military Ombud intends to ensure the appointment of the Deputy Military Ombud during this financial year.

Chairperson,

On 19 February 2014, the Military Veterans Benefits Regulations were published in the Government Gazette. This paves the way for the roll out of benefits to military veterans.

The establishment of the Department has had been met with various teething challenges which we are addressing.

In April 2014, I was handed a copy of an Internal Audit Report on the supply chain management and procurement processes followed in the Department of Military Veterans. Based on this report I decided to launch a forensic investigation.

I have since received the report of the forensic auditors on 18 July 2014 and will take appropriate action once I have finished studying their findings and recommendations.

These challenges of capacity have had an effect on the work of the department, including the development of a roadmap to implement the Military Veterans Regulations.

I have now directed the department and its stakeholders to go into this exercise, with direct leadership from the Ministry, so that we can be able to deal with the challenges in this regard. The roadmap that will emerge will determine the scope of work for the department over the MTSF.

The current budget allocation of just over R500m is clearly not sufficient to provide for benefits and Administration costs of the new department. In this regard, partnership opportunities are being established with both the private sector and state providers to roll out social and economic benefits. A stakeholder workshop is planned in early August to plan and agree on the partnerships approach and structuring.

Honourable Chair and colleagues,

Our plans for the establishment of the National Defence Industry Council are at an advanced stage. The launching of the Council will usher a new dispensation for

the management of our relations with the Defence Industry and also allow for direct support in this regard.

The hosting of this year's edition of the Africa Aerospace and Defence Show in September, will also give South African Industry another opportunity for marketing and expansion. The show will represent a key highlight of our calendar as we celebrate 20 years of the existence of the SANDF.

In closing, I want to once more use this opportunity to thank the various teams of experts who have worked with us on the Defence Review and to plead to Parliament to consider the urgency of the work they need to do in finalizing it.

I also want to assure the South African public of our commitment to respond to the call to build a professional, disciplined, and highly skilled Defence Force that we can all be proud of.

This Defence Force is to be built as the pride of our nation, and we commit to you that we will not undermine the importance of the task you have entrusted unto us to lead this organization towards those lofty heights. I'm confident that our battle plan in this regard is ready. I thank you