2023/24

DEPARTMENT OF DEFENCE

Annual Report

"Let's grow South Africa together"

defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA

2030 NDP

30 YEARS OF FREEDOM
South Africa 1994 - 2024

DEPARTMENT OF DEFENCE

Annual Report

FY2023/24

Vote 23

"Let's grow South Africa together"

Department of Defence

Submission of Annual Report 04 of 05 for the Strategic Period 2020 – 2025 to the Executive Authority

I have the honour of submitting to you, in accordance with the Public Finance Management Act, 1999 (Act No. 01 of 1999), the Department of Defence Annual Report for the reporting period 01 April 2023 to 31 March 2024.

DR T. GAMEDE
ACTING SECRETARY FOR DEFENCE

defence

Department:
Defence
REPUBLIC OF SOUTH AFRICA

Statement of Responsibility and Confirmation of Accuracy

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate and free from any omissions.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by the National Treasury.
- The Annual Financial Statements have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors were engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year, which ended on 31 March 2024.

Yours faithfully,

DR T. GAMEDE
ACTING SECRETARY FOR DEFENCE

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Part C: Governance

Part D: Human Resource Management

Part E: PFMA Compliance Report

Part F: Financial Information

Terminology

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

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

A

General Information

Department of Defence General Information

Physical Address:	Department of Defence Defence Headquarters ARMSCOR Building Corner of Delmas Road and Nossob Street Erasmusrand Pretoria 0181
Postal Address:	Department of Defence (Defence Headquarters) Private Bag X910 Pretoria 0001
Telephone Number:	+27 12 355 6200
Annual Report Enquiries:	Head of Communication Mr S. Dlamini Telephone: +27 12 355 6365 Fax: +27 12 347 0118 E-mail: siphiwe.dlamini@dod.mil.za

www.dod.mil.za

https://www.facebook.com/SANationalDefenceForce

https://twitter.com/SANDF_ZA

https://www.linkedin.com/in/sandf/

https://www.instagram.com/defence_za/

https://www.youtube.com/channel/UCylH-BGBmUKCkyl2LiiNE9g

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List of Abbreviations

A	AIDS	Acquired Immunodeficiency Syndrome
	AGSA	Auditor-General of South Africa
	AENE	Adjusted Estimates of National Expenditure
	AMC	Accountability Management Committee
	AOP	Annual Operational Plan
	APP	Annual Performance Plan
	ARMSCOR	Armaments Corporation of South Africa SOC Limited
	ARV	Antiretroviral Drugs
	ASB	Army Support Base
	AU	African Union
B	B-BBEE	Broad-Based Black Economic Empowerment
	Bde	Brigade
	Bn	Battalion
C	CARA	Criminal Asset Recovery Account
	CFO	Chief Financial Officer
	CHATSEC	Combating HIV/Aids through Spiritual and Ethical Conduct
	CMIS	Command and Management Information System
	CoE	Compensation of Employees
	COVID-19	Coronavirus Disease 2019
	C SANDF	Chief of the South African National Defence Force
D	DFFE	Department of Forestry, Fisheries and the Environment
	DG	Director-General
	DOD	Department of Defence
	DODI	Department of Defence Instruction
	DPME	Department of Planning, Monitoring and Evaluation
	DPSA	Department of Public Service and Administration
	DPWI	Department of Public Works and Infrastructure
	DRC	Democratic Republic of Congo
	DWYPD	Department of Woman, Youth and Persons with Disability
E	EISP	Employer Initiated Severance Package
	ENE	Estimates of National Expenditure
	Ex	Exercise
F	FMS	Financial Management System
	FSE	Force Structure Element
	FY	Financial Year

H	HDI	Historically Disadvantaged Individuals
	HOA	Home Owners Allowance
	HIV	Human Immunodeficiency Virus
	HR	Human Resource/s
I	ICT	Information and Communication Technology
	IDES	Integrated Defence Enterprise System
	IT	Information Technology
J	JCPS	Justice, Crime Prevention and Security
	JIIM	Joint, Interdepartmental, Interagency and Multinational
	JSCD	Joint Standing Committee on Defence
L	Legsato	Legal Satellite Office
M	MCS	Modified Cash Standard
	M&E	Monitoring and Evaluation
	MEM	Mobility Exit Mechanism
	MOD&MV	Minister of Defence and Military Veterans
	MONUSCO	United Nations Organisation Stabilisation Mission in the Democratic Republic of the Congo
	MPSA	Minister of Public Service and Administration
	MRI	Master Record Index
	MSDS	Military Skills Development System
	MTEC	Medium-Term Expenditure Committee
	MTEF	Medium-Term Expenditure Framework
	MTSF	Medium-Term Strategic Framework
N	NA	National Assembly
	NATJOINTS	National Joint Operational and Intelligence Structures
	NCOP	National Council of Provinces
	NSG	National School of Government
	NT	National Treasury
O	OHS	Occupational Health and Safety
	Op	Operation
P	PCDMV	Portfolio Committee on Defence and Military Veterans
	PDSC	Plenary Defence Staff Council
	PERSOL	Personnel Salary System of Government
	PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999)
	PMG	Provost Marshal General
	POPIA	Protection of Personal Information Act
	PSAP	Public Service Act Personnel
	PSCBC	Public Service Co-ordinating Bargaining Council
Q	QPR	Quarterly Performance Report

R	RFC	Reserve Force Council
	RFSPAPP	Revised Framework for Strategic Plans and Annual Performance Plans
	RSA	Republic of South Africa
S	SA	South Africa(n)
	SABC	South African Broadcasting Corporation
	SABS	South African Bureau of Standards
	SADC	Southern African Development Community
	SAMHS	South African Military Health Service
	SAMIDRC	Southern African Development Community Pledge to the Democratic Republic of Congo
	SAMIM	Southern African Development Community Standby Force Mission in Mozambique
	SAMRO	South African Music Rights Organisation
	SANDF	South African National Defence Force
	SAPS	South African Police Service
	SAS	South African Ship
	SASSETA	Safety and Security Sector Education and Training Authority
	SCM	Supply Chain Management
	SDA	Special Defence Account
	SDIP	Service Delivery Improvement Plan
	SETA	Sector Education Training Authority
	SMS	Senior Management Service/System
	SAQA	South African Qualifications Authority
	SITA	State Information Technology Agency SOC Limited
	STIs	Sexually Transmitted Infections
T	TB	Tuberculosis
U	UAMP	User Asset Management Plan
	UN	United Nations
V	VVIP	Very Very Important Person

Foreword by the Executive Authority

Ms M.A. Motshekga, MP

I am honoured to present my first Annual Report as the Minister of Defence and Military Veterans. The Department of Defence Annual Report provides a strategic overview of the Department's performance outcomes achieved during the year under review.

As I indicated during my Budget Vote on 15 July 2024, we are living in dangerous and difficult times; in a world where the only constant is change itself and where volatility is increasing, exacerbated by ambiguity and complexity, characterised by a state of "troubled peace". The role of the South African National Defence Force has never been more important than it is right now, both here at home and on the continent.

During April 2024, the South African National Defence Force celebrated its thirty year anniversary since its creation. Thirty years on, the country can look back with pride on the achievements and challenges since the dawn of democracy and the establishment of the South African National Defence Force; becoming the Defence Force of the nation, fully representative of its people. Much has been achieved, especially for women in all branches of the Defence Force and peace support operations on the continent.

In support of Government's policy positions, South Africa has participated in more than fifteen peace missions since 1994. In response to the need for security, prosperity, and sustainability in Africa, South Africa contributes to United Nations, African Union and Southern African Development Community security initiatives. This is evident with the two recent Southern African Development Community-led missions in the Democratic Republic of Congo and Mozambique.

Domestically, the Department has been assisting the South African Police Service with combating gang violence in the Western Cape, preventing truck torching, protecting the ESKOM infrastructure, and even tackling illegal mining. Fifteen sub-units are currently deployed in border safeguarding operations in six provinces, numerous operational successes have been recorded in this regard.

The Acting Secretary for Defence and the Chief of the South African National Defence Force will elaborate on strategic achievements and persistent challenges that the Department has experienced during the reporting period.

I hereby present the Department of Defence Annual Report for the financial year 2023/24.

MS M.A. MOTSHEKGA, MP
MINISTER OF DEFENCE AND MILITARY VETERANS

Strategic Statement by the Head of Department

Dr T. Gamede

I am honoured to present my second Strategic Statement as the Acting Secretary for Defence. This Annual Report is the penultimate Report for displaying performance progress against the Department of Defence's Adjusted Strategic Plan for 2020 to 2025.

I indicated during the previous reporting cycle that I would execute my Public Finance Management Act, 1999 (Act No. 01 of 1999) Section 38 responsibilities rigorously; in the best interest of the Department and to ensure that sound governance and accountability principles are embedded in all Department of Defence entities and processes. These were executed to the best of my ability within prevalent constraints with diligence and transparency and continuous feedback has been provided to the Executive Authority and Parliamentary oversight structures.

Embedding sound governance and accountability principles in all Departmental entities and processes within one reporting cycle might, however, have been too optimistic. I utilised the Accountability Management Committee as the vehicle through which I, as the Accounting Officer and Chairperson, promulgated sound governance and accountability principles to the various organisational levels; monitored performance progress against prior year audit findings and provided guidance and advice on the best possible way to move the Department towards the desired clean audit end-state.

In relation to consequence management, I acknowledge that the implementation thereof has been quite slow, for various reasons. As an Accounting Officer, based on the irregular and fruitless expenditures identified, both internally and by the Auditor-General South Africa, consequence management has been implemented in some instances, including the termination of the employment of some employees and arraignment of military members. The military dispensation requires full and comprehensive investigations of cases of irregular or fruitless expenditure before members can be taken through the military courts. To this end, the Chief of the South African National Defence Force and the Accounting Officer will work together to ensure such investigations are speedily concluded and the recommendations implemented.

The Department of Defence Annual Report was prepared and is compliant with the content requirements of the National Treasury *Annual Report Guide for National and Provincial Departments*, issued in February 2024, and all other prescripts applicable to annual performance reports.

The Annual Report provides comprehensive performance progress, detailing Defence's outputs throughout the period under review. The primary purpose is to account to the general public and Parliamentary oversight structures by providing performance information about the Department's operations and financial performance.

The Annual Report furthermore provides cumulative annual performance against set targets, in meeting ordered commitments, providing capabilities and ensuring sound administration and management of the Department of Defence.

The reported information is reflected in an accurate and balanced manner to indicate the effectiveness and efficiency of the Department of Defence.

During the period under review, in support of Government's National Imperatives, the Department of Defence continued to execute ordered commitments as directed and instructed by the Commander-In-Chief. Forces were deployed **outside** the borders of the Republic of South Africa in a United Nations Peace Support Operation in the Democratic Republic of Congo and two General Military Assistance Operations; one as part of the Southern African Development Community Standby Force Mission in the Cabo Delgado Province in the Republic of Mozambique and another one as part of the Southern African Development Community Pledge to the eastern part of the Democratic Republic of Congo. Forces were on standby to be deployed **inside** the borders of South Africa in four internal operations, as and when required; predominantly to support the South African Police Service in the fight against crime, namely in combating illegal mining and the protection of critical infrastructure.

The baseline reduction over the strategic period continued to contribute to the decline of military equipment and facilities. Interventions undertaken to improve the Defence funding trajectory have not yet realised the expected result. The Honourable Minister of Defence and Military Veterans directed the Department to work on a new policy trajectory that would be used to *"Engage with the Executive and Legislature to determine a* ***resourced and sustainable Level of Defence Ambition****, in response to the national strategic Agenda of Government and the evolving contextual and security environment"*.

In an endeavour to develop a Revised Level of Defence Ambition, a Draft Future Defence Policy Concept was completed and the Minister and the President were briefed accordingly. Parliamentary Oversight structures, the Justice, Crime Prevention and Security Cluster Development Committee and the Justice, Crime Prevention and Security Cluster Directors-General were also briefed on the proposed Future Defence Strategic Direction. The National Executive will be engaged during the next Administration.

I indicated during the previous reporting cycle that momentum was regained for maintaining and expanding the ongoing bilateral and multilateral relationships with partner countries and international organisations, subsequent to the COVID-19 pandemic. During the period under review, I supported the Executive Authority and also led the Department of Defence during various defence diplomacy engagements with partner countries, amongst others, the United States of America, the Democratic Republic of Congo, Kenya and Malaysia. Liaison with targeted defence corporations allowed me to contribute towards the establishment and expansion of confidence and security-building measures between partner countries.

These diplomatic engagements also provided the Department of Defence with an opportunity to reaffirm its international commitments and fulfil its obligations as a country, a regional, and a world partner. Most importantly, these engagements also provided the Department with an opportunity to promote and support Defence Industry in its endeavour to expand its reach on the world markets.

I provided the detailed Departmental financial results for the financial year 2023/24 in my ***Accounting Officer Report***, included in Part F of the Annual Report.

I need to convey my sincerest appreciation and gratitude to the Honourable Minister of Defence and Military Veterans for the leadership and support afforded to me over the past two financial years, and guidance in general, to the Department of Defence since the Minister's appointment in August 2021. It was an honour to serve as the Head of the Department under the Minister's direction.

In conclusion, I need to register my appreciation to the Portfolio and Joint Standing Committees on Defence and Military Veterans, and the Auditor-General, for their continuous guidance and assistance to the Department of Defence, and in particular to me.

It is my privilege to present to you the Department of Defence Annual Report for the financial year 2023/24.

DR T. GAMEDE
ACTING SECRETARY FOR DEFENCE

Introduction by the Chief of the South African National Defence Force

General R. Maphwanya

The Annual Report for the 2023/24 financial year provides a platform for the South African National Defence Force (SANDF) to report back to the public on how the Military has performed with regard to the predetermined objectives as reflected in the Adjusted Department of Defence Annual Performance Plan for 2023. The SANDF had to navigate itself under austere financial circumstances and make do with what was available, with an increase in the number of commitments, both internal and external to the borders of the Republic of South Africa.

The Medium-Term Strategic Framework for 2019 – 2024 depicted seven key priorities. The SANDF played a supporting role towards Priority 6: “Social Cohesion and Safer Communities”, by deploying our forces during various internal operations. These internal operations aim to safeguard our borders, with the deployment of 15 sub-units, and to assist other Government departments in areas such as search and rescue; disaster aid and relief; safety and security support tasks to preserve life and health; to deter possible threats to critical infrastructure (ESKOM substations) during emergencies; the prevention of crime and the maintenance of law and order, including illegal mining and torching of trucks.

The SANDF played the leading role with regard to Priority 7: “A better Africa and World”, where our forces continued to execute ordered commitments, as directed by the Commander-In-Chief, when required. To this end, our forces are deployed externally within the framework of the Southern African Development Community as a regional response to restore peace and security in the eastern part of the Democratic Republic of Congo. As directed, the SANDF mobilised forces for the South African Mission in the Democratic Republic of Congo under Operation THIBA since the latter part of 2023. The persistent threats to regional peace and security furthermore resulted in the SANDF being ordered to be part of the Southern African Development Community Mission in Mozambique in the Cabo Delgado province during the year under review.

Noteworthy achievements relevant to the SANDF during the reporting period included:

- Progress made with the Welisizwe Rural Bridges Programme, in collaboration with the Department of Public Works and Infrastructure and the Department of Transport in KwaZulu-Natal, included the construction of twenty-seven low-cost bridges. This Programme is aimed at providing safe access to social amenities in remote communities as well as enabling rapid responses to disaster-stricken areas during natural disasters and other emergency-related situations.

- A safe environment was ensured during the hosting of the XV BRICS Summit held in Johannesburg, Gauteng, over the period 22 to 24 August 2024.

- Conducting skills development programmes and providing health support to the:

  - Department of Rural Development and Land Reform through the Youth Leadership Development Programme conducted by the SANDF,

  - Assisted the Gauteng Department of Community Safety by training numerous Crime Prevention Wardens.

- Presented reskilling courses in bricklaying, welding, plumbing, wastewater management and renewable energy, amongst others, to Reserve Force members.

In an endeavour to foster and enhance military-to-military relations and ensure constructive engagement, the SANDF continued hosting and attending Defence Committee meetings with sister defence forces in the sub-region, the continent and the rest of the world. Members of the SANDF participated in functional and developmental training courses with foreign defence forces, which included the exchange of Directing Staff members at Staff Colleges. A SANDF delegation attended the *7th United Nations Partnership for Technology in Peacekeeping International Symposium* in the Federal Democratic Republic of Nepal. Defence diplomacy was facilitated through the forty-four Defence Attaché offices abroad.

It is worth mentioning that these achievements came with a cost; increasing the financial constraints already experienced by the Department, invariably overstretching defence capabilities to a stage where the SANDF needs an urgent intervention to resuscitate its capabilities to serve as a credible deterrence and the last line of defence for the Republic. It must be mentioned that Reserve Force units executed a crucial role in supporting the Regular Forces with the protection of our borders, our facilities and other critical infrastructures, hence the exponential increase in the utilisation of Reserve Force mandays during the reporting period.

The SANDF Command will continue to guard our democracy and sovereignty, whilst also ensuring that our troops are well taken care of. I wish to thank the parents and families of our men and women in uniform for availing these brave warriors in safeguarding and protecting our country; and our pledged support to peace efforts on the continent. We are proud of these courageous men and women who lost their lives in the line of duty and they will forever remain in our hearts!

In conclusion, the SANDF will continue to pursue peace, security and stability in our country and beyond, cognisant of your contribution.

GENERAL R. MAPHWANYA
CHIEF OF THE SOUTH AFRICAN NATIONAL DEFENCE FORCE

Strategic Overview

Vision

"*Effective defence for a peaceful, secure and stable democratic South Africa*."

Mission

To *"ensure sound departmental governance, enabling the preparation, sustaining and renewal of defence capabilities in accordance with the needs of South Africa as regulated by the Constitution, National Legislation, Parliamentary and Executive direction".*

Values

Organisational Values

The Department of Defence (DOD) has committed itself to organisational values that are rooted in individual values, codes of conduct and unit cohesion. For the period under review, in the execution of the Defence Mission Statement, the DOD pursued the following organisational values, as informed by the Adjusted DOD Strategic Plan 2020 – 2025:

- Accountability
- Consultation Rooted in Effective and Efficient Partnership and Collaboration
- Discipline
- Ethics
- Excellence
- Openness and Transparency
- People
- Service Standards
- Teamwork

Individual Values

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

- Human Dignity
- Integrity
- Leadership
- Loyalty

- Patriotism
- Professionalism

Organisational and Legislative Mandates

Constitutional Mandate

The DOD derives its mandate from the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996). The primary purpose of the South African National Defence Force (SANDF), to *"defend and protect the RSA, its territorial integrity and its people in accordance with the Constitution and the principles of international law regulating the use of force"* is expressed in Section 200(2).

The mandate of the DOD, as derived from Section 200(2) of the Constitution, the Defence Act, 2002 (Act No. 42 of 2002) as amended by the Defence Amendment Act, 2010 (Act No. 22 of 2010) and the Defence Amendment Act, 2020 (Act No. 06 of 2020), the White Paper on Defence (1996) and the SA Defence Review 2015, requires the Department to provide, manage, prepare, employ, sustain and renew defence capabilities that are commensurate with the needs of SA as regulated by the Constitution, National Legislation, Parliamentary and Executive direction.

The objectives of the DOD are:

- To provide for a structured and disciplined military force with the primary objective to defend and protect the Republic, its territorial integrity and its people following the Constitution and the principles of international law regulating the use of force.
- To provide for the political responsibility and employment of the Defence Force.

Legislative Mandate

The Minister of Defence and Military Veterans (MOD&MV), as a member of the Cabinet, is responsible for Defence (Section 201 of the Constitution, 1996).

The mandate of the DOD to "*provide, manage, prepare and employ defence capabilities that are commensurate with the needs of SA*", as derived from Section 200(2) of the Constitution, is given substance by the Defence Act, 2002 (Act No. 42 of 2002), as amended, the White Paper on Defence, 1996 and the SA Defence Review 2015[1].

The DOD is comprised of the Defence 'Civilian' Secretariat, established in terms of Section 204 of the Constitution, and the South African National Defence Force (SANDF), established in terms of Section 200 of the Constitution.

1 The SA Defence Review 2014 was approved by Cabinet on 19 Mar 2014, endorsed by the NA on 04 Jun 2015 and the NCOP on 24 Jun 2015. The SA Defence Review 2015 (renamed) provides the national defence policy for South Africa that informs the defence trajectory to be pursued over multiple MTEFs.
Details on progress made to develop a Revised Level of Defence Ambition are provided under Part B, Administration page 57.

Constitutional and primary legislative mandates governing the DOD:

- Border Management Authority Act, 2020 (Act No. 02 of 2020)
- Defence Act, 2002 (Act No. 42 of 2002)
- Defence Amendment Act, 2010 (Act No. 22 of 2010)
- Defence Amendment Act, 2020 (Act No. 06 of 2020)
- Defence Special Account Act, 1974 (Act No. 06 of 1974)
- Disaster Management Act, 2002 (Act No. 57 of 2002)
- Hydrographic Act, 2019 (Act No. 35 of 2019)
- National Conventional Arms Control Act, 2002 (Act No. 41 of 2002)
- National Strategic Intelligence Act, 1994 (Act No. 39 of 1994)
- Non-proliferation of Weapons of Mass Destruction Act, 1993 (Act No. 87 of 1993)
- Promotion of Access to Information Act, 2000 (Act No. 02 of 2000)
- Protection of Personal Information Act, 2013 (Act No. 04 of 2013)
- Public Finance Management Act (PFMA), 1999 (Act No. 01 of 1999)
- Public Service Act, 1994 (Act No. 103 of 1994)

- Armaments Corporation of South Africa SOC Limited (ARMSCOR) Act, 2003 (Act No. 51 of 2003)
- Military Ombud Act, 2012 (Act No. 04 of 2012)
- Castle Management Act, 1993 (Act No. 207 of 1993)

Section 231 of the Constitution, 1996, prescribes international agreements, inclusive of International Humanitarian Law, to which the DOD must adhere. Applicable primary International Agreements include, but are not limited to:

- African Union Non-aggression and Common Defence Pact, 2005
- Chicago Convention (also known as the Convention on International Civil Aviation), 1947
- International Convention on Maritime Search and Rescue, 1979
- Southern Africa Development Community Mutual Defence Pact, 2003
- United Nations Charter, 1945
- Vienna Convention on Diplomatic Immunities and Privileges, 1961

Information on the Ministry

Institutions Reporting to the Executive Authority [2]

The Executive Authority performs a legislative oversight function in terms of Public Entities and Organs of State accountable to the Executive Authority and categorised within Schedules 2 and 3 of the PFMA. The DOD assists the Executive Authority with technical oversight function through the annual assessment of the Strategic Plans and Annual Performance Plans/Corporate Plans of Public Entities and Organs of State to ensure alignment with the National Regulatory Framework.

The following two Public Entities reported to the Executive Authority during the year under review:

Armaments Corporation of South Africa SOC Limited [3]

Legislative Mandate

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

- The Defence matériel requirements of the DOD effectively, efficiently and economically.
- The Defence technology, research, development, analysis, test and evaluation requirements.
- Dispose of defence matériel in consultation with the instance which originally manufactured the matériel.
- Maintain the compliance administration system for the DOD, as required by the applicable international law, the National Conventional Arms Control Act, 2002 (Act No. 41 of 2002) and the Non-Proliferation of Weapons of Mass Destruction Act, 1993 (Act No. 87 of 1993).
- Provide marketing support to defence-related industries, in respect of defence matériel, in consultation with the DOD, and the defence-related industries in question.

ARMSCOR is required to adhere to accepted corporate governance principles, best business practices and generally accepted accounting practices within a framework of established norms and standards that reflect fairness, equity, transparency, economy, efficiency, accountability and lawfulness.

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[2] Refer to the section on Transfer Payments in Part B for information on the financial relationship of the listed public entities and organs of state.
[3] Schedule 2 Public Entity.

Outputs

The following strategic outputs are in support of ARMSCOR's Outcomes:

- Defence matériel product life cycle provided.
- ARMSCOR effectively administered.
- ARMSCOR support functions provided.
- Defence international armaments trade compliance provided.

Castle Control Board [4]

Legislative Mandate

The Castle Control Board is mandated in terms of the Constitution and, as a public entity under Section 01 of the PFMA, and the Castle Management Act, 1993 (Act No. 207 of 1993) is required to preserve and protect the military and cultural heritage of the Castle of Good Hope, to optimise its tourism potential, and to optimise accessibility of the Castle of Good Hope to the public on behalf of the MOD&MV, who has the ultimate ownership responsibility for the Castle of Good Hope.

Outputs

The Castle Control Board is responsible for the following:

- To preserve and protect the military and cultural heritage of the Castle of Good Hope.
- To optimise the tourism potential of the Castle of Good Hope.
- To optimise accessibility to the Castle of Good Hope by the public.
- Promotion, development and interpretation of the Castle of Good Hope as a place of education and learning.
- Development of the capacity of the Castle of Good Hope to promote understanding, reconciliation and nation-building.
- Agreement with the DOD in terms of the management of the Castle of Good Hope as a defence endowment property.

[4] Schedule 3 Public Entity.

Three Organs of State[5] reported to the Executive Authority during the year under review:

Office of the Military Ombud

Legislative Mandate[6]

The Office of the Military Ombud was established in terms of the Military Ombud Act, 2012 (Act No. 04 of 2012) to investigate and ensure that complaints lodged by members and former members regarding their conditions of service, a member of the public regarding the official conduct of a member of the Defence Force, or a person acting on behalf of a member of the Defence Force or a person acting on behalf of a member, are resolved in a fair, economical and expeditious manner and to report on this annually to the MOD&MV. The Military Ombud is furthermore also responsible for promoting the observance of the fundamental rights of Defence Force members and for the accountable and effective governance of the Office of the Military Ombud.

Reserve Force Council

Legislative Mandate

The Reserve Force Council is a statutory body under Section 48(4) of the Defence Act, 2002 (Act No. 42 of 2002) and a consultative and advisory body representing the Reserve Force to promote and maintain the force as an integral part of the Defence Force and is consulted on any legislation, policy or administrative measures affecting the Reserve Force.

Defence Force Service Commission

Legislative Mandate[7]

The Defence Force Service Commission was established under Section 62 of the Defence Amendment Act, 2010 (Act No. 22 of 2010). The output of the Defence Force Service Commission is to submit, on an annual basis, recommendations to the MOD&MV on improvements of salaries and service benefits of SANDF members; on policies in respect of conditions of service and to

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5 For purposes of this document, Organs of State are defined as any other State functionary or institutions, other than Public Entities that exercise a power or perform a function in terms of the Constitution, or exercise a public power or perform a public function in terms of any legislation.

6 Refer to the Military Ombud APP for 2023/24 and the Military Ombud 2023 Annual Activity Report for comprehensive Legislative Mandate and Nature of Operations.

7 Refer to the Defence Force Service Commission Annual Activity Report for FY2023/24 for comprehensive Legislative Mandate and Nature of Operations.

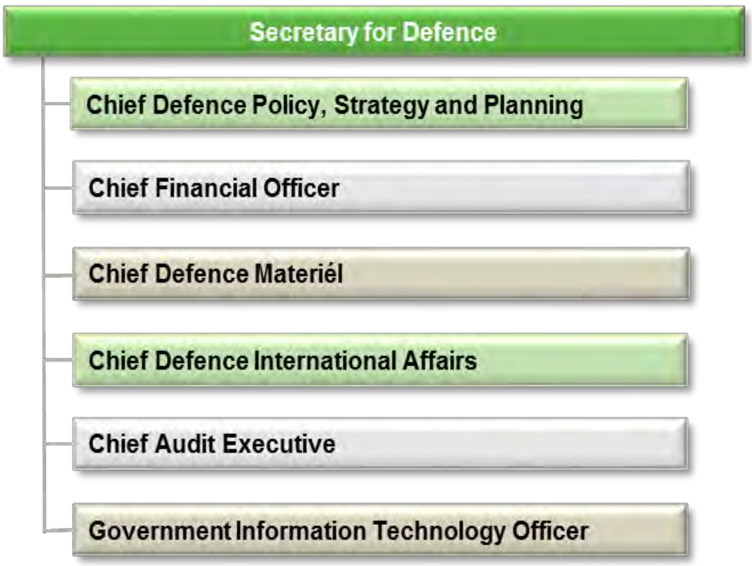
promote measures and set standards to ensure the effective and efficient implementation of policies related to conditions of service in the SANDF.

Organisational Structure [8]

The Secretary for Defence, as Head of Department and Accounting Officer, is the principal advisor to the Executive Authority on policy matters. The Secretary for Defence executes this primary mandate through **DOD Outcome 1**:

Accountable and Effective Governance of the DOD to Enhance Civil Control of Defence

The following Defence Secretariat Organisational Structure was in support of this Outcome.



[8] Aligned with the macro structure approved by the Executive Authority on 16 Jan 2007, as subsequently amended.

The Chief of the SA National Defence Force (C SANDF), as the Commander of the Defence Force, should ensure effective defence for a peaceful, secure and stable democratic South Africa. C SANDF executes this primary mandate through **DOD Outcome 2**:

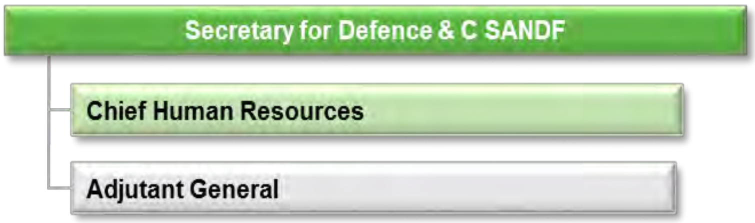
An effective and sustainable Defence Force capacitated to execute ordered commitments

The following SANDF Organisational Structure[9] was in support of this Outcome.

- **C SANDF**
  - Chief Joint Operations
  - Chief SA Army
  - Chief SA Air Force
  - Chief SA Navy
  - Surgeon General
  - Chief Defence Intelligence
  - Chief Corporate Staff
    - Chief Military Policy, Strategy and Planning
    - Chief Defence Reserves
    - Chaplain General
  - Chief Logistics
  - Provost Marshall General
  - Chief Command Management Information Systems

9 Given the complex nature of the defence function, the SANDF's Force Design and Force Structure are reviewed on a regular basis in order to ensure alignment with the execution of its mandate.

The Secretary for Defence and the C SANDF are supported by DOD Central Staff entities, in support of DOD Outcome 1 and Outcome 2.



B

Performance Information

Financial Performance Information

The Defence Vote

Aim of the Vote

The purpose of the Defence Vote is to *"Defend and protect the Republic of South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force"*.[1]

Main Programmes

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

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

Defence Vote 23

The Defence Vote 23 summary of actual expenditure versus adjusted appropriation for current and prior years, is indicated in the table below.

Summary of Actual Expenditure versus Adjusted Appropriation for Current and Prior Years			
	FY2021/22	FY2022/23	FY2023/24
	R'000	R'000	**R'000**
Adjusted Appropriation	48 796 421	51 601 612	52 468 184
Expenditure	48 775 914	54 596 749	55 841 848
Over expenditure	0	2 995 137	3 373 664
Amount overspent as percentage of Adjusted Appropriation	0	5.804%	6.43%
Amount surrendered	20 507	0	0
Amount surrendered as percentage of Adjusted Appropriation	0.042%	0	0

[1] In accordance with the 2023 ENE.

The Defence Vote 23 actual expenditure versus adjusted appropriation for current and prior years at programme level is indicated in the table below.

Actual Expenditure versus Adjusted Appropriation for Current and Prior Years at Programme Level						
Programme	FY2023/24			FY2022/23		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Administration	5 439 742	5 369 316	70 426	6 042 623	6 071 295	(28 672)
Force Employment	4 995 796	5 308 000	(312 204)	4 954 708	5 012 398	(57 690)
Landward Defence	16 735 941	18 902 468	(2 166 527)	15 871 761	17 732 035	(1 860 274)
Air Defence	7 431 228	7 770 383	(339 155)	6 378 843	6 763 529	(384 686)
Maritime Defence	4 180 103	4 377 304	(197 201)	4 452 724	4 662 636	(209 912)
Military Health Support	5 802 042	6 032 314	(230 272)	5 734 492	5 979 581	(245 089)
Defence Intelligence	1 076 431	1 183 882	(107 451)	1 098 095	1 114 004	(15 909)
General Support	6 806 901	6 898 181	(91 280)	7 068 366	7 261 271	(192 905)
Total	52 468 184	55 841 848	(3 373 664)	51 601 612	54 596 749	(2 995 137)

Transfer Payments

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

- The Armaments Corporation of South Africa SOC Ltd (ARMSCOR) to subsidise the mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of defence matériel, related products and services.
- The Safety and Security Sector Education and Training Authority, which acts as the Sector Education Training Authority for Defence, to subsidise their administrative expenditure in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).
- The Reserve Force Council (RFC) to subsidise its mission to obtain and secure community and private sector support for the Reserves and to maintain a sound relationship and communication between the Reserves, the MOD&MV and the South African National Defence Force (SANDF).
- To provide a grant-in-aid to the Order of St. John in recognition of maintaining a reserve of medical- and patient care auxiliaries for operational duty when called to do so by the SA Military Health Service (SAMHS).
- The Special Defence Account to acquire, procure and develop armament and technology. Audited financial statements for FY2023/24 form part of the financial statements of the Department.
- To Defence members who are being separated from the Department in terms of the employment and social benefits due to them.
- An additional transfer payment to the Castle Control Board to address the financial challenges as a result of the COVID-19 pandemic.
- Transfer payments made to foreign governments and International Organisations for additional member state's contributions to the Southern African Development Community (SADC) standby force deployment in the Republic of Mozambique and the Democratic Republic of the Congo (DRC).

- To the South African Broadcasting Corporation and other licensing authorities such as the South African Music Rights Organisation for television and radio permits.
- To municipalities to cover the cost of payments made in terms of the law that requires all vehicles to be licensed annually.

Table: Transfer Payments to Public Entities and Organs of State.[2]

Transfer Payments to Public Entities and Organs of State for the period 01 April 2023 to 31 March 2024			
Name of Public Entity	Services Rendered by the Public Entity	Amount Transferred to the Public Entity	Amount Spent by the Public Entity
		R'000	**R'000**
ARMSCOR	To subsidise ARMSCOR in its mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of defence matériel-related products and services.	1 446 251	1 443 038
RFC[3]	To subsidise the RFC in its aim to secure community and private sector support for the Reserve Forces and to maintain a sound relationship and communication between the Reserve Forces, the MOD&MV and the SANDF.	4 635	3 932

Table: Transfer Payments Made to Organisations other than Public Entities and Organs of State for the period 01 April 2023 to 31 March 2024.

Transfer payments made to Organisations other than Public Entities and Organs of State for the period 01 April 2023 to 31 March 2024				
Name of Transferee	Purpose for which the Funds were Used	Did the Department Comply with Sec 38(1)(j) of the PFMA	Amount Transferred	Amount Spent
			R'000	**R'000**
Special Defence Account	To acquire, procure and develop armament and technology.	Yes	3 521 772	3 521 772
Households (Employer Social Benefits)	To cover the cost of employment benefits due to members being separated from the Department.	Yes	2 312 197	2 312 197
SADC Secretariat	SADC member states' additional assessed contribution towards the deployment in the Republic of Mozambique and the DRC.	Yes	77 628	77 628
Claims against the Department	To cover the cost of legitimate claims instituted against the Department by institutions or individuals.	Yes	52 070	52 070
SASSETA	To subsidise the administrative expenditure of the SASSETA, which acts as the SETA for Defence in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).	Yes	30 578	30 578
Castle Control Board	To ease the financial strain the entity faced due to the direct impact of the COVID-19 pandemic.	Yes	6 000	6 000
Municipalities	To provide for the payment made to municipalities to ensure that all vehicles are licensed annually.	Yes	151	151

2 Refer to Annual Performance Reports of Public Entities and Organs of State for expenditure details.
3 The transfer payment was made for the period that the RFC Secretariat was in operation during FY2023/24.

Transfer payments made to Organisations other than Public Entities and Organs of State for the period 01 April 2023 to 31 March 2024				
Name of Transferee	Purpose for which the Funds were Used	Did the Department Comply with Sec 38(1)(j) of the PFMA	Amount Transferred	Amount Spent
			R'000	R'000
St John Ambulance Brigade	To provide a grant-in-aid to the Order of St John in recognition of maintaining a reserve of medical- and patient care auxiliaries for operational duty when called to do so by the SAMHS.	Yes	74	74
Licence Fees	To provide for the annual payment such as licensing authorities, the SABC and SAMRO for television and radio licenses.	Yes	14	14

Table: Transfer Payments Budgeted for but Not Made over the period 01 April 2023 to 31 March 2024.

Transfer Payments Budgeted for but Not Made during the period 01 April 2023 to 31 March 2024					
Name of Transferee	Type of Organisation	Purpose for which the Funds were to be Used	Amount Budgeted For	Amount Transferred	Reasons why the Funds were Not Transferred
			R'000	R'000	
None					

Conditional Grants

The DOD neither paid nor received any conditional grants for the period 01 April 2023 to 31 March 2024.

Donor Funds

The DOD did not receive donor funds from external sources for operations during (or for) the financial year under review.

Aid Assistance

The DOD received R150 million from the Criminal Asset Recovery Account (CARA). Cabinet has approved the allocation to the DOD as per Section 68 of the Prevention of Organised Crime Act, 1998 (Act No. 121 of 1998). The allocation was specifically intended for funding the deployment of SANDF members and the improvement of capabilities in the fight against illegal mining. According to the Modified Cash Standard (MCS), aid assistance comprises amounts received from local or international donors and also includes CARA Fund Assistance specifically appropriated from the CARA.

Public/Private Partnerships

The DOD did not enter any public/private partnerships during the period 01 April 2023 to 31 March 2024.

Capital Investment, Maintenance and Asset Management Plan

Progress Made on Implementing the Capital Investment and Asset Management Plan

During the year under review, various capital, refurbishment and maintenance projects were undertaken on facilities occupied by the Department. The DOD submitted the User Immoveable Asset Management Plan for FY2023/24 to FY2024/25 to the Department of Public Works and Infrastructure (DPWI) and the National Treasury on 15 September 2022 for inclusion into the National Budgetary Programme. Defence Works Formation continues with condition assessment of DOD facilities. Feedback on such assessments is included in the Department's Asset Register.

The table below provides the financial performance information relating to the DOD Capital Investment, Maintenance and Asset Management Plan.[4]

Financial Performance: Capital Investment, Maintenance and Asset Management Plan for FY2023/24						
Departmental Infrastructure	FY2023/24			FY2022/23		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
New Infrastructure Assets	375 141	375 141	0	389 078	389 078	0
Existing Infrastructure Assets	167 033	167 033	0	410 370	410 370	0
- Maintenance and Repairs	48 007	48 007	0	51 166	51 166	0
- Upgrades and Additions	10 602	10 602	0	15 397	15 397	0
- Rehabilitation, Renovations and Refurbishments	108 424	108 424	0	343 807	343 807	0
Infrastructure Transfer	0	0	0	0	0	0
- Current	0	0	0	0	0	0
- Capital	0	0	0	0	0	0
Total	542 174	542 174	0	799 448	799 448	0

Infrastructure Projects Completed during FY2023/24

No capital infrastructure/works projects were completed during FY2023/24.

Capital Infrastructure Projects in Process

Thirteen Capital Infrastructure Projects were in the final delivery stage, awaiting to be signed over, at the end of the reporting period. Refer to Appendix A to Part B for detailed information in tabular format on capital infrastructure projects in progress during FY2023/24.

4 Expenditure figures provided for the whole Department correlates with in-year management reports submitted to NT every month. Actual expenditure is reflected in the Appropriation Statement, page 229.

Plans to Close Down or Downgrade Current Facilities

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

Progress Made on the Maintenance of Infrastructure

Refurbishment

A total of fifteen refurbishment projects were approved for funding during FY2023/24 and are in various stages of completion. Refer to Appendix A to Part B for detailed information in tabular format on the progress of refurbishment projects.

Developments Expected to Have an Impact on Current Expenditure

An increase in infrastructure expenditure is foreseen as soon as all facility life cycle management functions on Defence Endowment Property have been devolved from the DPWI to the DOD.

Changes in Immovable Assets Holdings

During the period under review, there were no changes in Immovable Asset Holdings. The Immovable Asset Register has been updated throughout the year with information provided by the DOD to ensure adherence to the Government Immovable Asset Management Act.

Current State of DOD Capital Assets

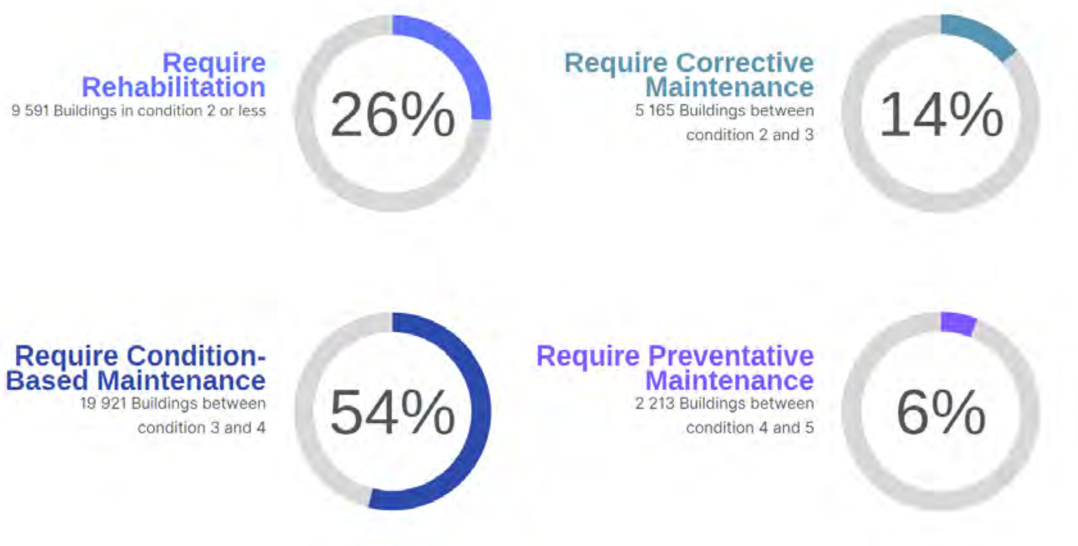
The DOD utilises a large number of state facilities and, to a lesser extent, private facilities in fulfilment of its constitutional obligations. The utilisation includes force preparations, force employment and force support activities that require land and other unique facilities. The current land under the DOD's control is approximately 420 000 hectares and is categorised to determine the Department's Immovable Assets Register.

The Department conducted a building condition assessment of military bases and facilities utilised by the DOD. The condition of DOD facilities and the buildings were rated according to the following categories:[5]

- Condition 1 – Total Replacement
- Condition 2 – Rehabilitation
- Condition 3 – Corrective maintenance
- Condition 4 – Condition-based maintenance
- Condition 5 – Preventative maintenance

5 Conditions 1 to 2 represent *"bad state"*, conditions 3 and 4 represent *"fair state"* and condition 5 represent *"good state"*.

The condition and maintenance requirements of the 36 890 buildings occupied by the DOD were classified as follows:



Major Maintenance (Refurbishment) Projects undertaken during FY2023/24

The Major Maintenance (Refurbishment) Projects are attached in tabular format hereto as Appendix A to Part B. The table includes projects that were completed but not fully signed over; projects that were put on hold due to the devolvement of functions and projects to be completed. A decision was taken by the DOD to discontinue all projects up to the pre-site handover stage due to the devolvement of functions. The DOD will thereafter prioritise critical projects from the list to ensure efficient service delivery.

Progress Made in Addressing the Maintenance Backlog

The current maintenance backlog stands at R8,019 billion. The maintenance backlog is mainly due to DPWI's inability to perform planned/unplanned maintenance tasks on facilities utilised by the DOD which often develop into further facility deterioration. Funds budgeted for both planned/unplanned maintenance projects could not be expended as planned and hence the backlog increases annually. As the custodian of all immovable assets that vest in National Government, the DPWI is responsible for the maintenance of such assets. The DOD has resorted to devolve functions for both planned/unplanned maintenance of infrastructure budgeted for under accommodation charges.

Non-Financial Performance Information

Auditor-General's Report on Predetermined Objectives

The Auditor-General of South Africa performs certain audit procedures on performance information to provide feedback for selected programmes[6] audited.

The audit conclusion on the performance against predetermined objectives is included in the Report to Management, with material findings being reported under the heading 'Report of the audit of the annual performance plan' in the auditor's report.

Refer to the Report of the Auditor-General, in Part F: Financial Information.

Overview of Departmental Performance

Introduction

The DOD Annual Report for FY2023/24 is the fourth of five strategic reports issued for the 2020 – 2025 strategic period, and provides performance progress with the implementation of the Revised Medium-Term Strategic Framework (MTSF) 2019 – 2024,[7] supplemented with cumulative annual performance against set targets displayed in the Adjusted DOD Annual Performance Plan (APP) for 2023. Performance progress displayed herein is relevant to the degree that the Department met ordered commitments, provided capabilities, and ensured sound administration and management of the DOD.

The primary focus of this Annual Report is to account to the general public and Parliamentary oversight committees, in a transparent manner, on successes achieved and challenges experienced during the reporting period.

During the period under review, the Executive Authority provided Ministerial direction to the DOD, aimed at facilitating the overall management and administration of the DOD.

The DOD progressed in many areas against set priorities, albeit constrained by a declining Defence budget allocation (in real terms) and related specialised human resources.

6 Programme 2: Force Employment, Programme 4: Air Defence, Programme 5: Maritime Defence and Programme 7: Defence Intelligence, in terms of the Audit Strategy of the AGSA dated 31 Mar 2024.

7 Endorsed during a Cabinet Lekgotla in Sep 2021 and implemented on 01 Oct 2021.

In support of Government's national imperatives, the DOD continued to execute ordered commitments as directed and instructed by the Commander-In-Chief during FY2023/24. Forces were deployed **outside** the borders of South Africa as follows:

- United Nations (UN) Peace Support Operation in the DRC.
- A General Military Assistance Operation as part of the Southern African Development Community Standby Force Mission (SAMIM) to the Cabo Delgado Province in the Republic of Mozambique.
- A General Military Assistance Operation as part of the Southern African Development Community Pledge (SAMIDRC) to the Eastern part of the DRC.

The SANDF was also deployed **inside** the borders of South Africa in four internal operations, when required, during FY2023/24 as follows:

- Support to Government departments, mainly the South African Police Services (SAPS) (i.e. Safety and Security Support).
- Disaster Aid and Relief (Humanitarian Assistance).
- Search and Rescue.
- Border Safeguarding, including maritime coastal patrols.

Internal operations aim to safeguard South Africa's borders and to assist other Government departments in areas such as:

- Search and rescue; and disaster aid and relief;
- Safety and security support tasks to:
    - Preserve life and health;
    - Deter possible threats to critical infrastructure (i.e. ESKOM substations) across the country;
    - Ensure the safe and free movement of traffic and goods along the main economic supply routes in Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape and North West Provinces;
    - Prevention of crime and the maintenance of law and order, specifically directed to illegal mining activities across the country.

Mandate

The DOD derives its mandate from section 200 of the Constitution, the Defence Act, 2002 (Act No. 42 of 2002) as amended by the Defence Amendment Act, 2010 (Act No. 22 of 2010), the 1996 White Paper on Defence and the SA Defence Review 2015. The Department is required to provide, manage, prepare and employ defence capabilities that are commensurate with the needs of South Africa. The mandate is given substance by:

- The Defence Act, 2002 (Act No. 42 of 2002)
- The Defence Amendment Act, 2020 (Act No. 6 of 2020)
- The White Paper on Defence, 1996
- The SA Defence Review 2015
- Delegated Legislation

The DOD executes its mandate *"To provide, manage, prepare and employ defence capabilities commensurate with the needs of South Africa, as regulated by the Constitution, national legislation and Parliamentary and Executive direction. This will be provided through the proper management, provision, preparedness and employment of defence capabilities that are in line with the domestic and global needs of South Africa"* **within a constrained budget allocation**.

Service Delivery Environment

The persistent Defence baseline reduction over the strategic period resulted in the decline of military facilities. Various interventions were undertaken to improve the Defence funding trajectory, but have not yet been successful. This baseline reduction directly contributed to the inability of the Department to achieve Milestone 1 of the SA Defence Review 2015: "Plan to Arrest the Decline".

Aligned with the MOD&MV direction to *"Engage with the Executive and Legislature to determine a **resourced and sustainable Level of Defence Ambition**, in response to the national strategic Agenda of Government and the evolving contextual and security environment"*, a concerted effort has been made in an endeavour to develop a Revised Level of Defence Ambition during the reporting period.[8]

DOD Selected Performance Indicators included in the Estimate of National Expenditure

The DOD Selected Performance Indicators included in the Estimates of National Expenditure (ENE) are derived from the Defence mandate and form the basis of the Department's budget allocation from the National Treasury. These indicators represent the largest cost drivers in the DOD.

A year-on-year analysis of the DOD's performance against Selected Performance Indicators and targets over the period 01 April 2020 to 31 March 2024 is reflected in Appendix B.

[8] Progress made has been recorded under Administration, page 51.

The following figure provides a summarised analysis of performance against targets for the DOD Selected Performance Indicators included in the ENE for FY2023/24 as at 31 March 2024.

Selected Performance Indicators	Annual Target	Actual	
Number of Reserve Force mandays per year	1 989 953	3 257 162	164%
Number of planned JIIM military exercises conducted per year	1	1	100%
Number of landward sub-units deployed on border safeguarding per year	15	15	100%
Percentage compliance with number of external operations per year	100%	75%	75%
Percentage compliance with the SADC Standby Force Pledge per year	100%	79%	79%
Percentage compliance with number of internal operations per year	100%	100%	100%
Number of Maritime Coastal Patrols conducted per year	4	3	75%
Number of hours flown per year	12 000	6 904.06	58%
Number of hours at sea per year	8 000	2 641.47	33%

Service Delivery Improvement Plan

The Department of Public Service and Administration (DPSA) promulgated Service Delivery Improvement Plan (SDIP) Circular No. 14 of 2022 on 25 April 2022 wherein it was stated that National departments did not need to implement an SDIP on 01 April 2022. The SDIP for the period 2023 to 2025 was required to be finalised and submitted to the DPSA by 31 March 2023, for implementation on 01 April 2023.

Management considered the DOD's participation in the SDIP process, and a decision was taken to request the DPSA for exemption. The Accounting Officer officially requested the DPSA to exclude the DOD from this initiative on two occasions, 17 February 2023 and 28 February 2024.

Response to Prioritising Women, Youth and Persons with Disabilities

In support of the Department of Women, Youth and Persons with Disabilities National Strategic Plan 2020 – 2032 on Gender-Based Violence and Femicide, the DOD remained committed to zero tolerance of violence and sexual abuse against women, youth and people with disabilities. The Department was involved in the following activities which contributed towards the national imperatives related to the advancement of Women, Youth and Persons with Disabilities:

- The DOD Youth Week Celebrations were held in Potchefstroom over the period 18 to 23 June 2023 under the theme *"Open Door for Future Leaders"*. The event was well attended by the community of Potchefstroom and concluded with an official Parade.

- The Chief Director Transformation Management, as the Focal Point for women in the Department, attended a consultation meeting over the period 27 to 28 July 2023, along with the Department of Women, Youth and Persons with Disability, the SAPS, Correctional Services and the Department Social Development. The meeting was also attended by the Institute of Justice and Reconciliation and other representatives of Civil Society and Non-Governmental Organisations. The meeting developed into a workshop on the implementation of the First-Generation National Action Plan on Women, Peace and Security, whereby aspects relevant to the DOD were addressed.

- The DOD Gender Seminar was held over the period 01 to 03 August 2023. The primary focus was to involve Strategic Leadership and Transformation Management Board representatives, to evoke thoughts on the way forward with gender mainstreaming in the Department. The main objectives for the Gender Seminar were as follows:
    - To inform attendees on the content of the National Action Plan on Women, Peace and Security of 2020 and how it impacts the DOD.
    - To understand how gender mainstreaming is institutionalised by other departments within the Security Sector.
    - To create a platform where expert knowledge is shared on the way forward with the implementation of gender mainstreaming.
    - To compile a framework for guidelines on gender mainstreaming and equality to implement in the DOD from 2024 to 2030.

- The MOD&MV was the main functionary during a C SANDF Parade, in celebration of Women's Month took place on 25 August 2023. Additionally, a Chaplain General Women's Day Celebration took place on 31 August 2023 with the theme *"Women of Substance Providing Healing and Instilling Hope in the SANDF"*. Focus was placed on Youth Development Programmes, Mentoring and Coaching and joining efforts with Social Workers to add value to the lives of the Youth. The following aspects were also addressed as part of the theme:
  - The realities of generation gaps and how it impacts the SANDF.
  - Substance abuse, particularly binge drinking by young females, and the impact of intoxication when addressing sexual exploitation and abuse.
  - The labelling of the youth as children without experience, meaning that many of the youth experienced the hardships of life, are survivors of the many atrocities (Gender-Based Violence to its full extent, Gangsterism, and Substance Abuse) happening in society, when joining the SANDF.
- In support of the prioritisation of youth, in collaboration with the Department of Agriculture, Land Reform and Rural Development, the following youth leadership development programmes were conducted by the SA Army and the SA Navy respectively:
  - SA Army - 824 learners completed the Youth Leadership Development Programme on 06 December 2023 at Dunnottar Military Base.
  - SA Navy - 735 learners completed the Youth Leadership Development Programme over the period 09 October to 15 December 2023 at SAS SALDANHA.
  - The SA Army provided Collateral Skills Development Support to the Gauteng Department of Community Safety Crime Prevention Wardens, with an intake of 2 669 recruits over the period 05 to 28 February 2024.

Organisational Environment

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

The Minister provided ***"Strategic Direction for the DOD across Multi-Medium-Term Strategic Framework Planning Periods"*** (Ministerial Directive MODD/0001/2022 dated 27 August 2022), with the following Minister's Intent:

- *"The DOD must provide a realistic and sustainable future-orientated defence value-proposition, cognisant of current fiscal realities, that delivers against its Constitutional Mandate, South Africa's national interests and priorities, and risk-appetite.*
- *The DOD must further implement short-term stability measures, through savings and austerity interventions, that will allow the Department to comply with the budget and allocation ceilings.*
- *The Defence Portfolio must institute an organisational renewal and development process to position the components thereof for the future."*

Additionally, the following strategic outcome was also indicated in the Ministerial Directive:

- *"The development of an appropriate and coherent DOD structure in compliance with national legislation applicable to organisational structures in the Public Service."*

Subsequently, the Minister of Finance addressed the decline in the performance of the South African economy and the pressure it has placed on Government and its ability to sufficiently meet all of its competing requirements during the 2023 Budget Vote speech. He indicated that the cost of the Wage Agreement for FY2023/24 requires significant trade-offs in Government spending over the short and medium term. In addressing the adverse fiscal state of Government, the DPSA issued a directive instructing departments and Government components to implement specific control measures aimed at assisting Executive Authorities to manage fiscal constraints.

Based on the aforementioned a project charter for the restructuring of the DOD was accepted by the Accounting Officer on 19 May 2023. The DOD's Integrated Management Systems Directorate is in the process of developing a detailed integrated Restructuring Plan. Progress with the implementation of this Plan will be provided in future Reports.

Aligned to the Ministerial Directive, the following Ministerial Priorities applied for the period under review:

- **Provide Strategic Direction to the DOD →**

  Strategic Direction. Implementation of the SA Defence Review 2015 *"DOD Plan to Arrest the Decline".*

  Organisational Renewal. Ensuring Appropriate Organisational Form and Structure.

- **Ensure Departmental Governance, Administration and Accountability within the Regulatory Framework →**

  Departmental Governance, Administration and Accountability.

  Strategic Resourcing, Revenue Generation to Supplement the Insufficient Fiscal Allocation.

  Human Resources. Maintaining the SANDF Establishment Force Levels.

- **Execute Prioritised Ordered Defence Commitments in accordance with South Africa's Defence and Security Requirements →**

  Capability Sustainment. Maintenance of Capabilities.

  Ordered Defence Commitments. Increased Contribution to the National Developmental Agenda.

Key Personnel

The vacant posts of the Secretary for Defence and the Chief Financial Officer, advertised through Public Service Circular No. 13 of 2023, remained unfilled during the period under review. Dr T. Gamede acted as the Secretary for Defence and Mr A.E Abotsi, as the Chief Financial Officer during FY2023/24.

Successes

The SANDF continued to fulfil its Constitutional mandate to defend the land, sea and air sovereignty of South Africa, aiding law enforcement agencies in their fight against cross-border crime, as well as fulfilling the country's global responsibilities to **peacekeeping** in the largest UN mission in the world, by leading the UN Force Intervention Brigade and providing combat and support elements; and operationalising its SADC Pledge in two **general military assistance** operations in the Cabo Delgado Province in the Republic of Mozambique and in the Eastern part of the DRC.

Landward, air, maritime and military health capabilities were committed for the purposes of ***Supporting the People*** of South Africa internally.

The DOD continued executing **Op CORONA border safeguarding** operations in terms of Section 18(1)(d) of the Defence Act. The DOD deployed 15 sub-units to execute operations along RSA borders in Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape, Northern Cape and North West Provinces. Operational successes included:

- 30 Weapons recovered;
- 11 462 Illegal foreigners apprehended;
- 444 Criminals arrested;
- 90 Stolen vehicles recovered;
- 6 578kg Dagga confiscated;
- 3 455 Livestock recovered; and
- Contraband goods to the value of R95 million were confiscated.

The SAS MENDI and elements of the Maritime Reaction Squadron conducted three **Op CORONA maritime coastal patrols** in conjunction with the SAPS and Department of Forestry, Fisheries and Environment (DFFE) during FY2023/24:

- In the Eastern Cape over the period 03 July to 01 August 2023.
- In the Gansbaai area from 11 October to 08 November 2023.
- In the False Bay and Saldanha area from 20 October to 17 November 2023.

Op PROSPER safety and security assistance was provided in cooperation with the SAPS to deter possible acts of violence and criminality and to deter possible threats to critical infrastructure (ESKOM substations) across the country from 16 December 2022. This assistance was ongoing at the time of this Report.

Force Structure Elements (FSEs) were deployed, in cooperation with the SAPS to ensure the safe movement of traffic and goods along the main economic routes of South Africa over the period 12 July to 14 August 2023.

The SANDF deployed FSEs in cooperation with the SAPS across the country to combat illegal mining from 18 October 2023, this support was ongoing at the time of this Report.

Operational successes included, but were not limited to:

- 1 269 Mining phendukas;
- 214 Generators;
- 79 Gas bottles;
- 120 Jack hammers;
- 7 048 Uncut diamonds to the value of R31,5 million were confiscated.

140 Suspects were arrested along with 1 062 undocumented persons apprehended. 22 Trucks, three vehicles and three tractors/Joseph Cyril Bamford (JCB) Excavators were confiscated. The total value of confiscated items is R94,85 million.

The SANDF placed FSEs on standby to render **Op CHARIOT humanitarian aid and relief assistance** in all provinces of South Africa over the period 23 February to 23 April 2023. Physical deployment of forces and equipment to preserve life, health or property only took place in flood-affected areas in the Eastern Cape.

The SANDF was not requested to provide **Op ARABELLA search and rescue assistance** during FY2023/24.

In contributing to ***Regional Security*** on the continent, forces and equipment were deployed externally to:

- Support the UN Peace Support Operation in the DRC – **Op MISTRAL.**
- South Africa's SADC Pledge was operationalised as follows:
  - General Military Assistance Operation – **Op VIKELA**, to assist with the insurgency in the Cabo Delgado Province in the Republic of Mozambique during FY2023/24.
  - General Military Assistance Operation – **Op THIBA**, to assist with the fight against illegal armed groups in the Eastern parts of the DRC.

Challenges

As was registered during previous reporting cycles, the most prominent challenge experienced by the Department during FY2023/24 relates to the baseline reduction imposed on the DOD. This baseline reduction poses serious financial constraints on the Department and to rapidly intervene during crises on the continent.

The baseline reduction furthermore impacts on the contribution to the Special Defence Account, which in turn impacts on arresting the decline, by replacing and maintaining the ageing DOD assets.

The SA Air Force and the SA Navy were detrimentally impacted by the lack of maintenance contracts for prime mission equipment not being in place, resulting in the unavailability of spares, which affected the number of hours flown / hours at sea, level of force preparation and accreditation of pilots.

Given the lead times required to finalise maintenance and repair of specific naval platforms designated to conduct long-range maritime patrols, and given that most naval platforms were undergoing maintenance and repair, no Op COPPER long-range maritime patrols were conducted during the strategic period.

The funding shortage for the maintenance of DOD facilities continued to affect the state of DOD facilities, with the current maintenance backlog amounting to approximately R8 billion, exacerbated by the inability of the National DPWI to perform planned maintenance. The DOD has resorted to devolving the functions of maintenance of infrastructure, both for planned and unplanned maintenance (budgeted under accommodation charges).

Increasing demands for operational health support stretched available resources, overweighing the current capacity of available Health Care Practitioners. The shortage of medical officers and Operational Emergency Care Practitioners for internal and external deployments remains a challenge and resulted in medical officers and Operational Emergency Care Practitioners stationed in mission areas for prolonged periods.

Key Policy Developments and Legislative Changes

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

Due to the declining year-on-year DOD baseline allocation over multiple previous financial years, the expected resource allocation to support the implementation of the SA Defence Review 2015, through the "*Plan to Arrest the Decline*", has not been realised. The year-on-year reductions have contributed to the defence decline; with the cost-driven interventions not realised and the non-cost-driven interventions compromised.

It is foreseen that the envisaged implementation of the SA Defence Review 2015 will not be achieved during the Strategic Period 2019 – 2024.

A concerted effort has been made in an endeavour to develop a Revised Level of Defence Ambition during the reporting period.[9]

[9] Progress made has been recorded under Administration, page 51.

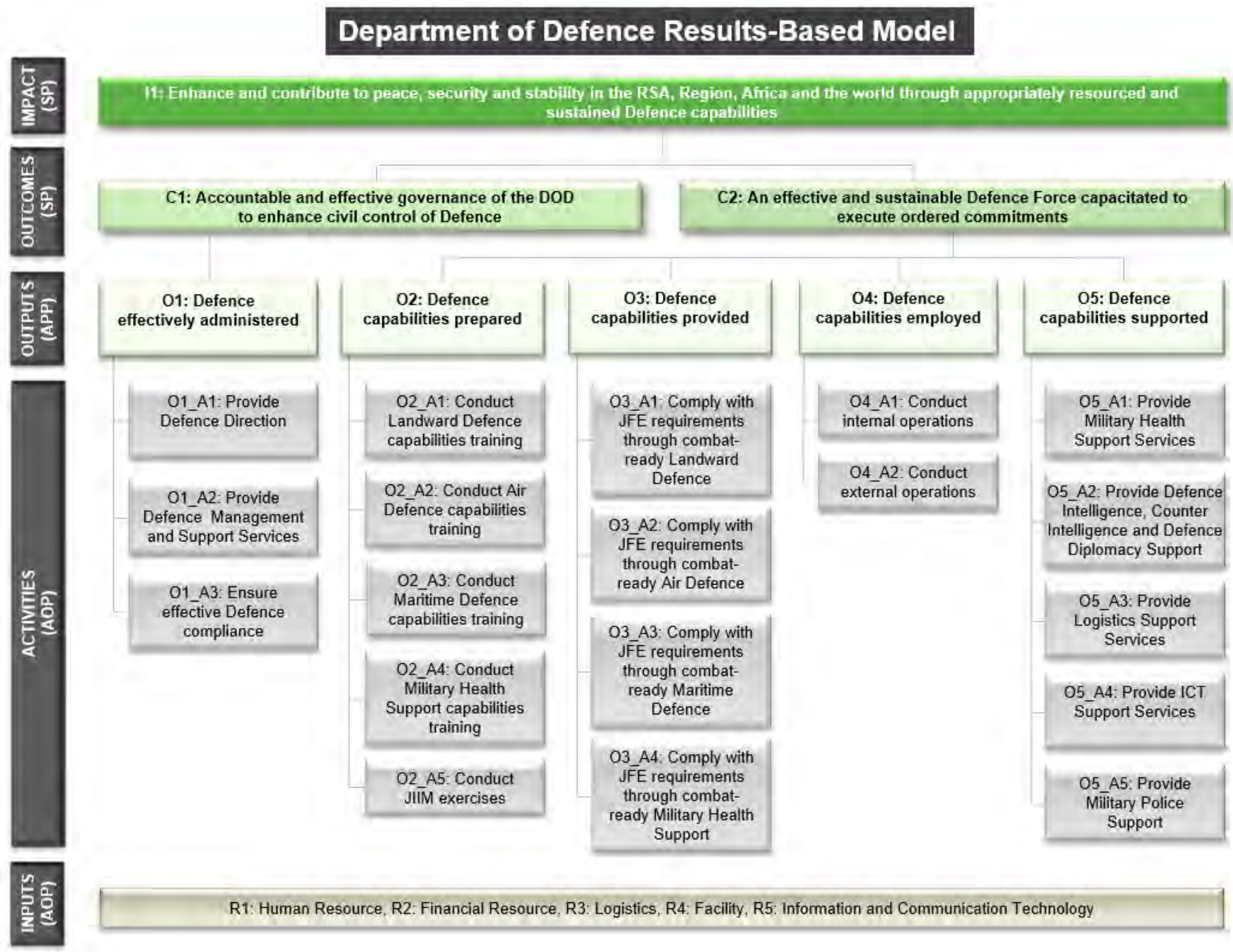
Progress towards Achievement of Institutional Impacts and Outcomes

Results-Based Management Framework

The DOD institutionalised the Results-Based Management Framework as prescribed in the Department of Planning, Monitoring and Evaluation's Revised Framework for Strategic Plans and Annual Performance Plans with effect from FY2020/21.

The DOD utilises this Framework as a tool to ensure that the Department fulfils its Constitutional mandate as expressed in terms of the intended *impact, outcomes and outputs*.

The figure below depicts the DOD Results-Based Model.[10]



10 The following amendment to the Adjusted DOD Strategic Plan (2022 – 2025) was included in the DOD APP for 2022: DOD Output 1 *"Defence Strategic Direction Provided"* was amended to read *"Defence effectively administered"* to ensure effective and efficient administration of the DOD, which includes strategic direction, effective management and support services.

Impact Statement

The Defence Impact is defined as *"what we aim to change"* – **Enhance and contribute to peace, security and stability in the RSA, region, Africa and the world through appropriately resourced and sustained defence capabilities** and is managed through the achievement of the planned outcomes.

Outcomes

Defence Outcomes are defined as *"that which we wish to achieve"* and are the medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Defence Outcomes are directly related to and aligned with the Constitutional and legislative mandate of Defence as provided below:

Accountable and Effective Governance of the DOD to Enhance Civil Control of Defence

This Outcome measures the extent to which the DOD adheres to Government prescripts and the controls that are put in place to ensure compliance therewith, in achieving the Revised MTSF 2019 – 2024 priorities.

The Outcome Indicator *"Reduction in the number of Balances Qualified in the Financial Statements"* measures the ability of the Department to reduce the number of audit qualifications through improved internal control processes. During the period under review, the DOD could not manage to reduce audit qualifications to the desired end-state of zero.

An Effective and Sustainable Defence Force Capacitated to Execute Defence Ordered Commitments

This Outcome measures the defence operations commitments as ordered by means of Memoranda of Agreement, directives and instructions. Operations are conducted internally and externally to the RSA.

The Outcome Indicator *"Percentage compliance with ordered Defence commitments as resourced"* measures the ability of the Department to execute ordered commitments of Government. During the period under review, the DOD partially complied with ordered Defence commitments as resourced. The DOD was unable to conduct Op COPPER long-range maritime patrols due to the unavailability of Naval platforms at the Directed Level of Capability.

Outputs

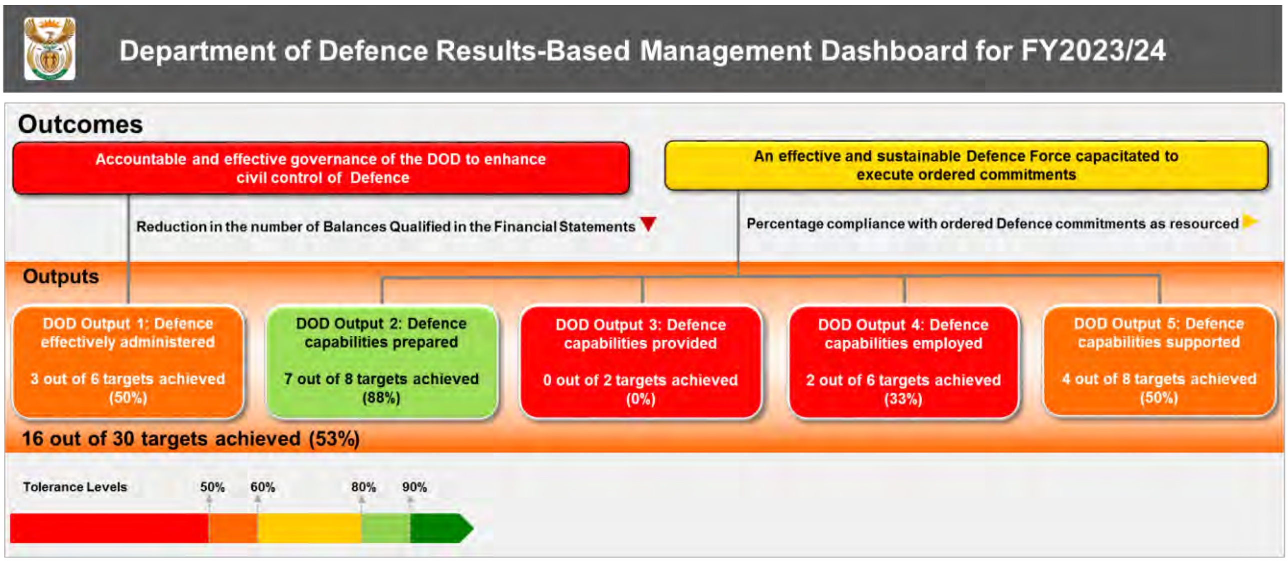
The Defence outputs are defined as *"what the DOD produces or delivers"* and include the final products, goods and services produced for delivery. The five Defence Outputs are:

- Defence **effectively administered**
- Defence **capabilities prepared**
- Defence **capabilities provided**
- Defence **capabilities employed**
- Defence **capabilities supported**

During the period under review, the DOD partially achieved the set targets against its Output Indicators, resulting in the overall partial achievement of planned Outputs.

Results-Based Management Dashboard

The figure below displays data visualisation of the DOD's mandate achievement against the two planned Defence Outcomes and five planned Defence Outputs for FY2023/24.



Medium-Term Strategic Framework 2019 – 2024

During the period **01 April 2020 to 30 September 2021**, the SANDF supported the following MTSF Priorities for 2019 – 2024:

- **MTSF Priority 6: *"Social Cohesion and Safer Communities"***
  Performance Indicator: *"SA's border effectively defended, protected, safeguarded and secured"*

  The SANDF supported Priority 6 by means of the following two DOD MTSF Indicators:

  - *"Number of landward subunits deployed on border safeguarding per year"*.
  - *"Number of maritime coastal patrols conducted"*.

  Operational successes registered since the SANDF was tasked to protect the country's borderline in **2010 up until the exclusion from Priority 6** of the Revised MTSF 2019 – 2024 on 30 September 2021, include:

  - 459 Weapons Recovered
  - 188 404 Illegal foreigners apprehended
  - 6 176 Criminals arrested
  - 1 696 Stolen vehicles recovered
  - 121 462kg Dagga confiscated
  - 31 979 Live stock recovered
  - 1 293kg Copper confiscated
  - Contraband goods to the value of R446,192 million confiscated
  - 929kg of Precious metals confiscated

- **MTSF Priority 7: *"A Better Africa and World"***

  Performance Indicator: *"Percentage compliance with external peace missions, rescue operations and humanitarian assistance operations"*.

  The SANDF supported Priority 7 by means of the following DOD MTSF Indicator: *"Percentage compliance with external peace missions, rescue operations and humanitarian assistance operations"*.

The **Revised MTSF 2019 – 2024** was endorsed during a Cabinet Lekgotla in September 2021[11] for **implementation on 01 October 2021**. The following amendments in terms of the DOD's responsibility towards MTSF Priorities need to be noted:

- **MTSF Priority 6: *"Social Cohesion and Safer Communities"***

  The Department of Home Affairs has been assigned as the responsible department for Priority 6 Indicators with effect from 01 October 2021.

[11] Reference to the Minister in the Presidency's Ministerial Circular of 06 Oct 2021.

The *"Number of Landward Subunits deployed"* and the *"Number of Maritime Coastal Patrols*" remained DOD Selected Performance Indicators against which the DOD continued to report during the period under review.[12]

The DOD serves as a supporting department to the MTSF Indicator *"Architecture / design of the Integrated Cybersecurity Centre completed and approved"*, with the State Security Agency as the lead department.

- **MTSF Priority 7:** ***"A Better Africa and World"***

  The DOD remained the lead department against the MTSF Indicator "*Percentage compliance with external peace missions, rescue operations and humanitarian assistance operations*" and continues to report against external Peace Support Operations, Humanitarian Assistance, Disaster Aid and Disaster Relief as well as Anti-Piracy Operations.

Medium-Term Strategic Framework Progress made during FY2023/24

In contributing to ***Regional Security*** on the continent, and in terms of **Priority 7:** ***"A Better Africa and World"***, the SANDF:

- Continued to support the UN Peace Support Operation in the DRC – **Op MISTRAL**, as part of the Force Intervention Brigade with an average force size of 1 130 members during FY2023/24.
- South Africa's SADC Pledge was operationalised as follows:
  - General Military Assistance Operation – **Op VIKELA**, by deploying approximately 1 110 members and equipment as part of the SADC Standby Force Mission to assist with the insurgency in the Cabo Delgado Province in the Republic of Mozambique during FY2023/24.
  - General Military Assistance Operation – **Op THIBA**, where the SANDF mobilised the Quick Reaction Force and Support Elements to deploy in the SADC Mission in the DRC (SAMIDRC) to assist with the fight against illegal armed groups in the Eastern parts of the DRC by deploying approximately 883 members.
- No Op COPPER long-range maritime patrols could be conducted during the reporting period due to the unavailability of Naval platforms at the required operational level.

[12] Refer to pages 60 and 63.

Institutional Programme Performance Information

Re-tabling of the DOD APP for 2023

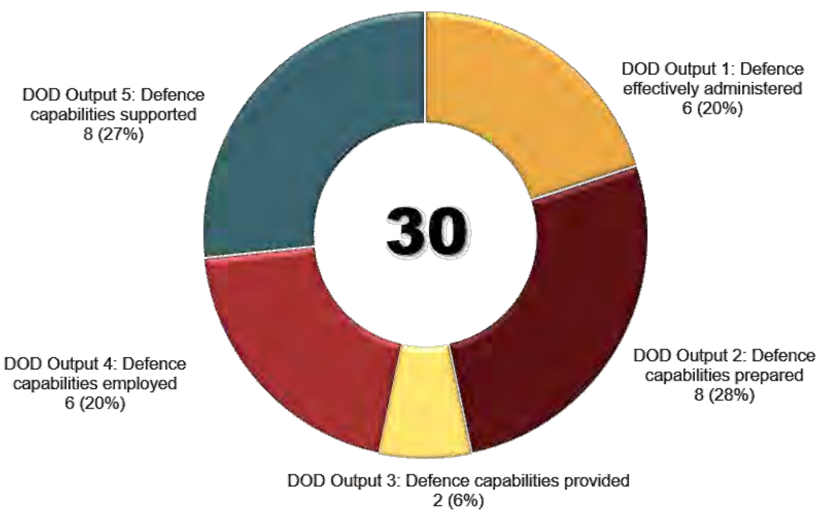
Following the DPME *"Feedback on the Assessment of the tabled 2023/24 Annual Performance Plans of National Departments for alignment to the Ministers' Performance Agreement"* dated 18 September 2023 and the DPME Circular 04 of 2023 *"Revision and Re-tabling of the 2023/24 Annual Performance Plans"* dated 03 October 2023, the DOD APP for 2023 was re-tabled on 30 October 2023.

The Adjusted DOD APP for 2023 includes **one additional** output indicator under the Administration Programme: *Evaluation of the SA Defence Review 2015 completed.*[13]

Categorisation of DOD Output Indicators for FY2023/24

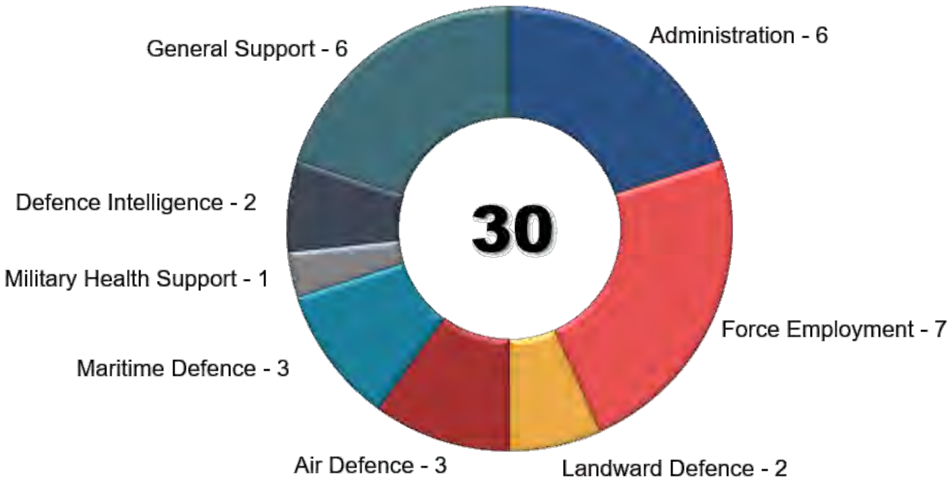
With effect from the 3rd quarter of FY2023/24, aligned to the Adjusted DOD APP, the DOD was measured against **44 Output Indicators**[14]**.** These Output Indicators consist of **30 Public** and **14 Classified**[15] Output Indicators.

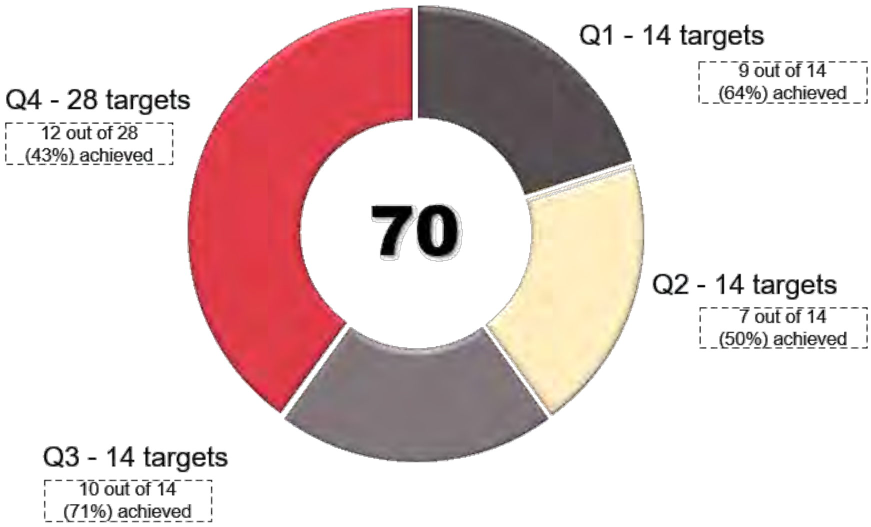
The figure below indicates the adjusted Public Output Indicator breakdown per DOD Output: *Defence effectively administered, Defence capabilities prepared, Defence capabilities provided, Defence capabilities employed and Defence capabilities supported*.



13 Aligned with the MOD&MV's Performance Agreement.
14 One additional output indicator was included in the Adjusted DOD APP for 2023.
15 Performance against Classified Output Indicators is monitored and managed through appropriate SANDF accountability structures. This Classified Information is duly made available for audit by the AGSA.

The following figures provide additional analysis of DOD Public Output Indicators for FY2023/24, the first per DOD Programme and the second displays target setting per quarter.





Performance Information by Programme

Programme 1: Administration[16]

Purpose

The purpose of the Administration Programme is to provide strategic leadership, management and support services to the DOD.

Sub-Programmes

The Administration Programme comprises the following sub-programmes:

- Ministry
- Departmental Direction
- Policy and Planning
- Financial Administration
- Human Resource Support Services[17]
- Legal Services[17]
- Inspection and Audit Services
- Acquisition Services
- Communication Services
- SANDF Command and Control
- Religious Services
- Defence Reserves Direction
- Defence Foreign Relations
- Office Accommodation

Programme Outline

The Administration Programme ensured effective leadership, strategic management and support services to the Department. During the reporting period, this was achieved, amongst others, by means of the enhancement of internal controls aligned with the regulatory framework.

16 The Administration Programme consists of both Defence Secretariat and SANDF sub-programmes, which contribute to the DOD Output "*Defence effectively administered*".

17 Central Staff.

Departmental Direction

The Secretary for Defence, as Head of Department and Accounting Officer, is the principal advisor to the Executive Authority on policy matters. The Secretary for Defence assists the MOD&MV to enhance civil control and to ensure, inter alia, the provisioning and maintenance of effective, efficient and transparent financial and risk management systems and internal control within the Defence portfolio.

The Secretary for Defence Focus Areas supported the following MOD&MV Priorities during FY2023/24:

- Provide Strategic Direction to the DOD.
- Ensure Departmental Governance, Administration and Accountability within the Regulatory Framework.
- Execute Prioritised Ordered Defence Commitments in accordance with South Africa's Defence and Security Requirements.

Aligned to the MOD&MV Priority to *"Engage with the Executive and Legislature to determine a resourced and sustainable Level of Defence Ambition, in response to the national strategic Agenda of Government and the evolving contextual and security environment"*, a concerted effort has been made in an endeavour to develop a Revised Level of Defence Ambition.

Noteworthy progress made during the period under review entails the following:

- A Draft Future Defence Policy Concept was completed and distributed to DOD top management for consideration and comments.
- The MOD&MV was briefed regarding the Future Defence Strategic Direction on 09 January 2024, where the Future Defence Policy Concept, Military Capstone Concept and the SANDF's Journey to Greatness were presented.
- The President was briefed regarding progress made against the MOD&MV's Performance Agreement[18] on 24 January 2024, where after the President provided direction on the way forward.
- The Department drafted a Project Plan relating to the President's direction provided, this Plan was subsequently endorsed on 19 February 2024.
- A presentation on the Future Defence Strategic Direction was made to:
    - Portfolio Committee on Defence and Military Veterans (PCDMV) on 05 March 2024;
    - Joint Standing Committee on Defence on 07 March 2024;
    - Justice, Crime Prevention and Security (JCPS) Cluster Development Committee on 26 March 2024.
- The JCPS Directors-General (DGs) were subsequently briefed on 09 April 2024. The National Executive will be engaged during the next sitting of Parliament.

18 An indicator relating to the Future Defence Strategic Direction is included in the MOD&MV's Performance Agreement.

Guidelines provided by the President on 24 January 2024 are being pursued towards the 31 October 2024 target as reflected in the DOD APP for 2024, in line with the MOD&MV Performance Agreement.

During the reporting period, the Secretary for Defence assisted the MOD&MV to enhance civil control and to ensure the provisioning and maintenance of effective, efficient and transparent financial, risk management and internal audit systems within the Defence portfolio.

The Secretary for Defence provided strategic direction to the DOD through various governance activities and interventions. These included timely decision-making on strategic and defence diplomacy matters, effective management and processing of official departmental documents, chairing of various DOD management bodies, as well as the attendance of DGs meetings, Cabinet Lekgotlas and Government Clusters.

The Secretary for Defence co-chaired the JCPS Cluster where alignment of government-wide security priorities; the facilitation of priority security programmes; and a consultative platform for cross-cutting security priorities being tabled at Cabinet, were ensured.

SANDF Command and Control

During the year under review, the C SANDF provided strategic military direction to ensure the execution of the SANDF's Constitutional mandate and ensured adherence and compliance to higher-order imperatives and directions.

C SANDF interacted with SADC Chiefs of Defence Forces on planned activities with the primary focus on discussing mutual military concerns and strengthening the existing defence-military relations between countries. The following Chiefs of Defence Forces were interacted with during the reporting period: Angola, Botswana, People's Republic of China, DRC, Ethiopia, Namibia, United Arab Emirates and Zambia.

The C SANDF furthermore participated in the JCPS Cluster activities and the SA National Security Council.

As part of the Interstate Common Security, invitations were accepted for official visits to other countries' defence forces.

Defence Policy, Strategy and Planning

The Chief Defence Policy, Strategy and Planning, as the main advisor on defence policy matters and co-ordination of the Departmental Strategic Direction process, continued to provide support to the Accounting Officer by means of the provisioning of Defence Strategic Direction and Management.

Defence Cluster engagement services were provided, amongst others in support of Cabinet Lekgotlas, the State of the Nation Address as well as to the Forum of South African Directors-General, Task Teams and Inter-Ministerial Committees.

In support of the legislative requirements applicable to the Accounting Officer and the Executive Authority, the following accountability documents were finalised within the prescribed timeframes during FY2023/24:

- Tabling of the DOD Annual Report for FY2022/23 in the National Assembly (NA) and the National Council of Provinces (NCOP) on 28 September 2023.
- Submission of DOD Quarterly Performance Reports (QPRs) to the Executive Authority, Parliamentary Oversight Committees and the Department of Planning, Monitoring and Evaluation (DPME), amongst others, according to the applicable regulatory framework.
- Following the DPME *"Feedback on the Assessment of the tabled 2023/24 Annual Performance Plans of National Departments for alignment to the Ministers' Performance Agreement"* dated 18 September 2023 and the DPME Circular 04 of 2023 *"Revision and Re-tabling of the 2023/24 Annual Performance Plans"* dated 03 October 2023, the DOD APP for 2023 was re-tabled on 30 October 2023.
- Tabling of the DOD APP for 2024 in the NA and NCOP on 15 March 2024.

Departmental Policy Status

The development, approval, promulgation and maintenance of Departmental Policies are conducted within a single and standardised system that is regulated by the Chief Defence Policy, Strategy and Planning.

The Secretary for Defence, as Head of the Department and Accounting Officer, authorises Departmental Policies for implementation in the DOD. The C SANDF, as Commander of the Force, issues an implementation order to Services and Divisions under his command for implementation in the SANDF.

The following 13 Departmental (Level 1) Policies were promulgated during the reporting period:

- DODI/00194 (Edition 1): Policy on the Management of Strike Action in the DOD by Public Service Act Personnel.
- DODI/00053 (Edition 5): Policy on Alternative Service Delivery in the DOD.
- DODI/00103 (Edition 2): Policy on the Management of Records in the DOD.
- IDODP&P/000241: Interim Policy and Procedures on the Management of Acquisition of Facilities in the DOD.
- DODP/00001 (Edition 5): Policy on Departmental (Level 1) Policies.
- DODPP/00001 (Edition 2): Processes and Procedures for Departmental (Level 1) Policy Instruments.
- DODI/00042 (Edition 3): Policy on the Management of Debtor Accounts within the DOD.
- DODI/00108 (Edition 1): Policy on the Management of Wildlife in the DOD.
- DODP/00122 (Edition 3): DOD Intranet Web Hosting Policy.
- DODPP/00122 (Edition 1): Processes and Procedures for the DOD Intranet Web Hosting Policy.
- DODP/00184 (Edition 2): Policy on Electromagnetic Spectrum Management in the DOD.

- DODPP/00184 (Edition 1): Processes and Procedures for the Electromagnetic Spectrum Management in the DOD.
- DODI/00219 (Edition 1): Policy on the Movement of Military Equipment across the Borders of SA for Deployments.

Financial Management

During the reporting period, through the Office of the Chief Financial Officer, the Accounting Officer was assisted with the execution of her PFMA Section 38 responsibilities, specifically relevant to financial management, in areas ranging from budget preparation and control, and financial reporting.

Compliance with the legislative framework and timelines was ensured by submitting the following DOD financial management products to Government entities:

- Interim and Annual Financial Statements.
- Estimate of National Expenditure.
- Adjusted Estimate of National Expenditure.
- In-year Monitoring Reports, Compliance Certificates, and Financial Misconduct Reports, among others.

The Department endeavoured to ensure compliance with the PFMA and Treasury Regulation 8.2.3, pertaining to the payment of legitimate invoices within the period of 30 days. During FY2023/24, the DOD managed to pay a total of 77.6% of legitimate invoices received. In compliance with Treasury Regulation 34, the most prominent efforts that were introduced to enhance supplier payments were the creation of a procedure that allows the DOD to monitor invoices online, from the time it was received until payment, and constant communications with all role-players to eliminate obstacles that hinder payment of invoices on time.

Defence Diplomacy

The Defence International Affairs Division engaged with most of the DOD's strategic and other partners, to sustain and concretise relationships by means of established defence diplomatic structures and processes. To this extent, the Department of International Relations and Cooperation was provided support to all of South Africa's bilateral and multilateral relationships, wherein the DOD is a national partner department.

Diplomacy actions by the SANDF varied between focussed efforts and indirect actions which had a defence diplomatic impact. Focussed efforts included defence representation abroad, during bilateral and multi-lateral meetings. Indirect participation in functional and developmental training with foreign defence forces, and attendance of conferences and seminars.

Defence Legal Services

During the year under review, the Adjutant General ensured that the Defence Legal Services Division provided professional, legitimate and deployable Legal Services and Support, to internal and external operations as per ordered commitments and commensurate with the needs of the Department.

Defence Legal Services continued to work in partnership with the office of the State Attorney to reduce the number of litigation cases for and against the DOD and continued with liaison efforts with other Government departments and the State Law Advisor to ensure that all litigation is effectively attended to in the best interest of the DOD.

The Adjutant General facilitated the following operational support, amongst others:

- Force Preparation Legal Support to military exercises.
- Complied with ordered commitments with respect to Operations Law Support and drafting of Legal Instruments for external and internal operations.
- A Memorandum of Agreement between the DOD and the Department of Transport was concluded for the provisioning of Hydrographic Services for South Africa, in compliance with the International Maritime Organisation requirements.

Performance Status

The table below provides details of the Administration Programme performance status against output indicators and an analysis of target achievement as specified in the Adjusted DOD Annual Performance Plan for 2023.[19]

Administration Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence		
Defence effectively administered	Evaluation of the SA Defence Review 2015 completed[20]	Target 100% (1) (Submission of the approved DOD SA Defence Review 2015 revision, analysis and identified priorities Report to the National Executive by 31 Mar 2024) Actual 0% (0)[21] Deviation To enable the MOD&MV to engage Cabinet and Parliament on a stable resourced Future Defence Policy Concept (Level of Defence Ambition), the Future Defence Strategic Direction was presented to: • President on 24 Jan 2024; • PCDMV on 05 Mar 2024; • JSCD on 07 Mar 2024; • JCPS Cluster Development Committee on 26 Mar 2024. The JCPS DGs were subsequently briefed on 09 Apr 2024. The National Executive will be engaged during the next sitting of Parliament. Comment Guidelines provided by the President are being pursued towards the 31 Oct 2024 target as addressed in the DOD APP for 2024, in line with the MOD&MV Performance Agreement.

19 Refer to Part F, Financial Information, “Appropriation Statement”, page 233 for detailed expenditure figures for the Administration programme.
20 This output indicator was introduced in the Adjusted DOD APP for 2023.
21 Refer to Part B (page 51) for detailed progress towards the development of a Revised Level of Defence Ambition.

Administration Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence		
Defence effectively administered	Percentage adherence to the DOD Master Record Index for Policies	Target 60% Actual 72.2% Comment 72.2% of Departmental Policies are not overdue on their revised or promulgation date. 13 Departmental (Level 1) Policies were promulgated in FY2023/24.[22]
	Percentage adherence to the DOD Master Record Index for Plans	Target 100% (41) Actual 90.24% (37 out of 41) Deviation Four Planning Instruments for the 2024 MTEF were not submitted in accordance with the DOD MRI for Plans: • RFC Level 2 APP remains outstanding since it is subject to the conclusion of the RFC contract. • DOD Risk Based Internal Audit Plan • DOD Corruption and Fraud Prevention Plan • DOD Annual Operational Plan Comment 37 out of 41 Planning Instruments for the 2024 MTEF were submitted in accordance with the DOD MRI for Plans in FY2023/24. • The development of the DOD AOP for the 2023 and 2024 planning cycles was placed on hold to ensure alignment with the DPME RFSPAPP and to permit for the development/refinement of a DOD costing tool to enable activity-based costing. • The DOD Anti-Corruption and Anti-Fraud Plan submitted in 2022 remains valid for FY2024/25.[23] • The approved DOD Risk Based Internal Audit Plan for 2024 is planned to be submitted in Q1 of FY2024/25.

22 Detail on policies promulgated during FY2023/24 is provided under the Administration Programme in Part B (page 53).

23 The Department, through the office of the Inspector General, conducts annual reviews of the DOD Corruption and Fraud Prevention Plan to cater for policy and/or major changes which may affect the current Plan. No policy changes in the DOD required the current Plan to be adapted.

Administration Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence		
Defence effectively administered	Number of Reserve Force mandays per year [24]	Target 1 989 953 Actual 3 257 162 Deviation The deviation of 1 267 209 mandays to the value of Rb1,052 was incurred as a result of the increased utilisation of Reserve Forces to augment HR capacity constraints to: • support current military operations; • meet administrative compliance obligations of the DOD; • provide protection services (guards).
	Percentage audits completed in terms of the approved Risk Based Internal Audit Plan	Target 80% Actual 100% Comment The DOD Audit Committee approved the reduction of the number of audit projects to be completed in the FY2023/24 Risk Based Internal Audit Plan from 44 to 41 audit projects. The Department completed 41 out of 41 audits as per the revised Internal Audit Plan for FY2023/24.
	Percentage payments within 30 days from receipt of legitimate invoices	Target 75% Actual 77.6% Comment The Department paid 404 093 out of 520 582 legitimate invoices within 30 days of receipt. The lack of integrated departmental information systems adversely contributes to the ability of the Department to verify all (100%) legitimate invoices received for payment within the prescribed 30-day period as a national imperative of Government.[25]

24 Through this Performance Indicator the Department provides strategic direction to Services and Divisions on the number of Reserve Forces, which can be utilised per year, as resourced.

25 Management interventions/mechanisms implemented in FY2023/24 to ensure/endeavour adherence to Treasury Regulation 8.2.3 is listed in Part B under the Administration Programme (page 54).

Programme 2: Force Employment

Purpose

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

Sub-Programmes

The Force Employment Programme comprises the following sub-programmes:

- Strategic Direction
- Operational Direction
- Special Operations
- Regional Security
- Support to the People

Programme Outline

The primary purpose of the SANDF is to *“defend and protect the RSA, its territorial integrity and its people in accordance with the Constitution and the principles of international law regulating the use of force”*.

Support to the People

In pursuance of the SANDF primary purpose, and in ***Support to the People***, through the Force Employment Programme, Joint Operations contributed towards **MTSF Priority 6**: ***“Social Cohesion and Safer Communities”*** with the continued execution of border safeguarding operations in terms of Section 18(1)(d) of the Defence Act, by deploying 15 sub-units to execute operations along the borders in Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape, Northern Cape and North West Provinces. Operational successes include 30 weapons recovered, 11 462 Illegal foreigners apprehended, 444 criminals arrested, 90 stolen vehicles recovered, 6 578kg dagga confiscated, 3 455 livestock recovered, and contraband goods to the value of R95 million confiscated.

Support was rendered to other Government departments in order to preserve life, health or property by means of executing disaster aid relief and humanitarian operations by deploying personnel and equipment to flood effected areas in the Eastern Cape Province. During this period, SANDF members were on standby across the country for the same reason.

Safety and security support were rendered in co-operation with the SAPS in the prevention of crime and maintenance and preservation of law and order by deploying soldiers to deter possible threats to critical infrastructure (ESKOM substations in Limpopo, Mpumalanga and the Free State provinces); to ensure the safe and free movement of traffic and goods (Trucks) along the main economic supply routes (Limpopo, Mpumalanga, KwaZulu-Natal, Free State and North West provinces) and to combat illegal mining across the country (Gauteng, North West, Limpopo, Mpumalanga, Free State and Northern Cape provinces). Illegal mining successes included, 1 269 mining phendukas; 214 generators; 79 gas bottles; 120 jackhammers, 7 048 uncut diamonds to the value of R31.5 million and 23 weapons confiscated. 140 Suspects were arrested along with 1 062 undocumented persons apprehended, 22 trucks, 3 vehicles and 3 tractors/JCB Excavators were confiscated. The total value of all confiscated items is R94,85 million.

Regional Security

Regional Security, in support of **MTSF Priority 7:** ***"A better Africa and a Better World"*** was through the deployment of approximately 1 130 members in one UN-mandated peace support operation in the DRC.

The SANDF operationalised the country's SADC Pledge with the deployment of SANDF capabilities in two general military assistance operations in support of SADC Missions in the Republic of Mozambique (SAMIM) to assist with the insurgency in the Cabo Delgado Province (approximately 1 110 members were deployed); and to the DRC (SAMIDRC) to assist with the fight against illegal armed groups in the Eastern parts of the DRC (approximately 883 members were deployed).

Joint, Interdepartmental, Interagency and Multinational Military Exercises

During the year under review, a multinational exercise, **Ex GOOD HOPE**, was conducted in the Saldanha area on the Cape West Coast over the period 15 January to 06 February 2024.

The aim of Ex GOOD HOPE was to enhance and maintain the comprehensive Defence Capabilities of the RSA through the exercising of its Maritime and Air Conventional Capabilities in conjunction with German Military Forces.

Performance Status

The table below provides details of the Force Employment Programme performance status against output indicators and an analysis of target achievement as specified in the Adjusted DOD Annual Performance Plan for 2023.[26]

Force Employment Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		
Defence capabilities prepared	Number of planned joint, interdepartmental, interagency and multinational military exercises conducted per year [27]	Target 1 Actual 1 Comment Ex GOOD HOPE was conducted in the Saldanha area over the period 15 Jan to 06 Feb 2024 with the aim to enhance and maintain the comprehensive Defence Capabilities of the RSA through the exercising of its Maritime and Air Conventional Capabilities in conjunction with German Military Forces.
	Percentage compliance with Joint Force Employment requirements as resourced	*Information Classified* [28]
Defence capabilities provided	Percentage combat-ready capabilities available for the SANDF	*Information Classified*
Defence capabilities employed	Number of landward sub-units deployed on border safeguarding per year	Target 15[29] Actual 15 Comment The SANDF deployed 15 sub-units to execute Op CORONA (Border Safeguarding) in Limpopo, Mpumalanga, KwaZulu-Natal, Free State, Eastern Cape, Northern Cape and North West Provinces.

26 Refer to Part F, Financial Information, "Appropriation Statement", page 236 for detailed expenditure figures for the Force Employment programme.

27 The Joint interdepartmental, interagency and multinational military (JIIM) exercise schedule is dependent on higher-order decisions and the participation of foreign countries. Multinational force preparation constitutes a critical component of the SANDF's ability to employ combat and mission-ready forces, therefore provision is made to support Defence cooperation agreements and implementation arrangements that will promote defence diplomacy initiatives.

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

29 The National Security Strategy requires the deployment of 22 sub-units on border safeguarding. The Military Appreciation on Border Safeguarding determines from the Department the deployment of 22 sub-units to secure and safeguard the borders of the RSA. However, owing to the limited provision of combat-ready capabilities due to defence budget allocation reductions over the previous MTEF periods, the DOD will remain with the current deployment of 15 sub-units on border safeguarding.

Force Employment Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		

Defence capabilities employed	Percentage compliance with number of external operations per year[30]	Target
		100%
		
		Actual
		75%
		
		Deviation
		No Op COPPER Long-Range Patrols were conducted during FY2023/24. The underachievement can be attributed to the unavailability of the SA Navy vessels at the Directed Level of Capability due lack of repair capacity at ARMSCOR Dockyard and related procurement challenges.
		
		The Concept of Operations for Op COPPER is being reviewed. Efforts are being undertaken to improve the situation and ensure the availability of platforms for East Coast patrols.
		
		Comment
		• SANDF forces deployed in Op MISTRAL (UN Peace Support Operation in DRC [MONUSCO]).
		• SANDF forces deployed in the following General Military Assistance operations:
		  • Op THIBA (Participation in the SADC Mission in the DRC [SAMIDRC]).
		  • Op VIKELA (Participation in the SADC Mission in Mozambique [SAMIM]).

	Percentage compliance with force levels for external operations[31]	*Information Classified*
	Percentage of the value of reimbursement by the UN/AU recognised[32]	Target 70%[33] Actual 42% Deviation UN reimbursement to the value of Rm232,4 for FY2023/24 was received out of Rm555,8 recognised. Comment UN funding to Troop Contributing Countries is reliant on contributions from donor countries. Departmental processes and procedures are in place to ensure maximum reimbursement.

30 The deployment of the SANDF by the President, as Commander-in-Chief, is in relation to the compliance with number of ordered commitments (external and internal operations). The MOD&MV has thus resolved to comply with all (100%) ordered commitments (external and internal operations). The actual numbers cannot be pre-determined and can only be reported on after the finalisation of the audit process.

31 The Performance Indicator "Percentage compliance with force levels for external operations" is in support of the 2019-2024 Revised MTSF Priority Performance Indicator of Government, namely "Percentage compliance with external peace support operations, rescue operations and humanitarian assistance operations".

32 The purpose of this indicator is to measure the status of value of reimbursements made by the UN to the RSA (DOD) based on the outcome of the quarterly inspection report in terms of the MOU, LOA and Contingent Own Equipment manual based on the serviceability of SANDF equipment. Reimbursements from the AU/SADC are thus not included.

33 The target is calculated and based on the funds the Department will receive in a specific financial year and not on what the Department is expected to receive. Therefore, irrespective of the percentage received on the UN inspections, the amount received for re-imbursement at the end of a financial year will be measured.

Force Employment Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		
Defence capabilities employed	Percentage compliance with the Southern African Development Community Standby Force Pledge per year	Target 100% Actual 79% Deviation The SA Navy could not provide the required capabilities as pledged. The underachievement can be attributed to the unavailability of the SA Navy vessels at the Directed Level of Capability due lack of repair capacity at ARMSCOR Dockyard and related procurement challenges. The SAMHS could not provide the required capabilities as pledged due to the lower bed occupancy rate at 1 Military Hospital. Comment The Concept of Operations for Op COPPER is being reviewed. Efforts are being undertaken to improve the situation and ensure the availability of platforms for East Coast patrols. SANDF FSEs deployed in peace missions constituted part of the SANDF's contribution to the African Standby Force. These pledges were not additional to SANDF force requirements.
	Percentage compliance with number of internal operations per year [34]	Target 100% Actual 100% Comment SANDF forces deployed in the following internal operations during FY2023/24: • Op PROSPER (Support to Government departments, mainly SAPS [i.e. Safety and Security Support]). • Op CHARIOT (Disaster Aid and Relief [Humanitarian Assistance]). • Op ARABELLA (Search and Rescue). • Op CORONA (Border Safeguarding).
	Percentage compliance with self-sustainment of personnel for external operations	*Information Classified*
	Percentage compliance with serviceability of main equipment for external operations	*Information Classified*

[34] Internal operations include border safeguarding and operations in support of other government departments (safety and security support, disaster and aid relief and search and rescue).

Force Employment Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		
Defence capabilities employed	Number of Maritime Coastal Patrols conducted per year	Target 4 Actual 3 Deviation The SA Navy could not provide the required capabilities to execute maritime coastal patrols. The underachievement can be attributed to the unavailability of the SA Navy vessels at the Directed Level of Capability due lack of repair capacity at ARMSCOR Dockyard and related procurement challenges. Comment The SAS MENDI and elements of the Maritime Reaction Squadron conducted three Op CORONA maritime coastal patrols in conjunction with the SAPS and DFFE during FY2023/24: • In the Eastern Cape over the period 03 Jul to 01 Aug 2023. • In the Gansbaai area from 11 Oct to 08 Nov 2023. • In the False Bay and Saldanha area from 20 Oct to 17 Nov 2023.

Programme 3: Landward Defence

Purpose

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

Sub-Programmes

The Landward Defence Programme comprises the following sub-programmes:

- Strategic Direction
- General Training Capability
- Infantry Capability
- Armour Capability
- Artillery Capability
- Air Defence Artillery Capability
- Engineering Capability
- Operational Intelligence
- Command and Control Capability
- Support Capability
- Signal Capability

Programme Outline

The SA Army's mandate is to prepare and provide combat-ready user systems in support of the second line for employment of forces by the SANDF. The SA Army endeavoured to support the SA Army theme *"Refining and Defining Maintenance of Momentum despite Adversity as a Critical Success Factor in Restoring the Dignity of the SA Army to its Rightful Glory"* during the year under review.

The SA Army supported the MTSF Priorities and the strategic intent of the DOD by providing **combat-ready landward forces for employment** in the defence and protection of the RSA.

The SA Army contributed to **MTSF Priority 6: *"Social Cohesion and Safer Communities"*** and **MTSF Priority 7: *"A Better Africa and a Better World"*** as follows:

- In support of the Joint Force Employment Requirements, the SA Army provided forces in the external theatre in the DRC (Op MISTRAL).
- The SA Army provided forces in support of the SADC Pledge in Mozambique (Op VIKELA) and the DRC (Op THIBA).

- Prepared, provided and supported combat-ready FSEs by maintaining 15 sub-units to execute border safeguarding in support of Op CORONA.

The SA Army provided support to other Government departments, amongst others, as follows:

- The engineers supported the DPWI with the construction of low-cost bridges, under the ***Welisizwe* Rural Bridges Programme**, in KwaZulu-Natal, Eastern Cape, North West, Mpumalanga, Limpopo and Free State provinces. The SA Army engineers completed the construction of 27 bridges (26 in KwaZulu-Natal and one in Mpumalanga). The planned time for the construction of a bridge is three months, but this is subject to change, due to weather conditions and the availability of construction materials and bridge components to be supplied by DPWI. The lack of construction machines and fuel from the Department of Transport, the absence of Expanded Public Works Programme members on site, and the go-slow of these members influenced the progress and completion of bridges.
- Op CHARIOT disaster management support was provided by elements of the engineers deployed in the Eastern Cape during February 2023, with completion in April 2023.
- The engineers hosted two National Rural Youth Service Corps programmes in July and September 2023 respectively, both of which ended in December 2023.

The SA Army conducted four Landward Defence Unique Training Exercises during FY2023/24:

- Ex PHIRIMA - Combat Readiness exercise for the external deployment of forces was conducted from 31 May to 26 June 2023 at Ben Viljoen Training Area (Phalaborwa) in preparation for Op MISTRAL rotation in December 2023.
- Ex MATHA - Jungle warfare training exercise to prepare forces for Op MISTRAL deployment was conducted at Entabeni (Venda) from 26 June to 28 July 2023.
- Ex MADULO - Combat Readiness exercise was conducted as a contingency exercise at the SA Army Combat Training Centre (Lohatla) over the period 31 October to 04 December 2023.
- Ex PHUMULA - Command Post Exercise for Op PROSPER units with the aim to provide support to other state departments/border safeguarding/contingency forces. The exercise took place at the SA Army Combat Training Centre over the period 25 to 29 March 2024.

The backlog in training programmes was gradually cleared by means of the presentation of 38 learning programmes, qualifying 4 504 learners (96.39% of the planned target). The increase in the number of learners on common courses contributed towards the over-achievement.

Performance Status

The table below provides details of the Landward Defence Programme performance status against output indicators and an analysis of target achievement as specified in the Adjusted DOD Annual Performance Plan for 2023.[35]

Landward Defence Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		
Defence capabilities prepared	Percentage compliance with Landward Defence training targets	Target 80% (3 738) Actual 96.39% (4 504) Deviation The increase in the number of learners on common courses contributed towards the over-achievement. Comment Measurement of actual achievement is performed in relation to a full population of 4 672.50 learners.
	Number of Landward Defence unique force training exercises conducted	Target 4 Actual 4 Comment • The Ex PHIRIMA Combat Readiness exercise for the external deployment of forces was conducted from 31 May to 26 Jun 2023 at Ben Viljoen Training Area (Phalaborwa) in preparation for Op MISTRAL rotation in Dec 2023. • The Ex MATHA jungle warfare training exercise to prepare forces for Op MISTRAL deployment was conducted at Entabeni (Venda) from 26 Jun to 28 Jul 2023. • The Ex MADULO Combat Readiness exercise was conducted as a contingency exercise at the SA Army Combat Training Centre (Lohatla) over the period 31 Oct to 04 Dec 2023. • Ex PHUMULA was executed as a Command Post Exercise for Op PROSPER units with the aim to provide support to other state departments/border safeguarding/contingency forces. The exercise took place at the SA Army Combat Training Centre over the period 25 to 29 Mar 2024.
Defence capabilities provided	Percentage compliance with Joint Force Employment requirements as resourced	*Information Classified* [36]
	Percentage combat-ready capabilities available for the SANDF	*Information Classified*

35 Refer to Part F, Financial Information, "Appropriation Statement", page 239 for detailed expenditure figures for the Landward Defence programme.
36 Where the report refers to *"Information Classified"*, it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly made available to the AGSA for audit.

Programme 4: Air Defence

Purpose

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

Sub-Programmes

The Air Defence Programme comprises the following sub-programmes:

- Strategic Direction
- Operational Direction
- Training Capability
- Helicopter Capability
- Transport and Maritime Capability
- Air Combat Capability
- Operational Support and Intelligence Capability
- Command and Control Capability
- Base Support Capability
- Command Post
- Technical Support Services

Programme Outline

The SA Air Force continued to provide support to the Joint Force Employment Requirements, despite air defence capabilities remaining under pressure due to budget constraints.

The SA Air Force planned 12 000 ***flying hours*** for FY2023/24, consisting of 7 000 Force Preparation hours, 4 000 Force Employment hours and 1 000 Very, Very Important Person (VVIP) hours. A total of 6 904.06 hours were flown (57.5% of the planned target) from 01 April 2023 to 31 March 2024, consisting of:

- 5 543.96 Force Preparation hours
- 711.90 Force Employment hours
- 648.20 VVIP hours

The flying system groups were challenged by limited aircraft availability, attributable to the lack of support contracts for aircraft maintenance requirements and diminishing flight test capabilities. The flying system groups of the SA Air Force could not ensure that all aircraft kept to the planned force preparation hours; resulting in a lack of adequate force preparation hours to ensure aircrew competencies and to maintain training standards.

Fuel challenges limited the flying hours' output for the year under review. The unavailability of serviceable aircraft hindered maintaining crew currencies, whilst the ageing of support equipment to maintain systems, remained a high risk.

The SA Air Force contributed to **MTSF Priority 6: *“Social Cohesion and Safer Communities”***, providing assistance to Op CORONA, for land and maritime border safeguarding operations respectively.

The SA Air Force also supported **MTSF Priority 7: *“A Better Africa and a Better World”*** by deploying aircraft:

- In support of the SADC Pledge (Op VIKELA) to assist in mitigating the insecurity in the Cabo Delgado region in north-eastern Mozambique.
- In addition to this, SA Air Force aircraft were also deployed in the DRC (Op MISTRAL) in support of this UN peace support operation.

The SA Air Force supported other Government departments, inter alia, Ops PROSPER, ARABELLA and CHARIOT by providing assistance for medical evacuations, performing firefighting, and illegal mining interventions, amongst others, as requested and required.

The SA Air Force conducted one Air Defence Unique Training Exercise during FY2023/24; Ex EAGLE EYE was held as a command post exercise from 28 June to 07 August 2023. The exercise was aimed to prepare SA Air Force members for operational/combat missions, especially for external deployments.

A total of 1 178 learners were trained during the year under review (175.49% of the planned target). The over-achievement can be attributed to efforts to reduce the backlog accumulated over previous reporting periods.

Performance Status

The table below provides details of the Air Defence Programme performance status against output indicators and an analysis of target achievement as specified in the Adjusted DOD Annual Performance Plan for 2023.[37]

Air Defence Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		
Defence capabilities prepared	Percentage compliance with Air Defence training targets	Target 80% (537)[38] Actual 175.49% (1 178) Deviation The over-achievement can be attributed to efforts to reduce the backlog accumulated over previous reporting periods. Comment Measurement of actual achievement is performed in relation to a full population of 671.25 learners.
	Number of Air Defence unique force training exercises conducted	Target 1 Actual 1 Comment Ex EAGLE EYE was held as a command post exercise from 28 Jun to 07 Aug 2023. The exercise was aimed to prepare SA Air Force members for operational/combat missions, especially for external deployments.
Defence capabilities provided	Percentage compliance with Joint Force Employment requirements as resourced	*Information Classified* [39]
	Percentage combat-ready capabilities available for the SANDF	*Information Classified*

37 Refer to Part F, Financial Information, "Appropriation Statement", page 242 for detailed expenditure figures for the Air Defence programme.

38 The Air Defence programme, reduced the training targets from FY2022/23 to FY2023/24 by 100 learners (number of military development training by 50 learners to accommodate an increase of number of learners on advanced training and technical engineers training for the FY2023/24 and reduction in the number of MSDS by 50 members).

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

Air Defence Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		
Defence capabilities provided	Number of hours flown per year	Target 12 000[40] Actual 6 904.06 Deviation The 6 904.06 hours flown, represents 57.5% of the planned target. The number of hours flown is dependent on the number of serviceable aircraft and operational taskings received. Comment The following hours were flown: • 5 543.96 force preparation hours • 711.90 force employment hours • 648.20 VVIP hours

40 The following hours were planned be flown in FY2023/24: force preparation 7 000 hours, force employment 4 000 hours and 1 000 VVIP hours.

Programme 5: Maritime Defence

Purpose

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

Sub-Programmes

The Maritime Defence Programme comprises the following sub-programmes:

- Maritime Direction
- Maritime Human Resources and Training Capability
- Maritime Combat Capability
- Maritime Logistic Support Capability
- Base Support Capability

Programme Outline

The SA Navy continued to prepare and support maritime defence capabilities necessary for the defence and protection of South Africa by endeavouring to provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.

The SA Air Navy planned for 8 000 ***hours at sea*** during FY2023/24; 2 641.47 hours at sea were achieved (33% of the planned target) from 01 April 2023 to 31 March 2024, consisting of:

- 1 680.28 Force Preparation hours
- 961.19 Force Employment hours

Most of the SA Navy vessels in commission were undergoing maintenance and repair during the reporting period. An added constraint was the unavailability of the SA Navy vessels at the Directed Level of Capability due to a lack of repair capacity at ARMSCOR Dockyard and related procurement challenges.

Maritime Defence continues to experience challenges with sourcing critical ship spares that are required to effect repairs on the SA Navy legacy vessels. Progress is being made to ensure the availability of combat-ready ships to meet the Joint Force Employment Requirements. With additional funding received from the National Treasury during FY2023/24 for the refit of Strategic Defence Package platforms, the ARMSCOR Dockyard is in progress with the refit(s) of the Frigate SAS ISANDLWANA. The appointment of a Commercial Refit Partner / Specialist Engineering Service for the Submarine is still to be finalised and will be unpacked during the next reporting cycle.

The SA Navy contributed to **MTSF Priority 6: *"Social Cohesion and Safer Communities"*** by deploying the SAS MENDI and elements of the Maritime Reaction Squadron to conduct three Op CORONA maritime coastal patrols in conjunction with the SAPS and Department of Forestry, Fisheries and Environment (DFFE) during FY2023/24:

- In the Eastern Cape over the period 03 July to 01 August 2023.
- In the Gansbaai area from 11 October to 08 November 2023.
- In the False Bay and Saldanha area from 20 October to 17 November 2023.

The SA Navy's inability to meet the set target of four coastal patrols for FY2023/24 is due to ongoing challenges experienced with preparing ships to be operationally available for deployments.

The SA Navy did not deploy any vessel during FY2023/24 to contribute towards the **MTSF Priority 7: *"A Better Africa and a Better World"***. No Op COPPER Long-Range Patrols were conducted during FY2023/24. The underachievement can be attributed to the unavailability of the SA Navy vessels at the Directed Level of Capability due lack of repair capacity at ARMSCOR Dockyard and related procurement challenges. The Concept of Operations for Op COPPER is being reviewed and efforts are being undertaken to improve the situation and ensure the availability of platforms for East Coast patrols.

The SA Navy supported other Government departments, by deploying its Chemical Biological Radiation Defence Team under Op PROSPER over the period 05 December 2023 to 28 April 2024 in support of the SAPS to neutralise illegal mining activities in South Africa.

The SA Navy continued to participate in Op PHAKISA activities, including attending meetings of the Intelligence Agencies for the Operations Sub-task team of the Coastal Environment and Marine Living Resource Crimes Priority Committee, the National Joint Operational and Intelligence Structure (NATJOINTS).

The SA Navy hosted and participated in Ex GOOD HOPE, a multinational exercise held with German Military Forces in the Saldanha area over the period 15 January to 06 February 2024. The SA Navy was represented by the Maritime Reaction Squadron and merged up with the German Navy sub-units to exercise all aspects of maritime warfare and seamanship. The following strategic objectives were achieved:

- To show the RSA's commitment to Maritime Security.
- To operationalise the SA Navy's Smart Power initiatives in line with C SANDF "Journey to Greatness" Defence Cooperation guideline.

One Maritime Defence Unique Training Exercise, Ex RED LION, a force preparation exercise was conducted from 20 to 30 November 2023. This exercise was mainly focused on evolutions/serials to train and reinforce all seagoing and land-based crews in the art of force protection alongside and at anchor.

A total of 179 learners were trained during the year under review (75.37% of the planned target). The under-achievement can be attributed to the fact that a number of courses were still ongoing at the end of FY2023/24 and the results will be reflected during FY2024/25.

Performance Status

The table below provides details of the Maritime Defence Programme performance status against output indicators and an analysis of target achievement as specified in the Adjusted DOD Annual Performance Plan for 2023.[41]

Maritime Defence Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		
Defence capabilities prepared	Percentage compliance with Maritime Defence training targets	Target 80% (190) Actual 75.37% (179) Deviation A number of courses were still ongoing at the end of FY2023/24 and the results will be reflected during FY2024/25. Comment Measurement of actual achievement is performed in relation to a full population of 237.5 learners.
	Number of Maritime Defence unique force training exercises conducted	Target 1 Actual 1 Comment The Ex RED LION force preparation exercise was conducted from 20 to 30 Nov 2023 and was mainly focused on evolutions/serials to train and reinforce all seagoing and land-based crews in the art of force protection alongside and at anchor.
Defence capabilities provided	Percentage compliance with Joint Force Employment requirements as resourced	*Information Classified*[42]
	Percentage combat-ready capabilities available for the SANDF	*Information Classified*

41 Refer to Part F, Financial Information, "Appropriation Statement", page 245 for detailed expenditure figures for the Maritime Defence programme.
42 Where the report refers to *"Information Classified"*, it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly made available to the AGSA for audit.

Maritime Defence Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		
Defence capabilities provided	Number of hours at sea per year	Target 8 000[43] Actual 2 641.47 Deviation The 2 641.47 hours at sea represents 33% of the planned target. Most SA Navy vessels in commission were undergoing maintenance and repair. An added constraint was the unavailability of the SA Navy vessels at the Directed Level of Capability due lack of repair capacity at ARMSCOR Dockyard and related procurement challenges. Comment Hours at sea include: • 1 680.28 force preparation hours • 961.19 force employment hours

43 The following hours were planned to be spent at sea in FY2023/24: force preparation 2 144 hours and 5 856 hours for force employment.

Programme 6: Military Health Support

Purpose

The purpose of the Military Health Support Programme is to provide prepared and supported health capabilities and services for the defence and protection of South Africa.

Sub-Programmes

The Military Health Support Programme comprises the following sub-programmes:

- Strategic Direction
- Military Health Training Capability
- Military Health Maintenance Capability
- Mobile Military Health Support
- Area Military Health Service
- Specialist / Tertiary Health Service
- Military Health Product Support Capability

Programme Outline

During the year under review, the SA Military Health Services continued with its mandate of ensuring the health of soldiers, their dependents and other authorised members of the society.

Increased demands for operational health support burden available resources and the current capacity of available Health Care Practitioners. This situation resulted in the SA Military Health Services not being able to honour the Joint Force Employment Requirements, as pledged. Shortages of medical officers and Operational Emergency Care Practitioners for internal and external deployments remain a challenge. As a consequence, members are kept longer than planned in mission areas.

The SA Military Health Services rendered health support to other Government departments such as the SAPS, Department of Rural Development and Land Reform and Gauteng's Department of Community Safety.

A total of 565 learners were trained during the year under review (85.61% of the planned target). The over-achievement can be attributed to efforts to reduce the backlog accumulated over previous reporting periods.

Performance Status

The table below provides details of the Military Health Support Programme performance status against output indicators and an analysis of target achievement as specified in the Adjusted DOD Annual Performance Plan for 2023.[44]

Military Health Support Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		
Defence capabilities prepared	Percentage compliance with Military Health Service training targets	Target 80% (528) Actual 85.61% (565) Deviation The over-achievement can be attributed to efforts to reduce the backlog accumulated over previous reporting periods. Comment Measurement of actual achievement is performed in relation to a full population of 660 learners. A number of courses were still ongoing at the end of FY2023/24 and the results will be reflected during FY2024/25.
Defence capabilities provided	Percentage compliance with Joint Force Employment requirements as resourced	*Information Classified* [45]
	Percentage combat-ready capabilities available for the SANDF	*Information Classified*
Defence capabilities supported	Percentage compliance with availability of medical stock	*Information Classified*

44 Refer to Part F, Financial Information, "Appropriation Statement", page 248 for detailed expenditure figures for the Military Health Support programme.
45 Where the report refers to *"Information Classified"*, it means that the information was not published for public consumption but managed through the appropriate oversight institutions. This classified information was duly made available to the AGSA for audit.

Programme 7: Defence Intelligence

Purpose

The purpose of the Defence Intelligence Programme is to provide defence intelligence, counter-intelligence capabilities and Defence diplomacy administrative support to the DOD.

Sub-Programmes

The Defence Intelligence Programme comprises the following sub-programmes:

- Strategic Direction
- Operations
- Defence Intelligence Support Services

Programme Outline

During the period under review, Defence Intelligence conducted intelligence, counter-intelligence and collecting activities, to provide decision-makers with intelligence and counter-intelligence capabilities.

Defence Intelligence responded to intelligence requirements received from clients and strategic partners and disseminated these intelligence products to decision-makers to provide timely intelligence. Reports were provided on emerging threats on the continent and beyond, specifically related to conflict areas.

Defence Intelligence participated in bilateral and multilateral engagements at regional, continental and international levels (i.e. SADC, AU and UN).

During the reporting period, 6 247 vetting decisions were taken out of the planned target of 6 000. Vetting decisions are based on security clearances issued as well as security clearances terminated and/or withdrawn. The over-achievement can be attributed to Vetting administration and evaluation being prioritised to address the security clearance backlog.

During FY2023/24, aligned with the RSA Foreign Policy and DOD Defence Diplomacy objectives, 44 Defence Attaché offices were operational, comprising 10 offices in the SADC Region, 15 offices in the Rest of Africa and the Middle East and 19 offices in the Rest of the World.

Performance Status

The table below provides details of the Defence Intelligence Programme performance status against output indicators and an analysis of target achievement as specified in the Adjusted DOD Annual Performance Plan for 2023.[46]

Defence Intelligence Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		
Defence capabilities supported	Number of vetting decisions taken in accordance with requirements	Target 6 000 Actual 6 247 Comment Vetting administration and evaluation were prioritised to address the security clearance backlog.
	Total number of Defence Attaché Offices	Target 44[47] Actual 44 Comment <u>SADC – 10 offices</u> Angola, Botswana, Democratic Republic of Congo (Congo – Brazzaville), Eswatini, Lesotho, Mozambique, Namibia, Tanzania (Mauritius), Zambia (Malawi) and Zimbabwe. <u>Rest of Africa – 14 offices</u> Algeria (Tunisia), Burundi, Côte d'Ivoire, Egypt (Jordan), Ethiopia, Ghana, Kenya (Rwanda), Nigeria, Saudi Arabia (Bahrain and Oman), Senegal (Guinea), South Sudan, Sudan, United Arab Emirates (Qatar and Kuwait), Uganda. <u>Rest of the World – 18 offices</u> Argentina (Chile and Uruguay), Belgium (European Union and The Netherlands), Brazil, Cuba, France, Germany, India, Italy (Romania), Malaysia (Brunei and Darussalam), Pakistan, People's Republic of China, Russia, Spain (Morocco), Sweden, Turkey, United Kingdom, United States of America (Canada), Vietnam (Philippines). <u>Multi-Lateral Organisation – 2 offices</u> United Nations, African Union.

46 Refer to Part F, Financial Information, "Appropriation Statement", pages 251 for detailed expenditure figures for the Defence Intelligence programme.
47 The number of DA Offices will remain at 44 as this is aligned with the RSA Foreign Policy and DOD Defence Diplomacy objectives, comprising: 10 offices in the SADC Region, 15 offices in the Rest of Africa and Middle East and 19 offices in the Rest of the World.

Programme 8: General Support

Purpose

The purpose of the General Support Programme is to provide general support capabilities and services to the Department.

Sub-Programmes

The General Support Programme comprises the following sub-programmes:

- Logistic Services
- Command and Management Information Systems
- Military Police Capability

Programme Outline

Logistic Services

During the year under review, the Logistics Division continued to manage the payment of accommodation charges, leases and municipal services, thereby providing appropriate and sustained facilities for the Department.

In collaboration with the DPWI, the Logistics Division also managed the DOD infrastructure portfolio, comprising the rehabilitation, refurbishment and maintenance of infrastructure[48]. The DOD, assisted by the DPWI, executed day-to-day maintenance, planned maintenance and capital and refurbishment projects in order to ensure that DOD facilities were kept at an acceptable standard and that certain priority maintenance backlogs were addressed.

The DOD utilised a large number of state facilities and, to a lesser extent, private facilities in fulfilment of its Constitutional obligations. The utilisation of facilities included force preparations, force employment and force support that required land and other unique facilities.

During FY2023/24, the DOD completed 257 out of 638 procurement requests received within 90 days from registration. The DOD conducted a verification of the DPWI itemised billing list of properties utilised by the DOD to ascertain that the list only contains properties used by the DOD. After the verification, it was established, aligned to the DOD Immovable Asset Register and System, that a significant number of properties were incorrectly included in the itemised billing list of properties.

[48] Refer to Appendix A, on page 84, for detailed performance information on "Capital Investment, Maintenance and Asset Management".

Command and Management Information Systems

During the period under review, the Command and Management Information System (CMIS) Division executed the activities defined in the DOD Information and Communication Plan to provide the DOD with Command and Management Information Systems and related Services. Command and Management Information Systems and related Services were executed, amongst others, by providing:

- DOD Information, Communication Technology (ICT) Strategic Direction and Digital Transformation;
- Modernisation of ICT Systems;
- Optimisation of ICT Systems;
- ICT Information System Security.

During FY2023/24, the CMIS Division achieved a 90.5% compliance with the DOD ICT Implementation Plan, mainly due to system availability that was higher than expected.

Military Police Capability

The Military Police Division investigated 1 267 criminal cases from a backlog of 3 535 criminal cases. The Division investigated 264 criminal cases from a total of 980 new criminal cases reported during FY2023/24 and executed 187 deliberate crime prevention operations.

The under-achievement relevant to criminal cases investigated can be attributed to a lack of resources, along with the increased requirement for Military Police officials in both internal and external operations, whilst the over-achievement in deliberate crime prevention operations conducted is due to the grouping of resources during these operations.

Performance Status

The table below provides details of the General Support Programme performance status against output indicators and an analysis of target achievement in terms of the Adjusted DOD Annual Performance Plan for 2023.[49]

General Support Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		
Defence capabilities supported	Percentage procurement requests fully completed within 90 days from day of registration[50]	Target 95% Actual 40.3% Deviation A total of 257 out of 638 procurement requests were processed within 90 days from registration. Comment 381 procurement requests received in FY2023/24 were still within the 90-day period granted for completion at the end of FY2023/24.[51]
	Percentage of expenditure in accordance with Facilities Plan (Payment of leases, accommodation charges and municipal services)	Target 100% Actual 97.2% Deviation An amount of Rb2,737 was paid against a budget of Rb2,815: • Payment of Leases: Rm572,6 • Accommodation Charges: Rm725,7 • Municipal Services: Rb1,439 Comment A number of properties were incorrectly included in the DPWI invoice for the payment of municipal property rates and taxes.
	Percentage compliance to the DOD Information and Communication Technology Implementation Plan	Target 90% Actual 90.5% Comment System availability was higher than anticipated.

49 Refer to Part F, Financial Information, "Appropriation Statement", page 253 for detailed expenditure figures for the General Support programme.
50 This Performance Indicator measures procurement requirements below the amount of R500 000.
51 Details on the training of procurement officials by the NSG are provided in Part F, pages 191 to 192.

General Support Programme Performance Status for FY2023/24		
DOD Output	Output Indicator	Analysis
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments		
Defence capabilities supported	Number of deliberate crime prevention operations conducted	Target 124 Actual 187 Comment The over-achievement can be attributed to the grouping of resources during crime prevention operations.
	Percentage investigations finalised (backlog)	Target 50% Actual 35.8% Deviation The Department investigated 1 267 criminal cases from the backlog of 3 535 criminal cases. Comment Lack of resources along with the increased requirement for Military Police officials in both internal and external operations, contributed towards the underachievement.
	Percentage investigations finalised (in year)	Target 30% Actual 26.9% Deviation 264 out of 980 new cases received during FY2023/24 were investigated. Comment Lack of resources along with the increased requirement for Military Police officials in both internal and external operations, contributed towards the underachievement.

Appendix A

Capital Investments, Maintenance and Asset Management Plan

Capital Investments, Maintenance and Asset Management Plan[1]

Capital Infrastructure Projects in Progress

Capital infrastructure projects in progress during FY2023/24 are indicated in the table below.

Capital Infrastructure Projects in Progress during FY2023/24	
Project Description	FY to be Completed
Bloemfontein	
Upgrading of Buildings 1175, 1176, 1178, 1179, 1181, 1182, 1184, 1185 at DOD Mobilisation Centre	Expected to be completed in 2024/25
Upgrading of kitchen equipment at 1 SA Tank Regiment	On Priority List
Upgrading of kitchen equipment at DOD Mobilisation Centre (De Brug)	On Priority List
Installation of lead-reinforced doors at the radiology section at 3 Military Hospital	On Priority List
Construction of a corridor to connect the maternity ward to the main hospital at 3 Military Hospital	On Priority List
Boekenhoutskloof	
Site clearance for the construction of a security fence at Boekenhoutskloof Military Base	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Camden	
Site Clearance for the refurbishment of wastewater treatment plant at the Air Defence Artillery School	All wastewater treatment plant (sewer) projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Cape Town	
Installation of new high-level security thermal and radar perimeter intrusion management system at 2 Military Hospital	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Replacement of a security fence at main entrance as well as canopy and guard house at Area Military Health Unit Western Cape	Expected to be completed in 2024/25
Upgrading of kitchen equipment at Army Support Base Western Cape, Officers Mess Wynberg	Expected to be completed in 2024/25
Upgrading of kitchen equipment at 9 SA Infantry Battalion	Expected to be completed in 2024/25
Replacement of perimeter fence with palisade fence at SAS Wingfield	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Site clearance for the construction of a new medium-level security fence with a main entrance canopy and guard house equipped with a biometric access control system at the Wynberg Military base (Area Military Health Unit Western Cape)	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Installation of air-conditioning and Heat, Ventilation and Air-Conditioning Systems in Buildings 1, 10, 11 and 19 at 9 SA Infantry Battalion	Priority for 2024/25
Dunnottar	
Site clearance for the construction of vehicle storage facilities at SA Army Engineer Formation (Project PANTILE)	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.

[1] - The 10 projects shaded in grey relates to projects that are in the execution phase as registered in the Adjusted DOD APP for 2023.
- The 96 Capital Infrastructure Projects and 46 Major Maintenance (Refurbishment) Projects represent projects that are in the planning phase.

Capital Infrastructure Projects in Progress during FY2023/24	
Project Description	FY to be Completed
Durban	
Refurbishment of main kitchen at SAS Salisbury Island	Expected to be completed in 2024/25
Upgrading of critical accommodation facilities at SAS Salisbury Island	Own resourced project
Upgrading of kitchen equipment at Army Support Base KwaZulu-Natal Bluff Military Base	Own resourced project
Request for site clearance for the construction of a Health Centre in Durban	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Elandsfontein	
Upgrade facilities at the Works Training School	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Heidelberg	
Upgrading of kitchen equipment at SA Army Gymnasium	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Hoedspruit	
Upgrading and renovation of infrastructure damaged by floods at Air Force Base Hoedspruit	On Priority Project List
Jan Kempdorp	
Site clearance for the construction of a security fence around 93 Ammunition Depot	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Klipdrift	
Upgrade of the water supply at the School of Artillery	On Priority Project List
Kroonstad	
Request for site clearance for the construction of facilities for the advanced and specialist training wings at the School of Engineers	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Request for site clearance for the construction of an overhead power supply line to the water pump station at the Bossiespruit Training Base	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Site clearance for the construction of a vehicle parking facility at the School of Engineers (Project PANTILE)	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Ladysmith	
Upgrading of kitchen equipment at 5 SA Infantry Battalion	On Priority Project List

Capital Infrastructure Projects in Progress during FY2023/24	
Project Description	FY to be Completed
Langebaan	
Erection of security fence at 4 Special Forces Regiment Headquarters	Expected to be completed in 2024/25
Erection of security fence at Ammunition Stores: Donkergat	Expected to be completed in 2024/25
Langebaan	
Upgrading of mess facilities at 4 Special Forces Regiment	Expected to be completed in 2024/25
Upgrading of high voltage electrical supply to the Donkergat Training Area at 4 Special Forces Regiment	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Site clearance for the construction of 20 married quarters at 4 Special Forces Regiment	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Site clearance for the placement of park home at 4 Special Forces Regiment	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Request for site clearance for the upgrading of the Donkergat and Flamingo jetties and slipway	On Priority Project List as a high priority
Replacement of air conditioning system in the Air Traffic Control Tower at Air Force Base Langebaanweg	On Priority Project List
Limpopo	
Site Clearance for the upgrading of water reticulation systems at Air Force Base Hoedspruit	All wastewater treatment plant (sewer) projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Site Clearance for the upgrading of water reticulation systems at Air Force Base Makhado	All wastewater treatment plant (sewer) projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Lohatla	
Upgrading of Finance Accounting Service Centre at SA Army Combat Training Centre	Expected to be completed in 2024/25
Site Clearance for the refurbishment of the wastewater treatment plant at SA Army Combat Combat Training Centre	All wastewater treatment plant (sewer) projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Site Clearance for the drilling/equipping of boreholes and the building of dams/reservoirs at the SA Army Combat Training Centre	On Priority Project List
Madimbo / Limpopo	
Site Clearance for the assessment of water reticulation systems at various Bases in the Limpopo province (Ellisras Command Post, Hangklip, 523 Squadron Makhado and Ben Viljoen Training Area)	All wastewater treatment plant (sewer) projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Mahikeng	
Request for site clearance for the replacement of leaking sewerage system at 10 SA Infantry Battalion	On High Priority Project List
Site clearance for the refurbishment of the wastewater treatment plant at 10 SA Infantry Battalion	All wastewater treatment plant (sewer) projects have been prioritised to commence in 2024/25 over an estimated 10-year period.

Capital Infrastructure Projects in Progress during FY2023/24	
Project Description	FY to be Completed
Maluti	
Upgrading of water reticulation system at Maluti Base, Mthatha	Expected to be completed in 2024/25
Mtubatuba	
Upgrading of the South African Forces Institute Building at 121 SA Infantry Battalion for use by Defence Legal Services Division	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Murrayhill	
Request for site clearance for Phase 2 of the Master Plan for Special Forces School	On Priority Project List
Oudtshoorn	
Upgrading of kitchen equipment at SA Army Infantry School	Expected to be completed in 2025/26
Phalaborwa	
Replacement of kitchen equipment at 7 SA Infantry Battalion	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Upgrading of the aquatic training facility at 5 Special Forces Regiment	On the Priority List
Upgrading of kitchen equipment at 524 Signal Squadron	Project not signed over and in Retention period
Upgrading of kitchen equipment at 5 Special Forces Regiment	Project not signed over and in Retention period
Polokwane	
Site Clearance for the upgrading of the entire Karee Base in Polokwane	On the High Priority List
Rehabilitation of the entire Karee Military Base in Polokwane	Phase 1 completed
Upgrading of kitchen equipment at Uitkoms Base Junior Ranks Mess	Project not signed over and in Retention period
Potchefstroom	
Upgrading of pump station at 4 Artillery Regiment: request for site clearance	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Upgrading of kitchen and kitchen equipment at Shamrock Mess	Project not signed over and in Retention period
Upgrading of kitchen equipment at Constand Viljoen Mess	On the High Priority List
Pretoria	
Upgrade of main gate at Special Forces Headquarters (Swartkop Park)	Expected to be completed in 2024/25
Refurbishment of Belmont House for use as accommodation	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Upgrading of kitchen equipment at the National Ceremonial Guard	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.

Capital Infrastructure Projects in Progress during FY2023/24	
Project Description	FY to be Completed
Pretoria	
Upgrading of kitchen equipment at SA Army Engineer Formation Combined Mess	Original expected date of completion (2023/24) was reviewed and postponed to 2024/25 by DPWI.
Construction of inner security fence at Special Forces Headquarters (Swartkop Park)	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Upgrade of infrastructure at SA Defence Intelligence College: Phase 1	Expected to be completed in 2026/27
Request for site clearance for SA Defence Intelligence College and Education, Training and Development College	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Construction of New Fire Station and Air Traffic Control Tower at Air Force Base Waterkloof	On Priority List pending feedback from SAAF.
Upgrading of security fencing at DOD Main Ordnance Depot	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Upgrading and refurbishment of SA Military Health Services Training Formation (Nurses College): Phase 2	Awaiting devolution from DPWI
Site clearance for the construction of eleven residential units/townhouses	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Site clearance for the refurbishment of the wastewater treatment plant at Thaba Tshwane	All wastewater treatment plant (sewer) projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Upgrade of the Military Police School	On Priority List
Site clearance for the installation of a standby generator at Defence Works Formation Headquarters	Own Resources
Upgrading of infrastructure at the Works Training School	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Replacement of sluice system at 1 Military Hospital	Own Resources
Site clearance for the upgrading of the perimeter security fences at Air Force Base Swartkop	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Port Elizabeth	
Construction of Base Hospital and medical staff housing	Expected to be completed in 2025/26
All security fencing projects have been prioritised to commence in FY2024/25 over an estimated 10-year period	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Saldanha	
Replacement of the fire alarm system at the Military Academy	On the Priority List
Construction of new sick bay at Saldanha Military Base	Expected to be completed in 2024/25

Capital Infrastructure Projects in Progress during FY2023/24	
Project Description	FY to be Completed
Simon's Town	
Site clearance for the construction of a new security fence with main guard house equipped with a biometric access control system at Signal School	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Replace existing security fence with palisade fence at SA Navy Signal School	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Replace existing security fence with palisade fence at Glencairn Sports Complex	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Replacement of air-conditioning system in the Maritime Warfare Building	On priority List
Thaba Tshwane	
Upgrading of kitchen equipment at Joint Support Base Garrison, Gerbera Officers Mess	Expected to be completed in 2024/25
Upgrading of kitchen equipment at Joint Support Base Garrison, Kiepersol Officers Mess	Expected to be completed in 2024/25
Upgrading of kitchen equipment at SA Army College	Expected to be completed in 2024/25
Installation of Palisade Fence with electric fence on perimeter and upgrading of stores at Military Police Headquarters	Project not signed over and in Retention period.
Construction of new requirements and repair maintenance and upgrade of Admin Building at SA Military Health Services Training Formation	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Thabazimbi	
Request for site clearance for the installation of a water purification unit at Rooibokkraal Border Safeguarding Base (Op CORONA)	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Thohoyandou	
Upgrading of kitchen equipment at 15 SA Infantry Battalion	Project not signed over and in Retention period.
Umdloti	
Upgrading of kitchen equipment at Umdloti Signal Base	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Umtata	
Upgrading of Finance Accounting Service Centre at 14 SA Infantry Battalion	Expected to be completed in 2025/26
Vioolsdrift	
Request for site clearance for the installation of re-deployable structures through own resources at Vioolsdrift and Louisvale Operational Bases (Op CORONA)	All wastewater treatment plant (sewer) and water reticulation projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Wingfield	
Upgrading of water reticulation system at SAS Wingfield and Naval Stores Depot	All wastewater treatment plant (sewer) and water reticulation projects have been prioritised to commence in 2024/25 over an estimated 10-year period.

Capital Infrastructure Projects in Progress during FY2023/24	
Project Description	FY to be Completed
Wynberg	
Facilities Management Contract at 2 Military Hospital: site clearance	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Upgrading of kitchen equipment at Army Support Base Western Cape, Non-Commissioned Officer's Mess Wynberg	Project not signed over and in Retention period

Major Maintenance (Refurbishment) Projects undertaken during FY2023/24

Major Maintenance (Refurbishment) projects undertaken during FY2023/24 are listed in the table below.

Major Maintenance (Refurbishment) Projects Undertaken during FY2023/4	
Project Description	FY to be Completed
Bloemfontein	
Refurbishment of 1 SA Infantry Battalion	Expected to be completed in 2024/ 25
Refurbishment of 44 Parachute Regiment	Expected to be completed in 2026/27
Refurbishment of Military Health Training Satellite Bloemfontein	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Refurbishment of Club Mfezi at 3 Military Hospital	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Refurbishment of Kitchen equipment and mess at General de Wet Traning Area	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Refurbishment of State Family Quarters in Garona Village	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Bloemspruit	
Major Refurbishment of Facilities and Civil Services at Special Service Battalion	Project not signed over and in Retention period.
Refurbishment of Air Force Base Bloemspruit	Expected to be completed in 2026/27
Bredasdorp	
Refurbishment of Air Force Base Overberg	Expected to be completed in 2024/25
Refurbishment and upgrade of Sickbay Complex at Air Force Base Overberg	Project not signed over and in Retention period.
Cape Town	
Refurbishment of 2 Military Hospital	Project not signed over and in Retention period.
Durban	
Refurbishment of SAS Salisbury Island: Phase 2	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.

Major Maintenance (Refurbishment) Projects Undertaken during FY2023/4	
Project Description	FY to be Completed
Grahamstown	
Refurbishment of 6 SA Infantry Battalion	Expected to be completed in 2027/28
Replacement of perimeter and internal security fencing at 6 SA Infantry Battalion	All security fencing projects have been prioritised to commence in 2024/25 over an estimated 10-year period.
Refurbishment and rehabilitation of infrastructure and buildings at 6 SA Infantry Battalion	On Priority List
Hoedspruit	
Repairs to damaged facilities and infrastructure caused by floods at Hoedspruit Airforce Base	Project not signed over and in Retention period.
Kroonstad	
Refurbishment of School of Engineers	Expected to be completed in 2025/26
Lephalale	
Upgrading, repair and renovations of all offices and training accommodation, logistics facilities and kitchen complex at SA Military Health Services Training Centre	On the Priority List
Lohathla	
Major refurbishment at SA Army Combat Training Centre	Project not signed over and in Retention period.
Middelburg	
Multidiscipline, design and construction at 4 SA Infantry Battalion	On Priority list
Repair and maintenance of civil infrastructure at 4 SA Infantry Battalion	Expected to be completed in 2025/26
Mmabatho	
Repair and maintenance of civil, building and wet services at 10 SA Infantry Battalion	Expected to be completed in 2025/26
Muizenberg	
Refurbishment of SA Navy Staff College	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Potchefstroom	
Refurbishment of 1 Tactical Intelligence Regiment	On Priority list
Installation of new air conditioners at Constand Viljoen Officers Mess	On Priority list
Refurbishment of School of Artillery	On Priority list
Refurbishment of 4 Artillery Regiment	On Priority list
Pretoria	
Refurbishment of Military Health Centre (Institute for Aviation Medicine) next to DOD Auction Centre	On Priority list
Refurbishment of SA Military Health Services complex in Tek Base	On Priority list
Refurbishment of Rooiwal Communication Facility	Expected to be completed in 2024/25
Refurbishment of SA Air Force Blenny Complex	Expected to be completed in 2026/27
Refurbishment of the single quarters at Air Force Base Waterkloof	On Priority list
Refurbishment of SA Army Office in Dequar Road	On Priority list
Waterproofing and sealing of roof at 1 Military Hospital	Expected to be completed in 2024/25
Total Facilities Management Contract for 1 Military Hospital	Expected to be completed in 2025/26
Ramp repair and maintenance of Mechanical and Electrical Infrastructure at 1 Military Hospital	Project not signed over and in Retention period.
Upgrade of power supply at 2 Signal Regiment	Expected to be completed in 2025/26

Major Maintenance (Refurbishment) Projects Undertaken during FY2023/4	
Project Description	FY to be Completed
Simon's Town	
Refurbishment Pharmacy (Building 70) Institute for Maritime Medicine	Project not signed over and in Retention period.
Swartkop Park	
Re-surface 2km road at Swartkop Park	A decision was taken by the DOD to discontinue all projects up to status 5A (Pre-site handover stage) due to devolvement of functions. The DOD will then prioritise critical projects from the list to ensure efficient delivery.
Thaba Tshwane	
Refurbishment of Finance Office at Joint Support Base Garrison	Expected to be completed in 2025/26
Refurbishment of Defence College	Project on hold
Refurbishment of Thaba Tshwane B-Mess	Project not signed over and in Retention period.
Refurbishment of Thaba Tshwane A-Mess	Project stopped
Umtata	
Replacement of kitchen equipment at 14 SA Infantry Battalion	Expected to be completed in 2025/26
Upington	
Major refurbishment of facilities and civil services at 8 SA Infantry Battalion	Project not signed over and in Retention period.
Ysterplaat	
Major refurbishment of Jack Frost Court at Air Force Base Ysterplaat: building 340	On Priority List

Appendix B

DOD Selected Performance Indicators for FY2023/24, Targets and Actual Achievements

DOD Selected Performance Indicators for FY2023/24, Targets and Achievements

Achievement against targets set for DOD Selected Performance Indicators included in the Estimates of National Expenditure for FY2023/24 are reflected over the period 01 April 2020 to 31 March 2024.

DOD Selected Performance Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2024					
Performance Indicator	Budget Programme	Audited Achievement[1]			
		FY2020/21	FY2021/22	FY2022/23	FY2023/24
Number of Reserve Force mandays per year [2]	Administration (HR Services)	Target 2 695 963[3] Actual 3 355 353	Target 2 601 591 Actual 3 237 118	Target 1 985 307 Actual 2 818 497	Target 1 989 953 Actual 3 257 162
Number of planned joint, interdepartmental, interagency and multinational military exercises conducted per year [4]	Force Employment	Target 0[5] Actual 0	Target 2 Actual 1	Target 4 Actual 4	Target 1 Actual 1
Number of landward sub-units deployed on border safeguarding per year[6]		Target 15 Actual 15	Target 15 Actual 15	Target 15 Actual 15	Target 15 Actual 15
Percentage compliance with number of external operations per year[7]		Target 100% Actual 100%	Target 100% Actual 100%	Target 100% Actual 67%	Target 100% Actual 75%
Percentage compliance with the Southern African Development Community Standby Force Pledge per year		Target 100% Actual 87.50%	Target 100% Actual 100%	Target 100% Actual 88%	Target 100% Actual 79%

1 Reason(s) for deviation from target are furnished in Part B under Performance Information per Programme.
2 Through this Performance Indicator the Department provides strategic direction to Services and Divisions on the number of Reserve Forces, which can be utilised per year, as resourced.
3 The FY2020/21 annual target was published as 3 098 866 in the AENE.
4 The Joint interdepartmental, interagency and multinational military (JIIM) exercise schedule is dependent on higher-order decisions and the participation of foreign countries. Multinational force preparation constitutes a critical component of the SANDF's ability to employ combat and mission-ready forces, therefore provision is made to support Defence cooperation agreements and implementation arrangements that will promote defence diplomacy initiatives.
5 Due to the COVID-19 pandemic the number of JIIM Exercises with foreign countries were reduced from five to zero in the Adjusted DOD APP for 2020 to prioritise the institutional response to COVID-19.
6 The National Security Strategy requires the deployment of 22 sub-units on border safeguarding. The Military Appreciation on Border Safeguarding determines from the Department the deployment of 22 sub-units to secure and safeguard the borders of the RSA. However, owing to the limited provision of combat-ready capabilities by Services and Divisions due to defence budget allocation reductions over the previous MTEF periods, the DOD will remain with the current deployment of 15 sub-units on border safeguarding.
7 The deployment of the SANDF by the President, as Commander-in-Chief, is in relation to the compliance with number of ordered commitments (external and internal operations). The MOD&MV has thus resolved to comply with all (100%) ordered commitments (external and internal operations). The actual numbers cannot be pre-determined and can only be reported on after the finalisation of the audit process.

DOD Selected Performance Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2024					
Performance Indicator	Budget Programme	Audited Achievement[1]			
		FY2020/21	FY2021/22	FY2022/23	FY2023/24
Percentage compliance with number of internal operations per year[8]	Force Employment	Target 100% Actual 100%	Target 100% Actual 100%	Target 100% Actual 100%	Target 100% Actual 100%
Number of Maritime coastal patrols conducted per year		Target 4 Actual 3	Target 4 Actual 4	Target 4 Actual 2	Target 4 Actual 3
Number of hours flown per year	Air Defence	Target 17 100[9] Actual 13 726.40	Target 17 100[10] Actual 15 215.60	Target 12 000[11] Actual 12 059.20	Target 12 000[12] Actual 6 904.06
Number of hours at sea per year	Maritime Defence	Target 10 000[13] Actual 6 818.43	Target 8 000[14] Actual 7 614.43	Target 8 000[15] Actual 2 770.32	Target 8 000[16] Actual 2 641.47

8 Internal operations include border safeguarding and operations in support of other government departments (safety and security support, disaster aid and disaster relief, and search and rescue).

9 During the FY2020/21 the following hours were planned to be flown: 4 000 hours for Force Employment, approximately 12 100 hours for Force Preparation and 1 000 VVIP hours.

10 During the FY2021/22 the following hours were planned to be flown: force preparation 12 100 hours, force employment 4 000 hours and 1 000 VVIP hours.

11 During the FY2022/23, the following hours were planned to be flown: force preparation 7 000 hours, force employment 4 000 hours and 1 000 VVIP hours.

12 The following hours were planned be flown in FY2023/24: force preparation 7 000 hours, force employment 4 000 hours and 1 000 VVIP hours.

13 During the FY2020/21 the Department planned to spend the following at sea: force preparation 2 200 hours and 7 800 hours force employment. Force employment hours include the hours at sea during deployments for Op COPPER (long range patrols) and the conducting of maritime coastal patrols as part of Op CORONA.

14 During the FY2021/22 the following hours were planned to be spent at sea: force preparation 2 144 hours and 5 856 hours for force employment. The force employment hours include the hours during deployments for Op COPPER (long range patrols) and the conducting of four maritime coastal patrols as part of Op CORONA (up to and inclusive of border patrols of the South African Maritime Borders).

15 During the FY2022/23, the following planned hours were planned to be spent at sea: force preparation 2 144 hours and 5 856 hours for force employment. Force employment hours include hours during deployments for Op COPPER (long-range patrols) and the conducting of four maritime coastal patrols as part of Op CORONA (up to and inclusive of border patrols of the South African Maritime Borders).

16 The following hours were planned to be spent at sea in FY2023/24: force preparation 2 144 hours and 5 856 hours for force employment.

Appendix C

DOD Output Indicators, Targets and Actual Achievements over the Current Strategic Period

DOD Output Indicators, Targets and Actual Achievements over the Current Strategic Period

The DOD's historic and audited performance against current Output Indicators and Targets, as published in the Adjusted DOD APP for 2023, over the period 01 April 2020 to 31 March 2024, is summarised in the table below.

During FY2023/24, DOD performance was measured against 30 output indicators of which 16 (53%) annual targets set against these output indicators were fully achieved and 14 (47%) were partially achieved or not achieved.

DOD Output Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2024				
Performance Indicator	Audited Achievement			
	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Programme 1: Administration				
Evaluation of the SA Defence Review 2015 completed	New Indicator			Target 100% (1) Actual 0% (0)
Percentage adherence to the DOD Master Record Index for Policies	Target ≥80% Actual 66.2%	Target 60% Actual 66%	Target 60% Actual 67%	Target 60% Actual 72.2%
Percentage adherence to the DOD Master Record Index for Strategies	Target 50% Actual 0%	Target 5.55% Actual 0%	Indicator Removed / Monitored through other Planning Instruments	
Percentage adherence to the DOD Master Record Index for Plans	Target 90% Actual 84.2%	Target 100% (44) Actual 88.6% (39)	Target 100% (41) Actual 85.4% (35)	Target 100% (41) Actual 90.24% (37)
Number of Reserve Force mandays per year	Target 2 695 963 Actual 3 355 353	Target 2 601 591 Actual 3 237 118	Target 1 985 307 Actual 2 818 497	Target 1 989 953 Actual 3 257 162
Reduction in the number of Audit Qualifications	Target 5 Actual 2	Indicator Removed / Monitored through other Planning Instruments		

DOD Output Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2024				
Performance Indicator	Audited Achievement			
	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Percentage audits completed in terms of the approved Risk Based Internal Audit Plan	Target 100% Actual 83.3%	Target 80% Actual 82.5% (33)	Target 80% Actual 91.9%	Target 80% Actual 100% (41)
Percentage payments within 30 days from receipt of legitimate invoices	Target 75% Actual 77.41%	Indicator Removed / Monitored through other Planning Instruments	Target 75% Actual 81.5%	Target 75% Actual 77.6%
Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19	Target 100% Actual 100%	Indicator Removed / Monitored through other Planning Instruments		
Programme 2: Force Employment				
Number of planned joint, interdepartmental, interagency and multinational military exercises conducted per year	Target 0 Actual 0	Target 2 Actual 1	Target 4 Actual 4	Target 1 Actual 1
Number of landward sub-units deployed on border safeguarding per year	Target 15 Actual 15	Target 15 Actual 15	Target 15 Actual 15	Target 15 Actual 15
Percentage compliance with number of external operations per year	Target 100% Actual 100%	Target 100% Actual 100%	Target 100% Actual 67%	Target 100% Actual 75%
Percentage of the value of reimbursement by the UN/AU recognised	Target 70% Actual 52%	Target 70% Actual 47%	Target 70% Actual 57%	Target 70% Actual 42%
Percentage compliance with the Southern African Development Community Standby Force Pledge per year	Target 100% Actual 87.50%	Target 100% Actual 100%	Target 100% Actual 88%	Target 100% Actual 79%
Percentage compliance with number of internal operations per year	Target 100% Actual 100%	Target 100% Actual 100%	Target 100% Actual 100%	Target 100% Actual 100%

DOD Output Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2024				
Performance Indicator	Audited Achievement			
	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Number of Maritime Coastal Patrols conducted per year	Target 4 Actual 3	Target 4 Actual 4	Target 4 Actual 2	Target 4 Actual 3
Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19	Target 100% Actual 100%	Indicator Removed / Monitored through other Planning Instruments		
Programme 3: Landward Defence				
Percentage compliance with Landward Defence training targets	Target 80% (2 813) Actual 69.85% (2 456)	Target 80% (5 093) Actual 165% (10 507)	Target 80% (1 645) Actual 217.8% (4 479)	Target 80% (3 738) Actual 96.39% (4 504)
Number of Landward Defence unique force training exercises conducted	Target 0 Actual 0	Target 3 Actual 3	Target 3 Actual 4	Target 4 Actual 4
Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19	Target 100% Actual 100%	Indicator Removed / Monitored through other Planning Instruments		
Programme 4: Air Defence				
Percentage compliance with Air Defence training targets	Target 80% (687) Actual 63.35% (544)	Target 80% (687) Actual 48.33% (415)	Target 80% (637) Actual 76.48% (609)	Target 80% (537) Actual 175.49% (1 178)
Number of Air Defence unique force training exercises conducted	Target 0 Actual 1	Target 1 Actual 1	Target 1 Actual 1	Target 1 Actual 1
Number of hours flown per year	Target 17 100 Actual 13 726.40	Target 17 100 Actual 15 215.60	Target 12 000 Actual 12 059.20	Target 12 000 Actual 6 904.06
Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19	Target 100% Actual 100%	Indicator Removed / Monitored through other Planning Instruments		

DOD Output Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2024				
Performance Indicator	Audited Achievement			
	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Programme 5: Maritime Defence				
Percentage compliance with Maritime Defence training targets	Target 80% (257) Actual 87.19% (280)	Target 80% (197) Actual 98% (241)	Target 80% (398) Actual 103.5% (515)	Target 80% (190) Actual 75.37% (179)
Number of Maritime Defence unique force training exercises conducted	Target 1 Actual 1	Target 1 Actual 1	Target 1 Actual 1	Target 1 Actual 1
Number of hours at sea per year	Target 10 000 Actual 6 818.43	Target 8 000 Actual 7 614.43	Target 8 000 Actual 2 770.32	Target 8 000 Actual 2 641.47
Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19	Target 100% Actual 100%	Indicator Removed / Monitored through other Planning Instruments		
Programme 6: Military Health Support				
Percentage compliance with Military Health Service training targets	Target 80% (648) Actual 29.14% (236)	Target 80% (648) Actual 33% (270)	Target 80% (648) Actual 40% (320)	Target 80% (528) Actual 85.61% (565)
Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19	Target 100% Actual 100%	Indicator Removed / Monitored through other Planning Instruments		
Programme 7: Defence Intelligence				
Number of vetting decisions taken in accordance with requirements	Target 4 500 Actual 6 520	Target 5 000 Actual 6 308	Target 5 500 Actual 5 111	Target 6 000 Actual 6 247
Total number of Defence Attaché Offices	Target 44 Actual 44	Target 44 Actual 44	Target 44 Actual 44	Target 44 Actual 44
Number of Defence Intelligence products provided	Target 448 Actual 1 114	Target 448 Actual 698	Indicator Removed / Monitored through other Planning Instruments	

DOD Output Indicators, Targets and Actual Achievements over the period 01 April 2020 to 31 March 2024				
Performance Indicator	Audited Achievement			
	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Programme 8: General Support				
Percentage compliance with capabilities required to support national efforts in mitigating and combatting the spread of COVID-19	Target 100% Actual 100%	Indicator Removed / Monitored through other Planning Instruments		
Percentage procurement requests fully completed within 90 days from day of registration	Target 95% Actual 99.87%	Target 95% Actual 97.5%	Target 95% Actual 62.24%	Target 95% Actual 40.3%
Percentage of expenditure in accordance with Facilities Plan (Payment of leases, accommodation charges and municipal services)	Target 100% Actual 101.31%	Target 100% Actual 102.65%	Target 100% Actual 99.28%	Target 100% Actual 97.2%
Percentage compliance to the DOD Information and Communication Technology Implementation Plan	Target 90.4% Actual 91.73%	Target 90.23% Actual 45.77%	Target 90% Actual 79.64%	Target 90% Actual 90.5%
Number of deliberate crime prevention operations conducted	Target 124 Actual 114	Target 124 Actual 118	Target 124 Actual 174	Target 124 Actual 187
Percentage investigations finalised (backlog)	Target 40% Actual 56.57%	Target 40% Actual 73.97%	Target 50% Actual 36.15%	Target 50% Actual 35.8%
Percentage investigations finalised (in-year)	Target 25% Actual 44.59%	Target 25% Actual 53.61%	Target 30% Actual 37.12%	Target 30% Actual 26.9%

C

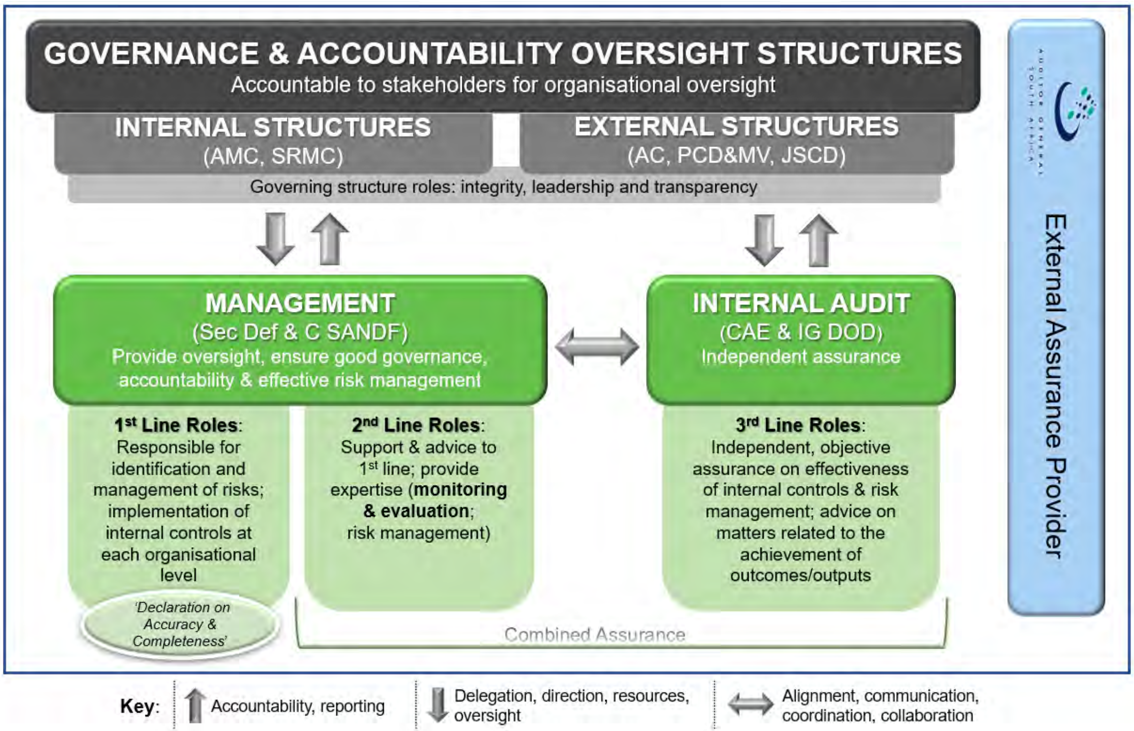
Governance

Governance and Accountability

Under the direction of the Accounting Officer, the Department of Defence (DOD) endeavoured to ensure effective governance and risk management practices are incorporated on all organisational levels. Governance structures remain instrumental in ensuring that the appropriate oversight over business processes is attained. The Plenary Defence Staff Council, being the highest governing body of the DOD, is constituted of sub-committees which are delegated with functions to ensure organisational objectives are achieved, within the prevailing Regulatory Framework.

The DOD ensures good governance and accountability by embracing the relationship between the respective assurance providers on the four levels of assurance and reassurance, as depicted in the DOD's Assurance Model. DOD Top Management remains accountable and responsible for ensuring that organisational objectives are achieved by providing reasonable assurance on the effectiveness of controls and risk management processes.

The figure below illustrates the lines of defence for assurance and reassurance, which aim to provide oversight; ensure good governance, accountability and effective risk management within the DOD.



Monitoring and Evaluation

Within the DOD, Monitoring and Evaluation (M&E) Reports function as a mechanism to alert the Accounting Officer to areas of weak performance, potential challenges and where corrective action is required. During the reporting period, M&E Reports were submitted to and presented at the Accountability Management Committee (AMC) and the DOD Audit Committee, among others.

These M&E Reports functioned as:

- A management tool for decision-making;
- A criterion for the implementation of corrective measures;
- An instrument for planning for future organisational objectives.

During the reporting period, the two M&E Reports compiled were as follows:

- A DOD Mid-Year M&E Report for FY2023/24 that provided progress against planned deliverables indicated in the DOD Annual Performance Plan (APP) for 2023; that contribute to predetermined departmental outcomes as depicted in the Adjusted Strategic Plan (SP) 2020 - 2025.
- A DOD 3rd Quarter M&E Report for FY2023/24 that provided year-to-date status on performance achievement against the Adjusted DOD APP for 2023. This M&E Report served as the final early warning to alert management on under/weak performance areas and potential challenges to be experienced during the FY2023/24 audit cycle.

Risk Management

The Department's risk management approach and practices are consistent with the approved DOD Risk Management Policy. The promulgated Risk Management Policy DOD Instruction 00099/2013 (Edition 2) is currently being revised. The Department has an approved Enterprise Risk Management Framework and the development of the DOD Risk Management Strategy is in progress. Regular risk assessments are conducted to identify and analyse risks that have the potential to hamper the departmental strategic objectives as well as determine the effectiveness of the Risk Management Framework. New and emerging risks are regularly identified and monitored through appropriate departmental reporting channels.

The Department has an established Risk Management Committee which was formally appointed by the Accounting Officer to assist with the responsibility for risk management as required by the PFMA, 1999 (Act No. 01 of 1999) Section 38(1)(a)(i). The Risk Management Committee is chaired by an internal, executive official, on Deputy Director-General level. The Risk Management Committee comprises members from top management, who represent core operational functions within the Department. Its members collectively possess the necessary skills, expertise and knowledge of the Department to contribute to the advancement of risk management within the Department. During the reporting period, top management was committed towards an improved and effective risk management approach.

The Department has finalised the appointment of an external, independent Chairperson who will assume the Chairpersonship of this Risk Management Committee during the FY2024/25.

The Risk Management Committee reviews the Department's overall system of risk management and advises the Accounting Officer and the Chief of the SANDF on the state of risk management and the mitigation of unacceptable levels of risk, in line with its approved Risk Management Charter. This Committee reports to the DOD Audit Committee, which exercises oversight and advises the Department on risk management.

The DOD Audit Committee consist of independent, external members and provides an independent and objective view of the Department's risk management effectiveness and makes recommendations and provides advice to the Executive Authority and the Accounting Officer.

Risk Management continues to be embedded in the strategic and operational processes of the Department. To ensure that risks within the Department are well managed and that improvements in the Department's performance are realised, the Department's Risk Management Directorate maintained the following instruments:

- The DOD Enterprise Risk Management Framework;
- The DOD Risk Management Policy;
- The DOD Strategic Risk Management Committee Charter;
- The DOD Risk Management Implementation Plan.

The table below provides details on progress made in the management and mitigation of DOD Enterprise Risks during FY2023/24.

DOD Enterprise Risk Management and Mitigation for FY2023/24	
Risk Response	Progress and Intervention
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments	
DOD Output 5: Defence capabilities supported	
Enterprise Risk 1: Constrained Defence Allocation A severely constrained defence allocation, due to a historically declining national fiscus and economic performance, may negatively impact the ability of the SANDF to meet its Constitutional Mandate, resulting in: • Inability to execute military missions in a sustainable manner. • Rapidly escalating block obsolescence of prime mission equipment. • Inadequate funding for maintenance, repair and overhaul of equipment to meet ordered operational commitments. • Resultant Defence Planning that is budget-driven instead of mandate-driven. • Constraint capabilities to meet Ad Hoc deployment obligations. • Insufficient COE budget to fund the total departmental personnel headcount (resulting in unauthorized expenditure).	
Elevation of strategic Defence and security funding shortfalls and risks to the MTEC process for additional funding.	• The submission on unforeseen and unavoidable expenditure was prepared in Aug 2023. • A virtual engagement took place on 01 Nov 2023, focusing on FY2023/24 Q2 expenditure and performance. • The DOD collaborated on a submission to the National Treasury on the national implications of the rapidly declining defence allocation.
Engagement of the Commander in Chief and the National Security Council for further strategic direction.	• The Future Defence Policy Concept and the Military Capstone Concept were presented to the MOD&MV Work Session on 05 Mar 2024. • The Presidency was briefed on 24 Jan 2024 and significant direction (with focus on six main matters) was provided to the Department for taking the work forward. • A project plan for these main matters was developed and presented to the PDSC on 19 Feb 2024 for endorsement. • Guidelines provided by the President are being pursued towards the 31 Oct 2024 target as addressed in the DOD APP for 2024, in line with the MOD&MV Performance Agreement.

DOD Enterprise Risk Management and Mitigation for FY2023/24	
Risk Response	Progress and Intervention
Engagement of Parliamentary Appropriations processes.	To enable the MOD&MV to engage Cabinet and Parliament on a stable resourced Future Defence Policy Concept (Level of Defence Ambition), the Future Defence Strategic Direction was presented to: • President on 24 Jan 2024; • PCDMV on 05 Mar 2024; • JSCD on 07 Mar 2024; • JCPS Cluster Development Committee on 26 Mar 2024. The JCPS DGs were subsequently briefed on 09 Apr 2024. The National Executive will be engaged during the next sitting of Parliament.
DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence	
DOD Output 1: Defence effectively administered	
Enterprise Risk 2: Compromised Corporate Governance Corporate Governance in accordance with the regulatory framework may be compromised by the protracted development, corporate approval timeframes and maintenance of departmental policies by functional authorities, principally due to policy writing capacity constraints.	
Implement the revised Policy on the development and maintenance of DOD policies.	DODP/00001 (Ed 5): Policy on Departmental (Level 1) Policies and DODPP/00001 (Ed 2): Processes and Procedures for Departmental (Level 1) Policy Instruments were updated and promulgated.
Monitor the DOD Policy Status Reports from the DOD Master Record Index for policy renewal imperatives and address latent policy gaps.	Updated Policy Status Reports were published quarterly on the DOD Policy Website.
Present policy training interventions to ensure well trained and competent policy writers.	Two DOD Policy Development Workshops were presented.
Report non-compliance and/or poor performance in terms of the DOD Policy on Policies to the AMC and PDSC for intervention.	Three DOD Policy Board meetings convened during the period under review. Departmental (Level 1) Policy Presentations are provided quarterly to the AMC for information. Presentations on Policies are made during the DOD Policy Board, as a sub-committee of the PDSC.
DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence	
DOD Output 1: Defence effectively administered	
Enterprise Risk 3: Prevalence of Fraud and Corruption Weaknesses in key internal controls increase the opportunity for corruption and fraud and may result in losses, including future resources.	
Implement and Monitor the revised DOD Corruption and Fraud Prevention Plan.	The Implementation of the DOD Corruption and Fraud Prevention Plan is monitored and presented during awareness education activities and is available on the DOD Intranet. The DOD Anti-Corruption and Anti-Fraud Plan submitted in 2022 remains valid for FY2024/25. The Department, through the office of the Inspector General, conducts annual reviews of the DOD Corruption and Fraud Prevention Plan to cater for policy and/or major changes which may affect the current Plan. No policy changes in the DOD required the current Plan to be updated.
Conduct 70 Corruption and Fraud awareness activities within the DOD and encourage whistleblowing.	68 Fraud awareness activities were conducted in KwaZulu-Natal, Free State, Eastern Cape, North West and Gauteng Provinces. The Implementation of the DOD Corruption and Fraud Prevention Plan is monitored and presented during awareness education activities and is available on the DOD Intranet.
Engage level 1 Command Bodies on fraud and corruption in the DOD.	The Risk Profile of the Division changed and the risk response was discarded during Q1.

DOD Enterprise Risk Management and Mitigation for FY2023/24	
Risk Response	Progress and Intervention
Maintain, monitor and report on the efficacy of the Whistleblowing Hotline.	The Whistleblowing Hotline is functional and available for DOD members to make confidential disclosures about alleged fraud and corruption. 23 Whistleblowing reports were received during FY2023/24. 16 out of 19 cases were verified for investigation and were finalised during the year under review.
Implementation of the approved DOD Ethics Management Policy.	The DOD Ethics Policy is being implemented.
Develop the DOD Ethics Strategy.	The development of the DOD Ethics Strategy is in progress. The DOD Ethics Committee was launched to implement the DOD Ethics Policy. An Ethics Committee Meeting was held on 19 Mar 2024.
Improve staff morale within the DOD.	The Risk Profile of the Division changed and the risk response was discarded during Q1.
DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence	
DOD Output 1: Defence effectively administered	
Enterprise Risk 4: Prevalence of Litigation against the DOD The non-compliance of the DOD with applicable legislation, the common law and prescribed policies and procedures may result in costly litigation and losses to the DOD. This is especially prevalent in the command line.	
Implementation of the DODI on Litigation and Legal Advice.	DODI on Litigation and Legal Advice is being implemented.
Provide training/awareness on Litigation to the Commanders.	Training/awareness on Litigation to the Commanders and DOD personnel is provided on a continuous basis.
Establishment of the DOD Litigation Forum ito the above DODI to manage litigation cases, determine causes thereof, and report thereon to the PDSC.	The Defence Litigation Forum cannot be constituted, as sufficient resources and personnel for it to be convened are lacking. Despite this Litigation is centrally managed at Defence Legal Services Division.
Expansion of Litigation and Legal Advice structure.	The prevalence of litigation is managed by Services and Divisions, the management of litigation (the outcome that must be in favour of the DOD) is managed at the Legal Services Division.
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments	
DOD Output 5: Defence capabilities supported	
Enterprise Risk 5: Deteriorating DOD Facilities and Infrastructure. Deteriorating DOD facilities and infrastructure may result in: • Compromised Defence Readiness (including training of Defence-Ready Personnel). • Prevalence in Occupational Health and Safety (OHS) fatalities and costly litigation. • Tarnished image of the DOD. • Negative impact on morale. • Possible escalation of leasing costs as well as fruitless and wasteful expenditure to the DOD. • Increase in theft due to easy access to DOD facilities.	
Develop the Revised Overarching Logistics Concept and Strategy.	The Overarching Logistics Strategy (which includes the Facilities sub-strategy) has been developed and is pending approval.
Develop the DOD Facilities Concept and Strategy.	The User Asset Management Plan (UAMP) is utilised as the Defence Facilities Master Plan and includes all the strategic accommodation requirements of refurbishment and maintenance projects. The UAMP FY2023/24 is being implemented as planned and implementation is being monitored for timely intervention if/when required.

DOD Enterprise Risk Management and Mitigation for FY2023/24	
Risk Response	Progress and Intervention
Ring-fencing of all facilities funds to meet identified departmental facility maintenance and repair priorities.	The Risk Profile of the Division changed and the risk response was discarded during Q2.
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments	
DOD Output 5: Defence capabilities supported	
Enterprise Risk 6: Prevalence of Legacy DOD Information Communication Technology Systems (ICTS) The lack of modernisation of DOD ICT Systems may lead to unreliable, unverifiable and loss of DOD financial, non-financial information and possible threat to business continuity.	
Refinement of business processes regarding modernisation and optimisation requirements are managed on a per-case basis.	Requirements are managed through the monthly SLA meetings. Members from all Services and Divisions form part of the process to identify systems that require modernisation/optimisation.
Optimisation, integration and digital transformation of ICT Systems and Services by means of ICT projects and the implementation of the Integrated Defence Enterprise System (IDES) project as resourced.	Continuous engagements within the DOD are facilitated to determine the user requirements and the cost of commercial off-the-shelf IDES, aligned with the DOD Enterprise Architecture to ensure timely governance and accountability for Defence resources.
Concept development of the ICT Academy.	The development of an ICT career path to address ICT capacity insufficiencies is in progress.
Development of the Defence Information System Agency concept (DISA).	Continuous engagements within the DOD are facilitated to determine the user requirements and the cost of commercial off-the-shelf IDES, aligned with the DOD Enterprise Architecture to ensure timely governance and accountability for Defence resources.
DOD Outcome 1: Accountable and effective governance of the DOD to enhance civil control of Defence	
DOD Output 1: Defence effectively administered	
Enterprise Risk 7: Corporate Governance of Information and Communication Technology (ICT) Governance Structures not implemented. Non-implementation of the DOD Corporate Governance of ICT Policy with specific reference to the ICT Governance Structures may lead to the non-development of the DOD Enterprise Architecture (EA) Strategy, DODI, Capability, DOD Core Information Systems and possible threat to business continuity.	
Review DODI on Corporate Governance of ICT.	The development of the DOD Policy and DOD Policy Procedures is currently in progress. The DODP has been aligned with Public Service documents and it has been distributed for input.
Implement the DOD Corporate Governance of Information and Communication Technology Policy.	The implementation of the Corporate Governance of ICT is in progress and is monitored through the DOD ICT Compliance Assessment Plan.
Review the Corporate Governance Implementation Plan.	The Corporate Governance of ICT Plan was approved by GITO on 23 Jun 2023.
Develop and implement the Enterprise Architecture DODI (including EA Implementation Plan) in the DOD.	The development of the DOD Enterprise Architecture has not yet been completed. The draft DODI on EA was deferred to 30 Nov 2024.
Develop the Enterprise Architecture Strategy.	The DOD Strategy on EA was put on hold due to a lack of resources to execute EA-related requirements.
Establish the DOD ICT Steering Committee.	The draft Enterprise Architecture Review Committee Constitution was developed and in the approval process.

DOD Enterprise Risk Management and Mitigation for FY2023/24	
Risk Response	Progress and Intervention
DOD Outcome 2: An effective and sustainable Defence Force capacitated to execute ordered commitments	
DOD Output 5: Defence capabilities supported	
Enterprise Risk 8: Forfeited rights on DOD Property Current land claims and possible illegal land invasion of DOD facilities may result in loss of DOD facilities which may impact on readiness and deployment capabilities in support of the Defence mandate.	
Maintain contact with the Chief Land Claims Commissioner in order to provide early warning of possible land claims on DOD property to higher command bodies.	The DOD regularly maintain contact with the Chief Land Claims Commissioner in order to provide early warning of possible land claims on DOD property to higher command bodies.
Source alternative training facilities on request of Services and Divisions as required.	The DOD will source alternative training facilities on request of Services and Divisions if and when required.
Engagement with DLS Division in order to obtain legal advice in cases of land claims on land being used by the DOD.	Continuous engagement with Defence Legal Services Division in order to obtain legal advice in cases of land claims on land being used by the DOD.
Engage the PMG for Military Police assistance in cases of encroachment on DOD land.	The PMG for Military Police is regularly engaged for assistance in cases of encroachment on DOD land.

Fraud and Corruption

The Corruption and Fraud Prevention Plan for FY2022/23 to FY2024/25 dated 26 June 2022 remains valid. The DOD did an annual review of the Corruption and Fraud Prevention Plan and established that there were no major policy changes or other matters that impacted the current Plan.

Directorate Anti-Corruption and Anti-Fraud serve as a nodal point for the Department by providing a whistleblowing hotline and a detection and awareness education service.

The Department conducted 68 awareness activities during the reporting period. The Whistleblowing Hotline service received 23 whistleblowing cases of which 19 were identified for detection investigation and 16 were finalised during the reporting period.

Minimising Conflict of Interest

The DOD acknowledges that conflict of interest obstructs good governance. The minimising of conflict of interest forms an integral part of the organisational values of the Department, i.e. *Ethics* and *Openness and Transparency*, among others. During the reporting period, the Department ensured that:

- Standard Bidding Document 4 as part of bidding documentation by suppliers must be completed and submitted with bids. The information provided is tested against the Central Supplier Database, which provides all the relevant information to determine whether company directors are employees of the State and whether they have been awarded any contract by a State entity.
- DOD Committee or Board members are required to declare their business interests and their status as Board of Directors, as well as a declaration of interests per committee sitting, to eliminate conflict of interest where applicable. Such disclosures are evaluated during oversight visits.

- Senior Management, Middle Management and other prescribed members are required to disclose their financial interests on an annual basis via an Electronic Disclosure System as and when required to do so.
- Financial, logistical and acquisition officials in the DOD must annually declare their interests which might be in conflict when performing duties in their respective areas of responsibility.

The Human Resources Division administers the management of employees' financial disclosures and those doing business with the State.

Reforms in Procurement have been addressed through Departmental Instructions and monthly meetings were held to streamline procurement processes and to ensure compliance with the regulatory framework.

In some instances, personnel in the procurement centres and units have been rotated out of the procurement environment to minimise familiarity with key stakeholders.

Code of Conduct

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

- Accountability
- Consultation Rooted in Effective and Efficient Partnership and Collaboration
- Discipline
- Ethics
- Excellence
- Openness and Transparency
- People
- Service Standards
- Teamwork

Health, Safety and Environmental Issues

Directorate Occupational Health and Safety, in terms of the Occupational Health and Safety (OHS) Act, 1993 (Act No. 85 of 1993) is mandated to ensure the management of OHS in the DOD. Non-compliance with OHS standards and prescripts, because of ineffective OHS monitoring and evaluation, and related training may lead to occupational injuries, illnesses and disabilities. This may subsequently result in litigation against the DOD.

Eleven OHS monitoring and evaluation visits to various DOD Force Structure Elements were conducted during FY2023/24. The focus of these visits was aimed at OHS compliance in the Department. Eight OHS training courses were presented to ensure the preparedness of OHS representatives, especially during major events.

Parliamentary Oversight Committees

Appearances before Parliamentary Oversight Committees

During the reporting period, the Minister of Defence and Military Veterans, the Deputy Minister, the Accounting Officer and representatives from the Department and its Entities, collectively appeared before the Portfolio Committee on Defence and Military Veterans (PCDMV) on 19 occasions and the Joint Standing Committee on Defence (JSCD) on 17 occasions, primarily concerning matters pertaining to the DOD.

During this period, the PCDMV undertook two oversight visits, one to the ARMSCOR Dockyard in Simon's Town, Western Cape on 13 September 2023 and another one on 28 October 2023 to the SANDF Combat Training Centre in Lohatla, Northern Cape.

The PCDMV also conducted a joint international study tour with the JSCD to Berlin, Germany over the period 25 June 2023 to 01 July 2023.

The JSCD undertook an oversight visit to Rheinmetall Denel Munition and Damen Shipyard, Western Cape on 03 November 2023.

The Department briefed the PCDMV quarterly on the DOD's Non-Financial and Financial Performance Status. In addition to these briefings, progress was also provided against the PCDMV Budget Review and Recommendations Report on the DOD Annual Report for FY2022/23.

The most prominent matters raised and monitored by the Committees during FY2023/24 related to, among others:

- Progress made by the DOD with the implementation of Audit Action Plans.
- Update on the status of consequence management in the DOD in relation to irregular, fruitless and wasteful expenditure.
- Progress with the National Treasury engagement on DOD funding constraints and ways to optimise financial management in the Department.
- Status of Supply Chain Management and methods to improve procurement processes and related irregularities in the DOD.

Standing Committee on Public Accounts Resolutions

The DOD did not receive any Standing Committee on Public Accounts meeting invitations during the year under review.

Prior Modifications to Audit Reports

The table below provides details with respect to the progress made in resolving the Auditor-General of South Africa (AGSA) FY2022/23 Audit Report matters.

Progress made in Resolving AGSA Audit Report Matters during the FY2023/24	
FY2022/23 AGSA Audit Report Reference	Progress Made in Clearing / Resolving the Matter
Qualification: Goods and Services and Investments	
First Reported in FY2016/17	
The department accounts for non-sensitive and sensitive projects expenditure in connection with special defence activities as per section 2(2)(a) of the Defence Special Account Act 6 of 1974, as amended. I was unable to obtain sufficient appropriate audit evidence on sensitive projects expenditure and related investments due to the sensitivity of the environment and the circumstances under which the related transactions were incurred and recorded. I was unable to confirm goods and services and investments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to sensitive projects expenditure included in the expenditure of R14,21 billion (2022: R12,83 billion), as per note 4 to the financial statements, and investments for special defence activities included in the investment amount of R179,16 million (2022: R179,16 million), as per note 11 to the financial statements	There is an inherent limitation as a result of the sensitivity of the environment and the way in which normal mandated business (in terms of the Defence Act) is conducted, which by its pure nature would inherently prevent the auditor from having full and unrestricted access in order to express a favourable opinion which would normally be possible in an environment where national security would not be negatively impacted by such unrestricted access. The Contribution to the SDA allocation is 0.64% of the entire R54,597 billion of actual expenditure for the year under review. The sensitive environment of the SDA makes up 12,7% of the spending within the allocation. The Auditor-General has full access to 99.4% of the Department's spending, except the 0.64% of the sensitive environment. Oversight structures such as the Joint Standing Committee on Intelligence are however in place in order to oversee the activities of the sensitive environment. A decision by the Joint Standing Committee on Intelligence and Parliament must be taken on how these types of transactions, which affect the Defence Intelligence, Crime Intelligence and the State Security Agency must be audited and reported on. The plan is for the Inspector-General of the DOD to include the audit of the sensitive environment of the SDA in their audit plans in order to provide some assurance on the transactions in that environment.
Qualification: Irregular Expenditure	
First Reported in FY2016/17	
The department did not fully record irregular expenditure in the notes to the financial statements, as required by section 40(3)(b)(i) of the PFMA. This was due to inadequate systems to detect, record and appropriately disclose this expenditure in the financial statements. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure, stated at R553,94 million (2022: R4,10 billion) in note 24 to the financial statements, as it was impracticable to do so.	The Accounting Officer established the Governance, Risk, Compliance and Accountability Committee to oversee the capability of the various procurement entities to be issued a procurement delegation and how effectively the delegation is being executed. Where there are concerns, the delegation is withdrawn or suspended until satisfactory remedial action has been undertaken. Non-compliances and findings generated from the Oversight Visits are shared with the Chiefs of Services and Divisions, AGSA and Audit Committee. The latter consistently monitors the progress made wrt implementing recommendations. The evaluation process is capacitated to identify potential incidents of collusive bidding. Procurement Entities are providing monthly feedback on progress made wrt their audit findings. To address procurement technical-related matters, the MoA with the NSG was signed by both the Acting Secretary for Defence and the NSG Principal. To date the following entities have undertaken training; CPSC; ASB KZN and ASB Mpumalanga. Boards of Inquiry and investigations are progressing, albeit slowly, and resulting recommendations thereof will enable the effective management/implementation of consequence management.

<table>
<tr><th colspan="2">Progress made in Resolving AGSA Audit Report Matters during the FY2023/24</th></tr>
<tr><th>FY2022/23 AGSA Audit Report Reference</th><th>Progress Made in Clearing / Resolving the Matter</th></tr>
<tr><td colspan="2">Qualification: Movable Tangible Assets</td></tr>
<tr><td colspan="2">First Reported in FY2020/21</td></tr>
<tr><td>I was unable to obtain sufficient appropriate audit evidence for movable tangible capital assets as the department could not indicate where these assets are located or provide other information relating to the existence of these assets. I was unable to confirm or verify these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets stated at R66,78 billion (2022: R64,38 billion) in note 29 to the financial statements.

The department did not recognise all items of movable tangible capital assets in accordance with MCS chapter 11, Capital Assets. I identified items of movable tangible capital assets belonging to the department that were not included in the underlying accounting records. Consequently, I was unable to determine the full extent of the understatement of movable tangible capital assets, stated at R66,78 billion (2022: R64,32 billion) in note 29 to the financial statements, as it was impracticable to do so.

The department did not comply with the modified cash standard in ensuring that all movable tangible capital assets remain at historical cost in accordance with MCS Chapter 11, Capital Assets. I identified value adjustments to the historical cost of certain movable tangible capital assets amounting to R919,27 million processed and included as part of the current year additions. This is in contravention with the MCS which prohibits cost adjustments for appreciation and devaluation. In addition, I was unable to obtain sufficient appropriate audit evidence for these adjustments as the supporting information was not provided. I was unable to confirm these adjustments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets additions stated at R2,98 billion (2022: R479,66 million) in note 29 to the financial statements.

The department did not comply with the modified cash standard in ensuring that all movable tangible capital assets remain at historical cost in accordance with MCS Chapter 11, Capital Assets. I identified cost adjustments to the historical cost of certain movable tangible capital assets amounting to R486,73 million processed and included as part of the current year disposals. This is in contravention with the MCS which prohibits cost adjustments for appreciation and devaluation. In addition, I was unable to obtain sufficient appropriate audit evidence for these adjustments as the supporting information was not provided. I was unable to confirm these adjustments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets disposals stated at R524,26 million in note 29 to the financial statements.</td><td>Controls, via monitoring of the stock take process, are in place to ensure that the possibility of a repeat of this finding is minimised.

71% of the Current assets have been physically verified for existence, in terms of policy, it is envisaged to be completed by 31 Mar 2023 and 45% of dummy numbers eliminated from the system.

A concept structure has been developed and communication is in progress with approval authorities, Services and Divisions and National Treasury.

Logistics and Finance reconciliations are being monitored monthly.

Adjustments to values have been limited on the systems to be carried out only with the approval of the Director Asset Management.

Uploading of documentation on CALMIS being implemented from 01 Apr 2024.

50% of valuation exceptions on assets have been attended to as at the end of Feb 2024.</td></tr>
</table>

Progress made in Resolving AGSA Audit Report Matters during the FY2023/24	
FY2022/23 AGSA Audit Report Reference	Progress Made in Clearing / Resolving the Matter
I was unable to obtain sufficient appropriate audit evidence that management had properly accounted for movable tangible capital assets accounted for outside the normal asset management system, due to non-submission of registers in support of these assets. I was unable to confirm these assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to movable tangible capital assets stated at R66,78 billion in note 29 to the financial statements. The department did not recognise all movable tangible capital assets at cost in accordance with MCS chapter 11, Capital Assets. I identified a significant number of assets acquired after 01 April 2002 which were recorded at R1. This is in contravention of the MCS which allows R1 values to be assigned only to those assets acquired prior to 01 April 2002 and where documentation to establish the cost is not available. Consequently, I was unable to determine the full extent of the understatement of movable tangible capital assets stated at R66,78 billion (2022: R64,38 billion) in note 29 to the financial statements as it was impracticable to do so.	
Qualification: Number of vetting decisions taken in accordance with requirements, within the Defence Intelligence Programme	
First Reported in FY2022/23	
I could not determine whether the achievement of 5 111 reported against a target of 5 500 was correct, as information regarding the processes to consistently measure and report on achievements against planned indicators was not provided. Adequate supporting evidence was also not provided for auditing. Consequently, the reported achievement might be more or less than reported.	The nature of the information to be assessed is personal information, which is sensitive and against POPIA. Several engagements have been held with the AGSA, an agreement has been reached with the AGSA for them to utilize the data/statistics from the EKKA system, which is managed by SITA. The system generates vetting results which the AGSA can utilise to confirm the statistics of the information reported.
Non-compliance: Annual Financial Statements, Performance and Annual Report	
First Reported in FY2018/19	
The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and/or supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified opinion.	The Finance Division is dependent on inputs approved by Chiefs of Services and Divisions to be included in the Financial Statements. The bulk of misstatements identified by auditors emanated from the Asset Management and Procurement environments. The applicable directorates are being capacitated to improve the accuracy and completeness of the transactions. Disclosures and inputs received to the financial statements will now be supported with documentation.

Progress made in Resolving AGSA Audit Report Matters during the FY2023/24	
FY2022/23 AGSA Audit Report Reference	Progress Made in Clearing / Resolving the Matter
Non-compliance: Expenditure Management	
First Reported in FY2016/17	
Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 38(1) (c) (ii) of the PFMA and treasury regulation 9.1.1. As reported in the basis for qualified opinion, the value of R553,94 million as disclosed in note 24 of the financial statements does not reflect the full extent of the irregular expenditure incurred. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with SCM laws and regulations. Resources of the department were not utilised economically, as required by section 45(b) of the PFMA. This was due to medical equipment that was not utilised at 2 Military Hospital. The non-compliance resulted in a material irregularity to the department. In some instances, payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.	Irregular expenditure was incurred due to the Procurement Units not following procurement prescripts and legislation. The non-compliances and findings generated from the Oversight Visits are shared with the Chiefs of Services and Divisions, AGSA and Audit Committee. The latter consistently monitors the progress made wrt implementing recommendations. The evaluation process is capacitated to identify potential incidents of collusive bidding. Procurement Entities are providing monthly feedback on progress made with audit findings. Boards of Inquiry and investigations are progressing, albeit slowly, and resulting recommendations thereof will enable the effective management/implementation of consequence management. With regard to payments within 30 days, funds to upgrade the non-integrated financial systems have been a challenge, including the challenges around medical payments. In the 2024/2025 financial year, CMIS, the IT Division of Defence will be working with SITA and the SAMHS to improve this environment.
Non-compliance: Asset Management	
First Reported in FY2020/21	
I was unable to obtain sufficient appropriate audit evidence that the disposal of movable assets was done in a manner most advantageous to the state, as required by treasury regulation 16A.7.1. I was unable to obtain sufficient appropriate audit evidence that proper control systems were in place at the department to ensure the safeguarding of assets, as required by section 38(1)(d) of the PFMA. Preventative mechanisms were not in place to eliminate the theft and loss of assets, as required by treasury regulation 10.1.1 (a).	A concept structure has been developed and communication is in progress with approval authorities, Services and Divisions and National Treasury. Logistics and Finance reconciliations are being monitored monthly. Most of the items identified by the auditors for existence have been resolved. Boards of Inquiry are in process at Unit level to finalise discrepancies and source supporting documents which could not be furnished to the auditors.
Non-compliance: Procurement and Contract Management	
First Reported in FY2016/17	
I was unable to obtain sufficient appropriate audit evidence that all contracts were awarded in accordance with the legislative requirements as department did not have proper record keeping in place. Similar limitations were also reported in the prior year. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1 and paragraph 3.2.1 of SCM instruction note 2 of 2021-22. Similar non-compliance was also reported in the prior year. Some of the contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury Regulation 16A8.3. Similar non-compliance was also reported in the prior year. Procurement by other means was not provided in the SCM policy of the institution or did not cover at least the minimum	The Department, through the Governance Risk and Compliance Accountability Committee for Procurement, conducts oversight visits to Procurement Units focusing on high-risk areas and findings and the institution of corrective measures. All efforts are being made to train procurement practitioners to apply legislative policies and procedures in order to eradicate the recurrence of irregularities. To address procurement technical-related matters, the MoA with the National School of Government (NSG) was signed by both the Acting Secretary for Defence and the NSG Principal. To date, the following entities have undertaken NSG training: CPSC; ASB KZN and ASB Mpumalanga. Board of Inquiries are in progress and once finalised, the recommendations will be implemented by instituting consequence management.

Progress made in Resolving AGSA Audit Report Matters during the FY2023/24	
FY2022/23 AGSA Audit Report Reference	Progress Made in Clearing / Resolving the Matter
requirements as required by PFMA Instruction Note 3 of 2021-22 par. 4.3 and 4.4. Deviations and procurement by other means were not provided for in the SCM policy and/or were not in line with the circumstances provided in the SCM policy under which the procurement can occur as required by PFMA instruction note no.3 of 2021-22 par. 4.3 and 4.4 (c). Some of the quotations were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA) and Preferential Procurement Regulation (PPR) 2017 and/or 2022. Similar non-compliance was also reported in the prior year. Some of the construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board and/or did not qualify for the contract in accordance with section 18(1) of the CIDB Act and Construction Industry Development Board Regulations 17 and/or 25(7A). Similar non-compliance was also reported in the prior year. The bid documentation/ invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Procurement Regulation 8(2). Similar non-compliance was also reported in the prior year. I was unable to obtain sufficient appropriate audit evidence that persons in service of the department who had a private or business interest in contracts awarded by the department disclosed such interest, as required by Treasury Regulation 16A8.4 and the Public Service Regulations 18(1).	
Non-compliance: Consequence Management	
First Reported in FY2020/21	
I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 38(1) (h) (iii) of the PFMA. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure, as required by section 38(1) (h) (iii) of the PFMA. I was unable to obtain sufficient appropriate audit evidence that investigations were conducted into all allegations of financial misconduct committed by officials as required by treasury regulation 4.1.1.	The implementation of consequence management is in the process of being streamlined and implemented. The MOD&MV instructed that investigations into irregularities and fruitless expenditure are finalised as a matter of urgency and that recommendations made, are implemented. At the AMC of March 2024, the Chief of the SANDF and Secretary for Defence instructed all Service and Divisional Chiefs to finalise all outstanding Board of Inquiries as soon as possible.

Internal Control Unit

The Directorate Financial Control Services, under the control of the Chief Financial Officer, executes a prominent function in terms of the facilitation of internal and external audit processes. This Unit is at the centre where AGSA audit findings, responses and the facilitation of audit adjustments to the financial statements occur. The Unit coordinates the consolidation of action plans from Services and Divisions and ensures that it addresses the prior year's audit findings. The adequacy of action plans is tested through the implementation and assessment of its ability to reduce audit findings.

The Financial Control Services Directorate serves as the secretariat to the AMC, chaired by the Secretary for Defence as the Accounting Officer, and is attended by C SANDF and Chiefs of all Services and Divisions. Financial misconduct incidents; the monitoring of action plans; the status of cases on corruption and fraud; accountability and governance reports; and the status of audit findings and reports that affect the DOD are discussed during monthly AMC gatherings. Feedback on incidents for which Chiefs of Services and Divisions are accountable is provided.

The Internal Control Unit also manages and chairs the Prosecution and Recovery Committee (PRC) and the State Property Loss Management Committee (SPLMC), sub-committees of the AMC. The PRC deals with the confirmation of irregular, fruitless and wasteful expenditure, financial misconduct cases, status of investigations into the occurrence of irregular, fruitless and wasteful expenditure and makes submissions to the National Treasury and the Accounting Officer for condonement. The SPLMC deals with the loss of state property and claims against the Department, according to Treasury Regulations and the PFMA.

Directorate Financial Control Services revived the function of the Accountability Management Forum during FY2023/24. The forum is mandated to assist Services and Division Chiefs with the development of action plans and ensure that action plans address the root causes of findings raised by AGSA and that the recommendations made by AGSA are implemented. Although the endeavour to reduce audit findings to acceptable levels is a protracted process, a concerted effort is being made towards resolving identified control weaknesses.

Directorate Financial Control Services manages the Consolidated Control System and ensures that all financial misconduct cases (i.e. irregular, fruitless and wasteful expenditure; losses and claims) are recorded and accounted for before it is disclosed in Departmental financial records.

Internal Audit and Audit Committees

Internal Audit

Key Activities and Objectives

The Internal Audit Division assists the DOD in accomplishing its objectives through a systematic and disciplined approach to evaluating the effectiveness of risk, governance and control processes. In line with the PFMA and the National Treasury Internal Audit Framework, the Internal Audit Division provides independent, objective assurance and advisory services.

The Internal Audit Division had the following five objectives for FY2023/24:

- Provision of internal audit assurance services with recommendations to improve and enhance DOD control systems, in compliance with the Standards for the Professional Practice of Internal Auditing (Standards) and leading practices in accordance with the approved Risk Based Internal Audit Plan to ensure achievement of DOD objectives.
- Provision of relevant advisory services intended to add value and improve DOD's operations by continuously responding to emerging risks in compliance with the Standards for the Professional Practice of Internal Auditing and leading practices per the approved Risk Based Internal Audit Plan.
- Coordinate with other internal and external providers of assurance to ensure adequate coverage of risks; minimisation of overlap and duplication of efforts; and ultimately the reduction of DOD cost of assurance.
- Coordination and facilitation of DOD Audit Committee activities according to Treasury Regulations, the Audit Committee Charter and leading governance practices and principles to ensure compliance with relevant prescripts.

Summary of Audit Work Done

Internal Audit's activities are measured against the approved Internal Audit Plan. The Audit Committee approved the Internal Audit Division Audit Plan for FY2023/24 on 25 May 2023. The Internal Audit Plan was approved with 44 audit projects, with an in-year revision of the Plan to 41 audit projects. The Internal Audit Division has completed 100% (41 out of 41) of projects for FY2023/24, in accordance with the Revised Internal Audit Plan.

A summary of audit projects completed during FY2023/24 is provided in the table below.

Summary of Audit Work Completed in FY2023/24							
Description of Project	Projects Planned	Completed					Reason for Deviation
		Q1	Q2	Q3	Q4	Total	
Risk-Based	12	-	6	2	3	11	Revision of Audit Plan
Follow Up	13	2	-	7	4	13	-
Cyclical Reviews	15	3	3	3	4	13	Revision of Audit Plan
Performance Audits	-	-	-	-	-	-	-
Consulting Audits	-	-	-	-	-	-	-
Information Technology	-	-	-	-	-	-	-
Ad-Hoc Requests	4	1	1	2	-	4	-
Total	44	6	10	14	11	41	-

Audit Committee

Key Activities and Objectives of the Audit Committee

The Audit Committee plays an important role in ensuring oversight over the DOD's compliance with the legislation and Internal Audit, in accordance with the Audit Committee Charter. The Committee ensures that the Department functions in accordance with good governance principles where risks are managed effectively and assurance activities are well coordinated. In this regard, the Committee provides the Accounting Officer with appropriate recommendations to address identified control weaknesses.

The Audit Committee executed its role and responsibilities on the following aspects:

- Internal financial controls and internal audit;
- Accounting policies;
- Financial and non-financial performance reporting;
- Governance, risk and compliance management;
- Information and Communication Technology (ICT) Governance;

Attendance of Audit Committee Meetings by Audit Committee Members

The Audit Committee consists of independent, non-executive members bringing the following mixture of skills to the Committee: financial; asset management; monitoring and evaluation; information technology; legal; human resource and military skills (core business).

The Audit Committee was scheduled to meet six times, comprising four standard Audit Committee meetings and two Special Audit Committee meetings in the financial year to discuss matters pertaining to the Department as stipulated in the Audit Committee Charter and Treasury Regulations. The Committee met eight times in FY2023/24. Four planned Audit Committee meetings were held as scheduled.

The Internal Audit Division Audit Plan for FY2024/25 was tabled and approved during the 4th Quarter Audit Committee meeting.

In FY2023/24, two Audit Committee posts were staffed, the Legal Specialist post and the Military Skills post. The selected candidate for the Human Resource Specialist post declined the post.

Three of the Audit Committee members' contracts ended on 30 September 2023 but were extended for six months until 31 March 2024. Two Audit Committee members accepted extended contracts offered for another six months, until 30 September 2024. One Audit Committee Member declined the offer and therefore only attended seven scheduled meetings and not eight.

Four Audit Committee posts were advertised in February 2024:

- Financial and Asset Management Specialist;
- Governance, Risks and Compliance Specialist;
- Information Communication and Technology (ICT) Specialist;
- Human Resource Specialist (re-advertised).

Applications were received and the shortlisting board will be scheduled to identify suitable candidates. A staffing board will subsequently appoint members for these posts.

Refer to the table in the Audit Committee Report on page 128 for a list of members, qualifications and a record of attendance.

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2024.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a)(ii) of the Public Finance Management Act (PFMA) and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the department, revealed certain weaknesses which were then raised with the management.

Below is some of the internal audit work which was completed during the year under review:

- Review of Annual Financial Statements
- Follow-up: Review of the Procurement Expenditure to ascertain the completeness of the Irregular Expenditure register in the Department of Defence
- Review of the Transfer Payment Made to Armscor
- DOD Performance Information
- Review of repairs and maintenance processes of the Department of Defence facilities and infrastructure
- Management of Damages and Losses
- Management of Reserve Force Members
- Maintenance, Repair and Overhaul of SA Navy Vessels
- Management of Contracts
- Follow-up: SAMHS Performance Information
- Review of Controls for the execution of overtime against policy prescripts (SAMHS)
- Review of the SA Army messes, Accommodation and Training structures for members
- Review of the Forfeited Rights on DOD Property Process
- Follow-up: E-Procure
- Follow-up: Review of SAMHS Procurement of Medical Equipment
- Follow-up: AGSA Management Report
- Follow-up: Review of the DOD Plans that Address the Maintenance and Repair of Facilities

- Review of the SA Navy and SAAF Output Performance Indicators
- Review of Internal Control Processes Relating to Physical Security Measures in Place to Safeguard Assets and Facilities
- Review of Ration Management
- Follow-up: Records Management

For the year under review, the Audit Committee is satisfied that Internal Audit operated independently and objectively and was effective in providing the required level of assurance based on the approved audit plan.

However, the Audit Committee remains concerned about the failure of the department to fill the Chief Audit Executive position, which has been vacant for over 5 years.

Activities of the Audit Committee

During the period under review, the following activities were undertaken which demonstrate the commitment of the Audit Committee to achieving its mandate:

- Reviewed quarterly management reports
- Considered the effectiveness of the risk management process
- Considered the Internal Audit plans and reports and made recommendations as appropriate
- Monitored progress with the Internal Audit coverage plans as well as management's follow-up on matters requiring attention
- Monitored compliance with the department's policies and applicable legislation
- Considered the effectiveness of the fraud prevention measures
- Conducted separate informal meetings with management, internal and external audit
- Reviewed External Audit plans and reports for consideration
- Considered the effectiveness of management action plans in response to key audit findings raised by Internal and External Audit
- Provided guidance to the department on ICT governance issues and alignment to applicable legislations and ICT governance Frameworks.

Audit Committee Membership and Attendance

Information on the Audit Committee Members				
Name	Qualifications	Internal or External Member	Contract Term	Number of Meetings Attended
Mr LM Mangquku (Chairperson)	CA (SA); MBL; Advanced Company Law I&II; B Compt Hons; B Com	External	26 Oct 2020 – current	8
Ms S. Hari	Honours in Acc Science; B Com Acc	External	26 Oct 2020 – 31 Mar 2024 (contract expired)	7
Mr M. Ndlangisa	MSc; BSc Hons in Computer Info Science; BSc in Computer Science; Higher Diploma in Computer Auditing	External	26 Oct 2020 – current	8
Adv D. Block	Bachelor of Law (B Legum)	External	26 Sep 2023 – current	2
Cpln Gen M.A. Jamangile	Higher Diploma in Theology; Hons in Theology	External	26 Sep 2023 – current	2

In-Year Management and Monthly/Quarterly Report

The department reported monthly and quarterly to the National Treasury as required by the PFMA.

Evaluation of Financial Statements

We reviewed the annual financial statements prepared by the department. This included:

- Reviewing and discussing with the external auditors the audited annual financial statements to be included in the Annual Integrated Report
- Reviewing the reported performance against the predetermined objectives
- Reviewing the external auditors' management letter and management's response thereto
- Reviewing adjustments resulting from the audit
- Reviewing and discussing the external auditor's report
- Reviewing and confirming the independence of external auditors

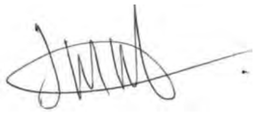
Auditor-General's Report

We reviewed the department's efforts to put together an Audit Action Plan to resolve audit issues raised in the previous year, however, the department failed to ensure timely cooperation by all Services and Divisions and thus its Action Plan also failed to directly address root causes. This resulted in the department not effectively addressing control deficiencies raised by the Auditor General, increasing the likelihood of repeat findings.

This effectively means that qualification areas from the previous audit were not resolved e.g. Completeness of Irregular Expenditure and the Integrity of the Department's Tangible Capital Assets Register.

The Audit Committee considers the systematic defunding of this department as the most critical risk that has materialised and requires immediate intervention to ensure the achievement of planned targets and uninterrupted execution of its mandate.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



LM Mangquku, CA(SA)
Chairperson of the Audit Committee
Department of Defence
31 July 2024

Broad-Based Black Economic Empowerment Compliance

The table below provides information in accordance with the compliance to the Broad-Based Black Economic Empowerment (B-BBEE) regulations, as required by the B-BBEE Act, 2003 (Act No. 53 of 2003) and describes how the Department applied the relevant Code of Good Practice (B-BBEE Certificate Levels 1 to 8).

Criteria	Response	Discussion
Determining qualification criteria for the issuing of Licences, concessions or other authorisation in respect of economic activity in terms of the law?	No	The function is outside the scope of the DOD.
Developing and implementing a preferential procurement policy?	Yes	The Interim Department of Defence Preferential Procurement Policy was approved on 16 Jan 2023 and implemented in the DOD with effect from 01 Apr 2023.
Determining qualification criteria for the sale of state-owned enterprises?	No	The function is outside the scope of the DOD.
Developing criteria for entering into partnership with the private sector?	No	The DOD does not have a specific policy framework for partnership with the private sector. The envisaged Production Brigade will enhance the DOD's ability to enter into partnership with the private sector.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	No	The function is outside the scope of the DOD.

D

Human Resource Management

Human Resource Overview

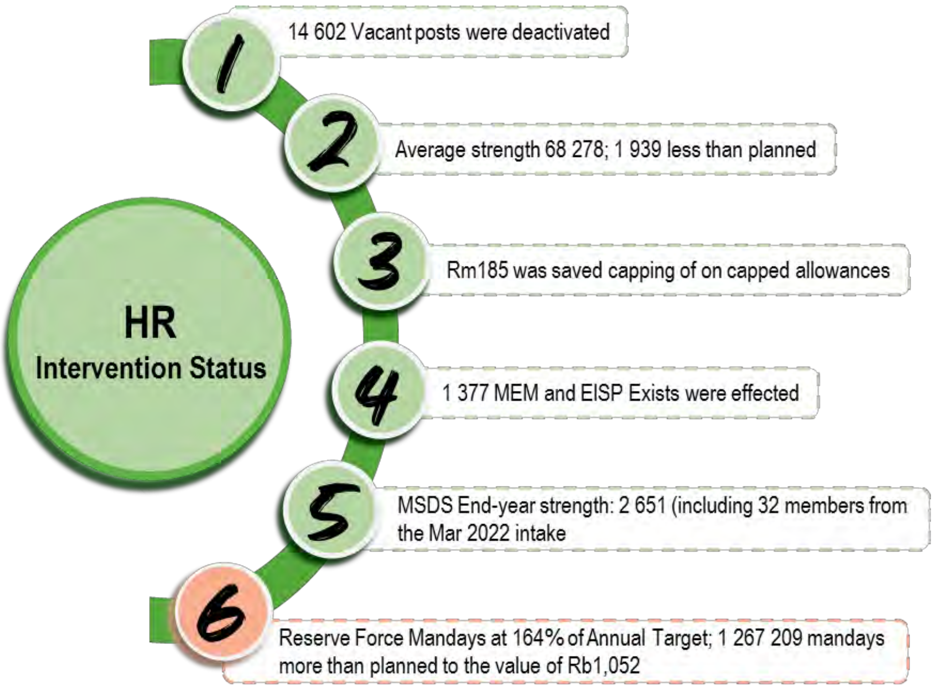
The disconnect between Government's required *Level of Defence Ambition* versus the declining Defence Vote continued to impact the Department of Defence's (DOD) ability to execute its constitutional mandate in support of the people of South Africa.

The impact of the underfunded DOD Compensation of Employee (CoE) budget resulted in irregular expenditure to the amount of R10,130 billion from FY2017/18 to FY2021/22; requests for condonation of irregular expenditure were not approved by the National Treasury as at the time of this Report.

In an endeavour to curb increasing Human Resources (HR) expenditure, the MOD&MV issued a Ministerial Directive on 31 March 2021 intending to implement HR cost-saving measures to reduce HR cost pressures over both the 2021/22 Medium-Term Expenditure Framework (MTEF) and the 2019 – 2024 Medium-Term Strategic Framework (MTSF). The DOD commenced with the implementation of these measures with effect from 01 April 2021. These interventions included, inter alia, the following:

- An average planned HR strength of 73 000 over the MTEF.
- Reduce Reserve Force mandays.
- Recruit MSDS intakes every alternate calendar year.
- Cap annual increases of regimental and operational allowances as well as allowances paid in lieu of scarce skills retention.
- Re-activate the implementation of exit strategies i.e., Mobility Exit Mechanism (MEM) and Employee Initiated Severance Package (EISP).

The figure below provides a summary of the status of HR interventions for FY2023/24.



The following strengths per HR component were recorded for FY2023/24:

- The Department planned for an average HR strength of 70 217. The average HR strength as at the end of FY2023/24 was 68 278[1], 1 939 less than the planned average strength.
- The DOD planned to utilise 1 989 953 Reserve Force mandays during FY2023/24. The actual Reserve Force utilisation was 3 257 162 mandays at the end of the reporting period, 1 267 209 mandays more than planned, representing 163.7% of the annual target.

The FY2023/24 CoE allocation was R30,629 billion. This allocation was supplemented by means of the Adjusted Estimate of Expenditure allocation with R1,2 billion to R31,829 billion. The CoE expenditure accumulated to R35,295 billion at the end of the reporting period, resulting in an over-expenditure of R3,466 billion.

Interventions, aligned to the Ministerial Directive of 31 March 2021, have been implemented and was continuously monitored during the year under review.

The SANDF reached the exit target and financial threshold applicable to the implementation of MEMs for military personnel and has ceased to process further submissions.

1 Inclusive of 2 619 MSDS members.

Human Resource Oversight Statistics

Personnel Related Expenditure

Final audited personnel-related expenditure by programme and salary band is summarised in the following tables.[2] It indicates the following, in particular:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

Personnel Expenditure by Programme for the period 01 April 2023 to 31 March 2024 (Table 3.1.1)						
Programme	Total Expenditure **(R'000)**	Personnel Expenditure **(R'000)**	Training Expenditure **(R'000)**	Professional and Special Services Expenditure **(R'000)**	Personnel Expenditure as a % of Total Expenditure	Average Personnel Cost per Employee **(R'000)**
Administration	5 369 316	1 985 522	22 386	2 690	36.98%	890
Force Employment	5 308 000	2 962 803	2 867	4 578	55.82%	7 778
Landward Defence	18 902 468	15 558 576	32 224	5 771	82.31%	124
Air Defence	7 770 383	4 315 717	19 070	780	55.54%	292
Maritime Defence	4 377 304	2 570 116	10 057	445	58.71%	766
Military Health Support	6 032 314	4 239 885	13 389	663 649	70.29%	105
Defence Intelligence	1 183 882	705 853	3 557	126	59.62%	2 989
General Support	6 898 181	2 956 967	21 862	144 917	42.87%	5 890
Total	55 841 848	35 295 439	125 412	822 956	63.21%	517

Note: Personnel expenditure includes all CoE expenses incurred (Item 10 only).

Personnel Costs by Salary Band for the period 01 April 2023 to 31 March 2024 (Table 3.1.2)				
Salary Band	Personnel Expenditure **(R'000)**	% of Total Personnel Cost	Number of Employees	Average Personnel Cost per Employee **(R'000)**
MSDS	405 898	1.15%	2 468	164
Lower Skilled (Levels 1-2)	649 436	1.84%	3 485	186
Skilled (Levels 3-5)	13 031 076	36.92%	28 031	465
Highly Skilled Production (Levels 6-8)	12 088 688	34.25%	23 523	514
Highly Skilled Supervision (Levels 9-12)	8 177 953	23.17%	10 244	798
Senior Professionals	600 022	1.70%	285	2 105
Senior and Top Management (Levels 13-16)	342 366	0.97%	242	1 415
Total	35 295 439	100%	68 278	517

Note:

- Information on MSDS members is listed separately at applicable tables and refer to the first career stage of the SANDF's new service system. The system serves as the entry point for most recruits who serve for two years in the Regular Force and ensures a throughput of young and fit members for operational deployment purposes.
- Employees appointed in the Occupation Specific Dispensation on salary levels 13 and higher (equivalent) are grouped as Senior Professionals.

2 As prescribed by the Minister for the Public Service and Administration for all departments.

Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme for the period 01 April 2023 to 31 March 2024 (Table 3.1.3)								
Programme	Salaries		Overtime		HOA		Medical Aid	
	Amount **(R'000)**	Salaries as a % of Personnel Cost	Amount **(R'000)**	Overtime as a % of Personnel Cost	Amount **(R'000)**	HOA as a % of Personnel Costs	Amount **(R'000)**	Medical Aid as a % of Personnel Costs
Administration	1 385 404	69.78%	7 480	0.38%	40 500	2.04%	40 259	2.03%
Force Employment	709 170	23.94%	5 431	0.18%	20 592	0.70%	7 892	0.27%
Landward Defence	10 233 651	65.77%	100 029	0.64%	379 895	2.44%	86 298	0.55%
Air Defence	3 107 459	72.00%	18 590	0.43%	97 243	2.25%	33 896	0.79%
Maritime Defence	1 822 881	70.93%	38 693	1.51%	56 576	2.20%	17 469	0.68%
Military Health Support	2 829 503	66.74%	292 634	6.90%	65 320	1.54%	29 340	0.69%
Defence Intelligence	457 363	64.80%	1 212	0.17%	12 269	1.74%	3 130	0.44%
General Support	2 094 289	70.83%	18 202	0.62%	73 520	2.49%	17 049	0.58%
Total	22 639 720	64.14%	482 271	1.37%	745 915	2.11%	235 333	0.67%

Note: Salaries amount includes salaries for the Military Skills Dispensation; Contract- and Session Workers.

Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band for the period 01 April 2023 to 31 March 2024 (Table 3.1.4)								
Salary Band	Salaries		Overtime		HOA		Medical Aid	
	Amount **(R'000)**	Salaries as a % of Personnel Costs	Amount **(R'000)**	Overtime as a % of Personnel Costs	Amount **(R'000)**	HOA as a % of Personnel Costs	Amount **(R'000)**	Medical Aid as a % of Personnel Costs
MSDS	352 040	86.73%	8 671	2.14%	0	0.00%	0	0.00%
Lower Skilled (Levels 1-2)	478 872	73.74%	9 684	1.49%	51 610	7.95%	96 487	14.86%
Skilled (Levels 3-5)	7 253 223	55.66%	132 118	1.01%	292 048	2.24%	65 893	0.51%
Highly Skilled Production (Levels 6-8)	8 273 806	68.44%	138 938	1.15%	289 429	2.39%	56 480	0.47%
Highly Skilled Supervision (Levels 9-12)	5 716 148	69.90%	91 741	1.12%	112 829	1.38%	16 473	0.20%
Senior Professionals	345 261	57.54%	101 119	16.85%	0	0.00%	0	0.00%
Senior and Top Management (Levels 13-16)	220 371	64.37%	0	0.00%	0	0.00%	0	0.00%
Total	22 639 721	64.14%	482 271	1.37%	745 916	2.11%	235 333	0.67%

Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies. The following tables summarise the number of posts in the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below).

Critical occupations that need to be monitored have been identified. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Employment and Vacancies by Programme as on 31 March 2024 (Table 3.2.1)

Programme	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate	Number of Employees additional to the Establishment
Administration	4 772	3 262	31.64%	0
Force Employment	2 972	1 996	32.84%	0
Landward Defence	43 295	35 424	18.18%	0
Air Defence	12 668	8 816	30.41%	0
Maritime Defence	7 378	5 710	22.61%	0
Military Health Support	9 723	6 716	30.93%	0
Defence Intelligence	1 297	998	23.05%	0
General Support	7 964	5 802	27.15%	0
Total	90 069	68 724	23.70%	0

Note:

- Posts refer only to approved production posts on the post establishment. 70 217 Posts were funded during FY2023/24.
- No employees were additional to the number of posts on the approved establishment.

Employment and Vacancies by Salary Band as on 31 March 2024 (Table 3.2.2)

Salary Band	Number of Posts on Approved Establishment	Number of Employees	Vacancy Rate	Number of Employees additional to the Establishment
Lower Skilled (Levels 1-2)	10 690	3 568	66.62%	0
Skilled (Levels 3-5)	35 825	31 274	12.70%	0
Highly Skilled Production (Levels 6-8)	28 349	23 315	17.76%	0
Highly Skilled Supervision (Levels 9-12)	14 270	10 035	29.68%	0
Senior Professionals	650	285	56.15%	0
Senior and Top Management (Levels 13-16)	285	247	13.33%	0
Total	90 069	68 724	23.70%	0

Note:

- There are no designated MSDS posts as MSDS members are placed in training posts at the commencement of training and only after training are they appointed and utilised in approved production posts. 2 651 MSDS members are included in the Skilled (L3-5) Salary Band.
- The number of posts on the approved establishment are not necessarily funded.

Employment and Vacancies by Critical Occupation as on 31 March 2024 (Table 3.2.3)				
Critical Occupation	Number of Posts on Approved Establishment	Number of Employees	Vacancy Rate	Number of Employees additional to the Establishment
Air Space Control	550	488	11.27%	0
Aircrew	616	439	28.73%	0
Anti-Aircraft	968	1 048	-8.26%	0
Artillery	1 289	1 453	-12.72%	0
Combat Navy	646	649	-0.46%	0
Engineer	165	97	41.21%	0
Medical Professional	1 654	1 413	14.57%	0
Nursing	1 659	1 264	23.81%	0
Technical	8 692	6 234	28.28%	0
Total	16 239	13 085	19.42%	0

Note:

- Posts refer only to approved-production posts captured on the post establishment.
- Occupations included in the Medical Professional occupational category include Medical Practitioners, Pharmacists, Specialists and Ancillary Health.
- A number of members within the Anti-Aircraft, Artillery and Combat Navy occupations occupy common posts, which are posts not specifically earmarked for a specific occupational group. 286 MSDS members are under training and therefore not yet appointed in approved production posts.
- Posts on the approved establishment are not necessarily funded.

Filling of Senior Management Service/System Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service/System Posts (SMS) by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

SMS Post Information as on 31 March 2024 (Table 3.3.1)					
SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Posts Filled	% of SMS Posts Filled	Total Number of SMS Posts Vacant	% of SMS Posts Vacant
Director-General / Head of Department	1	1	100.00%	0	0.00%
Salary Level 16	8	4	50.00%	4	50.00%
Salary Level 15	14	9	64.29%	5	35.71%
Salary Level 14	58	53	91.38%	5	8.62%
Salary Level 13	206	180	87.38%	26	12.62%
Total	287	247	86.06%	40	13.94%

SMS Post Information as on 30 September 2023 (Table 3.3.2)					
SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Posts Filled	% of SMS Posts Filled	Total Number of SMS Posts Vacant	% of SMS Posts Vacant
Director-General / Head of Department	1	1	100.00%	0	0.00%
Salary Level 16	8	4	50.00%	4	50.00%
Salary Level 15	14	10	71.43%	4	28.57%
Salary Level 14	57	54	94.74%	3	5.26%
Salary Level 13	207	162	78.26%	45	21.74%
Total	287	231	80.49%	56	19.51%

Advertising and Filling of SMS Posts for the period 01 April 2023 to 31 March 2024 (Table 3.3.3)			
SMS Level	Advertising	Filling of Posts	
	Number of Vacancies per Level Advertised in 06 Months of Becoming Vacant	Number of Vacancies per Level Filled in 06 Months of Becoming Vacant	Number of Vacancies per Level not Filled in 06 Months but Filled in 12 Months
Director-General / Head of Department	1	0	0
Salary Level 16	0	0	0
Salary Level 15	1	0	0
Salary Level 14	2	4	1
Salary Level 13	1	17	11
Total	5	21	12

Note:

- Vacant PSAP posts are advertised. Vacant Military posts are staffed by means of succession planning.
- Financial Authority for the afore-mentioned posts was granted.

Reasons for not having Complied with the Filling of Funded Vacant SMS Posts - Advertised within 06 Months and Filled within 12 Months after becoming Vacant for the period 01 April 2023 to 31 March 2024 (Table 3.3.4)
Reasons for vacancies not advertised within six months
• Military posts are not advertised but are staffed during Annual Succession Planning. • The filling of the Secretary for Defence and Chief Financial Officer posts is still in progress.
Reasons for vacancies not filled within twelve months
• Vacant military SMS posts are filled through succession planning – in progress at the time of reporting. • Personnel suitability checks (SAQA and Defence Intelligence pre-screening).

Disciplinary Steps Taken for not Complying with the Prescribed Timeframes for Filling SMS Posts within 12 Months for the period 01 April 2023 to 31 March 2024 (Table 3.3.5)
Reasons for vacancies not advertised within six months
N/A
Reasons for vacancies not filled within six months
N/A

Job Evaluation

Within a nationally determined framework, the Executing Authority may evaluate or re-evaluate any job in the organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled.

The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Job Evaluation by Salary Band for the period 01 April 2023 to 31 March 2024 (Table 3.4.1)							
Salary Band	Number of Posts on Approved Establishment	Number of Jobs Evaluated	% of Posts Evaluated by Salary Band	Posts Upgraded		Posts Downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Lower Skilled (Levels 1-2)	10 690	311	27.16%	22	1.92%	0	0.00%
Skilled (Levels 3-5)	35 825	345	30.13%	15	1.31%	27	2.36%
Highly Skilled Production (Levels 6-8)	28 349	347	30.31%	0	0.00%	88	7.69%
Highly Skilled Supervision (Levels 9-12)	14 270	139	12.14%	0	0.00%	87	7.60%
Senior Professionals	650	0	0.00%	0	0.00%	0	0.00%
Senior Management Service Band A	203	2	0.17%	0	0.00%	0	0.00%
Senior Management Service Band B	60	1	0.09%	0	0.00%	0	0.00%
Senior Management Service Band C	17	0	0.00%	0	0.00%	0	0.00%
Senior Management Service Band D	3	0	0.00%	0	0.00%	0	0.00%
Minister/Deputy/Advisors	2	0	0.00%	0	0.00%	0	0.00%
Total	90 069	1 145	100.00%	37	3.23%	202	17.64%

The following table provides a summary of the number of employees whose positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Profile of Employees whose Salary Positions were Upgraded due to their Posts being Upgraded for the period 01 April 2023 to 31 March 2024 (Table 3.4.2)					
Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a Disability					0

Note: No employees' salary positions were upgraded due to their posts being upgraded over the reporting period.

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Employees with Salary Levels Higher than those Determined by Job Evaluation by Occupation for the period 01 April 2023 to 31 March 2024 (Table 3.4.3)				
Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
None	-	-	-	-
Total Number of Employees Whose Salaries Exceeded the Level Determined by Job Evaluation				0
Percentage of Total Employed				0%

The following table summarises the beneficiaries of the above in terms of race, gender and disability.

Profile of Employees who have Salary Levels Higher than those Determined by Job Evaluation for the period 01 April 2023 to 31 March 2024 (Table 3.4.4)					
Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a Disability					0

Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Annual Turnover Rates by Salary Band for the period 01 April 2023 to 31 March 2024 (Table 3.5.1)

Employment Contract	Salary Band	Number of Employees at Beginning of Period 01 April 2023	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Permanent	Lower Skilled (Levels 1-2)	3 400	234	40	1.14%
	Skilled (Levels 3-5)	7 616	129	700	9.55%
	Highly Skilled Production (Levels 6-8)	10 252	34	1 246	12.92%
	Highly Skilled Supervision (Levels 9-12)	5 375	37	804	16.11%
	Senior Professionals	113	7	18	16.74%
	Senior Management Service Band A	160	0	35	24.56%
	Senior Management Service Band B	51	0	9	19.35%
	Senior Management Service Band C	9	0	2	25.00%
	Senior Management Service Band D	1	0	0	0.00%
	Minister/Deputy/Advisors	2	0	0	0.00%
Sub-Total Permanent		26 979	441	2 854	11.07%
Contract	MSDS	1 986	0	114	5.91%
	Lower Skilled (Levels 1-2)	16	2 716	0	0.00%
	Skilled (Levels 3-5)	21 329	250	291	1.37%
	Highly Skilled Production (Levels 6-8)	13 566	111	263	1.95%
	Highly Skilled Supervision (Levels 9-12)	4 996	64	171	3.46%
	Senior Professionals	166	0	5	3.06%
	Senior Management Service Band A	21	0	2	10.00%
	Senior Management Service Band B	5	1	0	0.00%
	Senior Management Service Band C	1	0	0	0.00%
	Senior Management Service Band D	2	0	0	0.00%
	Minister/Deputy/Advisors	0	0	0	0.00%
Sub-Total Contract		42 088	3 142	846	1.96%
Total		69 067	3 583	3 700	5.36%

Note:

- The 'Permanent' category represents employees with an employment contract period to retirement age.
- The 'Contract' category represents employees who serve for a pre-determined employment contract period.

Annual Turnover Rates by Critical Occupation for the period 01 April 2023 to 31 March 2024 (Table 3.5.2)				
Critical Occupation	Number of Employees at Beginning of Period 01 April 2023	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Air Space Control	473	35	20	4.16%
Aircrew	454	9	41	9.36%
Anti-Aircraft	1 039	40	22	2.10%
Artillery	1 475	32	21	1.42%
Combat Navy	635	6	27	4.32%
Engineer	97	2	1	1.03%
Medical Professional	1 482	152	172	11.68%
Nursing	1 297	52	65	5.04%
Technical	6 326	160	313	5.01%
Total	13 278	488	682	5.17%

Note:
- The absence of a Jan 2024 MSDS intake positively influenced the appointment rate in the DOD.
- The reactivation of an exit mechanism (MEM/EISP) also contributed to the higher terminations.

The table below identifies the major reasons why staff left the department.

Reasons why Staff Left the Department over the period 01 April 2023 to 31 March 2024 (Table 3.5.3)		
Termination Type	Number	% of Total
Death	313	8.46%
Resignation	664	17.95%
Expiry of Contract	240	6.49%
Discharged - Incapacity	3	0.08%
Dismiss - Misconduct	68	1.84%
Discharge due to Ill-Health	93	2.51%
Retirement	924	24.97%
Transfer to other Public Service Departments	18	0.49%
Exit Strategy - Mobility Exit Mechanism (MEM) and Employee-Initiated Severance Package (EISP)	1 377	37.22%
Other	0	0.00%
Total Number of Employees who left as a % of the Total Employment	3 700	5.38%

Note: Implementing the exit strategy (MEM/EISP) was added as a termination type due to its impact on the number of terminations.

Promotions by Critical Occupation for the period 01 April 2023 to 31 March 2024 (Table 3.5.4)					
Occupation	Number of Employees as at 01 April 2023	Promotions to another Salary Level	Salary Level Promotions as a % of Employees by Occupation	Progressions to another Notch within a Salary Level	Notch Progressions as a % of Employees by Occupation
Air Space Control	473	59	12.47%	283	59.83%
Aircrew	454	39	8.59%	306	67.40%
Anti-Aircraft	1 039	60	5.77%	827	79.60%
Artillery	1 475	96	6.51%	1 064	72.14%
Combat Navy	635	97	15.28%	477	75.12%
Engineer	97	6	6.19%	66	68.04%
Medical Professional	1 482	185	12.48%	642	43.32%
Nursing	1 297	143	11.03%	867	66.85%
Technical	6 326	170	2.69%	5 370	84.89%
Total	13 278	855	6.44%	9 902	74.57%

Promotions by Salary Band for the period 01 April 2023 to 31 March 2024 (Table 3.5.5)					
Salary Band	Number of Employees 01 April 2023	Promotions to another Salary Level	Salary Band Promotions as a % of Employees by Salary Level	Progressions to Another Notch within a Salary Level	Notch Progressions as a % of Employees by Salary Band
MSDS	1 986	0	0.00%	0	0.00%
Lower Skilled (Levels 1-2)	3 416	0	0.00%	2 175	63.67%
Skilled (Levels 3-5)	28 945	2 683	9.27%	18 076	62.45%
Highly Skilled Production (Levels 6-8)	23 818	2 971	12.47%	15 078	63.31%
Highly Skilled Supervision (Levels 9-12)	10 371	1 035	9.98%	7 223	69.65%
Senior Professionals	279	45	16.13%	161	57.71%
Senior Management (Levels 13-16)	252	7	2.78%	140	55.56%
Total	69 067	6 741	9.76%	42 853	62.05%

Note: Although the Mar 2022 MSDS intake was due to progress to the next MSDS level in Mar 2023, the progression did not take place due to an administrative error. This was rectified in Feb 2024 and backdated accordingly. This intake translated to the Core Service System (CSS) on 01 Mar 2024 and is thus accounted for.

Employment Equity

The SA Defence Review, 2015 states that *"the Defence Force will strive to be seen as a representative, equitable and gender aligned national asset"*. Positive strides have been achieved in terms of transformation, however, challenges remain in certain occupational categories.

Total Number of Employees (Including Employees with Disabilities) in each of the Following Occupational Categories as on 31 March 2024 (Table 3.6.1)

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	1	0	0	0	1	0	0	0	2
Professionals	788	123	53	198	836	189	78	295	2 560
Technicians and Associate Professionals	3 194	344	69	561	2 112	283	49	313	6 925
Clerks	4 749	846	86	505	4 857	768	96	854	12 761
Service and Sales Workers	18 279	2 345	183	994	5 759	974	51	310	28 895
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and Related Trades Workers	5 001	738	136	1 002	1 904	245	13	124	9 163
Plant and Machine Operators and Assemblers	112	21	2	15	16	0	0	0	166
Elementary Occupations	3 952	688	47	315	2 664	434	26	126	8 252
Total	36 076	5 105	576	3 590	18 149	2 893	313	2 022	68 724
Employees with Disabilities	120	31	2	53	24	5	0	25	260

Total Number of Employees (Including Employees with Disabilities) in each of the Following Occupational Bands as on 31 March 2024 (Table 3.6.2)

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	10	0	0	0	4	0	0	0	14
Senior Management	146	12	8	15	35	6	6	5	233
Professionally Qualified and Experienced Specialists and Mid-Management	4 174	855	154	1 633	2 221	402	111	770	10 320
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	11 870	2 007	188	1 385	5 806	949	88	1 022	23 315
Semi-Skilled and Discretionary Decision Making	17 135	1 863	199	506	7 475	1 181	86	178	28 623
Unskilled and Defined Decision Making	1 385	168	3	23	1 713	231	11	34	3 568
MSDS	1 356	200	24	28	895	124	11	13	2 651
Total	36 076	5 105	576	3 590	18 149	2 893	313	2 022	68 724

Recruitment for the period 01 April 2023 to 31 March 2024 (Table 3.6.3)									
Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	1	0	1
Professionally Qualified and Experienced Specialists and Mid-Management	38	2	3	8	31	9	10	7	108
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	51	4	3	2	60	8	7	10	145
Semi-Skilled and Discretionary Decision Making	156	5	2	3	199	13	0	1	379
Unskilled and Defined Decision Making	76	12	0	3	135	6	2	0	234
MSDS	1 383	203	25	30	921	129	11	14	2 716
Total	1 704	226	33	46	1 346	165	31	32	3 583
Employees with Disabilities	1	0	0	0	0	0	0	0	1

Promotions for the period 01 April 2023 to 31 March 2024 (Table 3.6.4)									
Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0			0	0
Senior Management	6	0	0	0	0	0	0	1	7
Professionally Qualified and Experienced Specialists and Mid-Management	455	90	14	94	281	49	15	82	1 080
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	1 487	261	25	110	891	135	7	55	2 971
Semi-Skilled and Discretionary Decision Making	1 388	125	37	55	903	141	15	19	2 683
Unskilled and Defined Decision Making	0	0	0	0	0	0	0	0	0
MSDS	0	0	0	0	0	0	0	0	0
Total	3 336	476	76	259	2 075	325	37	157	6 741
Employees with Disabilities	16	4	0	3	4	2	0	0	29

Terminations for the period 01 April 2023 to 31 March 2024 (Table 3.6.5)									
Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	25	2	0	7	9	0	1	2	46
Professionally Qualified and Experienced Specialists and Mid-Management	303	109	11	286	149	20	9	111	998
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foreman and Superintendents	871	150	14	92	193	43	10	136	1 509
Semi-Skilled and Discretionary Decision Making	715	82	10	34	117	25	2	6	991
Unskilled and Defined Decision Making	19	2	0	0	18	1	0	0	40
MSDS	45	8	3	5	42	8	0	3	114
Total	1 980	353	38	424	528	97	22	258	3 700
Employees with Disabilities	25	5	0	9	0	0	0	3	42

Disciplinary Action for the period 01 April 2023 to 31 March 2024: Public Service Act Personnel (Table 3.6.6)									
Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Written Warning	3	0	0	0	0	0	0	0	3
Final Written Warning	6	1	0	0	1	0	0	0	8
Dismissal	1	0	0	0	1	0	0	0	2
Not Guilty	1	0	0	0	1	0	0	0	2
Case Withdrawn	5	1	0	0	3	0	0	0	9
Total	16	2	0	0	6	0	0	0	24

Notes:

- The Secretary for Defence does not have the power to exercise disciplinary functions over Military members, while the Chief of the SANDF has the power to take steps, including disciplinary steps, against Military members and certain employees.
- The Secretary for Defence cannot lawfully take disciplinary steps against Military members under the purview of the Chief of the SANDF, and she cannot lawfully instruct the Chief to take those steps.
- This is due to the structure and distribution of power in the Defence Act, and the department's internal accountability arrangements.

Skills Development for the period 01 April 2023 to 31 March 2024 (Table 3.6.7)									
Occupational Categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	0	0	0	0	0	0	0	0	0
Professionals	261	44	8	31	197	36	13	40	630
Technicians and Associate Professionals	1 557	176	34	181	978	140	22	76	3 164
Clerks	2 866	478	33	182	2 661	374	41	120	6 755
Service and Sales Workers	7 792	1 158	120	404	3 103	500	45	123	13 245
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and Related Trades Workers	2 627	280	57	304	1 157	113	11	44	4 593
Plant and Machine Operators and Assemblers	39	1		2	10	1	0	0	53
Elementary Occupations	1 592	342	23	148	855	166	14	48	3 188
Total	16 734	2 479	275	1 252	8 961	1 330	146	451	31 628
Employees with Disabilities	24	6	1	5	7	1	0	1	45

Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken are presented here.

Signing of Performance Agreements by SMS members as on 31 May 2023 (Table 3.7.1)				
SMS Level	Total Number of Funded SMS Posts	Total Number of SMS members	Total Number of Signed Performance Agreements	Signed Performance Agreements as % of Total Number of SMS Members
Director General / Head of Department	1	1	0	0.00%
Salary Level 16	8	4	0	0.00%
Salary Level 15	14	10	9	90.00%
Salary Level 14	58	56	45	80.36%
Salary Level 13	206	179	167	93.30%
Total	287	250	221	88.40%

Reasons for not having Concluded Performance Agreements for all SMS Members (Table 3.7.2)
Reasons for not having Concluded Performance Agreements for all SMS Members as on 31 March 2024
• 189 Uniform SMS Members and 61 PSAP SMS Members, a total of 250. - Active Uniform SMS Members: 184 - Suspended SMS Uniform Members: 3 - Leave on Instruction SMS Uniform Members: 2 - Total number of members/officials who had to submit Performance Agreements: 184 • 178 signed Performance Agreements were submitted. • Performance Agreements of six SMS members were not complete/signed. Reason for Non-Compliance The main reason for the late submission of Performance Agreements is the non-adherence to target dates.

Disciplinary Steps Taken against SMS Members for not having Concluded Performance Agreements (Table 3.7.3)
Disciplinary Steps Taken against SMS Members for Not Having Concluded Performance Agreements as on 31 March 2024
• Chief Director Human Resource Management reports on the status of non-compliance on a weekly, monthly and quarterly basis at several fora i.e. Plenary Defence Staff Council, Military Command Council, Human Resource Board, etc. • Reminder letters were issued on 15 Aug 2023 to all applicable Chiefs of Services and Divisions to address this matter with the members concerned. • The Accounting Officer was informed of the non-compliance wrt PSAP members. • No disciplinary steps were formalised at the time of reporting.

Performance Rewards

The tables below present the payment of performance rewards in terms of the following variables:

- race and gender
- salary band
- critical occupations
- SMS

Two categories of performance rewards are applicable:

- Performance reward or bonus as described in the Incentive Policy Framework; and
- Reward for the recognition of improved qualifications.

The DPSA guideline, as stipulated in Circular No. 01 of 2019 dated 30 January 2019, confirmed that 0% of the FY2023/24 budget may be provisioned for the payment of performance rewards. No budget was therefore allocated towards the payment of performance rewards.

Payments made were due to administrative corrections made to employees who previously qualified. The largest portion of payments made was made to reward recognition of improved qualifications.

Performance Rewards by Race Gender and Disability for the period 01 April 2023 to 31 March 2024 (Table 3.8.1)

Race and Gender	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees as at 01 April 2023	% of Total within Group	Cost **(R'000)**	Average Cost per Employee
African	34	53 855	0.06%	1 159	34
Male	14	36 476	0.04%	470	34
Female	20	17 379	0.12%	689	34
Indian	0	892	0.00%	0	0
Male	0	585	0.00%	0	0
Female	0	307	0.00%	0	0
Coloured	0	8 079	0.00%	0	0
Male	0	5 249	0.00%	0	0
Female	0	2 830	0.00%	0	0
White	2	6 241	0.03%	63	32
Male	1	3 981	0.03%	30	30
Female	1	2 260	0.04%	33	33
Total	36	69 067	0.05%	1 222	34
Employees with Disabilities	0	288	0.00%	0	0

Performance Rewards by Salary Band for Personnel below Senior Management Service for the period 01 April 2023 to 31 March 2024 (Table 3.8.2)						
Salary Band	Beneficiary Profile			Cost		Total Cost as a % of the Total Personnel Expenditure
	Number of Beneficiaries	Number of Employees as at 01 April 2023	% of Total within Salary Band	Total Cost **(R'000)**	Average Cost per Employee	
MSDS	0	1 986	0.00%	0	0	0.0000%
Lower Skilled (Levels 1-2)	0	3 416	0.00%	0	0	0.0000%
Skilled (Levels 3-5)	7	28 945	0.02%	190	27	0.0015%
Highly Skilled Production (Levels 6-8)	17	23 818	0.07%	571	34	0.0047%
Highly Skilled Supervision (Levels 9-12)	10	10 371	0.10%	386	39	0.0047%
Senior Professionals	0	279	0.00%	0	0	0.0000%
Senior management (Levels 13-16)	2	252	0.79%	74	37	0.0216%
Total	36	69 067	0.05%	1 221	34	0.0035%

Performance Rewards by Critical Occupation for the period 01 April 2023 to 31 March 2024 (Table 3.8.3)					
Critical Occupation	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees	% of Total within Occupation	Total Cost **(R'000)**	Average Cost per Employee
Air Space Control	0	473	0.00%	0	0
Aircrew	0	454	0.00%	0	0
Anti-Aircraft	0	1 039	0.00%	0	0
Artillery	0	1 475	0.00%	0	0
Combat Navy	0	635	0.00%	0	0
Engineer	0	97	0.00%	0	0
Medical Prof	0	1 482	0.00%	0	0
Nursing	0	1 297	0.00%	0	0
Technical	0	6 326	0.00%	0	0
Total	0	13 278	0.00%	0	0

Performance Related Rewards (Cash Bonus) by Salary Band for SMS for the period 01 April 2023 to 31 March 2024 (Table 3.8.4)						
Salary Band	Beneficiary Profile			Cost		Total Cost as a % of the Total Personnel Expenditure
	Number of Beneficiaries	Number of Employees	% of Total within Salary Band	Total Cost **(R'000)**	Average Cost per Employee	
Band A	0	181	0.00%	0	0	0.00%
Band B	2	56	3.57%	74	37	0.09%
Band C	0	10	0.00%	0	0	0.00%
Band D	0	3	0.00%	0	0	0.00%
Minister / Deputy Minister	0	2	0.00%	0	0	0.00%
Total	2	252	0.79%	74	37	0.02%

Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Foreign Workers by Salary Band for the period 01 April 2023 to 31 March 2024 (Table 3.9.1)						
Salary Band	01 April 2023		31 March 2024		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Lower Skilled	26	59%	26	59%	0	0%
Highly Skilled Production (Levels 6-8)	18	41%	18	41%	0	0%
Highly Skilled Supervision (Levels 9-12)	0	0%	0	0%	0	0%
Contract (Levels 9-12)	0	0%	0	0%	0	0%
Contract (Levels 13-16)	0	0%	0	0%	0	0%
Total	44	100%	44	100%	0	0%

Foreign Workers by Major Occupation for the period 01 April 2023 to 31 March 2024 (Table 3.9.2)						
Major Occupation	01 April 2023		31 March 2024		Change	
	Number	% of Total	Number	% of Total	Number	% Change
Secretary	17	39%	17	39%	0	0%
Driver	8	18%	8	18%	0	0%
Driver/ Secretary	8	18%	8	18%	0	0%
Residence Guard	11	25%	11	25%	0	0%
Admin clerk / Driver	0	0%	0	0%	0	0%
Total	44	100%	44	100%	0	0%

Leave Utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Sick Leave for the period 01 January 2023 to 31 December 2023 (Table 3.10.1)						
Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost **(R'000)**
MSDS	2 344	98.63%	517	20.95%	5	1 902
Lower Skilled (Levels 1-2)	24 054	84.85%	2 799	80.33%	9	31 654
Skilled (Levels 3-5)	97 604	90.72%	14 206	50.68%	7	178 559
Highly Skilled Production (Levels 6-8)	112 600	81.97%	15 960	67.85%	7	324 731
Highly Skilled Supervision (Levels 9-12)	46 637	83.32%	6 862	66.99%	7	199 671
Senior Professionals	1 068	75.19%	170	59.72%	6	8 533
Top and Senior Management (Levels 13-16)	1 077	88.21%	142	58.60%	8	6 314
Total	285 384	85.56%	40 656	59.54%	7	751 364

Note: The current three-year sick leave cycle commenced on 01 Jan 2022.

Disability Leave (Temporary and Permanent) for the period 01 January 2023 to 31 December 2023 (Table 3.10.2)						
Salary Band	Total Days	% Days with Medical Certification	Number of Employees Using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost **(R'000)**
MSDS	0	0.00%	0	0.00%	0	0
Lower Skilled (Levels 1-2)	3 703	100.00%	138	3.96%	27	3 370
Skilled (Levels 3-5)	27 794	100.00%	944	3.37%	29	64 638
Highly Skilled Production (Levels 6-8)	40 793	100.00%	1 253	5.33%	33	143 406
Highly Skilled Supervision (Levels 9-12)	17 848	100.00%	540	5.27%	33	86 811
Senior Professionals	235	100.00%	11	3.86%	21	1 780
Top and Senior Management (Levels 13-16)	299	100.00%	12	4.96%	25	1 574
Total	90 672	100.00%	2 898	4.24%	31	301 579

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 required the management of annual leave to prevent high levels of accrued leave from being paid at the time of termination of service.

Annual Leave for the period 01 January 2023 to 31 December 2023 (Table 3.10.3)			
Salary Band	Total Days Taken	Number of Employees using Annual Leave	Average per Employee
MSDS	8 646	1 395	6
Lower Skilled (Levels 1-2)	80 901	3 498	23
Skilled (Levels 3-5)	611 148	26 741	23
Highly Skilled Production (Levels 6-8)	571 919	22 969	25
Highly Skilled Supervision (Levels 9-12)	254 109	10 053	25
Senior Professionals	6 520	260	25
Top and Senior Management (Levels 13-16)	5 562	224	25
Total	1 538 805	65 140	24

Capped Leave for the period 01 January 2023 to 31 December 2023 (Table 3.10.4)				
Salary Band	Total Days of Capped Leave Taken	Number of Employees Using Capped Leave	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at 31 March 2024
MSDS	0	0	0	0.0
Lower Skilled (Levels 1-2)	6	9	1	2.8
Skilled (Levels 3-5)	256	1 277	0	13.7
Highly Skilled Production (Levels 6-8)	192	917	0	14.8
Highly Skilled Supervision (Levels 9-12)	94	455	0	20.3
Senior Professionals	7	31	0	19.4
Top and Senior Management (Levels 13-16)	3	12	0	45.9
Total	558	2 701	0	14.9

Note: MSDS members cannot accumulate capped leave.

The following table summarises payments made to employees as a result of leave that was not taken.

Leave Pay-outs for the period 01 April 2023 to 31 March 2024 (Table 3.10.5)			
Reason	Total Amount **(R'000)**	Number of Employees	Average Payment per Employee **(R'000)**
Leave Pay-out due to non-utilisation of leave for the previous FY2022/23 cycle	0	0	0
Leave pay-outs due to discounting of leave FY2023/24 cycle	297 959	10 463	28
Leave pay-out on termination of service for FY2023/24	254 514	4 013	63
Total	552 473	14 476	38

HIV / AIDS and Health Promotion Programmes

Steps Taken to Reduce the Risk of Occupational Exposure (Table 3.11.1)	
Units/Categories of Employees Identified to be at High Risk of Contracting HIV and Related Diseases	Key Steps Taken to Reduce the Risk
Low risk: All members	HIV and AIDS-related prevention programmes including mass awareness and workplace programmes for both Regular Force and Reserve Force as part of the One Force Concept as well as for the broader DOD. • Information Education and Communication: Exposure to Posters pamphlets, TV programmes and adverts, billboards, DOD Bulletins, Soldier magazine articles, road shows, etc. • Chaplain periods, education, information and communication. • Officer Commanding information and communication, health walks, sports events, etc. • Planned programmes for Health Month Condom Week, World TB Day, Youth Day, Women's Day World AIDS Day, 16 Days of Activism for NO violence against Women and Children, etc. • Peer education programmes. • Gender Equity Programme conducted by Social Work Officers. • CHATSEC programme (moral, ethical and value-based programme) conducted by Chaplains. • Availability of first aid kits and personal protective equipment such as face masks as applicable. • Condom distribution points for both males and females. • Health promotion programmes before and after deployments. • Education on Voluntary Male Medical Circumcision and appropriate referral to be circumcised. • Education on Prevention of Mother-to-Child Transmission. • Presenting the HIV and AIDS Module at military training courses. • Annual and bi-annual HIV Counselling and Testing as part of the Comprehensive Health Assessments. • Ongoing Provider-Initiated Counselling and Testing. • Screening for TB and STIs. • Provision of comprehensive sexual and reproductive health services. • Provision of post-exposure prophylaxis for e.g. needle stick injuries and after sexual assault. • Provision of pre-exposure prophylaxis when indicated. • Provision of INH Preventive Therapy and infection control for TB prevention. • STI Partner notification. • Focussing on youth and adolescents by providing HIV prevention programmes to all members in the MSDS. • Integrated Covid-19 education and training. • Universal Test and Treat Strategy implemented (Treatment as Prevention).

Steps Taken to Reduce the Risk of Occupational Exposure (Table 3.11.1)	
Units/Categories of Employees Identified to be at High Risk of Contracting HIV and Related Diseases	Key Steps Taken to Reduce the Risk
Medium risk: Members on deployment (internal to RSA) i.e. RSA border protection bases / posts and members on military courses	All the above programmes and interventions apply. In addition: • HIV / AIDS lectures given during all military courses and Clinical Mission Readiness Courses. • Trained Operational Emergency Care in HIV / AIDS / TB / STIs that deploy with other military personnel. • Mobile clinics deployed to support borders (Ops Corona) with HIV education and ARV and TB treatment. • HIV Training provided pre-deployment and mass awareness programmes in deployed regions. • All members undergo Comprehensive Health Assessments before they deploy to ensure that they are put on appropriate care, treatment and support during deployments (treatment as prevention). • Specific health promotion programmes during deployment. • Development of a specific module that addresses HIV and deployments for the training of healthcare professionals. • All Health Care Professionals deploying in support of deployed soldiers undergo vigorous clinical training in HIV and TB management.
High risk: Members on deployment (external to RSA)	• All the programmes and interventions reflected low and medium-risk exposure. • Specific HIV prevention programmes aimed at reducing high-risk behaviour e.g., targeting abuse of alcohol and other drugs/substance use and presentation of Resilience Programme by Social Work Officers. • Increasing the sport and recreation activities in external deployments. • Support given to families of deployed members.

Details of Health Promotion and HIV / AIDS Programmes (Table 3.11.2)			
Question	Yes	No	Details
1. Has the Department designated a member of the SMS to implement the provision contained in Part VI (e) of Chapter 1 of the Public Service Regulations 2001? If so provide her/his name and position.	x		Brig Gen K.T. Ndaba (retired 30 September 2023) Director HIV and AIDS Programmes SANDF HIV and AIDS Programme Manager Tel: 012 367 9151
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	x		The Director HIV / AIDS formulates strategy policies and plans and gives advice from the Surgeon General's office and provides the capabilities required by the C SANDF. Two members manage the monitoring and evaluation of the DOD HIV / AIDS programme at headquarter level. In addition at a provincial level, Regional HIV / AIDS Programme Managers and healthcare professionals are trained in monitoring and evaluation to ensure reliable and valid data. Members from the Chaplain General's Office also contribute towards the monitoring and evaluation of the CHATSEC programme. Directorate Social Work contributes to the monitoring and evaluation of the Gender Equity Programme and the Resilience Programme. HIV prevention and health promotion programmes are planned and implemented throughout the organisation by Regional Programme Managers based in the nine provinces of South Africa. These programmes/interventions are continued in the deployed regions by the healthcare professional team that deploys with the troops. Wellness programmes are executed at unit level in the SA Army, SA Air Force, SA Navy and SAMHS through the Military Community Wellness Committees. All Officers Commanding in the SANDF have the responsibility to ensure that wellness programmes take place in their respective units as part of HIV / AIDS Workplace Programmes as well in terms of Occupational Health and Safety.

Details of Health Promotion and HIV / AIDS Programmes (Table 3.11.2)			
Question	Yes	No	Details
			Health care practitioners at primary health care level provide HIV prevention health promotion, curative and rehabilitative HIV / AIDS programmes to all patients/clients throughout the organisation and provide treatment care and support to HIV-infected and affected clientele. The HIV / AIDS Programme of the DOD is funded through the health service delivery and operating budget of the SAMHS and as such cannot be itemised for the HIV programme alone.
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	x		The DOD has the constitutional duty to protect and defend the Republic, its sovereignty, integrity, national interest and people against direct threats. In view of this, the MOD&MV has delegated the management of HIV / AIDS to the Surgeon General through the C SANDF. The Surgeon General has developed a comprehensive plan to manage the HIV / AIDS and Tuberculosis epidemics assisted by Director HIV / AIDS Programmes and Director Medicine as well as other statutory directors like nursing, social work and psychology. The Military Health Support Programme is continuing to play a role in intensifying the campaign against communicable diseases and the treatment of patients through the Comprehensive Plan for Care, Management and Treatment of HIV / AIDS in the DOD as well as the DOD Annual HIV/ AIDS, Tuberculosis and Sexual Transmitted Infections Operational Plan. The programmes interventions and/or activities include prevention of HIV and health promotion programmes. Significant progress has been made with the plan to increase the treatment of HIV-positive members and their dependants according to World Health Organisation Universal Test and Treat Strategy as adopted and implanted by the Minister of Health since Sep 2016. The number of ARV sites has increased to 66 fully functional units and 100% of all planned sites are operational. The challenge remains that the prevalence of HIV / AIDS is highest in the sub-Saharan region where our troops deploy thus creating a risk to an already vulnerable population of soldiers due to their high-risk behaviour. In view of this, the Surgeon General has to ensure that all the deploying troops undergo a comprehensive health assessment and that all HIV-positive members are managed appropriately according to the policies and clinical guidelines being executed. Ongoing training is provided to medical officers, nursing officers, pharmacists, psychologists, social work officers, dentists, clinical associates and operational emergency care practitioners. More than 50 000 DOD members were reached during health promotion and prevention programmes. The results of the last Knowledge, Attitude and Practice survey completed in Aug 2015 have been utilised to inform programme development and management. The key elements of the HIV Prevention and Health Promotion Programme are: • HIV Counselling and Testing. • Provider-Initiated Counselling and Testing. • Male and female condom provision and distribution. • Peer education training. • Gender-based violence training, Gender Equity Programme. • Spiritual and ethical, moral and value-based prevention programmes (CHATSEC) provided by Chaplains. • HIV / AIDS workplace programmes (includes condom provision, behaviour modification programmes, peer education training, gender-based training, CHATSEC, mass awareness and occupational health and safety sports programmes like health walks). • Mass awareness campaigns. • Management of occupational transmission eg supply of personal protective equipment. • Post-exposure prophylaxis. • Pre-exposure prophylaxis. • Prevention of vertical transmission previously known as the prevention of mother-to-child transmission. • Prevention of opportunistic infections.

Details of Health Promotion and HIV / AIDS Programmes (Table 3.11.2)			
Question	Yes	No	Details
			• Utilisation of all awareness opportunities (e.g. National Health Days, Health Months, Condom Week, World TB Day, Youth Day, Women's day, World AIDS Day, 16 Days of Activism for NO Violence against Women and Children, etc.). • Management of sexually transmitted infections. • Health education, HIV and ARV training and development. • Voluntary Medical Male Circumcision. • Prevention with Positives. • Prevention and treatment of alcohol and drug abuse/substance abuse. • Comprehensive health assessments. • Health programmes targeting women of childbearing age. • Development and provision of HIV-related Information and Educational Communication material. • Awareness programmes with involvement of non-governmental organisations e.g. Society for Family Health and Foundation for Professional Development. The COVID-19 Pandemic. The Impact of the COVID-19 Pandemic must be taken into account since FY2020/21 to date. The COVID-19 pandemic presented unprecedented and catastrophic effects on the South African healthcare system, society and economy. South Africa recorded its first cases of COVID-19 on 05 March 2020. A National State of Disaster was declared by the President. Besides the COVID-19 pandemic having a major global impact, it impacted South Africa and in this context, impacted the DOD in particular the SAMHS that provides healthcare to all DOD clientele. The SAMHS and all the healthcare workers and support staff had to scale up prevention and treatment programmes for COVID-19, in addition to HIV and TB programmes. These programmes are provided by the same limited pool of healthcare workers.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations 2001? If so, please provide the names of the members of the committee and the stakeholders that they represent.	x		• The Comprehensive Plan for Care, Management and Treatment of HIV / AIDS in the DOD: 2017-2022 is coordinated through the Directorate HIV / AIDS Programmes in line with the National Strategic Plan for South Africa on HIV, Tuberculosis and Sexual Transmitted Infections 2017-2022 (this 5-year strategy is under review for 2024-2029 at the National Department of Health). • Coordination within the SANDF through bilateral meetings between the SAMHS, the SA Army, the SA Navy and the SA Air Force. • The Director HIV / AIDS Programmes coordinate matters through the SAMHS HIV / AIDS Coordinating Committee. The committee consists of members representing formations and units that provide health care services. • At Military Unit level, HIV prevention and health promotion programmes are addressed via the Military Community Wellness Committees. • The Director HIV / AIDS is an integral member of the Chief Director Military Health Force Preparation Council meetings and HIV is a standing agenda point on this forum as well as the Surgeon General Command and Staff Council. • The Directorate HIV is a member of the Surgeon General Command and Staff Council as well as the Chief Director Military Health Force Preparation Council. As such the Director HIV & AIDS has played a key role in assisting the other statutory directorates in the SAMHS to manage the COVID-19 pandemic. It became clear that the management of HIV and TB in the era of COVID-19 had to change and special council meetings were held in this regard.
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	x		The Department must implement programmes/interventions according to the SA National Strategic Plan for HIV/AIDS/TB/STIs 2017-2022 while awaiting the new strategy. There are numerous policies/strategies/orders that address the issues of discrimination including Human Resource strategy documents. All HIV-infected uniformed members of the DOD&MV are managed according to (amongst others): • "The DOD Instruction on the Management of HIV / AIDS in the DOD" and "The DOD Directive on the Health Classification and Deployability of SANDF Members with HIV and AIDS". • Joint Defence Publication: Policy on Health Care Delivery. • DOD Directive: Transformation Management in the Department of Defence. • DOD Instruction: Policy on Transformation Management in the DOD.

Details of Health Promotion and HIV / AIDS Programmes (Table 3.11.2)			
Question	Yes	No	Details
			• Joint Defence Publication: Process and Procedures for Transformation Management in the DOD. • DOD Operational Plan FY2019/20 for HIV / AIDS, Tuberculosis and Sexual Transmitted Infections that was sent to DPSA and DPME.
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		The department adheres to the principles of equity and equal opportunities in all practices. It values and manages diversity and in doing so recognises that talent, ability and potential are inherently distributed across the population. It strives to eradicate all forms of unfair stigma and discrimination within the department. Policy Documents: • No mandatory testing of PSAP officials. • Voluntary HIV counselling and testing of any official in the DOD may form part of a comprehensive health assessment as governed by the Medical Standards for the SANDF and as required by the Surgeon General in terms of Regulation 15 of the Defence Act. • HIV testing is voluntary and done with written informed consent, confidentiality and pre- and post-test counselling procedures. • Officials with HIV / AIDS may not be unfairly discriminated against in the allocation of employment benefits and are treated like any other official with a comparable life-threatening illness/chronic disease with regard to access to benefits. • Grievance procedures are confidential and do not result in the disclosure of a person's HIV status. • Respecting the privacy and confidentiality of those living with HIV is a priority.
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so list the results that you have achieved.	x		Uniformed members of the DOD are required to undergo voluntary HIV counselling and testing as part of the Comprehensive Health Assessments and Concurrent Health Assessments. In addition, the military participates in the National Department of Health HIV Counselling and Testing Campaign. PSAP employees are encouraged in mass awareness campaigns to get themselves tested and know their status so they can access antiretroviral treatment timeously if positive.
8. Has the Department developed measures /indicators to monitor and evaluate the impact of its health promotion programme? If so list these measures/indicators.	x		Sources of data: • Monthly Mortality Analysis. • Knowledge Attitude and Practice Surveys. • Health Informatics System - Clinical Data Management. • Project Feedback Forms submitted following the programmes/projects and interventions (all planned HIV prevention interventions are monitored). • Care and treatment indicators as developed. • Information obtained from staff visits to the various units and Performance against Plan reports. • Site Improvement through Monitoring Systems (SIMS) visits to Military Health Units. • Inspector General visits to Military Health Units.

Labour Relations

Collective Agreements for the period 01 April 2023 to 31 March 2024 (Table 3.12.1)	
Subject Matter	Date
Total Number of Collective Agreements reached in the Departmental Bargaining Chamber: 1	09 October 2023

Note: The migration of employees from Naval Station Durban to Naval Base Durban was ratified by the General Public Service Sector Bargaining Council.

The following table summarises the outcome of PSAP disciplinary hearings conducted within the department for the year under review.

Misconduct and Disciplinary Hearings Finalised for the period 01 April 2023 to 31 March 2024: PSAP (Table 3.12.2)		
Outcomes of Disciplinary Hearings	Number	% of Total
Counselling and verbal warning	0	0.00%
Verbal warning	0	0.00%
Counselling	0	0.00%
Counselling and Final Written Warning	0	0.00%
Written Warning	3	12.51%
Final Written Warning	8	33.33%
Suspended Without Pay	0	0.00%
Fine	0	0.00%
Demotion	0	0.00%
Dismissal	2	8.33%
Not Guilty	2	8.33%
Case Withdrawn	9	37.50%
Total	24	100.00%

Types of Misconduct Addressed at Disciplinary Hearings for the period 01 April 2023 to 31 March 2024: PSAP (Table 3.12.3(a))		
Type of Misconduct	Number	% of Total
Failure to comply with legal prescripts during the procurement of PPEs	1	4.17%
Poor discipline and insubordination	1	4.17%
Fraud by capturing falsified transactions on the FMD system	1	4.17%
Failure to comply with legal prescripts during the procurement of Microsoft Licenses, which resulted in the loss of State funds	2	8.33%
Insubordination and poor performance	1	4.17%
Discriminative and offensive language	0	0.00%
Absent Without Permission	15	62.50%
Refusal to carry lawful instruction	1	4.17%
Theft of State rations	1	4.17%
Fraud and withdrawal of State funds without authority	1	4.17%
Total	24	100.00%

Grievances Lodged for the period 01 April 2023 to 31 March 2024 (Table 3.12.4)		
Grievances	Number	% of Total
Number of Grievances Resolved	398	44.87%
Number of Grievances Not Resolved	489	55.13%
Total Number of Grievances Lodged	887	100.00%

Disputes Lodged with Councils for the period 01 April 2023 to 31 March 2024 (Table 3.12.5)		
Disputes	Number	% of Total
Number of Disputes Upheld	6	22.22%
Number of Disputes Dismissed	18	66.67%
Number of Disputes Pending	3	11.11%
Total Number of Disputes Lodged	27	100.00%

Strike Actions for the period 01 April 2023 to 31 March 2024 (Table 3.12.6)	
Total Number of Person Working Days Lost	0
Total Cost of Working Days Lost (R’000)	0
Amount Recovered as a Result of No Work No Pay (R’000)	0

Precautionary Suspensions for the period 01 April 2023 to 31 March 2024 – Public Service Act Personnel (Table 3.12.7(a))	
Number of People Suspended	11
Number of People whose Suspensions Exceeded 30 Days	11
Average Number of Days Suspended	2 038
Cost of Suspensions (R’000)	4 286

Precautionary Suspensions for the period 01 April 2023 to 31 March 2024 – Military Personnel (Table 3.12.7(b))	
Number of People Suspended	72
Number of People whose Suspensions Exceeded 30 Days	72
Average Number of Days Suspended	1 115
Cost of Suspensions **(R'000)**	36 846

Skills Development

This section highlights the efforts of the department with regard to skills development.

Training Needs Identified for the period 01 April 2023 to 31 March 2024 (Table 3.13.1)							
Occupational Category	Gender	Number of Employees as at 01 April 2023	Training Needs Identified at Start of Reporting Period				
			Learnerships	Skills Programmes and Other Short Courses	Other Forms of Training	Total
Legislators, Senior Officials and Managers	Female	1	0	12	0	12
	Male	1	0	14	0	14
Professionals	Female	1 451	0	830	0	830
	Male	1 185	0	145	0	145
Technicians and Associate Professionals	Female	2 705	0	145	0	145
	Male	4 249	0	104	0	104
Clerks	Female	6 615	0	60	0	60
	Male	6 525	0	28	0	28
Service and Sales Workers	Female	6 547	0	113	0	113
	Male	21 982	0	205	0	205
Skilled Agriculture and Fishery Workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and Related Trades Workers	Female	2 269	0	44	0	44
	Male	7 082	0	256	0	256
Plant and Machine Operators and Assemblers	Female	15	0	2	0	2
	Male	164	0	6	0	6
Elementary Occupations	Female	3 174	0	4	0	4
	Male	5 102	0	7	0	7
Other	Female	0	0	0	0	0
	Male	0	0	0	0	0
Subtotal	Female	22 777	0	1 210	0	1 210
	Male	46 290	0	765	0	765
Total		69 067	0	1 975	0	1 975

Training Provided for the period 01 April 2023 to 31 March 2024 (Table 3.13.2)							
Occupational Category	Gender	Number of Employees as at 01 April 2023	Training Provided within the Reporting Period				
			Learnerships	Skills Programmes and Other Short Courses	Other Forms of Training	Total
Legislators, Senior Officials and Managers	Female	1	0	16	0	16
	Male	1	0	32	0	32
Professionals	Female	1 451	0	49	219	268
	Male	1 185	0	43	229	272
Technicians and Associate Professionals	Female	2 705	0	21	827	848
	Male	4 249	0	45	1 256	1 301
Clerks	Female	6 615	0	42	2 051	2 093
	Male	6 525	0	20	2 242	2 262
Service and Sales Workers	Female	6 547	0	71	2 319	2 390
	Male	21 982	0	165	5 723	5 888
Skilled Agriculture and Fishery Workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and Related Trades Workers	Female	2 269	0	20	863	883
	Male	7 082	0	83	2 060	2 143
Plant and Machine Operators and Assemblers	Female	15	0	2	8	10
	Male	164	0	5	26	31
Elementary Occupations	Female	3 174	0	5	592	597
	Male	5 102	0	2	1 195	1 197
Other	Female	0	0	0	0	0
	Male	0	0	0	0	0
Subtotal	Female	22 777	0	226	6 879	7 105
	Male	46 290	0	395	12 731	13 126
Total		69 067	0	621	19 610	20 231

Injury on Duty

The following tables provide basic information on injury on duty.

Injury on duty for the period 01 April 2023 to 31 March 2024 (Table 3.14.1)		
Nature of Injury on Duty	Number	% of Total
Required Basic Medical Attention Only	78	13.86%
Temporary Total Disablement	417	74.07%
Permanent Disablement	57	10.12%
Fatal	11	1.95%
Total	563	100%

Utilisation of Consultants

The following tables relate to information on the utilisation of consultants in the Department of Defence.

In terms of the Public Service Regulations "consultant' means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Report on Consultant Appointments using Appropriated Funds for the period 01 April 2023 to 31 March 2024 (Table 3.15.1(a))

DOD Entity	Project Title / Description of Service	Total Number of Consultants that Worked on Project	Duration (Workdays)	Contract Value in Rand
Administration				
Military Ombud	Verification of Services (Pre-employment)	1	Unknown	3 934.64
Financial Management Division	Services Rendered by SAQA (Directorate Finance Support Services)	1	Unknown	54 060.00
Human Resources Division	New PILIR Contract between the DOD and SOMA Initiative (Three-year contract)	1	Unknown	1 081 608.00
	Verification of Qualification (SAQA)	1	Unknown	24 540.00
Defence Legal Services	Transcription Services for a period of three years (01 Jun 2021 to 31 May 2024)	1	5	1 064 503.90
	Transcription and Translation Services at LEGSATO Cape Town for a period of three years (01 Jun 2021 to 31 May 2024)	1	5	265 275.50
Chaplain General	Verification of Qualifications (SAQA)	1	Unknown	7 230.00
Defence International Affairs	Translation and Interpretation	1	10	340 541.11
Landward Defence				
SA Army	Human Resource Services (SAQA)	1	Unknown	14 485.00
	Verification of Qualification (SAQA)	1	Unknown	39 545.00
	Verification of Qualifications (Members of SA Army Signal Formation)	1	Unknown	8 435.00
	Quality Assurance Services	1	Unknown	503 949.24
	Verification of Qualification	1	Unknown	5 465.00
	Translation of Cuban Certificate from Spanish to English (SAQA)	1	7	23 632.00
	Verification of Qualification (SAQA)	1	Unknown	2 215.00
	Verification of Qualification (SAQA)	1	Unknown	560.00
Air Defence				
SA Air Force	Human Resource Services (ARMSCOR for Anthropometric Measurements and SAQA for Verification of Qualification)	1	Unknown	182 205.50
	Petty Cash (Quality Assurance)	1	Unknown	3 019.90
	Quality Assurance Services for a period of three years	1	19.16	20 987.50

Report on Consultant Appointments using Appropriated Funds for the period 01 April 2023 to 31 March 2024 (Table 3.15.1(a))				
DOD Entity	Project Title / Description of Service	Total Number of Consultants that Worked on Project	Duration (Workdays)	Contract Value in Rand
	Translation of Foreign Qualification	2	20	38 716.00
Maritime Defence				
SA Navy	Verification of Qualification (2020/21 MSDS Intake) (SAQA)	1	Unknown	29 830.00
	Petty Cash (Quality Assurance of Occupational Health and Safety Consultants)	1	2 Hours	3 900.00
	Petty Cash (Quality Assurance)	1	Unknown	2 354.40
	Support Services of the Submarines	1	78 days	505 693.46
Military Health Support				
SAMHS	Verification of Qualifications (SAQA)	1	Unknown	104 540.00
	Bulk FA for payment of Dosimeters (SABS)	1	Unknown	6 634.38
	Quality Assurance	1	Unknown	2 131.68
	SABS Services	1	Unknown	11 363.02
	SABS Services	1	Unknown	33 011.83
	Quality Assurance	1	Unknown	50 037.10
	Quality Assurance	1	Unknown	8 440.25
	Quality Assurance (1 Military Hospital)	1	Unknown	59 036.46
	Renting of 13 dosimeters over the period 01 Apr 2022 to 31 Mar 2023	1	Unknown	2 391.10
	Quality Assurance	1	Unknown	3 120.63
General Support				
Logistics Division	Verification of Qualification	1	Unknown	3 185.00
Military Police Division	Human Resource Services (Petty Cash)	1	Unknown	400.00
Total Paid against the Item 35 Budget on Consultants				4 510 997.60

Note: Quality Assurance is rendered by the South African Bureau of Standards. It is not feasible for the DOD to determine the number of consultants and working days.

Report on Consultant Appointments using Appropriated Funds for the period 01 April 2023 to 31 March 2024 (Table 3.15.1(b))			
Total Number of Projects	Total Individual Consultants	Total Duration Work Days	Total Contract Value in Rand
36	37	Unknown	4 510 997.60

Analysis of Consultant Appointments using Appropriated Funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 01 April 2023 to 31 March 2024 (Table 3.15.2)			
Project Title	Percentage Ownership by HDI Groups	Percentage Management by HDI Group	Number of Consultants from HDI Groups that Work on the Project
Defence Legal Services Division	49%	51%	1
Translation and Transcription Services	0%	20%	1
Defence International Affairs Translation and Transcription Services	51%		0

Note: SAQA and SABS are State Entities therefore B-BBEE Score is not applicable.

Report on Consultant Appointments using Donor Funds for the period 01 April 2023 to 31 March 2024 (Table 3.15.3(a))			
Project Title	Total Number of Consultants that Worked on Project	Duration (Work Days)	Donor and Contract Value in Rand
None			

Analysis of Consultant Appointments using Donor Funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 01 April 2023 to 31 March 2024 (Table 3.15.4)			
Project Title	Percentage Ownership by HDI Groups	Percentage Management by HDI Groups	Number of Consultants from HDI Groups that Work on the Project
None			

Severance Packages

The implementation of exit strategies ie the MEM for military members and EISP for PSAP was implemented in FY2023/24.

Granting of Employee Initiated Severance Packages for the period 01 April 2023 to 31 March 2024 (Table 3.16.1)				
Salary Band	Number of Applications Received	Number of Applications Referred to the MPSA	Number of Applications Supported by MPSA	Number of Packages Approved by Department
Lower Skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	25	25	0	25
Highly Skilled Production (Levels 6-8)	71	71	0	71
Highly Skilled Supervision (Levels 9-12)	13	13	0	13
Top and Senior Management (Levels 13-16)	1	1	0	1
Total	110	110	0	110

Granting of Mobility Exit Mechanism Packages for the period 01 April 2023 to 31 March 2024 (Table 3.16.2)				
Salary Band	Number of Applications Received	Number of Applications Referred to the MPSA	Number of Applications Supported by MPSA	Number of Packages Approved by Department
Lower Skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	252	0	0	249
Highly Skilled Production (Levels 6-8)	572	0	0	563
Highly Skilled Supervision (Levels 9-12)	441	0	0	438
Senior Professionals	2	0	0	2
Senior and Top Management (Levels 13-16)	15	0	0	15
Total	1 282	0	0	1 267

Overarching Statement Relating to Human Resource Tables

With reference to the Annual Report Guide for National and Provincial Departments, the DOD endeavoured to adhere to the format of tables as prescribed. However, due to the uniqueness of the DOD and based on paragraph 2.6 Part D: Human Resource Management specifically paragraph 2.6.2 of the aforementioned guide whereby the DOD is to "Include any other tables for HR if considered necessary" slight amendments were required. The data was subsequently populated in such a manner to provide a clear and logical sequence according to the tables provided.

Due to the unique dispensation of the SANDF, reported information cannot always be portrayed according to Salary Bands as prescribed by the DPSA. Provision was hence made for a differentiation which allows for separate reporting on Senior Professionals (Occupation Specific Dispensation) and MSDS where required.

E

PFMA Compliance Report

PFMA Compliance Report

The following tables relate to information on Irregular; Fruitless and Wasteful; Unauthorised Expenditure and Material Losses in the Department.

Irregular Expenditure

The tables below provide year-on-year details with respect to the reconciliation of Irregular Expenditure.

Reconciliation of Irregular Expenditure			
Description	FY2023/24	FY2022/23	FY2021/22
	R'000	**R'000**	**R'000**
Opening balance	16 564 509	15 371 608	11 269 530
Adjusted to opening balance	0	271 866	1 513
Opening balance as restated	16 564 509	15 643 474	11 271 043
Add: Irregular expenditure confirmed	338 488	921 044	4 100 565
Less: Irregular expenditure condoned	(14)	0	0
Less: Irregular expenditure not condoned and removed	(322 112)	0	0
Less: Irregular expenditure recoverable[1]	(39 702)	(8)	0
Less: Irregular expenditure not recovered and written off	0	0	0
Closing Balance	16 541 169	16 564 509	15 371 608

- During FY2022/23, there was an adjustment of Rm89,7 for prior period irregular expenditure detected in FY2023/24, relating to amounts understated in the prior period.
- The AGSA and Internal Audit Division identified an additional Rm329 during FY2023/24 relating to FY2022/23.
- An additional Rm37 has also been included in FY2022/23 relating to overtime payments in excess of 30% of officials' monthly salary which was not approved by the Minister of Public Service and Administration.

Reconciling Notes		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Irregular expenditure that was under assessment	0	901
Irregular expenditure that relates to the prior year and identified in the current year	0	366 209
Irregular expenditure for the current year	338 488	553 935
Total	338 488	921 044

1 Transfer to receivables.

The table below provides details of Irregular Expenditure.

Details of Irregular Expenditure		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Irregular expenditure under assessment	420 433	424 733
Irregular expenditure under determination	70 735	5 828
Irregular expenditure under investigation	0	85
Total	491 168	430 646

The table below provides details of Irregular Expenditure condoned.

Irregular Expenditure Condoned		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Irregular expenditure condoned	14	0
Total	14	0

The table below provides details of Irregular Expenditure removed (not condoned).

Irregular Expenditure Removed (Not Condoned)		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Irregular expenditure not condoned and removed	322 112	0
Total	322 112	0

In compliance with paragraph 5.8 of the PFMA Compliance and Reporting Framework, six irregular expenditure incidents, valued at Rm322,1, were removed, as they were not condoned by National Treasury, the Department followed all the processes in terms of this requirement.

The table below provides details of Irregular Expenditure recoverable.

Irregular Expenditure Recoverable		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Irregular expenditure recoverable	39 702	0
Total	39 702	0

The table below provides details of Irregular Expenditure written off (irrecoverable).

Irregular Expenditure Written Off (Irrecoverable)		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Irregular expenditure written off	0	0
Total	0	0

Additional disclosure relating to Inter-Institutional Arrangements

The table below provides details of non-compliance cases where the Department was involved in an inter-institutional arrangement (and not responsible for the non-compliance).

Non-Compliance Cases Where the DOD Is Involved in an Inter-Institutional Arrangement and Not Responsible for the Non-compliance
None
Total

The table below provides details of irregular expenditure cases where the Department was involved in an inter-institutional arrangement (and responsible for the non-compliance).

Irregular Expenditure Cases where the DOD is Involved in an Inter-Institutional Arrangement and Responsible for the Non-compliance		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
None	0	0
Total	0	0

The table below provides details of disciplinary/criminal steps taken as a result of Irregular Expenditure.

Disciplinary Steps Taken
Three officials were dismissed based on SIU-related investigations, relating to an ICT-related contract and for the acquisition of Personal Protective Equipment.

Fruitless and Wasteful Expenditure

The tables below provide details of the reconciliation of Fruitless and Wasteful Expenditure.

Reconciliation of Fruitless and Wasteful Expenditure			
Description	FY2023/24	FY2022/23	FY2021/22
	R'000	**R'000**	**R'000**
Opening balance	441 848	439 374	436 052
Adjustment to opening balance		0	0
Opening balance as restated	441 848	439 374	436 052
Add: Fruitless and wasteful expenditure confirmed	50 905	2 597	3 322
Less: Fruitless and wasteful expenditure recoverable[2]	(1)	(3)	0
Less: Fruitless and wasteful expenditure not recoverable and written off	(50)	(120)	0
Closing balance	492 702	441 848	439 374

Reconciling Notes		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Fruitless and wasteful expenditure that was under assessment		15
Fruitless and wasteful expenditure that relates to the prior year and identified the current year		13
Fruitless and wasteful expenditure for the current year	50 905	2 569
Total	50 905	2 597

The table below provides details of Fruitless and Wasteful Expenditure (under assessment, determination, and investigation).

Fruitless and Wasteful Expenditure (Under Assessment, Determination, and Investigation)		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Fruitless and wasteful expenditure under assessment	249	1 384
Fruitless and wasteful expenditure under determination	1 006	7
Fruitless and wasteful expenditure under investigation	0	0
Total	1 255	1 391

The table below provides details of Fruitless and Wasteful Expenditure recoverable.

Fruitless and Wasteful Expenditure Recoverable		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Fruitless and wasteful expenditure recoverable (Monies owed were paid in cash into the B7 account and were not referred to DOD Debtors to create a debtor account.)	1	3
Total	1	3

2 Transfer to receivables.

The table below provides details of Fruitless and Wasteful Expenditure not recovered and written off.

Fruitless and Wasteful Expenditure Not Recovered and Written Off		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Fruitless and wasteful expenditure written off	50	120
Total	50	120

The table below provides details of disciplinary/criminal steps taken as a result of Fruitless and Wasteful Expenditure.

Disciplinary Steps Taken
Three officials were issued with warnings and two officials appeared on negative office orders in four different fruitless and wasteful expenditure incidents to the value of R43 005.70.

Unauthorised Expenditure

The tables below provide details of the reconciliation of Unauthorised Expenditure.

Reconciliation of Unauthorised Expenditure		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Opening balance	2 995 137	0
Adjustment to opening balance	0	0
Opening balance as restated	2 995 137	0
Add: Unauthorised expenditure confirmed	3 373 664	2 995 137
Less: Unauthorised expenditure approved with funding	0	0
Less: Unauthorised expenditure approved without funding	0	0
Less: Unauthorised expenditure recoverable[3]	0	0
Less: Unauthorised expenditure not recovered and written off[4]	0	0
Closing Balance	6 352 734	2 995 137

The incurrence of unauthorised expenditure is due to the underfunding of the Compensation of Employees of the actual feet on the ground. Due to the obligation to remunerate the employees and members of the Department, the allocated budget was exceeded by Rb3,3 in the year under review.

Reconciling Notes		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Unauthorised expenditure that was under assessment	0	0
Unauthorised expenditure that relates to the prior year and identified in the current year	0	0
Unauthorised expenditure for the current year	3 373 664	2 995 137
Total	3 373 664	2 995 137

The table below provides details of Unauthorised Expenditure (under assessment, determination, and investigation).

Unauthorised Expenditure (Under Assessment, Determination, and Investigation)		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Unauthorised expenditure under assessment	0	0
Unauthorised expenditure under determination	0	0
Unauthorised expenditure under investigation	0	0
Total	0	0

3 Transfer to receivables.
4 This amount may only be written off against available savings.

Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) and (iii)

The table below provides details of Material Losses through criminal conduct.

Material Losses through Criminal Conduct		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Theft	632	125
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off	0	0
Total	632	125

The table below provides details of other Material Losses.

Nature of Other Material Losses		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
None	0	0
Total	0	0

The table below provides details of other Material Losses recoverable.

Nature of Losses		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Machinery and Equipment, Transport Asset and Specialised Military Equipment	442	412
Total	442	412

The table below provides details of other Material Losses not recoverable and written off.

Nature of Losses		
Description	FY2023/24	FY2022/23
	R'000	**R'000**
Machinery and Equipment, Transport Asset, Specialised Military Equipment and Biological	2 649	1 790
Total	2 649	1 790

Information on Late and/or Non-Payment of Suppliers

The table below provides information on the Late and/or Non-payment of Suppliers.

Consolidated Information on the Payment of Suppliers for FY2023/24		
Description	Number of invoices	Consolidated Value **R'000**
Valid invoices received	525 924	10 697 057
Invoices paid within 30 days or agreed period	404 003	8 656 582
Invoices paid after 30 days or agreed period	116 579	1 843 797
Invoices older than 30 days or agreed period (unpaid and without dispute)	5 342	196 678
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

Additional Information on the Late and/or Non-Payment of Suppliers

The Department of Defence (DOD) utilises a legacy Financial Management System (FMS), together with various non-integrated, stand-alone Logistics and Supply Chain Management (SCM) information systems.

The lack of integrated departmental information systems is regarded as the main contributing factor that adversely affects the DOD's ability to verify all legitimate invoices received for payment within the prescribed 30-day period.

These DOD information systems were developed and operationalised prior to the promulgation of the PFMA during FY2000/21. Whilst some National departments changed to the Basic Accounting System as the main source of information for the preparation of management reports and Annual Financial Statements, and the Logistical Information System as the procurement system utilised in the supply chain process for the procurement of goods and services, the DOD continued to utilise these legacy systems.

A significant proportion of invoices not paid within 30 days relates to payment of medical invoices for outsourced services. These outsourced medical practitioners are not always registered on the Central Supplier Database, which delays the verification, capturing, and timely payment of invoices.

Interventions on improving payment of suppliers within 30 days

- Efforts have been put in place to enhance supplier payments (in compliance with Treasury Regulation 8.2.3) despite the limitations that the DOD faces due to antiquated systems;
- System modifications to the current FMS have been made, by creating a procedure that will allow the DOD to monitor invoices online from the time it is received until it is paid (in compliance with Treasury Regulation 34).
- Integrated training between Finance and SCM practitioners to improve the management of invoices and receipt vouchers has been implemented.

Information on Supply Chain Management

National Treasury issued PFMA SCM Instruction No. 03 of 2021/22: "Enhancing Compliance, Transparency, and Accountability in SCM".

Derived from this Instruction, the DOD issued an Implementation Instruction on the "Institutionalisation of the New Standard Bid Document (SBD4)" and an Implementation Instruction on the "Process and Procedure for Requesting a Deviation in the DOD", in which deviations from the normal bidding process is addressed.

The DOD is in the process of compiling an Implementation Instruction for Procurement by Other Means (PBOM); to include Expansions and Variations of Contracts and the template for reporting on PBOM, Variations, and Expansions.

The Department will endeavour to provide the required information in the prescribed formats in future Reports.

F

Financial Information

Report by the Accounting Officer, Dr T. Gamede, for the period 01 April 2023 to 31 March 2024

Overview of the Financial Results of the Department [1]

During FY2023/24, the Department of Defence (DOD) received an adjusted appropriation of R52,468 billion, a 1.68% increase on the FY2022/23 adjusted appropriation. The DOD spent R55,842 billion (106.43%) of the appropriated amount in terms of cash-based accounting standards, exceeding the adjusted appropriation with R3,374 billion.

This overspending of the adjusted appropriated budget with R3,374 billion, resulted in unauthorised expenditure, as defined in terms of Section 34 of the Public Finance Management Act (PFMA). The unauthorised expenditure incurred is due to the underfunding of the Compensation of Employees (CoE) allocation and the departmental liability expenditure relating to the implementation of the exit mechanism strategy.

The CoE underfunding dilemma, imposed by the National Treasury, commenced in FY2017/18. The DOD has been utilising the Operating and Capital budget allocations to augment the CoE shortfall, which resulted in the incurrence of irregular expenditure between FY2017/18 to FY2021/22, to the value of R10,130 billion. During FY2022/23, in order not to compromise the continued decline of DOD facilities, a decision was taken not to utilise the dwindling Operating and Capital allocations to augment the CoE shortfall. This decision resulted in overspending the appropriated votes across all programmes during FY2022/23 and FY2023/24.

Numerous engagements took place among DOD top management, the Portfolio Committee on Defence and Military Veterans and the National Treasury to find ways in which the CoE shortfall can be funded. This funding shortfall dilemma had and will continue to have an impact on the DOD's ability to achieve its mandate according to the Constitution.

Condonement letters have been written to National Treasury on 25 June 2021 and again on 29 August 2023, including numerous deliberations with officials from the Public Finance and the Governance and Compliance components of the National Treasury to condone the R10,130 billion Irregular Expenditure incurred as a result of the underfunding of the CoE. Aligned to the Executive Authority's Ministerial Directive of 31 March 2021, aimed at the implementation of human resource cost-saving measures[2], evidence has been provided to National Treasury on the implementation of these cost-saving measures, relevant to the Mobility Exit Mechanism, to rejuvenate the South African National Defence Force (SANDF) and reduce the CoE liability.

Regrettably, as at the date of reporting, the National Treasury did not express a willingness to condone this irregularity. The continuous underfunding of the CoE, coupled with the increased taskings/deployments to the SANDF, as instructed, resulted in the increased utilisation of Reserve Forces, which in turn contributed to the increased degree of unauthorised expenditure incurred by the DOD for FY2023/24.

1 Refer to Part A and Part B for the "Overview of the Operations (Non-Financial) of the Department".
2 Refer to Part D: Human Resource Management, page 134 for details on cost saving measures implemented during FY2023/24.

Departmental Receipts (Revenue)

The DOD identified 75 probable revenue streams. Revenue streams are covered by numerous Departmental policies and collected through salary deductions, cash collections and bank transfers. Revenue management is decentralised to 488 Force Structure Elements throughout the Department.

The Financial Management System provides for all Force Structure Elements to capture their revenue budgets as part of the Medium-Term Expenditure Framework (MTEF) process evaluated by the Departmental Planning and Budget Evaluation Committee. The Ulwazi Financial reporting system has been developed to enable Budget Holders to draw revenue reports collected within their Force Structure Elements. Revenue collected is accounted for at the point where it originated and Budget Holders are required to compile monthly revenue reconciliation statements and confirm that all revenue due to the State has been collected or that corrective measures have been taken. The Defence Inspectorate has undertaken to audit revenue reconciliation statements.

Enhancements to systems and the appraisal of supporting policies are continuously made to improve the collection of revenue. Training and empowerment of finance functionaries and line managers is a priority and is continuously provided to improve revenue management. Revenue collected has increased by 0.19% annually from previous financial years. Revenue collection has been included in the related policies to ensure that revenue due to the Department is collected. Despite progress made, more will be done to ensure a comprehensive and credible revenue management system within Defence.

The Department has submitted and received approval from the National Treasury for the following revenue tariff structures:

- Hydrographic Charts and Publications
- Aircraft flights against payment tariffs
- Hiring of Defence equipment
- Hiring of Defence vehicles

During FY2023/24 the responsible Budget Holders submitted documentation and obtained approval for the updating of the following revenue tariffs:

- Noonday gun
- Hydrographic Charts and Publications
- Aircraft flights against payment tariffs

No requests were received for the updating of the following tariffs during FY2023/24:

- Hiring of equipment
- Hiring of DOD vehicles

The Department under collected on the following:

- Transfers received due to a decrease in the United Nations reimbursements.
- Sale of capital assets due to less equipment sold on auctions as auctioneers have not been appointed.

The Department over collected on the following items:

- Sale of goods and services other than capital assets due to an increase in revenue collected from services rendered to other state departments, sale of sea charts and boarding and lodging.
- Fines, penalties and forfeits received due to an increase in members being court-martialed and more fines being imposed.
- Interest, dividends and rent on land were due to an increase in the interest received on the department's bank accounts.
- Financial transactions in assets and liabilities were due to an increase in the expected revenue for exchange rate gains and recovery of the previous year's expenditure.

The table below indicates DOD Sources of Revenue for FY2023/24.

Departmental Receipts / Sources of Revenue for FY2023/24						
Departmental Receipts	FY2023/24			FY2022/23		
	Estimate	Actual Amount Collected	Over/(Under) Collection	Estimate	Actual Amount Collected	Over/(Under) Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	0	0	0	0	0	0
- Casino taxes	0	0	0	0	0	0
- Horse racing taxes	0	0	0	0	0	0
- Liquor license	0	0	0	0	0	0
- Motor vehicle license	0	0	0	0	0	0
Sale of goods and services other than capital assets	480 833	570 717	89 884	471 403	499 049	27 646
Transfers received	657 865	583 867	(73 998)	644 966	639 820	(5 146)
Fine, penalties and forfeits	1 392	1 731	339	1 365	1 178	(187)
Interest, dividends and rent on land	4 567	9 454	4 887	4 477	5 049	572
Sale of capital assets	31 697	7 564	(24 133)	31 075	18 408	(12 667)
Financial transactions in assets and liabilities	80 136	92 626	12 490	78 564	100 027	21 463
Total	1 256 490	1 265 959	9 469	1 231 850	1 263 531	31 681

Departmental Expenditure

The table below indicates Actual Expenditure Trends and Adjusted Appropriation for FY2021/22 to FY2023/24.

Summary of Actual Expenditure versus Adjusted Appropriation for Current and Prior Years			
	FY2021/22	FY2022/23	FY2023/24
	R'000	R'000	**R'000**
Adjusted Appropriation	48 796 421	51 601 612	52 468 184
Expenditure	48 775 914	54 596 749	55 841 848
Over expenditure	0	2 995 137	3 373 664
Amount overspent as percentage of Adjusted Appropriation	0	5.804%	6.43%
Amount surrendered	20 507	0	0
Amount surrendered as percentage of Adjusted Appropriation	0.042%	0	0

Earmarked Funds to the value of R3,210 billion were included in the Appropriation for FY2023/24. These funds were approved and earmarked by the National Treasury for specific, critical mandate-driven projects.

The table below indicates the Earmarked Funds Received for the General Defence Account during FY2023/24.

Earmarked Funds Received for the Period 01 April 2023 to 31 March 2024			
Earmarked Funds	Amount Received	Expenditure	(Over)/Under Expenditure
	R'000	R'000	**R'000**
Joint Operations Division: Deployment of the SANDF members in Mozambique (Op VIKELA)	850 000	1 005 968	(155 968)
SAMHS: Ambulances, X-ray Machines and Deployable Medical Equipment	60 000	61 894	(1 894)
HR Division: Transfer to Households: Funding for the Exit Strategy of the SANDF	800 000	1 253 683	(453 683)
Total	1 710 000	2 321 545	(611 545)

The table below denotes the Earmarked Funds Received for the Special Defence Account (SDA) during FY2023/24.

Earmarked Funds Received for the Period 01 April 2023 to 31 March 2024			
Earmarked Funds	Amount Received	Expenditure	(Over)/Under Expenditure
	R'000	R'000	**R'000**
SA Air Force: Medium Air Lift Aircraft Transport Capability	1 000 000	21 982	978 018
SA Navy: Repair and Maintenance of Navy Defence Systems	500 000	119 433	380 567
Total	1 500 000	141 415	1 358 585

Note:

- Amounts received for the Medium Air Lift Aircraft Transport Capability and the Repair and Maintenance of Naval Defence Systems were paid into the SDA.
- At the end of FY2023/24, unspent funds remained in the SDA Reserve, aligned to the SDA Act, 1974; to defray expenditure for multi-year contracts.

Actual Expenditure versus the Adjusted Appropriation for FY2023/24 at Programme level is indicated in the table below.

Actual Expenditure versus Adjusted Appropriation for Current and Prior Years at Programme Level						
Programme	FY2023/24			FY2022/23		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	5 439 742	5 369 316	70 426	6 042 623	6 071 295	(28 672)
Force Employment	4 995 796	5 308 000	(312 204)	4 954 708	5 012 398	(57 690)
Landward Defence	16 735 941	18 902 468	(2 166 527)	15 871 761	17 732 035	(1 860 274)
Air Defence	7 431 228	7 770 383	(339 155)	6 378 843	6 763 529	(384 686)
Maritime Defence	4 180 103	4 377 304	(197 201)	4 452 724	4 662 636	(209 912)
Military Health Support	5 802 042	6 032 314	(230 272)	5 734 492	5 979 581	(245 089)
Defence Intelligence	1 076 431	1 183 882	(107 451)	1 098 095	1 114 004	(15 909)
General Support	6 806 901	6 898 181	(91 280)	7 068 366	7 261 271	(192 905)
Total	52 468 184	55 841 848	(3 373 664)	51 601 612	54 596 749	(2 995 137)

The table below reflects the Actual Expenses versus Adjusted Appropriation for the Current and Prior Year per Economic Classification.

Actual Expenditure versus Adjusted Appropriation for Current and Prior Years per Economic Classification						
Economic Classification	FY2023/24			FY2022/23		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of Employees	31 829 334	35 295 439	(3 466 105)	31 786 419	34 660 928	(2 874 509)
Goods and Services	12 096 690	12 005 376	91 314	12 564 347	12 523 474	40 873
Transfers and Subsidies	7 452 497	7 451 370	1 127	5 624 531	5 786 032	(161 501)
Payments for Capital Assets	1 085 195	1 085 195	0	1 619 558	1 619 558	0
Payments for Financial Assets	4 468	4 468	0	6 757	6 757	0
Total	52 468 184	55 841 848	(3 373 664)	51 601 612	54 596 749	(2 995 137)

Reasons for Under/Over Expenditure

The nett overspending of R3,374 billion across all programmes consisted mainly of the following over/under expenditure:

Over Expenditure

The over expenditure of R3,466 billion can be attributed to:

- **Compensation of Employees.** Overspending across all Programmes was mainly due to the CoE ceiling which does not support the current personnel numbers of the Department as well as the unfunded deployment of the SANDF personnel as part of the Southern African Development Community Mission in the Democratic Republic of the Congo (DRC) (SAMIDRC) through Op THIBA, that is aimed at addressing the deteriorating security and humanitarian situation in the eastern part of the DRC. Other factors influencing CoE expenditure for FY2023/24 were:

- o Reserve Force utilisation has exceeded the planned mandays due to an increased requirement to support military operations and to provide protection services to military installations.
- o The impact of carry-through costs emanating from collective bargaining resolutions concluded and implemented.
- o The unbalanced HR budget requirements and adjusted CoE allocation pertaining to unplanned/unforeseen military operations and cost of living adjustments.

Under Expenditure

The under expenditure of R92,441 million can be attributed to:

- **Goods and Services**. The under-expenditure of R91,314 million was mainly due to:
  - o ***Accommodation charges***. The decision to devolve infrastructure functions from the Department of Public Works and Infrastructure (DPWI), implied that any payment towards DPWI must be justified by accurate invoices with supporting documents. As a result, the method used by DPWI to recover from the DOD by means of a "PACE report and excel spreadsheet" was no longer acceptable with effect from 01 April 2023. The DPWI was not in a position to provide the DOD with the required documents to process payments, hence an underspending of R77,685 million.
  - o ***Military Ombud***. The Military Ombud within the Legal Services Subprogramme underspent its operating budget allocation by R13,629 million. This was mainly due to the reduction of media adverts due to procurement challenges, limited training events attended as well as cost savings measures implemented during the annual symposium of the office. Furthermore, prolonged procurement processes also hampered spending.
- **Transfers and Subsidies**. Under expenditure of R1,127 million was mainly due to the transfer payment claim by the St John's Ambulance Brigade being less than what was anticipated. It should be noted that volunteer activities were drastically curtailed resulting in fewer volunteers meeting the criteria for being recognised for the grant-in-aid. Provision was made to settle a personal dispute claim, although administrative delays resulted in non-payment to the claimant prior to year-end.

Additions to Main Appropriation

The effect of the Adjusted Appropriation for Defence was an increase of R1,344 billion to R52,468 billion. The amount was made up as follows:

- National Treasury appropriated an R1,2 billion increase in CoE for cost-of-living adjustments emanating from the 2023 public sector wage agreement (Public Service Co-ordinating Bargaining Council Resolution 2 of 2023).
- R751,035 million increase in revenue which was generated from reimbursements from the United Nations/African Union for South Africa's contribution to peace support operations in the DRC (Op MISTRAL) and the Republic of Mozambique (Op VIKELA) and the sale of equipment and spares procured through the SDA. The amount was returned to the vote from the National

Revenue Fund and will be used to cover the operational costs related to the department's participation in the peacekeeping mission in the DRC, as well as critical elements of the SA Defence Review 2015.

- R607,280 million decrease in goods and services, was due to significant and unforeseeable economic and financial events affecting the fiscal targets set by the annual Government fiscus budget, in terms of PFMA Section 30(2)(a).

Virements and/or Shifts within the Vote

The following virements and/or shifts were addressed after the Adjustments Estimate of Expenditure process:

Approved by the National Treasury

- R52,255 million to cover the cost of claims against the state. Claims against the state are classified in terms of the Standard Chart of Accounts as Transfer Payments, it should however be noted that the Department does not budget for claims during the MTEF process.
- R860,200 million was reallocated to Current Transfers and Subsidies: Households (Social Benefits) through reprioritisation within the Goods and Services baseline for the payment of outstanding Government Employees Pension Fund (GEPF) liabilities and departmental benefits for officials exiting the Department.
- R240,000 million was reallocated within the Administration Programme to Operating Leases from earmarked funds pertaining to the devolution of functions from the DPWI within the same programme. It was necessary in order to augment the shortfall in the lease portfolio to ensure that the Department settled all valid invoices and claims.
- R216,671 million was reallocated within the Force Employment Programme to fund the shortfall of Op VIKELA from savings appropriated for Transfer to Another Institution: Foreign Governments and International Organisations (Southern African Development Community Secretariat) within the same programme.
- R5,187 million was reallocated to Transfer Payments (Departmental Agencies and Accounts) from savings appropriated for Transfer to Another Institution: the Reserve Force Council within the Administration Programme in order to fund the shortfall of the Safety and Security Sector Education and Training Authority.

Approved by the Accounting Officer

The reallocation of funds between Programmes within the Defence Budget was executed in order to defray expenditure in respect of authorised losses, payments for Capital Assets as well as for Goods and Services to balance the expenditure for the FY2023/24.

- R159,717 million was reallocated within the Force Employment Programme to fund the shortfall of Op THIBA from the United Nations/African Union reimbursements within Transfers and Subsidies: Departmental Agencies (SDA) towards Goods and Services within the same programme.

Roll-Overs

The Department did not request any funds to be rolled over for FY2023/24.

Donor Funds

The DOD did not receive any donor funds from external sources during the period 01 April 2023 to 31 March 2024.

Aid Assistance[3]

The DOD received R150 million from the Criminal Asset Recovery Account (CARA). Cabinet approved the allocation to the DOD as per Section 68 of the Prevention of Organised Crime Act, 1998 (Act No. 121 of 1998). The allocation was specifically intended to fund the deployment of SANDF members and to improve capabilities in the fight against illegal mining.

Irregular, Unauthorised, Fruitless and Wasteful Expenditure

Irregular Expenditure

Irregular expenditure to the amount of R338 million was incurred during the year under review and the biggest contributors are categorised as follows:

- R171 million was incurred when the Department procured Goods and Services without following the South African Procurement Legislation.
- R70 million was incurred on a contract awarded for three years in FY2021/22 for an alternative payment solution for aircraft fuel and airport services when the winning bidder did not comply with the mandatory requirements of the bid.
- R46 million was incurred when the Department entered into a lease agreement without following a transparent procurement process.
- R13 million was incurred in three instances where officials were not delegated to contract on behalf of the department.
- R13 million was incurred in eight instances where the Department procured goods and services by means of an unfair bidding process.
- R6 million was incurred where eight awards were approved by a committee not correctly constituted.

3 According to the MCS, aid assistance comprises amounts received from local or international donors and also includes CARA Fund Assistance, specifically appropriated from the CARA.

- R5 million constituted two incidents where the Department procured by "other means" and did not comply with the minimum requirements.

- R5 million was incurred in nine instances where the Department did not comply with the Construction Industry Development Board Regulations.

- R4 million constituted two incidents where goods and services were not obtained at reasonable prices.

- R3 million was incurred in seven instances where the Department deviated from the State Information Technology Agency standards.

- R1 million was incurred in four istances where the Department did not comply with the Preference Procurement Regulations.

- R1 million was incurred when the Department deviated from the quotation rule and did not obtain at least three quotations for 14 transactions.

- R1 million was incurred when requirements were split to circumvent the prescribed procurement process or delegation levels.

The Department is committed to addressing the irregularities to ensure irregular expenditure is identified and fully disclosed. The Internal Audit Division conducted a follow-up audit on Auditor-General of South Africa findings to test the population for similar irregularities to ensure that all irregular expenditure detected is disclosed.

Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure of R51 million was incurred during the year under review and the contributors are categorised as follows.

- R47 million was paid as a penalty to the South African Revenue Service for imported goods not initially declared.

- R3 million was paid additionally as a result of foreign exchange rate fluctuations when the invoice was paid a year after receipt.

- R1 million was paid for a course attendance that was cancelled on short notice for three officials and the Department was under obligation to pay.

The following management interventions were instituted to reduce irregular, fruitless and wasteful expenditure:

- The management of irregular, fruitless and wasteful expenditure were communicated at the monthly Accountability Management Committee, chaired by the Accounting Officer.

- Intervention sessions were continuously held with Services and Divisions in order to mitigate the occurrence and recurrence of irregular, fruitless and wasteful expenditure.

- Defence Matériel Division Governance Risk and Compliance visited all the major procurement centres and identified areas where irregular expenditure could surface. Those findings were then addressed by means of training by the Procurement Management Directorate. The training of procurement officials is an ongoing matter to ensure that procurement officials are aware of all procurement legislation and that instructions are correctly interpreted.

- Recommendations are implemented gradually at procurement units.

Unauthorised Expenditure

Due to the underfunding of the appropriated CoE allocation ceiling, the DOD incurred unauthorised expenditure to the amount of R3,374 billion as defined in terms of Section 34 of the PFMA. This was due to the overspending of the adjusted appropriated vote.

Public / Private Partnerships

The DOD did not enter into any public/private partnerships during FY2023/24.

Discontinued Activities / Activities to be Discontinued

The DOD did not discontinue activities during the period under review.

New / Proposed Activities

No new activities were established during the period under review.

Supply Chain Management

Unsolicited Bid Proposals Concluded for the Year under Review

No unsolicited bids were concluded for the period under review.

Supply Chain Management Processes and Systems in Place to Prevent Irregular Expenditure

To ensure compliance with norms and standards as provided for by National Treasury through various PFMA Supply Chain Management instructions and practice notes, the DOD issued implementation instructions for dissemination to all procurement entities. Oversight visits were undertaken at various procurement entities in all provinces, to enhance levels of compliance awareness and assist with corrective measures to address potential irregularities.

Feedback from the oversight visit initiative was reported to most of the key stakeholders, including the Audit Committee. With regard to procurement units with delegations and where high levels of non-compliance were observed, the Accounting Officer indicated to officials with procurement delegations that such delegations might be revoked.

Some procurement entities had their delegations revoked and only reinstated after all remedial actions were addressed. The latter included extensive in-post training, information and expertise sharing through seminars, as well as the training of procurement officials from the affected procurement entities at the National School of Government (NSG). 127 Members received training since the commencement of the Memorandum of Agreement with the NSG. More officials are expected to be trained in FY2024/25.

Challenges Experienced in Supply Chain Management and How They Were Resolved

Amongst the challenges experienced in the year under review, was the inadequate numbers of trained personnel in some of the procurement entities. This is being addressed through the training intervention, as discussed above. The Department has noted the National Treasury's intent to professionalise the procurement sector and shall align with the guidelines as provided.

Procurement Deviations Received from National Treasury

The Department did not receive any procurement-related deviations from National Treasury during the reporting period.

Gifts and Donations Received in Kind from Non-Related Parties

No foreign aid was rendered or received for larger DOD projects and programmes during the year under review.

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

Financial Reporting Requirement Exemptions and Deviations Received from National Treasury

The DOD did not request or receive any financial reporting exemptions or deviations from National Treasury.

General Comments

Events after the Reporting Date

None to date.

Condonements Awaiting Approval from National Treasury

For the year under review, 13 requests for condonement were submitted to National Treasury.

- Five incidents amounting to R3 million were submitted to National Treasury during the period under review and the Department is awaiting a response.
- Two incidents amounting to R14 000 were condoned.
- Six incidents amounting to R322 million were not condoned and were removed in terms of paragraph 5.8 of the PFMA Compliance and Reporting Framework.

Approval

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

DR T. GAMEDE
ACTING SECRETARY FOR DEFENCE

Department of Defence
Vote 23

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Report of the auditor-general to Parliament on vote no. 23: Department of Defence

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Department of Defence set out on pages 220 to 292, which comprise the appropriation statement, statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Department of Defence as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards (MCS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for qualified opinion

Goods and services and investments

3. The department accounts for non-sensitive and sensitive projects expenditure in connection with the special defence activities as per section 2(2)(a) of the Defence Special Account Act 6 of 1974, as amended. I was unable to obtain sufficient appropriate audit evidence on the sensitive projects' expenditure and related investments due to the sensitivity of the environment and the circumstances under which the related transactions were incurred and recorded. I was unable to confirm goods and services and investments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to sensitive projects expenditure included in the expenditure of R14,18 billion (2023: R14,21 billion), as per note 5 to the financial statements, and investments for special defence activities included in the investment amount of R179,16 million (2023: R179,16 million), as per note 12 to the financial statements.

Movable tangible capital assets

4. I was unable to obtain sufficient appropriate audit evidence for movable tangible capital assets as the department could not indicate where these assets are located nor provide other information relating to the location of these assets. Furthermore, the department could not provide sufficient appropriate audit evidence that management had properly accounted for some specialised military assets amounting to R4,04 billion that are not accounted for in the normal asset management system, due to non-submission of registers in support of these assets. I was unable to confirm or verify these assets by alternative means. Consequently,

I was unable to determine whether any adjustments were necessary to movable tangible capital assets stated at R67,09 billion (2023: R66,76 billion) in note 30 to the financial statements.

5. The department did not recognise all items of movable tangible capital assets in accordance with *MCS chapter 11, Capital assets*. I identified items of movable tangible capital assets belonging to the department that were not included in the underlying accounting records as controls were not established to ensure all assets are recorded on the asset registers. Consequently, I was unable to determine the full extent of the understatement of movable tangible capital assets, stated at R67,09 billion (2023: R66,76 billion) in note 30 to the financial statements, as it was impracticable to do so.
6. The department did not recognise all movable tangible capital assets at cost in accordance with *MCS chapter 11, Capital assets*. I identified a significant number of assets acquired after 1 April 2002 which were recorded at R1 as documentation to establish the cost is not available. This is in contravention of the MCS which allows R1 values to be assigned only to those assets acquired prior to 1 April 2002. Consequently, I was unable to determine the full extent of the understatement of movable tangible capital assets stated at R67,09 billion (2023: R66,76 billion) in note 30 to the financial statements as it was impracticable to do so.
7. The department did not comply with the modified cash standard in ensuring that all movable tangible capital assets remain at historical cost in accordance with *MCS Chapter 11, Capital assets*. I identified cost adjustments to the historical cost of certain movable tangible capital assets amounting to R919,27 million processed and included as part of the prior year additions as well as R486,73 million processed and included as part of the prior year disposals. In addition, I was unable to obtain sufficient appropriate audit evidence for these adjustments as the supporting information was not provided. This is in contravention with the MCS which prohibits cost adjustments for appreciation and devaluation. I was unable to confirm these adjustments by alternative means. My opinion on the movable tangible capital assets is modified because of the effect of this matter on the closing balance for the current year and corresponding year as disclosed in note 30 and 30.1 respectively.

Compensation of employees

8. The department did not recognise compensation of employees in accordance with *MCS Chapter 2, Concepts and principles.* I identified misstatements in basic salaries, housing allowances and deprivation allowances. I was unable to determine the full extent of the overstatement of compensation of employees stated at R35.30 billion in note 4 and the related receivables balance stated at R1,13 billion in note 11, as it was impractical to do so.

Irregular expenditure

9. The department did not fully record irregular expenditure in the notes to the financial statements, as required by section 40(3)(b)(i) of the PFMA. This was due to inadequate systems to detect, record and appropriately disclose this expenditure in the financial statements. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure, stated at R338,5 million (2023: R921,0 million) in note 25 to the financial statements, as it was impracticable to do so.

Context for opinion

10. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
11. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
12. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Claims against the department

14. With reference to note 19.1 to the financial statements, the department is the defendant in various lawsuits. The department is opposing the lawsuits. The ultimate outcome of these matters cannot presently be determined and therefore no provision for any liability that may result has been made in the financial statements.

Other matter

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

Unaudited supplementary schedules

16. The supplementary information set out on pages 293 to 319 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

17. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
18. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

20. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 216, forms part of my auditor's report.

Report on the audit of the annual performance report

21. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

22. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Force employment	58	The purpose of the force employment programme is to provide and employ defence capabilities, including an operational capability, to successfully conduct operations, as well as joint, interdepartmental, interagency and multinational military (JIIM) exercises.
Air defence	67	The purpose of the air defence programme is to provide prepared and supported air defence capabilities for the defence and protection of South Africa.
Maritime defence	71	The purpose of the maritime defence programme is to provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.
Defence intelligence	77	The purpose of the defence intelligence programme is to provide defence intelligence and counter-intelligence capabilities.

23. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.

24. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

25. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

26. I did not identify any material findings on the reported performance information for Programme 2: Force employment; Programme 4: Air Defence; and Programme 5: Maritime Defence.

27. The material findings on the reported performance information for the selected programme are as follows:

Programme 7: Defence intelligence

Number of vetting decisions taken in accordance with requirements

28. An achievement of 6 247 was reported against a target of 6 000. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

29. Furthermore, the reason reported for the overachievement was that vetting administration and evaluation were prioritised to address the security clearance backlog. However, adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reported reasons.

Other matters

30. I draw attention to the matters below.

Achievement of planned targets

31. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.

32. The tables that follow provide information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 58 to 74.

Programme 2: Force Employment

Targets achieved: 25% *Budget spent: 106%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Percentage compliance with Joint Force Employment as resourced (Classified Indicator)	Classified	Classified
Percentage Combat ready capabilities available for SANDF (Classified Indicator)	Classified	Classified
Percentage compliance with number of external operations per year	100%	75%
Percentage of the value of reimbursement by the UN/AU recognised	70%	42%
Percentage compliance with self-sustainment of personnel for external operations (Classified Indicator)	Classified	Classified
Percentage compliance with serviceability of main equipment for external operations (Classified Indicator)	Classified	Classified
Percentage compliance with force levels for external operations (Classified Indicator)	Classified	Classified
Percentage compliance with the Southern African Development Community Standby Force Pledge per year	100%	79%

Targets achieved: 25% *Budget spent: 106%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of Maritime Coastal Patrols conducted per year	4	3

Programme 4: Air Defence

Targets achieved: 60% *Budget spent: 105%*		
Key indicators not achieved	**Planned target**	**Reported achievement**
Percentage compliance with Joint Force Employment as resourced (Classified Indicator)	Classified	Classified
Number of hours flown per year	12 000	6 904.06

Programme 5: Maritime Defence

Targets achieved: 20% *Budget spent: 105%*		
Key indicators not achieved	**Planned target**	**Reported achievement**
Percentage compliance with Joint Force Employment as resourced (Classified Indicator)	Classified	Classified
Percentage Combat ready capabilities available for SANDF (Classified Indicator)	Classified	Classified
Number of hours at sea per year	8 000	2 641.47

Material misstatements

33. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Programme 2, Programme 5, and Programme 7. Management subsequently corrected the misstatements relating to Programme 2: Force Employment and Programme 5: Maritime Defence only. I reported material findings on Programme 7: Defence intelligence in this regard.

Report on compliance with legislation

34. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.

35. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

36. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

Implementation of consequence management by the Secretary for Defence

37. According to chapter 2, section 8(a) of the Defence Act, the secretary for defence (SecDef) is the accounting officer of the Department of Defence as contemplated in section 36 of the PFMA. While both acts recognise the SecDef as the accounting officer of the department, there are certain stipulations in the Defence Act that determine how disciplinary processes should specifically be taken in relation to members of the South African National Defence Force. These processes have resulted in delays in the implementation of consequence management particularly in relation to material irregularities that I have identified and reported on in the section on material irregularities.

38. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

39. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided, which resulted in the financial statements receiving a qualified opinion.

Expenditure management

40. Effective and appropriate steps were not taken to prevent unauthorised expenditure disclosed in note 25 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The unauthorised expenditure was mainly due to overspending as a result of operations not being fully funded.

41. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. As reported in the basis for the qualified opinion the Rm338, 5 million as disclosed in note 25 of the financial statements does not reflect the full extent of the irregular expenditure incurred. The majority of the irregular

expenditure disclosed in the financial statements was caused by non-compliance with procurement legislation.

42. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 25 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by SARS penalty costs on imported goods.

43. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by section 38(1)(f) of the PFMA and treasury regulation 8.2.3.

Asset management

44. I was unable to obtain sufficient appropriate audit evidence that the disposal of movable assets was done in a manner most advantageous to the state, as required by treasury regulation 16A.7.1.

45. I was unable to obtain sufficient appropriate audit evidence that the department determined if any state institution involved in education and training required computer equipment before disposal of such equipment, as required by treasury regulation 16A.7.7.

46. Proper control systems were not in place at the department to ensure the safeguarding and maintenance of assets, as required by section 38(1)(d) of the PFMA.

47. Preventative mechanisms were not in place to eliminate theft and loss of assets, as required by treasury regulation 10.1.1(a).

Procurement and contract management

48. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1 and paragraph 3.2.1 of SCM instruction note 2 of 2021-22. Similar non-compliance was also reported in the prior year.

49. Some of the contracts and quotations were not awarded in an economical manner and/or the prices of the goods or services were not reasonable as required by section 45(b) of the PFMA.

50. Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids and/or deviations were approved by the accounting officer but it was practical to invite competitive bids, as required by Treasury Regulation 16A6.1, paragraph 3.3.1 of NTI 02 of 2021/22, paragraph 4.1 of NTI 03 of 2021/22 and TR 16A6.4. Similar non-compliance was also reported in the prior year.

51. Some of the contracts and quotations were awarded to bidders based on preference points that were not allocated and/or calculated in accordance with the requirements of the PPPFA and Preferential Procurement Regulation 2022. Similar non-compliance was also reported in the prior year.

52. Some of the construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board and/or did not qualify for the contract in accordance with section 18(1) of the Construction Industry Development Board (CIDB) Act

and CIDB Regulations 17 and/or 25(7A). Similar non-compliance was also reported in the prior year.

Transfer of funds

53. I was unable to obtain sufficient appropriate audit evidence that appropriate measures were maintained to ensure that transfers and subsidies to entities were applied for their intended purposes, as required by section 38(1)(j) of the PFMA and treasury regulation 8.4.1.

Consequence management

54. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA.
55. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA.
56. Investigations were not conducted into all allegations of financial misconduct committed by some of the officials, as required by treasury regulation 4.1.1.

Other information in the annual report

57. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

58. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

59. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

60. If, based on the work I have performed, I conclude that there is a material misstatement included in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

61. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

62. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

63. Leadership did not exercise sufficient oversight over financial and performance reporting, compliance with laws and regulations and related internal controls. The action plans developed to address prior year audit matters were not adequate, and they were also not effectively implemented and monitored, resulting in recurring audit findings.

64. Consequence management was not implemented to create a culture of compliance with policies and legislation and to deter further irregularities. The lack of consequence management due to the limitations placed on the powers of the accounting officer in taking disciplinary actions against military officials also caused significant delays in addressing material irregularities as reported in the next section dealing with material irregularities previously reported.

65. Management did not prepare regular, accurate and complete financial and performance reports that were always supported and evidenced by reliable information. This was mainly due to a lack of timely actionable action plans, proper record management systems and insufficient controls over daily and monthly processing and reconciling of transactions. Additionally, reviewing and monitoring controls over compliance with laws and regulations were not effective to detect and prevent non-compliance.

Material irregularities

66. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor’s report.

Material irregularities identified during the audit

67. The material irregularities identified are as follows:

Unused medical equipment at 1 Military Hospital

68. The Department procured medical equipment in March 2011 as part of the refurbishment project at 1 Military Hospital and this medical equipment was not used since acquisition due to the incomplete refurbishment of the first floor. The operational lifespan of the medical equipment valued at R20, 80 million had elapsed and no alternative means was used to derive value from it.

69. The non-compliance was likely to result in a material financial loss for the department due to delayed actions to ensure the efficient, effective and economical use of the department's resources as required by section 45(b) of the PFMA.

70. The accounting officer was notified of the material irregularity on 19 April 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. Based on the accounting officer's written response, I concluded that appropriate actions were not being taken to address the material irregularity (MI).

71. I recommended that the accounting officer should take the following further actions to address the material irregularity, which should have been implemented by 29 February 2024:

- The financial loss relating to the unused medical equipment at 1 Military Hospital should be quantified.
- Appropriate action should be taken to determine whether the responsible officials are liable in law for the losses suffered by the Department for the purpose of recovery, as required by treasury regulations 9.1.4 and 12.7.1. The recovery process should not be unduly delayed.
- Reasonable steps should be taken without delay to dispose of the unused medical equipment at 1 Military Hospital in accordance with TR16A.7.1 and TR16A.7.2.

72. I did not receive a response from the accounting officer on implementation of the recommendations by the due date. I followed up with the accounting officer on the outstanding response on various dates and received the response and substantiating documents on 2 May 2024 with a supplementary response on 18 June 2024. I evaluated the response and substantiating documentation, and, in this regard, the accounting officer has demonstrated notable progress in implementing the recommendations however, some of the actions committed to by the accounting officer are still in process and not yet completed.

73. I have noted the progress made in addressing this matter and I have decided to grant the accounting officer an additional six months up to 24 January 2025 to implement the recommendations with a progress report by 24 October 2024. I will follow up on the progress made with the implementation of the recommendation during my next audit.

Payment of inflated invoices for emergency ambulance services

74. Between 2016 and 2020, the department made payments for emergency ambulance services to a service provider based on inflated invoices, resulting in overpayments.

75. The non-compliance was likely to result in a material financial loss for the department as the internal controls processes were not effective and efficient to properly verify claims for emergency ambulance services and prevent overpayments, as required by section 38(1)(a)(i) of the PFMA.

76. The accounting officer was notified of the material irregularity on 11 July 2023. In response to the notification, the accounting officer disagreed that the matter was a material irregularity and stated that the service provider had acknowledged to have charged higher rates and committed to paying back the department the overcharged amount.

77. The accounting officer referred the matter to the office of the State Attorney on 12 July 2023 and on 23 February 2024 summons for recovery were issued against the service provider in

the High Court of South Africa, Gauteng Local Division. The accounting officer approved the updated process and procedures outsourced healthcare to external healthcare providers which improved the internal controls to prevent further losses and is also investigating the matter through the military police.

78. I have noted the progress made in addressing this matter and I have concluded that this material irregularity on the payment of inflated invoices for emergency ambulance services, will not be pursued further by me and is therefore resolved in the records of the AGSA.

Status of previously reported material irregularities

Inventory and asset management contract was not awarded only to the bidder that scored highest points in the evaluation process

79. In February 2017, the department awarded a contract for services relating to inventory and asset verification for a period of five years, commencing from 1 March 2017. The department did not comply with the requirements of paragraph 2(1)(f) of the PPPFA in awarding this contract because it did not award the entire contract to the bidder that scored the highest points in the evaluation process. The non-compliance is likely to result in a material financial loss as the contract was awarded to two bidders on a 50/50 basis at an increased price of R922 million for the same scope of work. This resulted in an increase of R250,56 million in the project cost. The contract came to an end during the 2021-22 financial year. The Department spent a total of R616,90 million on the contract.

80. The accounting officer was notified of the material irregularity on 18 July 2019. The accounting officer responded by disagreeing that there was non-compliance with legislation in awarding the contract. This resulted in the further review and investigation of the matter by the National Treasury, which confirmed on 28 February 2020 that legislation had been contravened in the awarding of this contract.

81. I recommended that the accounting officer take the following actions to address the material irregularity by 30 November 2020:

    a) The accounting officer should investigate the irregular expenditure and quantify the amount of the financial loss incurred, in accordance with the applicable instruction note(s) issued by the National Treasury dealing with irregular expenditure.

    b) Effective and appropriate disciplinary steps must be taken against any official who the investigation found to be responsible, as required by section 38(1)(h) of the PFMA and treasury regulation 9.1.3.

    c) Appropriate action must be taken to determine whether the responsible official is liable by law for the losses suffered by the department for the purpose of recovery, as required by treasury regulations 9.1.4 and 12.7.1.

82. The accounting officer submitted a written response and supporting evidence on the implementation of the recommendations on 30 November 2020. Based on the assessment of the written response and supporting evidence submitted, I concluded that the recommendations had not been adequately implemented.

83. The accounting officer was notified of the outcome of the assessment on 6 April 2021 and given an extension until 30 April 2021 to implement those recommendations. Although an investigation was conducted, the accounting officer in her response cited limitations in terms of

the Defence Act 42 of 2002, in so far as it relates to taking disciplinary action against military command members. I concluded that the recommendations had not been adequately implemented, particularly as they relate to non-military personnel in respect of whom the accounting officer has no limitations.

84. On 18 August 2021, I issued a directive to the accounting officer in terms of section 5A (3) of the PAA to determine the amount of the financial loss and recover such loss or make progress with the recovery of the loss from the responsible person by 18 November 2021.

85. In addition, I notified the accounting officer of the following remedial actions to address the material irregularity, which should have been implemented by the same date:

    a) Effective and appropriate disciplinary steps must be taken against any civilian official whom the investigation found to be responsible, as required by section 38(1)(h) of the PFMA and treasury regulation 9.1.3.

    b) Appropriate action must be taken to determine whether the responsible civilian official(s) is liable for the losses suffered by the department for the purpose of recovery, as required by treasury regulations 9.1.4 and 12.7.1.

    c) Steps must be taken to ensure that the chief of the South African National Defence Force (SANDF) takes:

        i. effective and appropriate disciplinary action against any military command official whom the investigation found to be responsible, as required by section 38(1)(h) of the PFMA and treasury regulation 9.1.3.

        ii. appropriate action to determine whether the responsible military command official(s) is/are liable for the losses suffered by the department for the purpose of recovery, as envisaged by treasury regulations 9.1.4 and 12.7.1.

    d) If the chief of the SANDF fails to take effective and appropriate disciplinary action against military command official(s), and/or fails to take appropriate steps to determine whether the responsible command official(s) is/are liable for the losses suffered by the department for the purposes of recovery, the accounting officer must promptly, and before the expiry of the three-month period envisaged in the notification of remedial action, notify the executive authority of such failure.

86. On 8 November 2021, the accounting officer submitted a written response which was assessed to be incomplete. The accounting officer was therefore requested to provide a revised response that clearly indicated the progress that was made with the actions and the timelines for completing the actions. The supplementary response was received on 23 November 2021.

87. On 26 January 2022, I informed the accounting officer that I was not satisfied with the progress on implementation of the directive and remedial actions. A further submission by the accounting officer on 1 June 2022 confirmed the lack of progress in implementation of consequence management for both civilian and military command officials.

88. Since June 2022, I have pursued various interventions including engaging the accountability ecosystem role players on the challenges in implementation of consequence management regarding this matter (refer to par. 37 above). These interventions did not yield positive results.

89. I referred the material irregularity to the Special Investigative Unit (SIU) on 23 October 2023 for investigation as provided for in section 5(1A) of the PAA. The SIU acknowledged receipt of the referral on 3 November 2023 and a motivation for proclamation was submitted to the Department of Justice on 30 January 2024 and is being processed.

Lease payments made for unoccupied office buildings

90. The department made lease payments in the financial years 2015-16 to 2019-20 for unoccupied office buildings, in contravention of section 45(b) of the PFMA, which requires the effective, efficient, economical and transparent use of the Department's financial resources. The non-compliance resulted in a financial loss of R108,3 million, which forms part of the closing balance of fruitless and wasteful expenditure disclosed in note 25 to the financial statements.

91. The accounting officer was notified of the material irregularity on 11 August 2020. On 8 September 2020, the accounting officer issued an instruction to investigate this material irregularity and conclude on it by 30 October 2020.

92. I did not receive any response from the accounting officer on the implementation of the planned actions and the outcomes thereof and concluded that appropriate action was not being taken.

93. I recommended that the accounting officer take the following actions to address the material irregularity, which should have been implemented by 11 November 2021:

- The financial loss should be quantified and the officials responsible for the financial loss identified in accordance with the applicable instruction note(s) issued by the National Treasury dealing with fruitless and wasteful expenditure.

- Effective and appropriate disciplinary steps should commence against any civilian official whom the investigation found to be responsible, as required by section 38(1)(h) of the PFMA and treasury regulation 9.1.3.

- Effective and appropriate disciplinary steps should commence against any military command official whom the investigation found to be responsible, as required by section 38(1)(h) of the PFMA and treasury regulation 9.1.3; and

- Appropriate action must be taken to determine whether the responsible official is liable by law for the losses suffered by the department for the purpose of recovery, as required by treasury regulations 9.1.4 and 12.7.1.

94. On 8 November 2021, the accounting officer submitted a written response that did not appropriately address all the required actions to address the matter. I requested additional information to enable me to conclude on appropriateness of the actions being taken. The supplementary response was received on 23 November 2021. I assessed the accounting

officer's revised response and concluded that adequate progress was not made with the implementation of the recommendations.

95. On 1 June 2022, the accounting officer provided a further written submission which acknowledged the financial loss but stated that the board of inquiry did not find anyone liable for the loss and therefore no disciplinary action could be taken against anyone.

96. I assessed the outcome of the board of inquiry and concluded that its conclusion was not appropriate, and that appropriate action was not taken to implement the AGSA's recommendations.

97. Since June 2022, I pursued various interventions including engaging the accountability ecosystem role-players on the implementation of consequence management regarding this matter (refer to par. 37 above). These interventions did not yield positive results.

98. I referred the material irregularity to the Public Protector of South Africa (PPSA) on 24 October 2023 for investigation as provided for in section 5(1A) of the PAA. The referral was accepted by the PPSA on 21 November 2023.

99. I followed up with the PPSA regarding progress of the investigation and I was informed that, the investigation was still in progress.

Unfair award for the supply of fuel

100. In July 2019, the department awarded a contract worth R13,9 million for the supply and delivery of fuel to a supplier using evaluation criteria that differed from those stipulated in the original request for quotations. The original request for quotations stipulated that the award would be made to a bidder with a lower price, but the department used the rotation of suppliers as the criterion to award this contract. The mode of transport was also changed after the award, which resulted in a further price increase. The awarding of the contract using different criteria resulted in non-compliance with treasury regulation 16A.3.2 (a), which requires that the supply chain management process be fair, transparent, competitive and cost-effective. The non-compliance caused a material financial loss of R2,57 million due to a higher price being paid for the fuel.

101. The accounting officer was notified of the material irregularity on 11 August 2020. On 8 September 2020, the accounting officer issued an instruction to investigate this material irregularity and conclude on it by 30 October 2020.

102. On 27 November 2020, the accounting officer completed the investigation into this material irregularity and disagreed that there was non-compliance with legislation in awarding the contract.

103. I referred the material irregularity to the Directorate for Priority Crime Investigations (DPCI) on 15 November 2021 for investigation as provided for in section 5(1A) of the PAA. The referral was accepted by the DPCI on 6 December 2021.

104. I followed up with the DPCI regarding progress of the investigation during the current year and I was informed that the investigation was still in progress.

Medical equipment at 2 Military Hospital not utilised

105. Medical equipment procured as part of the turn-key project at 2 Military Hospital were not utilised. This includes the cardiovascular theatre unit of R13,70 million, procured and installed in 2018 and six renal dialysis units of R2,33 million procured and installed in 2019.

106. The non-utilisation of these material public resources could have been avoided with proper planning and processes to ensure effective and efficient use of the department's resources as required by section 45(b) of the PFMA.

107. The accounting officer was notified of the material irregularity on 3 April 2023 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer confirmed that the medical equipment has been put into use effective from 2 June 2023. I visited the premises on 28 June 2023 and confirmed that the six (6) units of renal dialysis had been put into use, however the cardiovascular theatre unit remained unutilised.

108. I recommended that the accounting officer should take the following further actions to address the material irregularity, which should be implemented by 4 March 2024:

    - Reasonable steps should be taken to prevent further non-utilisation of the cardiovascular theatre as required by Treasury Regulation 10.1.1(a).

109. I requested the accounting officer to provide a progress report on the implementation of the recommendation by 31 October 2023.

110. In addition, I referred the material irregularity to the Public Protector of South Africa (PPSA) on 3 October 2023 for investigation as provided for in section 5(1A) of the PAA. The referral was accepted by the PPSA on 4 December 2023.

111. The accounting officer submitted a written response on the progress made in the implementation of the recommendations on 2 November 2023. Based on the assessment of the progress report, I identified some shortcomings and reminded the accounting officer to submit the final written responses and substantiating documentation on the implementation of the recommendation by the due date.

112. On 5 March 2024, the accounting officer submitted a written response on the implementation of the recommendations. In this regard, the accounting officer has demonstrated notable progress in implementing the recommendations however, some of the actions committed to by the accounting officer are in progress and not yet completed.

113. I have noted the progress made in addressing this matter and have decided to grant the accounting officer an additional six months up to 11 December 2024 to implement the recommendations with a progress report by 11 September 2024. I will follow up on the progress made with the implementation of the recommendation during my next audit.

114. I followed up with the PPSA regarding progress of the investigation and I was informed that, the investigation was still in progress.

Material irregularities - Defence intelligence

115. I identified two (2) material irregularities relating to the Defence Intelligence division for which specific confidentiality clauses apply, in line with section 22(1)(a) of the Public Audit Act. As such, I do not provide detail on these material irregularities.

116. I have noted the progress made in addressing one of the reported material irregularities and I have concluded that, that material irregularity, will not be pursued further by me and is therefore resolved in the records of the AGSA.

117. The accounting officer is taking appropriate actions to resolve the remaining material irregularity. As at the date of this report I had not completed the process of evaluating the response of the accounting officer for this material irregularity. The assessment of the actions taken to address this material irregularity will be included in next year's auditor's report.

Other reports

118. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

119. The department conducted a forensic audit on the refurbishment and repairs and maintenance project at 1 Military Hospital. The investigation was completed in December 2020. During 2021, the matter was referred by the department to the Directorate for Priority Crime Investigation (the Hawks) for further investigation (DPCIHQ Inquiry no. 2021/09/02). At the date of this report, the investigation was still in progress.

120. An independent consultant was investigating an allegation of misappropriation of the department's cash at the request of the department. These proceedings were still in progress at the date of this auditor's report.

Auditor General

Pretoria

31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor’s report

The annexure includes the following:

- The auditor-general’s responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general’s responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department’s compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:

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

Communication with those charged with governance

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

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 1 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); 38(1)(j) Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 45(b); 57(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3 Treasury Regulation 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulation 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b) Treasury Regulation 7.2.1 Treasury Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3; 8.4.1 Treasury Regulation 9.1.1; 9.1.4 Treasury Regulation 10.1.1(a); 10.1.2 Treasury Regulation 11.4.1; 11.4.2; 11.5.1 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c) Treasury Regulation 16A3.2, 16A3.2(a), 16A 6.1; 16A6.2(a), (b); 16A 6.3(a); 16A 6.3(b); 16A 6.3(c); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A7.1; 16A. 7.3; 16A.7.6; 16A.7.7; 16A8.3 (d); 16A 8.4; 16A9.1b(ii) 16A9.1b(iii), 16A 9.1(d); 16A 9.1(e), 16A 9.1(f); 16A9.2, 16A9.2(a)(ii) Treasury Regulation 17.1.1 Treasury Regulation 18.2 Treasury Regulation 19.8.4
Public service regulation	Public service regulation 25(1)(e)(i); 25(1)(e)(iii)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	CIDB regulation 17 & 25(7A)
PPPFA	Definition Section 2.1(a); 2.1(b); 2.1(f)
PPR 2011	Paragraph 9.1
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.8 Paragraph 7.8 Paragraph 8.2; 8.5 Paragraph 9.1;10.1;10.2 Paragraph 11.1

Legislation	Sections or regulations
PPR 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
SITA ACT	Section 7(3)
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1
National Treasury Instruction note No. 4 of 2022/2023 PFMA: Compliance and Reporting Framework	Par 4.12
NT SCM Instruction Note 03 2021/22	Definitions Paragraph 4.1; 4.2 (b); Paragraph 7.2
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4(b); and 3.9
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1;3.2.4 and 3.3.1
National Treasury Instruction 4A of 2016/17	Paragraph 6
National Treasury Instruction 07 of 2017/18	Paragraph 4.3
NT instruction note 4 of 2015/16	Paragraph 3.4
Standard Bidding Document	SBD 6.2 issued in 2015/16
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
PFMA SCM Instruction N.3 of 2021/22	Paragraph 2
NT instruction note 1 of 2021/22	Paragraph 4.1
Practice Note 5 of 2009/10	Paragraph 3.3

Accounting Policies

for the year ended 31 March 2024

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

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (PFMA) (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. Basis of preparation

The Financial Statements have been prepared in accordance with the Modified Cash Standard (MCS).

2. Going concern

The Financial Statements have been prepared on a going concern basis.

3. Presentation currency

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

4. Rounding

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

5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.

6. Comparative information

6.1 Prior period comparative information

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

6.2 Current year comparison with budget

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

7. Revenue

7.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

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

Appropriated funds are measured at the amounts receivable.

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

7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Departmental revenue is measured at the cash amount received.

In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.

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

7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.
Accrued tax revenue (and related interest and / or penalties) is measured at amounts receivable from collecting agents.

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

8. Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

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

8.1.2 Social contributions

Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.

8.3 Accruals and payables not recognised

Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9. Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Criminal Assets Recovery Account (CARA) Funds are recognised when receivable and measured at the amounts receivable.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

10. Cash and cash equivalents

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

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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11. Prepayments and advances

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

Prepayments and advances are initially and subsequently measured at cost.

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

12. Loans and Receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.

13. Investments

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

14. Financial assets

14.1 Financial assets (not covered elsewhere)

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

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

14.2 Impairment of financial assets

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

15. Payables

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

16. Capital Assets

16.1 Immovable capital assets

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

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

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project, unless the immovable asset is recorded by another department, in which case the completed project costs are transferred to that department.

Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

16.2 Movable capital assets

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

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 01 April 2002, and in the case of Minor Other Machinery and Equipment prior to 01 April 2013 are recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

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

Biological assets are recorded at cost except those bred by the department which are recorded at R100.00.

Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

Project costs are carried in work-in-progress as incurred and added to the cost of the capital asset when delivered and available for operational purposes.

16.3 Intangible assets

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

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined, the intangible assets are measured at R1.

All assets acquired prior to 01 April 2002 are recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

16.4 Project Costs: Work-in-progress on Immoveable assets

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is delivered and available for operational purposes. Once the asset is delivered and available for operational purposes, the total accumulated payments are recorded in the asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

Where the Department is not the custodian of the completed project asset, the asset is transferred to the custodian after completion.

17. Provisions and Contingents

17.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

17.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department, or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.

17.4 Commitments

Capital commitments are recorded at cost in the notes to the financial statements.

18. Unauthorised expenditure

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure recorded in the notes to the financial statements comprise of:

- unauthorised expenditure that was under assessment in the previous financial year;
- unauthorised expenditure relating to previous financial year and identified in the current year; and
- unauthorised expenditure incurred in the current year.

19. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:

- fruitless and wasteful expenditure that was under assessment in the previous financial year;
- fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and
- fruitless and wasteful expenditure incurred in the current year.

20. Irregular expenditure

Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.

Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:

- irregular expenditure that was under assessment in the previous financial year;
- irregular expenditure relating to previous financial year and identified in the current year; and
- irregular expenditure incurred in the current year.

21. Changes in accounting policies, accounting estimates and errors

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

22. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

23. Capitalisation reserve

The capitalisation reserve comprises of financial assets and / or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlining asset is disposed and the related funds are received.

24. Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

25. Related party transactions

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. The full compensation of key management personnel is recorded in the notes to the financial statements.

26. Inventories

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

27. Public Private Partnerships

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

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

28. Employee benefits

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

Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.

The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

Defence - Vote 23

Appropriation Statement

for the year ended 31 March 2024

Appropriation per programme									
	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
Voted funds and Direct charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1 Administration	5 560 190	-	(120 448)	5 439 742	5 369 316	70 426	98.7%	5 756 311	5 784 983
2 Force Employment	5 190 228	-	(194 432)	4 995 796	5 308 000	(312 204)	106.2%	4 931 555	4 989 245
3 Landward Defence	16 215 186	-	520 755	16 735 941	18 902 468	(2 166 527)	112.9%	15 871 761	17 732 035
4 Air Defence	7 416 650	-	14 578	7 431 228	7 770 383	(339 155)	104.6%	6 378 843	6 763 529
5 Maritime Defence	4 475 855	-	(295 752)	4 180 103	4 377 304	(197 201)	104.7%	4 452 724	4 662 636
6 Military Health Support	5 611 305	-	190 737	5 802 042	6 032 314	(230 272)	104.0%	5 734 492	5 979 581
7 Defence Intelligence	1 033 263	-	43 168	1 076 431	1 183 882	(107 451)	110.0%	1 407 560	1 423 469
8 General Support	6 965 507	-	(158 606)	6 806 901	6 898 181	(91 280)	101.3%	7 068 366	7 261 271
Total	52 468 184	-	-	52 468 184	55 841 848	(3 373 664)	106.4%	51 601 612	54 596 749
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				1 265 959				1 263 531	
NRF Receipts				-				-	
Aid assistance				150 000				-	
Actual amounts per Statement of Financial Performance (Total Revenue)				53 884 143				52 865 143	
Add: Aid assistance					150 000				-
Prior year unauthorised expenditure approved without funding									
Expenditure funded from retained funds / funds retained					(1 092 389)				(728 989)
Actual amounts per Statement of Financial Performance (Total Expenditure)					54 899 459				53 867 760

Defence - Vote 23

Appropriation Statement

for the year ended 31 March 2024

Appropriation per economic classification	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	44 712 959	-	(786 935)	43 926 024	47 300 815	(3 374 791)	107.7%	44 350 766	47 184 402
Compensation of employees	31 829 334	-	-	31 829 334	35 295 439	(3 466 105)	110.9%	31 786 419	34 660 928
Salaries and wages	28 368 785	-	31 244	28 400 029	31 567 602	(3 167 573)	111.2%	28 463 055	31 076 474
Social contributions	3 460 549	-	(31 244)	3 429 305	3 727 837	(298 532)	108.7%	3 323 364	3 584 454
Goods and services	12 883 625	-	(786 935)	12 096 690	12 005 376	91 314	99.2%	12 564 347	12 523 474
Administrative fees	17 189	-	7 461	24 650	24 650	-	100.0%	21 769	21 769
Advertising	78 825	-	(53 468)	25 357	20 129	5 228	79.4%	14 482	10 767
Minor assets	200 476	-	(132 901)	67 575	67 575	-	100.0%	45 438	45 438
Audit costs: External	84 106	-	(1 136)	82 970	82 970	-	100.0%	76 593	76 593
Catering: Departmental activities	68 085	-	(41 750)	26 335	26 335	-	100.0%	25 858	25 858
Communication (G&S)	107 415	-	(21 879)	85 536	85 536	-	100.0%	89 390	89 390
Computer services	978 586	-	(240 269)	738 317	734 294	4 023	99.5%	859 230	854 131
Consultants: Business and advisory services	21 012	-	(15 761)	5 251	4 511	740	85.9%	19 609	18 292
Infrastructure and planning services	5 417	-	(5 297)	120	120	-	100.0%	801	801
Laboratory services	47 907	-	19 737	67 644	67 644	-	100.0%	78 887	78 887
Scientific and technological services	72 392	-	(33 329)	39 063	39 063	-	100.0%	62 905	62 905
Legal services	42 906	-	(16 725)	26 181	26 181	-	100.0%	20 054	20 054
Contractors	1 900 468	-	(720 339)	1 180 129	1 180 129	-	100.0%	1 393 063	1 377 011
Agency and support / outsourced services	766 398	-	56 558	822 956	822 956	-	100.0%	1 037 785	1 037 785
Entertainment	2 633	-	(688)	1 945	1 945	-	100.0%	1 092	1 092
Fleet services (including government motor transport)	191 473	-	(59 750)	131 723	131 723	-	100.0%	146 688	146 688
Inventory: Clothing material and accessories	120 512	-	(51 820)	68 692	68 692	-	100.0%	214 734	214 734
Inventory: Farming supplies	4 358	-	(1 413)	2 945	2 945	-	100.0%	1 915	1 915
Inventory: Food and food supplies	1 462 193	-	182 590	1 644 783	1 644 783	-	100.0%	1 582 562	1 571 847
Inventory: Fuel, oil and gas	886 798	-	(228 066)	658 732	658 732	-	100.0%	647 945	647 945
Inventory: Materials and supplies	73 077	-	(24 429)	48 648	48 648	-	100.0%	106 634	106 634
Inventory: Medical supplies	103 815	-	(46 149)	57 666	57 666	-	100.0%	63 996	63 996
Inventory: Medicine	246 817	-	(17 701)	229 116	229 116	-	100.0%	219 505	219 505
Inventory: Other supplies	134 403	-	(100 874)	33 529	33 529	-	100.0%	25 603	25 603
Consumable supplies	157 652	-	(12 322)	145 330	145 330	-	100.0%	150 220	150 220
Consumable: Stationery, printing and office supplies	68 553	-	(17 943)	50 610	50 610	-	100.0%	41 998	41 998

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Appropriation Statement

for the year ended 31 March 2024

Appropriation per economic classification

	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating leases	1 386 238	-	(8 138)	1 378 100	1 341 757	36 343	97.4%	1 965 493	1 965 493
Property payments	2 056 939	-	(483 012)	1 573 927	1 531 383	42 544	97.3%	1 361 336	1 361 336
Travel and subsistence	941 344	-	1 027 908	1 969 252	1 969 252	-	100.0%	1 482 259	1 480 660
Training and development	187 165	-	(59 318)	127 847	125 411	2 436	98.1%	207 059	204 683
Operating payments	430 375	-	309 264	739 639	739 639	-	100.0%	544 921	544 921
Venues and facilities	18 879	-	(2 235)	16 644	16 644	-	100.0%	13 195	13 195
Rental and hiring	19 219	-	6 259	25 478	25 478	-	100.0%	41 328	41 328
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	6 904 706	-	547 791	7 452 497	7 451 370	1 127	100.0%	5 624 531	5 786 032
Provinces and municipalities	199	-	(48)	151	151	-	100.0%	165	165
Municipalities	199	-	(48)	151	151	-	100.0%	165	165
Municipal bank accounts	199	-	(48)	151	151	-	100.0%	165	165
Departmental agencies and accounts	3 701 281	-	(95 801)	3 605 480	3 605 319	161	100.0%	2 800 195	2 800 195
Departmental agencies	3 701 281	-	(95 801)	3 605 480	3 605 319	161	100.0%	2 800 195	2 800 195
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	294 299	-	(216 671)	77 628	77 628	-	100.0%	133 421	133 421
Public corporations and private enterprises	1 446 251	-	103	1 446 354	1 446 354	-	100.0%	1 480 291	1 478 851
Public corporations	1 446 251	-	-	1 446 251	1 446 251	-	100.0%	1 480 008	1 478 568
Subsidies on products and production (pc)	1 446 251	-	-	1 446 251	1 446 251	-	100.0%	1 479 941	1 478 501
Other transfers to public corporations	-	-	-	-	-	-	-	67	67
Private enterprises	-	-	103	103	103	-	100.0%	283	283
Subsidies on products and production (pe)	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	103	103	103	-	100.0%	283	283
Non-profit institutions	10 679	-	(5 187)	5 492	4 709	783	85.7%	4 450	3 446
Households	1 451 997	-	865 395	2 317 392	2 317 209	183	100.0%	1 206 009	1 369 954
Social benefits	1 451 997	-	860 200	2 312 197	2 312 197	-	100.0%	1 193 345	1 357 290
Other transfers to households	-	-	5 195	5 195	5 012	183	96.5%	12 664	12 664
Payments for capital assets	850 519	-	234 676	1 085 195	1 085 195	-	100.0%	1 619 558	1 619 558
Buildings and other fixed structures	380 916	-	113 251	494 167	494 167	-	100.0%	748 281	748 281
Buildings	380 916	-	113 251	494 167	494 167	-	100.0%	748 281	748 281

Defence - Vote 23

Appropriation Statement

for the year ended 31 March 2024

Appropriation per economic classification									
	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Machinery and equipment	457 328	-	103 011	560 339	560 339	-	100.0%	795 336	795 336
Transport equipment	66 204	-	93 364	159 568	159 568	-	100.0%	343 697	343 697
Other machinery and equipment	391 124	-	9 647	400 771	400 771	-	100.0%	451 639	451 639
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	6 555	-	(1 211)	5 344	5 344	-	100.0%	-	-
Biological assets	41	-	515	556	556	-	100.0%	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	5 679	-	19 110	24 789	24 789	-	100.0%	75 941	75 941
Payment for financial assets	-	-	4 468	4 468	4 468	-	100.0%	6 757	6 757
Total	52 468 184	-	-	52 468 184	55 841 848	(3 373 664)	106.4%	51 601 612	54 596 749

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Appropriation Statement

for the year ended 31 March 2024

Programme 1: Administration									
	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 Ministry	125 382	-	(69 349)	56 033	56 033	-	100.0%	59 137	59 137
2 Departmental Direction	46 441	-	(12 623)	33 818	33 818	-	100.0%	39 687	39 687
3 Policy and Planning	138 877	-	(172)	138 705	138 705	-	100.0%	138 863	138 863
4 Financial Services	423 905	-	(22 757)	401 148	400 965	183	100.0%	396 052	396 052
5 Human Resources Support Services	1 048 601	-	(22 055)	1 026 546	1 047 617	(21 071)	102.1%	1 002 419	1 045 197
6 Legal Services	368 471	-	21 032	389 503	375 874	13 629	96.5%	405 435	391 329
7 Inspection and Audit Services	144 744	-	15 776	160 520	160 520	-	100.0%	155 033	155 033
8 Acquisition Services	71 542	-	217	71 759	71 759	-	100.0%	84 068	84 068
9 Communication Services	117 744	-	(52 177)	65 567	65 567	-	100.0%	47 587	47 587
10 South African National Defence Force Command and Control	181 846	-	25 275	207 121	207 121	-	100.0%	206 809	206 809
11 Religious Services	20 192	-	4 169	24 361	24 361	-	100.0%	23 083	23 083
12 Defence Reserve Direction	37 057	-	(277)	36 780	36 780	-	100.0%	27 419	27 419
13 Defence Foreign Relations	20 224	-	(7 507)	12 717	12 717	-	100.0%	10 374	10 374
14 Office Accommodation	2 815 164	-	-	2 815 164	2 737 479	77 685	97.2%	3 160 345	3 160 345
Total	5 560 190	-	(120 448)	5 439 742	5 369 316	70 426	98.7%	5 756 311	5 784 983
Economic classification									
Current payments	5 299 548	-	(169 675)	5 129 873	5 059 791	70 082	98.6%	5 471 111	5 499 783
Compensation of employees	1 964 291	-	(1)	1 964 290	1 985 522	(21 232)	101.1%	1 978 913	2 021 691
Salaries and wages	1 705 046	-	12 246	1 717 292	1 738 524	(21 232)	101.2%	1 742 399	1 780 442
Social contributions	259 245	-	(12 247)	246 998	246 998	-	100.0%	236 514	241 249
Goods and services	3 335 257	-	(169 674)	3 165 583	3 074 269	91 314	97.1%	3 492 198	3 478 092
Administrative fees	1 175	-	(1 170)	5	5	-	100.0%	1	1
Advertising	74 816	-	(52 979)	21 837	16 609	5 228	76.1%	10 167	6 452
Minor assets	9 694	-	(8 583)	1 111	1 111	-	100.0%	2 514	2 514
Catering: Departmental activities	5 882	-	(1 018)	4 864	4 864	-	100.0%	4 436	4 436
Communication (G&S)	14 025	-	(4 940)	9 085	9 085	-	100.0%	9 427	9 427
Computer services	81 070	-	(15 349)	65 721	61 698	4 023	93.9%	65 176	60 077
Consultants: Business and advisory services	8 180	-	(4 598)	3 582	2 842	740	79.3%	11 025	9 708
Scientific and technological services	3 367	-	251	3 618	3 618	-	100.0%	3 976	3 976

Defence - Vote 23

Appropriation Statement

for the year ended 31 March 2024

Programme 1: Administration	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Legal services	6	-	(6)	-	-	-	-	-	-
Contractors	2 938	-	(2 215)	723	723	-	100.0%	1 556	1 556
Agency and support / outsourced services	2 080	-	610	2 690	2 690	-	100.0%	1 912	1 912
Entertainment	892	-	(205)	687	687	-	100.0%	297	297
Fleet services (including government motor transport)	14 171	-	(3 592)	10 579	10 579	-	100.0%	10 766	10 766
Inventory: Clothing material and accessories	3 086	-	1 441	4 527	4 527	-	100.0%	1 846	1 846
Inventory: Food and food supplies	20 213	-	18 138	38 351	38 351	-	100.0%	23 975	23 975
Inventory: Fuel, oil and gas	14 905	-	(4 632)	10 273	10 273	-	100.0%	12 429	12 429
Inventory: Materials and supplies	1 430	-	(773)	657	657	-	100.0%	760	760
Inventory: Medical supplies	61	-	(33)	28	28	-	100.0%	28	28
Inventory: Other supplies	40	-	(40)	-	-	-	-	2	2
Consumable supplies	15 116	-	(5 643)	9 473	9 473	-	100.0%	10 095	10 095
Consumable: Stationery, printing and office supplies	10 616	-	(3 817)	6 799	6 799	-	100.0%	5 723	5 723
Operating leases	1 335 111	-	(318)	1 334 793	1 298 450	36 343	97.3%	1 901 953	1 901 953
Property payments	1 501 144	-	(14 588)	1 486 556	1 444 012	42 544	97.1%	1 273 297	1 273 297
Travel and subsistence	116 389	-	(4 736)	111 653	111 653	-	100.0%	84 257	82 658
Training and development	45 304	-	(20 482)	24 822	22 386	2 436	90.2%	41 342	38 966
Operating payments	44 297	-	(36 505)	7 792	7 792	-	100.0%	10 758	10 758
Venues and facilities	6 608	-	(1 673)	4 935	4 935	-	100.0%	2 223	2 223
Rental and hiring	2 641	-	(2 219)	422	422	-	100.0%	2 257	2 257
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	230 607	-	28 983	259 590	259 246	344	99.9%	180 308	180 308
Provinces and municipalities	58	-	-	58	58	-	100.0%	64	64
Municipalities	58	-	-	58	58	-	100.0%	64	64
Municipal bank accounts	58	-	-	58	58	-	100.0%	64	64
Departmental agencies and accounts	25 557	-	5 188	30 745	30 584	161	99.5%	31 918	31 918
Departmental agencies	25 557	-	5 188	30 745	30 584	161	99.5%	31 918	31 918
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-

Programme 1: Administration	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Public corporations and private enterprises	9 724	-	-	9 724	9 724	-	100.0%	9 724	9 724
Public corporations	9 724	-	-	9 724	9 724	-	100.0%	9 724	9 724
Subsidies on products and production (pc)	9 724	-	-	9 724	9 724	-	100.0%	9 724	9 724
Non-profit institutions	9 822	-	(5 187)	4 635	4 635	-	100.0%	3 355	3 355
Households	185 446	-	28 982	214 428	214 245	183	99.9%	135 247	135 247
Social benefits	185 446	-	28 257	213 703	213 703	-	100.0%	135 247	135 247
Other transfers to households	-	-	725	725	542	183	74.8%	-	-
Payments for capital assets	30 035	-	19 699	49 734	49 734	-	100.0%	103 301	103 301
Buildings and other fixed structures	50	-	295	345	345	-	100.0%	26 689	26 689
Buildings	50	-	295	345	345	-	100.0%	26 689	26 689
Machinery and equipment	27 486	-	21 727	49 213	49 213	-	100.0%	69 553	69 553
Transport equipment	6 298	-	25 336	31 634	31 634	-	100.0%	38 757	38 757
Other machinery and equipment	21 188	-	(3 609)	17 579	17 579	-	100.0%	30 796	30 796
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	2 499	-	(2 323)	176	176	-	100.0%	7 059	7 059
Payment for financial assets	-	-	545	545	545	-	100.0%	1 591	1 591
Total	5 560 190	-	(120 448)	5 439 742	5 369 316	70 426	98.7%	5 756 311	5 784 983

Defence - Vote 23

Appropriation Statement

for the year ended 31 March 2024

Programme 2: Force Employment									
	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 Strategic Direction	184 992	-	(2 982)	182 010	199 276	(17 266)	109.5%	176 361	176 361
2 Operational Direction	413 924	-	4 652	418 576	431 438	(12 862)	103.1%	446 866	446 866
3 Special Operations	1 002 669	-	9 698	1 012 367	1 111 217	(98 850)	109.8%	1 031 216	1 099 621
4 Regional Security	2 395 562	-	(181 184)	2 214 378	2 214 378	-	100.0%	1 956 704	1 956 704
5 Support to the People	1 193 081	-	(24 616)	1 168 465	1 351 691	(183 226)	115.7%	1 320 408	1 309 693
Total	5 190 228	-	(194 432)	4 995 796	5 308 000	(312 204)	106.2%	4 931 555	4 989 245
Economic classification									
Current payments	4 051 026	-	183 414	4 234 440	4 546 644	(312 204)	107.4%	4 032 049	4 089 739
Compensation of employees	2 650 599	-	-	2 650 599	2 962 803	(312 204)	111.8%	2 707 185	2 775 590
Salaries and wages	2 537 425	-	570	2 537 995	2 842 804	(304 809)	112.0%	2 598 229	2 661 738
Social contributions	113 174	-	(570)	112 604	119 999	(7 395)	106.6%	108 956	113 852
Goods and services	1 400 427	-	183 414	1 583 841	1 583 841	-	100.0%	1 324 864	1 314 149
Administrative fees	611	-	(386)	225	225	-	100.0%	1 124	1 124
Advertising	532	-	(67)	465	465	-	100.0%	230	230
Minor assets	23 571	-	(19 649)	3 922	3 922	-	100.0%	5 695	5 695
Catering: Departmental activities	4 298	-	(1 884)	2 414	2 414	-	100.0%	3 124	3 124
Communication (G&S)	22 904	-	(13 271)	9 633	9 633	-	100.0%	16 363	16 363
Computer services	6 607	-	(1 816)	4 791	4 791	-	100.0%	4 394	4 394
Consultants: Business and advisory services	201	-	(201)	-	-	-	-	5	5
Infrastructure and planning services	1 317	-	(1 245)	72	72	-	100.0%	36	36
Laboratory services	907	-	(657)	250	250	-	100.0%	591	591
Scientific and technological services	7 768	-	6 681	14 449	14 449	-	100.0%	7 219	7 219
Contractors	218 219	-	(189 027)	29 192	29 192	-	100.0%	96 615	96 615
Agency and support / outsourced services	7 011	-	(2 433)	4 578	4 578	-	100.0%	6 914	6 914
Entertainment	30	-	(22)	8	8	-	100.0%	2	2
Fleet services (including government motor transport)	55 709	-	(34 360)	21 349	21 349	-	100.0%	19 513	19 513
Inventory: Clothing material and accessories	8 044	-	(277)	7 767	7 767	-	100.0%	6 252	6 252
Inventory: Farming supplies	1 491	-	(1 203)	288	288	-	100.0%	62	62
Inventory: Food and food supplies	300 845	-	16 060	316 905	316 905	-	100.0%	399 673	388 958
Inventory: Fuel, oil and gas	105 152	-	(866)	104 286	104 286	-	100.0%	104 854	104 854

Programme 2: Force Employment									
	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Materials and supplies	14 626	-	(5 573)	9 053	9 053	-	100.0%	8 100	8 100
Inventory: Medical supplies	611	-	1 753	2 364	2 364	-	100.0%	848	848
Inventory: Medicine	912	-	(599)	313	313	-	100.0%	484	484
Inventory: Other supplies	287	-	(224)	63	63	-	100.0%	111	111
Consumable supplies	37 978	-	(6 125)	31 853	31 853	-	100.0%	33 414	33 414
Consumable: Stationery, printing and office supplies	8 340	-	(2 077)	6 263	6 263	-	100.0%	4 884	4 884
Operating leases	2 971	-	(1 307)	1 664	1 664	-	100.0%	2 832	2 832
Property payments	32 436	-	(19 523)	12 913	12 913	-	100.0%	5 452	5 452
Travel and subsistence	316 700	-	55 187	371 887	371 887	-	100.0%	301 235	301 235
Training and development	8 352	-	(5 484)	2 868	2 868	-	100.0%	2 138	2 138
Operating payments	192 857	-	426 250	619 107	619 107	-	100.0%	291 395	291 395
Venues and facilities	3 088	-	(2 300)	788	788	-	100.0%	323	323
Rental and hiring	16 052	-	(11 941)	4 111	4 111	-	100.0%	982	982
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 001 919	-	(310 646)	691 273	691 273	-	100.0%	750 458	750 458
Provinces and municipalities	11	-	(7)	4	4	-	100.0%	4	4
Municipalities	11	-	(7)	4	4	-	100.0%	4	4
Municipal bank accounts	11	-	(7)	4	4	-	100.0%	4	4
Departmental agencies and accounts	660 549	-	(147 907)	512 642	512 642	-	100.0%	572 058	572 058
Departmental agencies	660 549	-	(147 907)	512 642	512 642	-	100.0%	572 058	572 058
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	294 299	-	(216 671)	77 628	77 628	-	100.0%	133 421	133 421
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	47 060	-	53 939	100 999	100 999	-	100.0%	44 975	44 975
Social benefits	47 060	-	53 597	100 657	100 657	-	100.0%	44 640	44 640
Other transfers to households	-	-	342	342	342	-	100.0%	335	335
Payments for capital assets	137 283	-	(67 291)	69 992	69 992	-	100.0%	148 970	148 970
Buildings and other fixed structures	7 134	-	(192)	6 942	6 942	-	100.0%	7 260	7 260
Buildings	7 134	-	(192)	6 942	6 942	-	100.0%	7 260	7 260

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Programme 2: Force Employment	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Machinery and equipment	129 026	-	(65 976)	63 050	63 050	-	100.0%	141 710	141 710
Transport equipment	20 246	-	(19 485)	761	761	-	100.0%	100 991	100 991
Other machinery and equipment	108 780	-	(46 491)	62 289	62 289	-	100.0%	40 719	40 719
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	1 123	-	(1 123)	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	91	91	91	-	100.0%	78	78
Total	5 190 228	-	(194 432)	4 995 796	5 308 000	(312 204)	106.2%	4 931 555	4 989 245

Programme 3: Landward Defence									
	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 Strategic Direction	590 765	-	248 140	838 905	893 865	(54 960)	106.6%	522 675	522 675
2 Infantry Capability	6 248 284	-	120 856	6 369 140	7 305 035	(935 895)	114.7%	6 169 458	6 888 135
3 Armour Capability	552 278	-	17 679	569 957	648 167	(78 210)	113.7%	549 470	628 314
4 Artillery Capability	691 897	-	13 372	705 269	792 366	(87 097)	112.3%	558 260	631 370
5 Air Defence Artillery Capability	402 107	-	10 324	412 431	486 600	(74 169)	118.0%	404 147	476 165
6 Engineering Capability	932 765	-	63 204	995 969	1 129 973	(134 004)	113.5%	927 550	1 061 355
7 Operational Intelligence	254 576	-	13 636	268 212	324 002	(55 790)	120.8%	251 861	308 682
8 Command and Control Capability	229 482	-	19 569	249 051	312 385	(63 334)	125.4%	238 689	284 439
9 Support Capability	4 244 947	-	(115 947)	4 129 000	4 532 362	(403 362)	109.8%	4 229 468	4 532 300
10 General Training Capability	603 467	-	30 627	634 094	695 886	(61 792)	109.7%	512 384	709 365
11 Signal Capability	1 464 618	-	99 295	1 563 913	1 781 827	(217 914)	113.9%	1 507 799	1 689 235
Total	16 215 186	-	520 755	16 735 941	18 902 468	(2 166 527)	112.9%	15 871 761	17 732 035
Economic classification									
Current payments	15 375 841	-	109 208	15 485 049	17 651 576	(2 166 527)	114.0%	15 131 064	16 992 778
Compensation of employees	13 392 049	-	-	13 392 049	15 558 576	(2 166 527)	116.2%	13 118 360	14 980 074
Salaries and wages	11 883 299	-	7 959	11 891 258	13 887 407	(1 996 149)	116.8%	11 678 105	13 389 141
Social contributions	1 508 750	-	(7 959)	1 500 791	1 671 169	(170 378)	111.4%	1 440 255	1 590 933
Goods and services	1 983 792	-	109 208	2 093 000	2 093 000	-	100.0%	2 012 704	2 012 704
Advertising	696	-	708	1 404	1 404	-	100.0%	1 371	1 371
Minor assets	9 543	-	(6 501)	3 042	3 042	-	100.0%	2 241	2 241
Catering: Departmental activities	8 040	-	(4 452)	3 588	3 588	-	100.0%	2 268	2 268
Communication (G&S)	15 033	-	(5 570)	9 463	9 463	-	100.0%	11 152	11 152
Computer services	41 692	-	(16 722)	24 970	24 970	-	100.0%	36 981	36 981
Consultants: Business and advisory services	1 000	-	(402)	598	598	-	100.0%	234	234
Infrastructure and planning services	2 700	-	(2 700)	-	-	-	-	761	761
Scientific and technological services	-	-	-	-	-	-	-	3 586	3 586
Contractors	219 974	-	(196 833)	23 141	23 141	-	100.0%	44 567	44 567
Agency and support / outsourced services	4 539	-	1 232	5 771	5 771	-	100.0%	3 764	3 764
Entertainment	61	-	(51)	10	10	-	100.0%	15	15
Fleet services (including government motor transport)	28 040	-	(948)	27 092	27 092	-	100.0%	52 703	52 703

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Programme 3: Landward Defence	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Clothing material and accessories	36 637	-	(22 556)	14 081	14 081	-	100.0%	168 814	168 814
Inventory: Farming supplies	2 239	-	(513)	1 726	1 726	-	100.0%	1 171	1 171
Inventory: Food and food supplies	780 148	-	78 220	858 368	858 368	-	100.0%	755 676	755 676
Inventory: Fuel, oil and gas	470 658	-	(226 227)	244 431	244 431	-	100.0%	231 554	231 554
Inventory: Materials and supplies	6 124	-	5 607	11 731	11 731	-	100.0%	11 975	11 975
Inventory: Medical supplies	55	-	(41)	14	14	-	100.0%	32	32
Inventory: Medicine	11	-	(1)	10	10	-	100.0%	6	6
Inventory: Other supplies	6	-	(4)	2	2	-	100.0%	7	7
Consumable supplies	20 377	-	5 880	26 257	26 257	-	100.0%	25 944	25 944
Consumable: Stationery, printing and office supplies	7 982	-	179	8 161	8 161	-	100.0%	7 946	7 946
Operating leases	260	-	632	892	892	-	100.0%	1 503	1 503
Property payments	25 101	-	(18 536)	6 565	6 565	-	100.0%	8 569	8 569
Travel and subsistence	261 449	-	535 242	796 691	796 691	-	100.0%	602 044	602 044
Training and development	30 506	-	1 720	32 226	32 226	-	100.0%	30 659	30 659
Operating payments	7 936	-	(21 501)	(13 565)	(13 565)	-	100.0%	(8 356)	(8 356)
Venues and facilities	2 983	-	1 927	4 910	4 910	-	100.0%	5 278	5 278
Rental and hiring	2	-	1 419	1 421	1 421	-	100.0%	10 239	10 239
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	820 889	-	400 646	1 221 535	1 221 535	-	100.0%	649 686	648 246
Provinces and municipalities	18	-	(5)	13	13	-	100.0%	18	18
Municipalities	18	-	(5)	13	13	-	100.0%	18	18
Municipal bank accounts	18	-	(5)	13	13	-	100.0%	18	18
Departmental agencies and accounts	311 451	-	(19)	311 432	311 432	-	100.0%	229 618	229 618
Departmental agencies	311 451	-	(19)	311 432	311 432	-	100.0%	229 618	229 618
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	1 742	-	-	1 742	1 742	-	100.0%	1 790	350
Public corporations	1 742	-	-	1 742	1 742	-	100.0%	1 507	67
Subsidies on products and production (pc)	1 742	-	-	1 742	1 742	-	100.0%	1 440	-
Other transfers to public corporations	-	-	-	-	-	-	-	67	67

Programme 3: Landward Defence	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Private enterprises	-	-	-	-	-	-	-	283	283
Other transfers to private enterprises	-	-	-	-	-	-	-	283	283
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	507 678	-	400 670	908 348	908 348	-	100.0%	418 260	418 260
Social benefits	507 678	-	399 316	906 994	906 994	-	100.0%	408 806	408 806
Other transfers to households	-	-	1 354	1 354	1 354	-	100.0%	9 454	9 454
Payments for capital assets	18 456	-	9 546	28 002	28 002	-	100.0%	88 793	88 793
Buildings and other fixed structures	615	-	(305)	310	310	-	100.0%	871	871
Buildings	615	-	(305)	310	310	-	100.0%	871	871
Machinery and equipment	17 811	-	9 881	27 692	27 692	-	100.0%	87 632	87 632
Transport equipment	-	-	1 262	1 262	1 262	-	100.0%	50 914	50 914
Other machinery and equipment	17 811	-	8 619	26 430	26 430	-	100.0%	36 718	36 718
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	30	-	(30)	-	-	-	-	290	290
Payment for financial assets	-	-	1 355	1 355	1 355	-	100.0%	2 218	2 218
Total	16 215 186	-	520 755	16 735 941	18 902 468	(2 166 527)	112.9%	15 871 761	17 732 035

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Programme 4: Air Defence									
	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 Strategic Direction	24 834	-	6 538	31 372	31 372	-	100.0%	27 413	28 826
2 Operational Direction	154 682	-	8 933	163 615	163 615	-	100.0%	184 305	184 305
3 Helicopter Capability	765 779	-	(118 524)	647 255	711 819	(64 564)	110.0%	1 074 999	1 085 391
4 Transport And Maritime Capability	1 708 150	-	(201 272)	1 506 878	1 525 724	(18 846)	101.3%	521 707	536 516
5 Air Combat Capability	458 855	-	138 848	597 703	597 703	-	100.0%	392 899	403 728
6 Operational Support and Intelligence Capability	352 892	-	15 331	368 223	424 726	(56 503)	115.3%	368 917	414 638
7 Command And Control Capability	390 561	-	(875)	389 686	417 325	(27 639)	107.1%	402 609	430 783
8 Base Support Capability	2 414 608	-	150 965	2 565 573	2 597 098	(31 525)	101.2%	2 269 051	2 406 819
9 Command Post	72 658	-	33 448	106 106	112 187	(6 081)	105.7%	70 649	82 149
10 Training Capability	443 363	-	2 248	445 611	461 236	(15 625)	103.5%	455 483	458 846
11 Technical Support Services	630 268	-	(21 062)	609 206	727 578	(118 372)	119.4%	610 811	731 528
Total	7 416 650	-	14 578	7 431 228	7 770 383	(339 155)	104.6%	6 378 843	6 763 529
Economic classification									
Current payments	5 673 414	-	(71 756)	5 601 658	5 940 813	(339 155)	106.1%	5 667 556	6 000 695
Compensation of employees	3 976 562	-	-	3 976 562	4 315 717	(339 155)	108.5%	3 963 712	4 312 903
Salaries and wages	3 509 267	-	2 788	3 512 055	3 796 343	(284 288)	108.1%	3 525 244	3 814 335
Social contributions	467 295	-	(2 788)	464 507	519 374	(54 867)	111.8%	438 468	498 568
Goods and services	1 696 852	-	(71 756)	1 625 096	1 625 096	-	100.0%	1 703 844	1 687 792
Advertising	388	-	(31)	357	357	-	100.0%	545	545
Minor assets	19 618	-	(17 820)	1 798	1 798	-	100.0%	4 071	4 071
Catering: Departmental activities	3 852	-	463	4 315	4 315	-	100.0%	4 349	4 349
Communication (G&S)	8 438	-	287	8 725	8 725	-	100.0%	9 033	9 033
Computer services	37 436	-	18 243	55 679	55 679	-	100.0%	52 387	52 387
Consultants: Business and advisory services	1 013	-	(768)	245	245	-	100.0%	4	4
Infrastructure and planning services	400	-	(352)	48	48	-	100.0%	4	4
Laboratory services	41	-	(41)	-	-	-	-	-	-
Scientific and technological services	220	-	(213)	7	7	-	100.0%	42	42
Contractors	938 425	-	(136 182)	802 243	802 243	-	100.0%	937 489	921 437
Agency and support / outsourced services	8 071	-	(7 291)	780	780	-	100.0%	3 837	3 837
Entertainment	153	-	(147)	6	6	-	100.0%	7	7

Programme 4: Air Defence	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services (including government motor transport)	40 618	-	(11 630)	28 988	28 988	-	100.0%	15 653	15 653
Inventory: Clothing material and accessories	36 344	-	(20 477)	15 867	15 867	-	100.0%	16 630	16 630
Inventory: Farming supplies	298	-	91	389	389	-	100.0%	337	337
Inventory: Food and food supplies	84 954	-	75 486	160 440	160 440	-	100.0%	112 786	112 786
Inventory: Fuel, oil and gas	161 671	-	37 946	199 617	199 617	-	100.0%	182 309	182 309
Inventory: Materials and supplies	15 357	-	(9 250)	6 107	6 107	-	100.0%	10 126	10 126
Inventory: Medical supplies	75	-	27	102	102	-	100.0%	74	74
Inventory: Medicine	-	-	38	38	38	-	100.0%	28	28
Inventory: Other supplies	75 519	-	(75 516)	3	3	-	100.0%	382	382
Consumable supplies	22 993	-	(6 766)	16 227	16 227	-	100.0%	21 381	21 381
Consumable: Stationery, printing and office supplies	10 966	-	(3 786)	7 180	7 180	-	100.0%	6 746	6 746
Operating leases	727	-	68	795	795	-	100.0%	168	168
Property payments	30 273	-	(7 979)	22 294	22 294	-	100.0%	19 453	19 453
Travel and subsistence	59 576	-	143 389	202 965	202 965	-	100.0%	138 953	138 953
Training and development	40 382	-	(21 314)	19 068	19 068	-	100.0%	84 427	84 427
Operating payments	98 361	-	(32 166)	66 195	66 195	-	100.0%	73 711	73 711
Venues and facilities	551	-	(94)	457	457	-	100.0%	608	608
Rental and hiring	132	-	4 029	4 161	4 161	-	100.0%	8 304	8 304
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 727 753	-	40 794	1 768 547	1 768 547	-	100.0%	667 998	719 545
Provinces and municipalities	5	-	(2)	3	3	-	100.0%	2	2
Municipalities	5	-	(2)	3	3	-	100.0%	2	2
Municipal bank accounts	5	-	(2)	3	3	-	100.0%	2	2
Departmental agencies and accounts	1 456 594	-	(6)	1 456 588	1 456 588	-	100.0%	502 788	502 788
Departmental agencies	1 456 594	-	(6)	1 456 588	1 456 588	-	100.0%	502 788	502 788
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-

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Programme 4: Air Defence	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	271 154	-	40 802	311 956	311 956	-	100.0%	165 208	216 755
Social benefits	271 154	-	40 385	311 539	311 539	-	100.0%	164 934	216 481
Other transfers to households	-	-	417	417	417	-	100.0%	274	274
Payments for capital assets	15 483	-	45 176	60 659	60 659	-	100.0%	42 530	42 530
Buildings and other fixed structures	265	-	1 976	2 241	2 241	-	100.0%	556	556
Buildings	265	-	1 976	2 241	2 241	-	100.0%	556	556
Machinery and equipment	15 218	-	42 644	57 862	57 862	-	100.0%	41 974	41 974
Transport equipment	1 500	-	25 923	27 423	27 423	-	100.0%	14 827	14 827
Other machinery and equipment	13 718	-	16 721	30 439	30 439	-	100.0%	27 147	27 147
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	556	556	556	-	100.0%	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	364	364	364	-	100.0%	759	759
Total	7 416 650	-	14 578	7 431 228	7 770 383	(339 155)	104.6%	6 378 843	6 763 529

Programme 5: Maritime Defence									
	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 Maritime Direction	876 601	-	(30 146)	846 455	868 837	(22 382)	102.6%	832 129	878 055
2 Maritime Combat Capability	974 961	-	(162 358)	812 603	875 375	(62 772)	107.7%	1 525 643	1 525 643
3 Maritime Logistic Support Capability	1 529 543	-	(130 706)	1 398 837	1 494 047	(95 210)	106.8%	857 071	972 602
4 Maritime Human Resources and Training Capability	522 773	-	(18 169)	504 604	504 604	-	100.0%	513 042	513 273
5 Base Support Capability	571 977	-	45 627	617 604	634 441	(16 837)	102.7%	724 839	773 063
Total	4 475 855	-	(295 752)	4 180 103	4 377 304	(197 201)	104.7%	4 452 724	4 662 636
Economic classification									
Current payments	3 216 018	-	(238 310)	2 977 708	3 174 909	(197 201)	106.6%	3 082 002	3 228 933
Compensation of employees	2 372 915	-	-	2 372 915	2 570 116	(197 201)	108.3%	2 456 431	2 603 362
Salaries and wages	2 089 577	-	-	2 089 577	2 259 587	(170 010)	108.1%	2 181 063	2 298 392
Social contributions	283 338	-	-	283 338	310 529	(27 191)	109.6%	275 368	304 970
Goods and services	843 103	-	(238 310)	604 793	604 793	-	100.0%	625 571	625 571
Advertising	360	-	(110)	250	250	-	100.0%	299	299
Minor assets	9 237	-	(7 433)	1 804	1 804	-	100.0%	1 002	1 002
Catering: Departmental activities	950	-	2 864	3 814	3 814	-	100.0%	1 487	1 487
Communication (G&S)	9 624	-	(1 498)	8 126	8 126	-	100.0%	7 348	7 348
Computer services	28 176	-	(13 566)	14 610	14 610	-	100.0%	14 037	14 037
Consultants: Business and advisory services	3 984	-	(3 442)	542	542	-	100.0%	1 454	1 454
Infrastructure and planning services	1 000	-	(1 000)	-	-	-	-	-	-
Contractors	349 467	-	(153 139)	196 328	196 328	-	100.0%	195 608	195 608
Agency and support / outsourced services	703	-	(258)	445	445	-	100.0%	540	540
Entertainment	42	-	(27)	15	15	-	100.0%	14	14
Fleet services (including government motor transport)	7 195	-	(2 145)	5 050	5 050	-	100.0%	6 849	6 849
Inventory: Clothing material and accessories	14 198	-	453	14 651	14 651	-	100.0%	8 178	8 178
Inventory: Food and food supplies	81 585	-	1 751	83 336	83 336	-	100.0%	96 188	96 188
Inventory: Fuel, oil and gas	78 783	-	(32 533)	46 250	46 250	-	100.0%	39 399	39 399
Inventory: Materials and supplies	26 353	-	(16 965)	9 388	9 388	-	100.0%	55 830	55 830
Inventory: Medical supplies	20	-	60	80	80	-	100.0%	686	686
Inventory: Other supplies	58 310	-	(24 850)	33 460	33 460	-	100.0%	25 101	25 101

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Programme 5: Maritime Defence	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable supplies	15 645	-	(3 425)	12 220	12 220	-	100.0%	16 695	16 695
Consumable: Stationery, printing and office supplies	7 281	-	(2 566)	4 715	4 715	-	100.0%	2 410	2 410
Operating leases	548	-	9	557	557	-	100.0%	11 336	11 336
Property payments	20 683	-	(16 714)	3 969	3 969	-	100.0%	2 096	2 096
Travel and subsistence	60 699	-	84 266	144 965	144 965	-	100.0%	80 688	80 688
Training and development	10 640	-	(583)	10 057	10 057	-	100.0%	9 886	9 886
Operating payments	55 864	-	(55 222)	642	642	-	100.0%	29 459	29 459
Venues and facilities	1 402	-	(1 112)	290	290	-	100.0%	1 275	1 275
Rental and hiring	354	-	8 875	9 229	9 229	-	100.0%	17 706	17 706
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 148 161	-	(58 912)	1 089 249	1 089 249	-	100.0%	1 232 150	1 295 131
Provinces and municipalities	6	-	3	9	9	-	100.0%	5	5
Municipalities	6	-	3	9	9	-	100.0%	5	5
Municipal bank accounts	6	-	3	9	9	-	100.0%	5	5
Departmental agencies and accounts	622 527	-	-	622 527	622 527	-	100.0%	738 173	738 173
Departmental agencies	622 527	-	-	622 527	622 527	-	100.0%	738 173	738 173
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	351 174	-	(1)	351 173	351 173	-	100.0%	340 151	340 151
Public corporations	351 174	-	(1)	351 173	351 173	-	100.0%	340 151	340 151
Subsidies on products and production (pc)	351 174	-	(1)	351 173	351 173	-	100.0%	340 151	340 151
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	174 454	-	(58 914)	115 540	115 540	-	100.0%	153 821	216 802
Social benefits	174 454	-	(58 989)	115 465	115 465	-	100.0%	153 530	216 511
Other transfers to households	-	-	75	75	75	-	100.0%	291	291
Payments for capital assets	111 676	-	1 216	112 892	112 892	-	100.0%	138 263	138 263
Buildings and other fixed structures	-	-	95	95	95	-	100.0%	98 625	98 625
Buildings	-	-	95	95	95	-	100.0%	98 625	98 625
Machinery and equipment	103 783	-	(3 202)	100 581	100 581	-	100.0%	34 972	34 972
Transport equipment	35 549	-	8 402	43 951	43 951	-	100.0%	20 541	20 541
Other machinery and equipment	68 234	-	(11 604)	56 630	56 630	-	100.0%	14 431	14 431

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Programme 5: Maritime Defence	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	5 432	-	(88)	5 344	5 344	-	100.0%	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	2 461	-	4 411	6 872	6 872	-	100.0%	4 666	4 666
Payment for financial assets	-	-	254	254	254	-	100.0%	309	309
Total	4 475 855	-	(295 752)	4 180 103	4 377 304	(197 201)	104.7%	4 452 724	4 662 636

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for the year ended 31 March 2024

Programme 6: Military Health Support	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 Strategic Direction	297 515	-	82 163	379 678	392 672	(12 994)	103.4%	266 287	271 342
2 Mobile Military Health Support	206 353	-	2 230	208 583	221 864	(13 281)	106.4%	183 388	189 222
3 Area Military Health Service	2 029 842	-	85 138	2 114 980	2 223 319	(108 339)	105.1%	2 175 991	2 300 660
4 Specialist / Tertiary Health Service	2 327 856	-	80 238	2 408 094	2 446 472	(38 378)	101.6%	2 375 306	2 433 405
5 Military Health Product Support Capability	387 124	-	(71 124)	316 000	334 670	(18 670)	105.9%	359 270	371 443
6 Military Health Maintenance Capability	-	-	-	-	-	-	-	-	-
7 Military Health Training Capability	362 615	-	12 092	374 707	413 317	(38 610)	110.3%	374 250	413 509
Total	5 611 305	-	190 737	5 802 042	6 032 314	(230 272)	104.0%	5 734 492	5 979 581
Economic classification									
Current payments	5 385 083	-	31 787	5 416 870	5 647 925	(231 055)	104.3%	5 439 214	5 685 307
Compensation of employees	4 008 829	-	1	4 008 830	4 239 885	(231 055)	105.8%	3 958 682	4 204 775
Salaries and wages	3 581 665	-	4 236	3 585 901	3 788 800	(202 899)	105.7%	3 531 197	3 771 428
Social contributions	427 164	-	(4 235)	422 929	451 085	(28 156)	106.7%	427 485	433 347
Goods and services	1 376 254	-	31 786	1 408 040	1 408 040	-	100.0%	1 480 532	1 480 532
Advertising	246	-	(173)	73	73	-	100.0%	63	63
Minor assets	24 830	-	(23 526)	1 304	1 304	-	100.0%	2 475	2 475
Catering: Departmental activities	1 710	-	(889)	821	821	-	100.0%	1 520	1 520
Communication (G&S)	6 479	-	(2 718)	3 761	3 761	-	100.0%	4 393	4 393
Computer services	31 026	-	(12 635)	18 391	18 391	-	100.0%	19 403	19 403
Consultants: Business and advisory services	1 105	-	(824)	281	281	-	100.0%	413	413
Laboratory services	46 959	-	20 435	67 394	67 394	-	100.0%	78 296	78 296
Scientific and technological services	15 399	-	(15 399)	-	-	-	-	15 079	15 079
Contractors	50 085	-	(18 288)	31 797	31 797	-	100.0%	32 251	32 251
Agency and support / outsourced services	552 843	-	110 806	663 649	663 649	-	100.0%	723 484	723 484
Entertainment	36	-	(24)	12	12	-	100.0%	34	34
Fleet services (including government motor transport)	18 352	-	(1 902)	16 450	16 450	-	100.0%	17 267	17 267
Inventory: Clothing material and accessories	13 664	-	(5 096)	8 568	8 568	-	100.0%	8 737	8 737
Inventory: Farming supplies	263	-	261	524	524	-	100.0%	339	339
Inventory: Food and food supplies	111 953	-	(23 173)	88 780	88 780	-	100.0%	115 937	115 937
Inventory: Fuel, oil and gas	17 388	-	3 008	20 396	20 396	-	100.0%	21 785	21 785

Programme 6: Military Health Support									
	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Materials and supplies	2 429	-	(1 103)	1 326	1 326	-	100.0%	1 202	1 202
Inventory: Medical supplies	102 865	-	(47 986)	54 879	54 879	-	100.0%	58 626	58 626
Inventory: Medicine	245 894	-	(17 139)	228 755	228 755	-	100.0%	218 987	218 987
Inventory: Other supplies	241	-	(240)	1	1	-	100.0%	-	-
Consumable supplies	22 285	-	(2 149)	20 136	20 136	-	100.0%	20 164	20 164
Consumable: Stationery, printing and office supplies	10 977	-	(2 588)	8 389	8 389	-	100.0%	6 388	6 388
Operating leases	1 041	-	214	1 255	1 255	-	100.0%	1 489	1 489
Property payments	26 438	-	(4 134)	22 304	22 304	-	100.0%	27 325	27 325
Travel and subsistence	58 041	-	74 098	132 139	132 139	-	100.0%	86 372	86 372
Training and development	9 639	-	3 749	13 388	13 388	-	100.0%	13 723	13 723
Operating payments	3 878	-	(3 673)	205	205	-	100.0%	4 327	4 327
Venues and facilities	188	-	2 684	2 872	2 872	-	100.0%	453	453
Rental and hiring	-	-	190	190	190	-	100.0%	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	142 968	-	105 554	248 522	247 739	783	99.7%	142 525	141 521
Provinces and municipalities	7	-	(3)	4	4	-	100.0%	8	8
Municipalities	7	-	(3)	4	4	-	100.0%	8	8
Municipal bank accounts	7	-	(3)	4	4	-	100.0%	8	8
Departmental agencies and accounts	13	-	(13)	-	-	-	-	-	-
Departmental agencies	13	-	(13)	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	103	103	103	-	100.0%	-	-
Private enterprises	-	-	103	103	103	-	100.0%	-	-
Other transfers to private enterprises	-	-	103	103	103	-	100.0%	-	-
Non-profit institutions	857	-	-	857	74	783	8.6%	1 095	91
Households	142 091	-	105 467	247 558	247 558	-	100.0%	141 422	141 422
Social benefits	142 091	-	104 200	246 291	246 291	-	100.0%	141 257	141 257
Other transfers to households	-	-	1 267	1 267	1 267	-	100.0%	165	165

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Programme 6: Military Health Support	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	83 254	-	51 887	135 141	135 141	-	100.0%	151 321	151 321
Buildings and other fixed structures	15	-	335	350	350	-	100.0%	-	-
Buildings	15	-	335	350	350	-	100.0%	-	-
Machinery and equipment	82 509	-	52 282	134 791	134 791	-	100.0%	151 321	151 321
Transport equipment	-	-	38 432	38 432	38 432	-	100.0%	103 371	103 371
Other machinery and equipment	82 509	-	13 850	96 359	96 359	-	100.0%	47 950	47 950
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	41	-	(41)	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	689	-	(689)	-	-	-	-	-	-
Payment for financial assets	-	-	1 509	1 509	1 509	-	100.0%	1 432	1 432
Total	5 611 305	-	190 737	5 802 042	6 032 314	(230 272)	104.0%	5 734 492	5 979 581

Programme 7: Defence Intelligence	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 Operations	299 000	-	-	299 000	299 000	-	100.0%	584 012	584 012
2 Defence Intelligence Support Services	734 263	-	43 168	777 431	884 882	(107 451)	113.8%	823 548	839 457
Total	1 033 263	-	43 168	1 076 431	1 183 882	(107 451)	110.0%	1 407 560	1 423 469
Economic classification									
Current payments	720 261	-	(1 414)	718 847	826 298	(107 451)	114.9%	793 012	808 921
Compensation of employees	598 402	-	-	598 402	705 853	(107 451)	118.0%	675 774	691 683
Salaries and wages	525 337	-	-	525 337	628 325	(102 988)	119.6%	606 103	617 417
Social contributions	73 065	-	-	73 065	77 528	(4 463)	106.1%	69 671	74 266
Goods and services	121 859	-	(1 414)	120 445	120 445	-	100.0%	117 238	117 238
Advertising	200	-	98	298	298	-	100.0%	1 124	1 124
Minor assets	285	-	(217)	68	68	-	100.0%	273	273
Catering: Departmental activities	719	-	629	1 348	1 348	-	100.0%	1 341	1 341
Communication (G&S)	3 512	-	765	4 277	4 277	-	100.0%	3 597	3 597
Computer services	220	-	347	567	567	-	100.0%	-	-
Consultants: Business and advisory services	69	-	(69)	-	-	-	-	-	-
Contractors	434	-	217	651	651	-	100.0%	47	47
Agency and support / outsourced services	130	-	(4)	126	126	-	100.0%	25	25
Entertainment	1 307	-	(100)	1 207	1 207	-	100.0%	721	721
Fleet services (including government motor transport)	4 246	-	(227)	4 019	4 019	-	100.0%	3 030	3 030
Inventory: Clothing material and accessories	139	-	(89)	50	50	-	100.0%	74	74
Inventory: Food and food supplies	5 123	-	2 342	7 465	7 465	-	100.0%	4 194	4 194
Inventory: Fuel, oil and gas	7 890	-	(4 320)	3 570	3 570	-	100.0%	5 469	5 469
Inventory: Materials and supplies	150	-	(121)	29	29	-	100.0%	122	122
Inventory: Medical supplies	-	-	-	-	-	-	-	23	23
Consumable supplies	1 893	-	(807)	1 086	1 086	-	100.0%	1 047	1 047
Consumable: Stationery, printing and office supplies	4 530	-	(2 782)	1 748	1 748	-	100.0%	1 858	1 858
Operating leases	44 514	-	(13 670)	30 844	30 844	-	100.0%	43 191	43 191
Property payments	17 029	-	(13 219)	3 810	3 810	-	100.0%	4 937	4 937
Travel and subsistence	14 305	-	16 027	30 332	30 332	-	100.0%	23 837	23 837
Training and development	5 677	-	(2 120)	3 557	3 557	-	100.0%	2 917	2 917

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Programme 7: Defence Intelligence	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating payments	8 485	-	16 702	25 187	25 187	-	100.0%	18 999	18 999
Venues and facilities	964	-	(834)	130	130	-	100.0%	407	407
Rental and hiring	38	-	38	76	76	-	100.0%	5	5
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	313 002	-	43 148	356 150	356 150	-	100.0%	614 297	614 297
Provinces and municipalities	6	-	(4)	2	2	-	100.0%	3	3
Municipalities	6	-	(4)	2	2	-	100.0%	3	3
Municipal bank accounts	6	-	(4)	2	2	-	100.0%	3	3
Departmental agencies and accounts	299 000	-	-	299 000	299 000	-	100.0%	584 012	584 012
Departmental agencies	299 000	-	-	299 000	299 000	-	100.0%	584 012	584 012
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	13 996	-	43 152	57 148	57 148	-	100.0%	30 282	30 282
Social benefits	13 996	-	43 152	57 148	57 148	-	100.0%	30 247	30 247
Other transfers to households	-	-	-	-	-	-	-	35	35
Payments for capital assets	-	-	1 328	1 328	1 328	-	100.0%	89	89
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	1 328	1 328	1 328	-	100.0%	89	89
Other machinery and equipment	-	-	1 328	1 328	1 328	-	100.0%	89	89
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	106	106	106	-	100.0%	162	162
Total	1 033 263	-	43 168	1 076 431	1 183 882	(107 451)	110.0%	1 407 560	1 423 469

Programme 8: General Support

	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 Joint Logistic Services	3 578 457	-	(76 648)	3 501 809	3 551 273	(49 464)	101.4%	3 775 782	3 903 684
2 Command And Management Information Systems	1 063 630	-	(146 540)	917 090	918 467	(1 377)	100.2%	1 157 714	1 158 307
3 Military Police	788 222	-	26 158	814 380	854 819	(40 439)	105.0%	761 775	826 185
4 Technology Development	315 907	-	77	315 984	315 984	-	100.0%	133 490	133 490
5 Departmental Support	1 219 291	-	38 347	1 257 638	1 257 638	-	100.0%	1 239 605	1 239 605
Total	6 965 507	-	(158 606)	6 806 901	6 898 181	(91 280)	101.3%	7 068 366	7 261 271
Economic classification									
Current payments	4 991 768	-	(630 189)	4 361 579	4 452 859	(91 280)	102.1%	4 734 758	4 878 246
Compensation of employees	2 865 687	-	-	2 865 687	2 956 967	(91 280)	103.2%	2 927 362	3 070 850
Salaries and wages	2 537 169	-	3 445	2 540 614	2 625 812	(85 198)	103.4%	2 600 715	2 743 581
Social contributions	328 518	-	(3 445)	325 073	331 155	(6 082)	101.9%	326 647	327 269
Goods and services	2 126 081	-	(630 189)	1 495 892	1 495 892	-	100.0%	1 807 396	1 807 396
Administrative fees	15 403	-	9 017	24 420	24 420	-	100.0%	20 644	20 644
Advertising	1 587	-	(914)	673	673	-	100.0%	683	683
Minor assets	103 698	-	(49 172)	54 526	54 526	-	100.0%	27 167	27 167
Audit costs: External	84 106	-	(1 136)	82 970	82 970	-	100.0%	76 593	76 593
Catering: Departmental activities	42 634	-	(37 463)	5 171	5 171	-	100.0%	7 333	7 333
Communication (G&S)	27 400	-	5 066	32 466	32 466	-	100.0%	28 077	28 077
Computer services	752 359	-	(198 771)	553 588	553 588	-	100.0%	666 852	666 852
Consultants: Business and advisory services	5 460	-	(5 457)	3	3	-	100.0%	6 474	6 474
Scientific and technological services	45 638	-	(24 649)	20 989	20 989	-	100.0%	33 003	33 003
Legal services	42 900	-	(16 719)	26 181	26 181	-	100.0%	20 054	20 054
Contractors	120 926	-	(24 872)	96 054	96 054	-	100.0%	84 930	84 930
Agency and support / outsourced services	191 021	-	(46 104)	144 917	144 917	-	100.0%	297 309	297 309
Entertainment	112	-	(112)	-	-	-	-	2	2
Fleet services (including government motor transport)	23 142	-	(4 946)	18 196	18 196	-	100.0%	20 907	20 907
Inventory: Clothing material and accessories	8 400	-	(5 219)	3 181	3 181	-	100.0%	4 203	4 203
Inventory: Farming supplies	67	-	(49)	18	18	-	100.0%	6	6
Inventory: Food and food supplies	77 372	-	13 766	91 138	91 138	-	100.0%	74 133	74 133
Inventory: Fuel, oil and gas	30 351	-	(442)	29 909	29 909	-	100.0%	50 146	50 146

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Programme 8: General Support	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Materials and supplies	6 608	-	3 749	10 357	10 357	-	100.0%	18 519	18 519
Inventory: Medical supplies	128	-	71	199	199	-	100.0%	3 679	3 679
Consumable supplies	21 365	-	6 713	28 078	28 078	-	100.0%	21 480	21 480
Consumable: Stationery, printing and office supplies	7 861	-	(506)	7 355	7 355	-	100.0%	6 043	6 043
Operating leases	1 066	-	6 234	7 300	7 300	-	100.0%	3 021	3 021
Property payments	403 835	-	(388 319)	15 516	15 516	-	100.0%	20 207	20 207
Travel and subsistence	54 185	-	124 435	178 620	178 620	-	100.0%	164 873	164 873
Training and development	36 665	-	(14 804)	21 861	21 861	-	100.0%	21 967	21 967
Operating payments	18 697	-	15 379	34 076	34 076	-	100.0%	124 628	124 628
Venues and facilities	3 095	-	(833)	2 262	2 262	-	100.0%	2 628	2 628
Rental and hiring	-	-	5 868	5 868	5 868	-	100.0%	1 835	1 835
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1 519 407	-	298 224	1 817 631	1 817 631	-	100.0%	1 387 109	1 436 526
Provinces and municipalities	88	-	(30)	58	58	-	100.0%	61	61
Municipalities	88	-	(30)	58	58	-	100.0%	61	61
Municipal bank accounts	88	-	(30)	58	58	-	100.0%	61	61
Departmental agencies and accounts	325 590	-	46 956	372 546	372 546	-	100.0%	141 628	141 628
Departmental agencies	325 590	-	46 956	372 546	372 546	-	100.0%	141 628	141 628
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	1 083 611	-	1	1 083 612	1 083 612	-	100.0%	1 128 626	1 128 626
Public corporations	1 083 611	-	1	1 083 612	1 083 612	-	100.0%	1 128 626	1 128 626
Subsidies on products and production (pc)	1 083 611	-	1	1 083 612	1 083 612	-	100.0%	1 128 626	1 128 626
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production (pe)	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	110 118	-	251 297	361 415	361 415	-	100.0%	116 794	166 211
Social benefits	110 118	-	250 282	360 400	360 400	-	100.0%	114 684	164 101
Other transfers to households	-	-	1 015	1 015	1 015	-	100.0%	2 110	2 110

Defence - Vote 23

Appropriation Statement

for the year ended 31 March 2024

Programme 8: General Support									
	2023/24							2022/23	
	Adjusted Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	454 332	-	173 115	627 447	627 447	-	100.0%	946 291	946 291
Buildings and other fixed structures	372 837	-	111 047	483 884	483 884	-	100.0%	614 280	614 280
Buildings	372 837	-	111 047	483 884	483 884	-	100.0%	614 280	614 280
Machinery and equipment	81 495	-	44 327	125 822	125 822	-	100.0%	268 085	268 085
Transport equipment	2 611	-	13 494	16 105	16 105	-	100.0%	14 296	14 296
Other machinery and equipment	78 884	-	30 833	109 717	109 717	-	100.0%	253 789	253 789
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	17 741	17 741	17 741	-	100.0%	63 926	63 926
Payment for financial assets	-	-	244	244	244	-	100.0%	208	208
Total	6 965 507	-	(158 606)	6 806 901	6 898 181	(91 280)	101.3%	7 068 366	7 261 271

Notes to the Appropriation Statement

for the year ended 31 March 2024

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 7 on Transfers and subsidies and Annexure 1 (A-G) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in note 6 - Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme:

Per Programme	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	**R'000**	**R'000**	%
Administration	5 439 742	5 369 316	70 426	1.29%
Force Employment	4 995 796	5 308 000	(312 204)	-6.25%
Landward Defence	16 735 941	18 902 468	(2 166 527)	-12.95%
Air Defence	7 431 228	7 770 383	(339 155)	-4.56%
Maritime Defence	4 180 103	4 377 304	(197 201)	-4.72%
Military Health Support	5 802 042	6 032 314	(230 272)	-3.97%
Defence Intelligence	1 076 431	1 183 882	(107 451)	-9.98%
General Support	6 806 901	6 898 181	(91 280)	-1.34%

Main contributing factors resulting in unauthorised expenditure within programmes are as follow:

Compensation of Employees. Overspending across all Programmes was mainly due to the Compensation of Employees' (CoE) ceiling which does not support the current personnel numbers of the Department, as well as the unfunded deployment of the South African National Defence Force (SANDF) personnel as part of the Southern African Development Community Mission in the Democratic Republic of the Congo (SAMI-DRC) through Operation THIBA aimed at addressing the deteriorating security and humanitarian situation in the eastern part of the DRC. Other factors influencing Compensation of Employees' expenditure for the FY2023/24 were:

- The inability of Defence to continue to reprioritise the operational budget requirements appropriated to assure successful military operations.
- Reserve Force utilisation has exceeded the planned mandays which was precipitated by an increased capacity to support current military operations and to provide protection services to military installations.
- The impact of carry-through-costs emanating from collective bargaining resolutions concluded and implemented.
- The unbalanced HR budget requirements and adjusted Compensation of Employees' allocation pertaining to unplanned/unforeseen military operations and cost of living adjustments.

4.2 Per economic classification:

	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
Current Expenditure				
Compensation of employees	31 829 334	35 295 439	(3 466 105)	-10.89%
Goods and services	12 096 690	12 005 376	91 314	0.75%
Transfers and Subsidies				
Departmental agencies and accounts	3 605 480	3 605 319	161	0.00%
Non-profit institutions	5 492	4 709	783	14.26%
Households	2 317 392	2 317 209	183	0.01%

Compensation of Employees:

Compensation of Employees. Overspending was mainly due to the Compensation of Employees' (CoE) ceiling which does not support the current personnel numbers of the Department, as well as the unfunded deployment of the South African National Defence Force (SANDF) personnel as part of the Southern African Development Community Mission in the Democratic Republic of the Congo (SAMI-DRC) through Operation THIBA aimed at addressing the deteriorating security and humanitarian situation in the eastern part of the DRC. Other factors influencing Compensation of Employees' expenditure for the FY2023/24 were:

- The inability of Defence to continue to reprioritise the operational budget requirements appropriated to assure successful military operations.
- Reserve Force utilisation has exceeded the planned mandays which was precipitated by an increased capacity to support current military operations and to provide protection services to military installations.
- The impact of carry-through-costs emanating from collective bargaining resolutions concluded and implemented.
- The unbalanced HR budget requirements and adjusted Compensation of Employees' allocation pertaining to unplanned/unforeseen military operations and cost of living adjustments.

Goods and Services:

The under expenditure was mainly due to:

- DPW&I Accommodation Charges. The decision to devolve infrastructure functions from DPW&I, implied that any payment towards DPW&I must be justified by accurate invoices with supporting documents. As a result, the method used by DPW&I to recover from the DOD by means of a PACE report and excel spreadsheet was no longer acceptable with effect from April 2023. The DPW&I was not in a position to provide the DOD with required documents to process payments.
- Military Ombud. The Military Ombud within the Legal Services' Subprogramme underspend their budget operating allocation with Rm R13,629. This was mainly due to the reduction of media adverts due to procurement challenges, limited training events attended as well as cost savings measures implemented during the annual symposium of the office. Furthermore, prolonged procurement processes also hampered spending.

Transfers and Subsidies:

The under expenditure was mainly due to:

- Departmental Agencies. Under expenditure of Rm0,161 was as a result of the calculated amount required for SASSETA being higher than actual transfer required based on CoE expenditure.
- Non-profit Institutions. Under expenditure of Rm0,783 to non-profit institutions within the SAMHS was mainly due to the transfer payment claim by the St John's Ambulance Brigade being less than what was anticipated. It should be noted that volunteer activities were drastically curtailed resulting in less volunteers meeting the criteria for being recognised for the grant-in-aid.
- Households (Social Benefits). Provision was made to settle a personal dispute claim, however administrative delays resulted in non-payment to the claimant.

Defence - Vote 23

Statement of Financial Performance

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
REVENUE			
Annual appropriation	1	52 468 184	51 601 612
Departmental revenue	2	1 265 959	1 263 531
Aid assistance		150 000	-
TOTAL REVENUE		53 884 143	52 865 143
EXPENDITURE			
Current expenditure			
Compensation of employees	4	35 295 438	34 660 930
Goods and services	5	14 175 261	14 213 783
Aid assistance	3	150 000	-
Total current expenditure		49 620 699	48 874 713
Transfers and subsidies	7	3 929 599	3 023 982
Expenditure for capital assets			
Tangible capital assets	8	1 319 904	1 886 367
Intangible assets	8	24 789	75 941
Total expenditure for capital assets		1 344 693	1 962 308
Unauthorised expenditure approved without funding		-	-
Payments for financial assets	6	4 468	6 757
TOTAL EXPENDITURE		54 899 459	53 867 760
NET SURPLUS / (DEFICIT) FOR THE YEAR		(1 015 316)	(1 002 617)
Reconciliation of Net Surplus for the year			
Voted Funds		(2 281 275)	(2 266 148)
Annual appropriation		(2 281 275)	(2 266 148)
Departmental revenue and NRF Receipts	14	1 265 959	1 263 531
NET SURPLUS / (DEFICIT FOR THE YEAR)		(1 015 316)	(1 002 617)

Defence - Vote 23

Statement of Financial Position

as at 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
ASSETS			
Current assets		4 599 990	6 999 350
Cash and cash equivalents	9	3 414 280	6 051 540
Prepayments and advances	10	538 923	523 797
Receivables	11	646 787	424 013
Non-current assets		739 389	688 424
Investments	12	179 156	179 156
Prepayments and advances	10	74 741	5 691
Receivables	11	485 492	503 577
TOTAL ASSETS		5 339 379	7 687 774
LIABILITIES			
Current liabilities		473 490	415 158
Voted funds to be surrendered to the Revenue Fund	13	-	-
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	40 779	147 368
Payables	15	432 711	267 790
Non-Current liabilities			
Payables	16	14 911	3 872
TOTAL LIABILITIES		488 401	419 030
NET ASSETS		4 850 978	7 268 744
Represented by:			
Capitalisation Reserves		71 992	71 992
Recoverable revenue		425 878	562 369
Retained funds		10 721 909	9 629 520
Unauthorised expenditure		(6 368 801)	(2 995 137)
TOTAL		4 850 978	7 268 744

Defence - Vote 23

Statement of Changes in Net Assets

for the year ended 31 March 2024

	2023/24 R'000	2022/23 R'000
NET ASSETS		
Capitalisation Reserves		
Opening balance	71 992	71 992
Transfers:		
Movement in Equity	-	-
Other movements	-	-
Closing balance	71 992	71 992
Recoverable revenue		
Opening balance	562 369	649 739
Transfers	(136 491)	(87 370)
Irrecoverable amounts written off	(6 126)	(9 675)
Debts revised	(18 268)	(81 318)
Debts recovered (included in departmental receipts)	(239 967)	(184 121)
Debts raised	127 870	187 744
Closing balance	425 878	562 369
Retained funds		
Opening balance	9 629 520	8 900 531
Transferred to NRF	(6 048)	(33 527)
Retained funds or (funds utilised during the year)	1 098 437	762 516
Closing balance	10 721 909	9 629 520
Unauthorised expenditure		
Opening balance	(2 995 137)	-
Unauthorised expenditure - current year	(3 373 664)	(2 995 137)
Relating to overspending of the vote or main division within the vote	(3 373 664)	(2 995 137)
Incurred not in accordance with the purpose of the vote or main division	-	-
Closing balance	(6 368 801)	(2 995 137)
TOTAL	4 850 978	7 268 744

Defence - Vote 23

Cash Flow Statement

for the year ended 31 March 2024

	Note	2023/24 R'000	2022/23 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		53 876 579	52 846 735
Annual appropriated funds received	1.1	52 468 184	51 601 612
Departmental revenue received	2	1 248 941	1 240 074
Interest received	2.3	9 454	5 049
Aid assistance received	3	150 000	-
Net (increase) / decrease in working capital		(142 029)	(282 366)
Surrendered to Revenue Fund		(1 372 548)	(1 158 116)
Current payments		(49 620 699)	(48 874 713)
Payments for financial assets		(4 468)	(6 757)
Transfers and subsidies paid		(3 929 599)	(3 023 982)
Net cash flows available from operating activities	17	(1 192 764)	(499 199)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8.1	(1 344 693)	(1 962 308)
Proceeds from sale of capital assets	2.4	7 564	18 408
(Increase) / decrease in investments		-	-
(Increase) / decrease in non-current receivables	11	18 085	132 256
Net cash flows from investing activities		(1 319 044)	(1 811 644)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase / (decrease) in net assets		(136 491)	(87 370)
Increase / (decrease) in non-current payables		11 039	1 434
Net cash flows from financing activities		(125 452)	(85 936)
Net increase / (decrease) in cash and cash equivalents		(2 637 260)	(2 396 779)
Cash and cash equivalents at beginning of period		6 051 540	8 448 319
Unrealised gains and losses within cash and cash equivalents		-	-
Cash and cash equivalents at end of period	18	3 414 280	6 051 540

1. Annual Appropriation

1.1 Annual Appropriation

Programmes	2023/24 Final Appropriation R'000	2023/24 Actual Funds Received R'000	2023/24 Funds not requested / not received R'000	2022/23 Final Appropriation R'000	2022/23 Appropriation Received R'000	2022/23 Funds not requested / not received R'000
Administration	5 439 742	5 439 742	-	6 042 623	6 042 623	-
Force Employment	4 995 796	4 995 796	-	4 954 708	4 954 708	-
Landward Defence	16 735 941	16 735 941	-	15 871 761	15 871 761	-
Air Defence	7 431 228	7 431 228	-	6 378 843	6 378 843	-
Maritime Defence	4 180 103	4 180 103	-	4 452 724	4 452 724	-
Military Health Support	5 802 042	5 802 042	-	5 734 492	5 734 492	-
Defence Intelligence	1 076 431	1 076 431	-	1 098 095	1 098 095	-
General Support	6 806 901	6 806 901	-	7 068 366	7 068 366	-
Total	52 468 184	52 468 184	-	51 601 612	51 601 612	-

	Note	2023/24 R'000	2022/23 R'000
2. Departmental Revenue			
Sales of goods and services other than capital assets	2.1	570 717	499 049
Fines, penalties and forfeits	2.2	1 731	1 178
Interest, dividends and rent on land	2.3	9 454	5 049
Sales of capital assets	2.4	7 564	18 408
Transactions in financial assets and liabilities	2.5	92 626	100 027
Transfers received	2.6	583 867	639 820
Departmental revenue collected		1 265 959	1 263 531

	Note	2023/24 R'000	2022/23 R'000
2.1 Sales of goods and services other than capital assets	2		
Sales of goods and services produced by the department		570 578	498 112
Administrative fees		7	9
Other sales		570 571	498 103
Sales of scrap, waste and other used current goods		139	937
Total		570 717	499 049

Included in Other sales is an amount of Rm153 252 (2022/23: Rm77 689) for services rendered to the United Nations iro Letters of Assist (LOA).

	Note	2023/24 R'000	2022/23 R'000
2.2 Fines, penalties and forfeits	2		
Fines		1 731	1 178

	Note	2023/24 R'000	2022/23 R'000
2.3 Interest, dividends and rent on land	2		
Interest		9 454	5 049

Interest earned on commercial bank accounts as well as on interest bearing debtors.

		Note	2023/24 R'000	2022/23 R'000
2.4	Sales of capital assets	2		
	Tangible capital assets			
	Specialised military assets		7 564	4 513
	Intangible capital assets			
	Patents, licences, copyright, brand names, trademarks		-	13 895
	Total		7 564	18 408

Included in Intangible Capital Assets - Patents, licences, copyright, brand names, trademarks are the Royalties received from Armscor for the utilisation of DOD intellectual property.

		Note	2023/24 R'000	2022/23 R'000
2.5	Transactions in financial assets and liabilities	2		
	Forex gain		31 910	11 846
	Other Receipts including Recoverable Revenue		60 716	88 181
	Total		92 626	100 027
2.6	Transfers received	2		
	Foreign governments		583 867	639 820

United Nations MOU reimbursements.

		Note	2023/24 R'000	2022/23 R'000
3.	Aid Assistance			
	Opening Balance		-	-
	Prior period error		-	-
	As restated		-	-
	Transferred from statement of Financial performance		-	-
	Transferred to/from retained funds		-	-
	Paid during the year		-	-
	Closing balance		-	-
3.1	Aid assistance expenditure per economic classification			
	Current		150 000	-
	Capital		-	-
	Transfers and subsidies		-	-
	Total aid assistance expenditure		150 000	-

Aid assistance received from Department of Justice for the deployment of SANDF members and improvement of capabilities in the fight against illicit mining.

		Note	2023/24 R'000	2022/23 R'000
4.	Compensation of employees			
4.1	Salaries and wages			
	Basic salary		22 230 046	21 497 734
	Performance award		1 222	1 220
	Service Based		405 099	279 784
	Compensative/circumstantial		3 496 762	2 999 741
	Periodic payments		21 169	24 284
	Other non-pensionable allowances		5 413 303	6 273 714
	Total		31 567 601	31 076 477

Included in the total compensation of employees is an amount of Rm6 818 for 2023/24 paid for the two members of legislature (Rm4 615 for 2022/23).

	Note	2023/24 R'000	2022/23 R'000
4.2 Social contributions			
Employer contributions			
Pension		3 491 423	3 371 554
Medical		235 334	211 908
Bargaining council		1 080	991
Total		3 727 837	3 584 453
Total compensation of employees		35 295 438	34 660 930
Average number of employees		68 278	71 219

5. Goods and services

	Note	2023/24 R'000	2022/23 R'000
Administrative fees		24 650	21 770
Advertising		20 129	10 766
Minor Assets	5.1	67 671	48 012
Catering		26 335	25 858
Communication		85 536	89 390
Computer services	5.2	734 294	854 130
Consultants: Business and advisory services		348 488	680 594
Infrastructure and planning services		120	801
Laboratory services		67 644	78 887
Scientific and technological services		688 969	458 152
Legal services		26 181	20 054
Contractors		1 502 096	1 460 886
Agency and support / outsourced services		822 956	1 037 785
Entertainment		1 944	1 092
Audit cost – external	5.3	82 970	76 593
Fleet services		140 504	168 103
Inventories	5.4	3 081 516	3 029 439
Consumables	5.5	195 941	192 217
Operating leases		1 341 757	1 965 493
Property payments	5.6	1 531 384	1 361 336
Rental and hiring		25 478	41 328
Travel and subsistence	5.7	1 969 252	1 480 661
Venues and facilities		16 644	13 195
Training and development		125 411	204 683
Other operating expenditure	5.8	1 247 391	892 558
Total		14 175 261	14 213 783

	Note	2023/24 R'000	2022/23 R'000
5.1 Minor assets	5		
Tangible assets		67 600	27 727
Buildings and other fixed structures		54	63
Machinery and equipment		67 443	25 083
Transport assets		6	7
Specialised military assets		97	2 574
Intangible assets		71	20 285
Software		71	20 285
Total		67 671	48 012

	Note	2023/24 R'000	2022/23 R'000
5.2 Computer services	5		
SITA computer services		655 290	777 626
External computer service providers		79 004	76 504
Total		734 294	854 130

		Note	2023/24 R'000	2022/23 R'000
5.3	Audit cost – external	5		
	Regularity audits		71 035	66 552
	Environmental audits		-	-
	Computer audits		11 935	10 041
	Total		82 970	76 593

		Note	2023/24 R'000	2022/23 R'000
5.4	Inventories	5		
	Clothing material and accessories		86 900	215 852
	Farming supplies		2 945	1 915
	Food and food supplies		1 644 783	1 571 030
	Fuel, oil and gas		658 732	648 762
	Materials and supplies		77 187	142 386
	Medical supplies		57 666	63 996
	Medicine		229 116	219 505
	Other supplies	5.4.1	324 187	165 993
	Total		3 081 516	3 029 439

		Note	2023/24 R'000	2022/23 R'000
5.4.1	Other Supplies			
	Other		324 187	165 993
	Total	5.4	324 187	165 993

Included in Other are payments for Laboratory Chemicals and Supplies, Military Stores etc.

		Note	2023/24 R'000	2022/23 R'000
5.5	Consumables	5		
	Consumables supplies		145 331	150 219
	Uniform and clothing		1 064	905
	Household supplies		54 390	62 947
	Building material and supplies		19 283	18 591
	IT consumables		62 907	59 828
	Other consumables		7 687	7 948
	Stationary, printing and office supplies		50 610	41 998
	Total		195 941	192 217

Included in other consumables are payments for Tent flags and accessories, Materials and Supplies etc.
The amount of R18 591 000, relating to Building Material and Supplies, was incorrectly mapped to Other Consumables in 2022/23.

		Note	2023/24 R'000	2022/23 R'000
5.6	Property payments	5		
	Municipal services		1 441 408	1 259 476
	Property maintenance and repairs		48 007	51 166
	Other		41 969	50 694
	Total		1 531 384	1 361 336

Included in Other are payments for Cleaning Services, Gardening Services, Laundry Services etc.

		Note	2023/24 R'000	2022/23 R'000
5.7	Travel and subsistence	5		
	Local		1 665 586	1 283 234
	Foreign		303 666	197 427
	Total		1 969 252	1 480 661

		Note	2023/24 R'000	2022/23 R'000
5.8	Other operating expenditure	5		
	Professional bodies, membership and subscription fees		3 495	11 169
	Resettlement costs		65 226	72 413
	Other		1 178 670	808 976
	Total		1 247 391	892 558

Included in Other are payments for Air Charter, Courier Services, Freight Services, Printing Services etc.

	Note	2023/24 R'000	2022/23 R'000
6. Payments for financial assets			
Debts written off	6.1	4 468	6 757
Total		4 468	6 757
6.1 Debts written off	6		
Other debt written off			
Salary related / overpayments		3 938	5 783
Estates		403	666
Suppliers in debt		104	163
Loss of state funds		23	145
Total debt written off		4 468	6 757
7. Transfers and subsidies			
Provinces and municipalities	34 / Annex 1A	151	165
Departmental agencies and accounts	Annex 1B	83 547	38 145
Foreign governments and international organisations	Annex 1D	77 628	133 421
Public corporations and private enterprises	Annex 1C	1 446 354	1 478 851
Non-profit institutions	Annex 1E	4 709	3 446
Households	Annex 1F	2 317 210	1 369 954
Total		3 929 599	3 023 982
8. Expenditure for capital assets			
Tangible capital assets		1 319 904	1 886 367
Buildings and other fixed structures		494 167	748 281
Machinery and equipment		628 165	902 921
Specialised military assets		197 016	235 165
Biological assets		556	-
Intangible capital assets		24 789	75 941
Software		24 789	75 941
Total		1 344 693	1 962 308

8.1 Analysis of funds utilised to acquire capital assets – 2023/24

	Voted Funds R'000	Aid assistance R'000	Total R'000
Tangible capital assets	1 319 904	-	1 319 904
Buildings and other fixed structures	494 167	-	494 167
Machinery and equipment	628 165	-	628 165
Specialised military assets	197 016	-	197 016
Biological assets	556	-	556
Intangible capital assets	24 789	-	24 789
Software	24 789	-	24 789
Total	1 344 693	-	1 344 693

	Voted Funds R'000	Aid assistance R'000	Total R'000
8.2 Analysis of funds utilised to acquire capital assets – 2022/23			
Tangible capital assets	1 886 367	-	1 886 367
Buildings and other fixed structures	748 281	-	748 281
Machinery and equipment	902 921	-	902 921
Specialised military assets	235 165	-	235 165
Biological assets	-	-	-
Intangible capital assets	75 941	-	75 941
Software	75 941	-	75 941
Total	1 962 308	-	1 962 308

	Note	2023/24 R'000	2022/23 R'000
8.3 Finance lease expenditure included in Expenditure for capital assets			
Tangible capital assets			
Machinery and equipment		50 967	45 378
9. Cash and cash equivalents			
Consolidated Paymaster General Account		3 089 794	5 828 457
Cash on hand		181 902	98 240
Investments (Domestic)		142 584	124 843
Total		3 414 280	6 051 540
10. Prepayments and advances			
Staff advances		30 874	9 800
Travel and subsistence		200 094	210 483
Advances paid (Not expensed)	10.1	382 696	309 205
Total		613 664	529 488
Analysis of Total Prepayments and advances			
Current Prepayments and advances		538 923	523 797
Non-current Prepayments and advances		74 741	5 691
Total		613 664	529 488

10.1 Advances Paid (Not expensed)

	Note	Balance as at 1 April 2023	Less: Amount expensed in current year	Add / Less: Other	Add: Current Year advances	Balance as at 31 March 2024
		R'000	R'000	R'000	R'000	R'000
National Departments	10	266 483	(210 895)	-	284 386	339 974
Other Institutions		42 722	(114 799)	-	114 799	42 722
Total		309 205	(325 694)	-	399 185	382 696

The advance payment to other Institutions is made to a Travel agent (AB Logistics) for services to be rendered to the Department. The advance is cleared when invoices are received from AB Logistics.

Advances Paid (Not expensed)	Note	Balance as at 1 April 2022	Less: Amount expensed in current year	Add / Less: Other	Add: Current Year advances	Amount as at 31 March 2023
		R'000	R'000	R'000	R'000	R'000
National Departments	10	217 115	(155 908)	-	205 276	266 483
Other Institutions		43 096	(374)	-	-	42 722
Total		260 211	(156 282)	-	205 276	309 205

The advance payment to other Institutions is made to a Travel agent (AB Logistics) for services to be rendered to the Department. The advance is cleared when invoices are received from AB Logistics.

10.2 Prepayments (Expensed)

	Balance as at 1 April 2023	Less: Received in the current year	Add / Less: Other	Add: Current Year prepayments	Amount as at 31 March 2024
	R'000	R'000	R'000	R'000	R'000
Listed by economic classification					
Goods and services	175 546	(27 967)	-	-	147 579
Capital assets	2 249	(1 535)	-	-	714
Total	177 795	(29 502)	-	-	148 293

As a result of contractual obligations, Armscor made prepayments to public entities on behalf of the SDA which have been expensed. Prepayments are closely monitored by project managers against these milestone deliverables.

Prepayments (Expensed)	Balance as at 1 April 2022	Less: Received in the current year	Add / Less: Other	Add: Current Year prepayments	Amount as at 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Listed by economic classification					
Goods and services	345 465	(178 476)	-	8 557	175 546
Capital assets	3 300	(8 086)	542	6 493	2 249
Total	348 765	(186 562)	542	15 050	177 795

As a result of contractual obligations, Armscor made prepayments to public entities on behalf of the SDA which have been expensed. Prepayments are closely monitored by project managers against these milestone deliverables.

10.3 Advances paid (Expensed)

Advances paid (Expensed)	Balance as at 1 April 2023	Less: Received in the current year	Add / Less: Other	Add: Current Year advances	Amount as at 31 March 2024
	R'000	R'000	R'000	R'000	R'000
Public entities	2 539 795	(53 091)	26 618	-	2 513 322
Total	2 539 795	(53 091)	26 618	-	2 513 322

As a result of contractual obligations, Armscor made advance payments to public entities on behalf of the SDA which have been expensed. Advance payments are closely monitored by project managers against these milestone deliverables.

Advances paid (Expensed)	Balance as at 1 April 2022	Less: Received in the current year	Add / Less: Other	Add: Current Year advances	Amount as at 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Public entities	2 494 145	(22 537)	-	68 187	2 539 795
Total	2 494 145	(22 537)	-	68 187	2 539 795

As a result of contractual obligations, Armscor made advance payments to public entities on behalf of the SDA which have been expensed. Advance payments are closely monitored by project managers against these milestone deliverables.

11. Receivables

		2023/24			2022/23		
	Note	Current R'000	Non-Current R'000	Total R'000	Current R'000	Non-Current R'000	Total R'000
Claims recoverable	11.1 Annex 4	165 261	161 207	326 468	160 826	101 628	262 454
Staff debt	11.2	124 853	61 946	186 799	116 519	31 203	147 722
Other receivables	11.3	356 673	262 339	619 012	146 668	370 746	517 414
Total		646 787	485 492	1 132 279	424 013	503 577	927 590

		2023/24 R'000	2022/23 R'000
11.1	Claims recoverable		
	National departments	326 037	261 994
	Provincial departments	431	431
	Local governments	-	29
	Total	326 468	262 454
11.2	Staff debt		
	Salary related / Salary overpayments	149 052	107 535
	Study loans - Students	19 337	20 721
	Motor vehicle accidents	4 365	4 832
	Travel and subsistence	11 985	12 419
	Private patients	91	91
	Loss of state money	1 496	1 740
	Damage to state property	323	384
	Miscellaneous	119	-
	Subsidised motor vehicle scheme	31	-
	Total	186 799	147 722

Included in Miscellaneous are - Legal Costs: recovery of legal expenditure incurred by the state after the applicant's case against the state was dismissed with costs.

Loss of state money - Amounts identified as shortages in the cash offices are raised on suspense accounts awaiting finalisation of investigations to be either recovered from an employee or written off.

Salary related debts - Include car purchases, school fees, cost of living expenses for military attaches and their families living abroad. Money is advanced and deducted over a period ranging from twelve to thirty six months.

		2023/24 R'000	2022/23 R'000
11.3	Other receivables		
	Suppliers in debt	21 795	36 190
	Operations	178	178
	Study loans - Students	90 299	87 628
	Salary related	294 212	56 286
	Salary overpayments	35 035	34 983
	Aviation services	342	341
	Suppliers	389	718
	Motor vehicle accidents	9 577	10 441
	Estates	1 054	1 519
	Armscor receivables	9,860	7 035
	Medical claims	1,364	1 365
	Private patients	853	841
	UN Services Rendered LOA	75 312	222 477
	Aviation fuel	9 329	9 329
	Private institutions	85	38
	Damage to state property	103	134
	Unallocated deposits	14	73
	Loss of state money / property	6 897	6 212
	Armscor suspense account	6 443	12 618
	Medical United Nations	115	115
	Unallocated debits	-	4 100
	Medical Embassy	235	235
	Sales per tender	-	36
	DI suspense account	1 011	770
	Armscor Foreign Exchange Adjustments	6 822	16 712
	Clearing account	47 688	7 040
	Total	619 012	517 414

Salary related debts increased due to an increase in phase III reconciliations of exiting members not finalised because of outstanding documentation from units. The reconciliation of a member's account is done to determine if they have any outstanding debts towards the Department. The increase is also attributable to Military Exit Mechanism (MEM) from the Department of Defence.

		2023/24 R'000	2022/23 R'000
11.4	Impairment of receivables		
	Estimate of impairment of receivables	159 572	145 013
	Total	159 572	145 013

At the end of the reporting date the Department assesses whether there is objective evidence that a financial asset should be considered for impairment.

Impairment estimates are determined by estimating the present value (PV) of the expected future inflow of cash that is expected in settlement of the financial asset. PV is determined by using the prevailing interest rate at the reporting date.

	Note	2023/24 R'000	2022/23 R'000
12. Investments			
Non-Current			
Shares and other equity			
Armscor		75 000	75 000
Special Defence activities		104 156	104 156
Total		179 156	179 156
Analysis of non-current investments			
Opening balance		179 156	179 156
Additions in cash		-	-
Disposals for cash		-	-
Non-cash movements		-	-
Closing balance		179 156	179 156

An impairment test performed on the Investment in Armscor, based on FY2023/24 Annual Financial Statements, indicates no impairment.

	Note	2023/24 R'000	2022/23 R'000
13. Voted funds to be surrendered to the Revenue Fund			
Opening balance		-	20 507
Prior period error		-	-
As restated		-	20 507
Transfer from Statement of Financial Performance		(2 281 275)	(2 266 148)
Add: Unauthorised expenditure for current year		3 373 664	2 995 137
Transferred to retained revenue		(1 092 389)	(728 989)
Paid during the year		-	(20 507)
Closing balance		-	-
14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund			
Opening balance		147 368	21 446
Prior period error		-	-
As restated		147 368	21 446
Transfer from Statement of Financial Performance		1 265 959	1 263 531
Paid during the year		(1 372 548)	(1 137 609)
Closing balance		40 779	147 368
15. Payables - current	Note		
Advances received	15.1	81 927	-
Clearing accounts	15.2	67	46
Other payables	15.3	350 717	276 744
Total		432 711	267 790
15.1 Advances received			
Provincial Departments	Annex 8B	81 927	-
Total		81 927	-

Advance received from the Gauteng Department – Community Safety for training of Traffic Wardens

	Note	2023/24 R'000	2022/23 R'000
15.2 Clearing accounts			
Salary related		48	-
Suppliers		19	46
Total		67	46

		2023/24 R'000	2022/23 R'000
15.3	Other payables		
	Salary related	247 870	100 429
	Travel and subsistence	3 144	6 990
	Unallocated deposits	181	1 458
	Suppliers / Creditors	11 694	70 800
	Unallocated credits	43	5 709
	Armscor contract creditors	87 756	82 331
	Compliance programme	29	27
	Total	350 717	267 744

Salary related payables relate to money due to the Department of Defence members which are awaiting documentation or correct banking details so that the final reconciliation and ultimately the payment to the employees can be made.

16. Payables non-current	Note	2023/24 One to two years R'000	2023/24 Two to three years R'000	2023/24 More than three years R'000	2023/24 Total R'000	2022/23 Total R'000
Other payables	16.1	12 754	1 720	437	14 911	3 872
Total		12 754	1 720	437	14 911	3 872

		Note	2023/24 R'000	2022/23 R'000
16.1	Other Payables	16		
	Salary related		14 652	3 423
	Suppliers		98	-
	Travel & subsistence		115	38
	Unallocated deposits		46	11
	Unallocated credits		-	400
	Total		14 911	3 872

17. Net cash flow available from operating activities	2023/24	2022/23
Net surplus/(deficit) as per Statement of Financial Performance	(1 015 316)	(1 002 617)
Add back non cash/cash movements not deemed operating activities	(177 448)	503 418
(Increase)/decrease in receivables	(222 774)	(138 109)
(Increase)/decrease in prepayments and advances	(84 176)	(113 216)
Increase/(decrease) in payables – current	164 921	(31 041)
Proceeds from sale of capital assets	(7 564)	(18 408)
Expenditure on capital assets	1 344 693	1 962 308
Surrenders to Revenue Fund	(1 372 548)	(1 158 116)
Net cash flow generated by operating activities	(1 192 764)	(499 199)

18. Reconciliation of cash and cash equivalents for cash flow purposes	2023/24	2022/23
Consolidated Paymaster General account	3 089 794	5 828 457
Cash on hand	181 902	98 240
Cash with commercial banks (Local)	142 584	124 843
Total	3 414 280	6 051 540

19. Contingent liabilities and contingent assets

19.1 Contingent liabilities

Liable to	Nature	Note	2023/24 R'000	2022/23 R'000
Housing loan guarantees	Employees	Annex 3A	576	605
Claims against the department		Annex 3B	6 296 670	6 757 289
Intergovernmental payables (unconfirmed balances)		Annex 5	88	165
Environmental rehabilitation liability		Annex 3B	1 580 977	1 497 694
Total			7 878 311	8 255 753

19.2 Contingent assets

Nature of contingent asset	2023/24	2022/23
Claim against SANDU due to damage to Military Police Vehicles during a protest	147	147
Breach of contract	1 330	1 330
Expired ration packs (Claim against the supplier)	28 837	28 837
Overpayment to supplier	8 916	8 916
Outboard engines not delivered to the Department (SDA)	1 475	1 475
Total	40 705	40 705

<u>Housing</u>

- Not possible to determine any outflow, as the outflow would depend on the non-payments made by Defence employees to Bond institutions.

<u>Claims against the department</u>

- The amounts reported are based on the best possible estimates as per letters of demand and summons served by the third parties.

- These are contingent liabilities hence, we cannot be certain as to the timing of the outflow of the related resources / amounts.

- There was no possibility for any reimbursements as at 31 March 2024.

- The claim against the Special Defence Account (SDA) relates to a commission claim of EUR 192 180 623 with a rand value of R3 946 611 276 (1 Euro = R20.535948) (2022/23: R3 715 064 567). The matter is defended in the Civil Court of Lisbon, Portugal. The Plaintiff has now also filed an application in the High Court in Pretoria to compel the Auditor-General of South Africa to make available certain documentation alleged to be relevant to the litigation in Portugal. Armscor as the second respondent is opposing the application. The Applicant in this matter has not applied for a court date yet. In respect of the main application to be heard in Lisbon, all the preliminary work has been done. The expert report was submitted to the Lisbon Court. The matter was enrolled for trial for 13 - 17 March 2023. The preparation for the hearing started during January 2023. The matter was before Court on 13 - 23 September 2023. The matter was adjourned for preparation of the heads of argument which were submitted end of November 2023. Judgement is expected thereafter.

- The claim against the SDA relates to a claim of payment in terms of contractual conditions of EUR 17 562 575 (2023/24: EUR 17 601 975 - EUR 9 964 583) (Paid in accordance with the agreement) + EUR 9 925 183 (new amount with amended particulars of claim) with a rand value of R360 922 311(1 Euro = R20.535948 plus ZAR 258 168.19) (2022/23: R339 762 235). The Plaintiff filed amended particulars of claim to which Armscor has responded by filing a plea. Patria has not approached the Court for a trial date. Armscor is confident that the matter can be defended successfully. In the interim, Armscor has been verbally informed by Denel in house Legal representatives that the matter has been settled between Denel and Patria. Armscor is defending the matter and following an Exception that was filed, and amended particulars of claim by the Plaintiff, Armscor has filed its plea. Patria has not approached the Court for a trial date. Patria attorneys (CDH) have been requested to confirm the alleged settlement between Patria and Denel. Armscor Legal Services has to date not received a response to its telephonic and written enquiries.

- The claim against the SDA relates to a contractual cancellation to the amount of R381 900 000 (2022/23: R381 200 000). Armscor is defending the matter. Armscor has filed a Notice of Exception. The Plaintiff did not respond in time and has not filed a reply. Subsequently, the Plaintiff has filed the intention to amend the particulars of claim and appointed new attorneys. The notice of amendments are cosmetic in nature and increased the Plaintiff's claim, however this still does not affect the exception filed by Armscor that the Plaintiff's particulars have a cause of action. The plaintiff's new attorneys have also withdrawn as attorneys of record. Armscor has through its attorneys received the Plaintiff's notice of new attorneys of record and a further notice to amend the particulars of claim. The course of action remains vague and embarrassing. Armscor's attorneys sought to set the matter down however the address of services was an abandoned premises. Armscor is confident that the matter can be defended successfully and will thus set the matter down. Armscor has recently received yet another Notice of Withdrawal from the Plaintiff's attorneys. Following a request for a new date and confirmation of service to the Plaintiff; Armscor has yet again received a Notice to Amend the Plaintiff's Summons. The proposed amendments amount to an Irregular Step as it seeks to introduce a new cause action. Armscor's external legal representatives has filed an objection to the Irregular step by the Plaintiff. The Plaintiff's 4th attorneys of record withdrew as attorneys of record. The new attorneys (no. 5) are proceeding with the proposed amended particulars of claim. The proposed amendments amount to an Irregular step as it seeks to introduce a new cause action. Armscor has filed a Notice of Exception to the Amended Particulars of Claim. Armscor has not received a response to its Exception.

- The claim against the SDA, that related to services rendered to repair outboard engines and failure by the supplier to deliver the engines to the amount of R1 475 438 (R1 300 000 plus R175 438) (2022/23: R1 475 438) has been removed, as it was incorrectly recorded as a contingent liability. It has been classified as a prior year error and recorded as a contingent asset.

- The claim against the SDA relates to a bid in respect of a tender for the Procurement of General Hospital Equipment for SAMHS to the amount of R7 415 624 (2022/23: R7 415 624). Armscor is defending the matter. An order was placed in respect of the tender. Armscor has in the interim entered an appearance to defend in the High Court, Gauteng North. Armscor has filed its plea. The matter is progressing in the normal course, however the Plaintiff has not made any effort to set the matter down. In the interim Armscor has received notification from the Plaintiff's attorneys stating that they intend serving Armscor's attorneys with a Notice of Withdrawal as attorneys of record. Armscor will review the situation (including the costs) and consider whether to place the matter on the roll.

Civil Claims:

S/N	Type of Claim	Amounts
12	Shooting during Exercise and Operation	48 300 000.00
135	Unlawful assault, arrest, detention and prosecution	367 594 688.30
13	Breach, cancellation and termination of contracts and services	147 477 088.79
11	Loss of support due to collision of vehicles and helicopters	5 479 379.17
57	HR and labour related claims	417 083 910.16
30	Damages, explosions and fire	142 329 027.02
7	Personal injuries	18 368 900.00
37	Medical negligence	273 533 172.82
50	Underpaid and unpaid invoices for services rendered	164 504 814.67
277	MAA	14 950 126.01
1	Miscellaneous claims	-
630	Total Claims Against the State	1 599 621 106.94

Environmental Liability

- The baseline costing for the removal and disposal of unexploded ordnance at SANDF facilities was accepted to be the baseline cost as determined from February 2012.

- The estimate changes annually based on the escalation of the baseline costs using the CPIX, therefore an increase.

Contingent Assets

- The amounts reported are based on the best possible estimates as per letters of demand and summons served by the Department of Defence.

- These are Contingent Assets hence, we cannot be certain as to the timing of the inflow of the related resources / amounts.

- There was no possibility for any cancellation of these claims by the DOD as at 31 March 2024.

- Prior year error, contingent asset was misclassified and has been corrected.

	2023/24	2022/23
	R'000	R'000
20. Commitments		
Buildings and other fixed structures	617 587	136 273
Machinery and equipment	491 704	573 966
Specialised Military assets	9 093 448	9 689 951
Biological assets	-	556
Intangible assets	4 317	2 904
Total	10 207 056	10 403 650

The amount relating to Specialised Military Assets are for the Strategic Defence Packages capital commitments at prevailing exchange rates at the reporting date, excluding escalation and other additional costs.

The DOD is currently re-prioritising the critical projects and is also enforcing the DPWI to complete projects in progress.

21. Accruals and Payables not recognised

21.1 Accruals

Listed by economic classification	30 Days	30+ Days	Total	Total
	R'000	R'000	R'000	R'000
Goods and services	28 102	40 049	68 151	95 469
Transfers and subsidies	-	15 557	15 557	42 234
Capital assets	1 401	2 381	3 782	1 222
Total	29 503	57 987	87 490	138 925

Listed by programme level		
Administration	22 348	53 965
Landward Defence	47 749	23 979
Air Defence	1 375	9 403
Maritime Defence	2 088	5 934
Military Medical Health Services	1 519	36 215
Defence Intelligence	37	56
General Support	9 807	6 652
Force Employment	2 567	2 721
Total	87 490	138 925

21.2 Payables not recognised

Listed by economic classification	30 Days	30+ Days	Total	Total
	R'000	R'000	R'000	R'000
Goods and services	80 435	87 808	168 243	257 804
Capital assets	8 654	35 604	44 258	40 495
Other	-	-	-	-
Total	89 089	123 412	212 501	298 299

Listed by programme level		
Administration	10 667	141 818
Landward Defence	45 429	30 119
Air Defence	25 563	24 523
Maritime Defence	58 281	8 522
Military Medical Health Services	20 119	32 651
Defence Intelligence	237	215
General Support	45 167	6 334
Force Employment	7 038	54 117
Total	212 501	298 299

Included in the above totals are the following:	Note		
Confirmed balances with departments	Annex 5	2 211	12 058
Confirmed balances with other government entities	Annex 5	-	-
Total		2 211	12 058

	2023/24 R'000	2022/23 R'000
22. Employee benefits		
Leave entitlement	1 353 966	1 284 524
Service bonus	982 423	921 253
Performance awards	-	-
Capped leave	566 826	727 521
Other	229 062	173 373
Total	3 132 277	3 106 671

Included in the above amount of leave entitlement are negative balances of R58 377 607 for the 2023/24 financial year (2022/23: R69 527 560).

An employee is entitled to annual leave days within a calendar year. Should the employee have utilised more leave than what has accrued to the employee at the reporting date, this would result in the employee owing the Department which results in negative leave credits.

23. Lease Commitments

23.1 Finance leases

2023/24	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	65 827	65 827
Later than 1 year and not later than 5 years	-	-	-	89 240	89 240
Total lease commitments	-	-	-	155 067	155 067

2022/23	Specialised military assets R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	16 365	16 365
Later than 1 year and not later than 5 years	-	-	-	7 917	7 917
Total lease commitments	-	-	-	24 282	24 282

The Department is not aware of any sub-leased assets.

	2023/24 R'000	2022/23 R'000
24. Accrued departmental revenue		
Transfers received	301 197	158 270
Total	301 197	158 270

24.1 Analysis of accrued departmental revenue

	2023/24 R'000	2022/23 R'000
Opening balance	158 270	148 665
Less: Amounts received	393 366	453 207
Add: Amounts recorded	601 054	541 559
Less: Amounts written off / reversed as irrecoverable	64 761	78 747
Other (Specify)	-	-
Closing balance	301 197	158 270

- The prior year closing balance was restated with Rm17 713 due to penalties deducted from personnel reimbursements.
- Included in the amounts received is an amount of Rm15 845 which relates to monies collected by the SIU on behalf of the Department.

24.2 Accrued departmental revenue written off

	2023/24 R'000	2022/23 R'000
Penalty imposed by the United Nations	64 761	78 747

The amount represents actual penalties deducted from revenue from the DOD for unserviceable equipment.

	2023/24 R'000	2022/23 R'000
24.3 Impairment of accrued departmental revenue		
Estimate of impairment of accrued departmental revenue	73 728	40 835

Estimate is based on 26.79% of last 2 quarters. The amount represents provision for penalties still to be deducted due to unserviceable equipment.

25. Unauthorised, Irregular and Fruitless and wasteful expenditure

	2023/24 R'000	2022/23 R'000
Unauthorised expenditure	3 373 664	2 995 137
Irregular expenditure	338 488	921 044
Fruitless and wasteful expenditure	50 905	2 569
Total	3 763 057	3 918 778

Information on any criminal or disciplinary steps taken as a result of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure is included in the annual report under the PFMA Compliance Report.

Irregular expenditure Prior Year was adjusted with R367 108 661 to include: 1) R900 660 which was under assessment in the FY2022/2023 and 2) R366 208 001 which relates to FY2022/2023 and was identified in the FY2023/2024.

Fruitless and wasteful expenditure Prior Year was adjusted with R27 688 to include: 1) R14 938 which was under assessment in the FY2022/2023 and 2) R12 750 that relates to the prior year and identified in the FY2023/2024.

26. Identification and nature of related party relationship

As at 31 March 2024 the DOD had the following related parties, namely the:

- President of the RSA;
- Deputy President of the RSA;
- Cabinet of the Government of the RSA, including the Ministers of all National Departments;
- National Departments;
- Public Entities resorting under the National Departments;
- Public Entities resorting under the portfolio of the Minister of Defence and Military Veterans, these being:
    - The DOD has a related party transaction with the Armaments Corporation of South Africa Limited (ARMSCOR), including its subsidiaries, joint ventures or units under its control.
    - The relationship between the DOD and ARMSCOR is at arm's length, where the Department transfers funds to ARMSCOR (as disclosed in Note 7) in their mission to meet the acquisition, maintenance and disposal needs of the DOD and other clients in terms of Defence Material related products and services.
    - Castle Control Board (CCB);
    - South African National Defence Force Fund (SANDF);
    - South African (SA) Army Foundation.
- Reserve Force Council
- Key Management Personnel
  As per clarification letter from the National Treasury dated 31 March 2009, Department of Defence Funds (messes, clubs, regimental funds, etc.) are not regarded as related parties.

Related party transactions

The Department is not aware of any related party transactions (i.e. transactions not at arm's length) that occurred during the period between the Department and the President of the RSA; the Deputy President of the RSA; the Cabinet of the Government of the RSA, including the Ministers of all National Departments; National Departments and Public Entities falling under these departments.

During the period the following related party transactions occurred between the Department and the Castle Control Board (CCB):

- The CCB is mandated in terms of the Castle Management Act, 1993 (Act 207 of 1993), to govern and manage the Castle of Good Hope on behalf of the Minister of Defence and Military Veterans. The CCB is housed and located in the Castle of Good Hope, Cape Town.

- The following entities and activities occupy or utilise parts of the Castle of Good Hope, at no consideration to the Department, however in some instances consideration is paid to the CCB:

  - Die Goewerneur restaurant,
  - Waterblommetjie restaurant,
  - Castle Forge,
  - Carriage rides,
  - Castle Military Museum,
  - Souvenir shop,
  - Iziko Museum of Cape Town,
  - The Western Cape Army Support Base (forming part of the Department) supplied guards to the CCB to guard the Castle of Good Hope and to perform ceremonial duties at no charge,
  - Defence Reserves Provincial Office Western Cape,
  - SA Heritage Resources Agency (SAHRA),
  - Good Hope Art Studio,
  - 5X Reserve Force Regiments.

- The Department provides management and administrative support to the SANDF Fund at no consideration.

- The Department is not aware of any related party transactions that might have occurred during the period between the Department and the Reserve Force Council.

- The Department did not identify any related party transactions during the period between the Department and it's Key management personnel (other than normal salary related cost as disclosed in note 27), as well as the entities under the control, joint control or significant influence of key management personnel of the Department.

During the period the following related party transactions occurred between the Department and the State Information Technology Agency SOC Ltd. (SITA):

- The Department and SITA have a business agreement which governs the relationship between SITA and the DOD. Included in this agreement is the provisioning of accommodation by SITA and the DOD to officials from both parties to enhance service delivery and which is mutually beneficial, at no cost to either party.

The South African (SA) Army Foundation:

The Department of Defence had mandated the SA Army Foundation to facilitate the process of acquiring a lease for the residential, training, catering, conference, events and ancillary purposes of the Department. The undermentioned company was identified by the SA Army Foundation:

- Dadzani Pty Ltd. A five (5) year lease was entered into between Dadzani Pty Ltd and the Department from 07 February 2022 until 04 February 2027.

However the lease agreement with Dadzani Pty Ltd was terminated in February 2024 when the Department purchased the property from Greymont Investments CC. The transfer took place on 15 January 2024.

	2023/24 R'000	2022/23 R'000
27. Key management personnel		
Description		
Political Office Bearers:	4 780	4 615
Officials		
Level 15 to 16	22 091	24 755
Level 14	15 571	14 697
Level 11 to 13	11 134	9 864
Family members of key management personnel	951	1 202
Total	54 527	55 133

	2023/24 R'000	2022/23 R'000
28. Provisions		
Mobile Assets Accidents (MAA) / Civil Claims GDA	259 087	215
Armscor Rate of Exchange differences SDA	404 867	193 842
Environmental Liability - Aviation fuel contamination	249 346	238 526
Armscor retention fees SDA / GDA	23 143	20 667
Total	936 443	453 250

Reconciliation of movement in provisions - 2023/24	Armscor retention fees SDA / GDA R'000	Environmental Liability – Aviation Fuel Contamination R'000	Armscor Rate of Exchange differences SDA R'000	MAA / Civil Claims GDA R'000	Total Provisions R'000
Opening balance	20 667	238 526	193 842	215	453 250
Increase in provision	12 052	-	-	259 024	271 076
Settlement of provision	(9 576)	-	(42 028)	(152)	(51 756)
Change in provision due to change in estimation of inputs	-	10 820	253 053	-	263 873
Closing balance	23 143	249 346	404 867	259 087	936 443

Reconciliation of movement in provisions - 2022/23	Armscor retention fees SDA / GDA R'000	Environmental Liability – Aviation Fuel Contamination R'000	Armscor Rate of Exchange differences SDA R'000	MAA / Civil Claims GDA R'000	Total provisions R'000
Opening balance	19 653	156 219	188 343	-	364 215
Increase in provision	22 992	82 307	-	215	105 514
Settlement of provision	(21 978)	-	(50 943)	-	(72 921)
Change in provision due to change in estimation of inputs	-	-	56 442	-	56 442
Closing balance	20 667	238 526	193 842	215	453 250

Armscor retention fees

- Armscor, prior to September 2014 withheld 10% in retention fees for suppliers that are not BEE compliant.
- Once the supplier has submitted proof that the company is compliant, the retention fee is released.

Armscor Rate of Exchange differences

- The amount of a provision is the best estimate of the rate of exchange expenditure expected to be required to settle the present obligation at the reporting date. As the rate of exchange fluctuates on a daily basis, the exact amount for the settlement of these capital commitments are unknown at the reporting date, hence a weighted average is utilised based on past and present expenditure. The expected timing of the outflows of economic benefits is based on the estimated delivery dates over the next four (4) financial years. Rate of Exchange differences relating to Commitments are disclosed as a provision.

Mobile Assets Accidents (MAA) / Civil Claims GDA

- Civil Claims. A case for Civil Claims is partly paid and has an outstanding balance that is still under investigation.
- MAA. One case is awaiting banking details from the claimant, the other cases have warrant of execution and awaiting units to confirm and provide accident report and the name of the person who was driving the military vehicle.

Environmental Liability

- AFB Makhado - The environmental liability provision has been adjusted with Rm10 740 based on the escalation calculation, using CPI headline index for February 2024.
- AFB Makhado - Prior period error of R43 948 396 due to groundwater monitoring which was not included in 2022/23.
- AFB Bloemspruit R51 819 - The estimate has increased with R2 729, based on the escalation calculation using CPI headline index for February 2024.
- AFB Hoedspruit Rm1 457 - The estimate has increased with R76 738, based on the escalation calculation using CPI headline index for February 2024.

29. Non-adjusting events after reporting date

The Department is not aware of any non-adjusting events.

30. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	274	-	-	-	274
Heritage assets	274	-	-	-	274
MACHINERY AND EQUIPMENT	15 607 417	-	375 813	60 285	15 922 945
Transport assets	5 844 917	-	146 968	1 520	5 990 365
Computer equipment	1 453 743	-	59 588	23 700	1 489 631
Furniture and office equipment	295 254	-	11 284	1 250	305 288
Other machinery and equipment	8 013 503	-	157 973	33 815	8 137 661
SPECIALISED MILITARY ASSETS	51 150 115	-	177 089	168 085	51 159 119
Specialised military assets	51 150 115	-	177 089	168 085	51 159 119
BIOLOGICAL ASSETS	4 163	-	559	80	4 642
Biological assets	4 163	-	559	80	4 642
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	66 761 969	-	553 461	228 450	67 086 980

Movable Tangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the movable capital assets per the asset register are assets that are under investigation		
Heritage assets	-	-
Machinery and equipment	693	66 893
Specialised military assets	15	91 495
Biological assets	-	-

The value of cases under investigation for the period ending 31 March 2024 has only been disclosed as major assets from this financial year. It was previously disclosed in minor assets under investigation.

30.1 Movement for 2022/23

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
HERITAGE ASSETS	274	-	-	-	274
Heritage assets	274	-	-	-	274
MACHINERY AND EQUIPMENT	14 581 212	-	1 550 360	524 155	15 607 417
Transport assets	5 329 238	-	517 311	1 632	5 844 917
Computer equipment	1 351 286	-	243 155	140 698	1 453 743
Furniture and office equipment	290 879	-	26 620	22 245	295 254
Other machinery and equipment	7 609 809	-	763 274	359 580	8 013 503
SPECIALISED MILITARY ASSETS	49 737 711	-	1 412 417	13	51 150 115
Specialised military assets	49 737 711	-	1 412 417	13	51 150 115
BIOLOGICAL ASSETS	4 256	-	1	94	4 163
Biological assets	4 256	-	1	94	4 163
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	64 323 453	-	2 962 778	524 262	66 761 969

	2022/23 R'000
30.1.1 Prior period error	
Nature of prior period error	
Relating to 2021/22 (Affecting the opening balance)	-
Relating to 2022/23 (Affecting the opening balance)	(15 435)
Correction of error	(15 435)
Total	(15 435)

30.2 Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	Specialised Military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	450 057	-	450 057
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	10 570	-	10 570
Disposals	-	-	-	4 227	-	4 227
TOTAL MINOR CAPITAL ASSETS	-	-	-	456 400	-	456 400

	Specialised Military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 Minor assets	-	-	-	1 543 281	-	1 543 281
Number of minor assets at cost	-	-	-	203 402	-	203 402
TOTAL NUMBER OF MINOR ASSETS	-	-	-	1 746 683	-	1 746 683

Minor Capital Assets under investigation

	Number	Value
Included in the above total of the minor capital assets per the asset register are assets that are under investigation		R'000
Specialised military assets	13	32
Intangible assets	-	-
Heritage assets	-	-
Machinery and equipment	632	1 419
Biological assets	-	-

The value of cases under investigation for the period ending 31 March 2024 has decreased due to the correction of major assets previously included.

Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	Specialised Military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	3 003	-	472 171	-	475 174
Prior period error	-	(3 003)	-	-	-	(3 003)
Additions	-	-	-	37 043	-	37 043
Disposals	-	-	-	59 157	-	59 157
TOTAL MINOR CAPITAL ASSETS	-	-	-	450 057	-	450 057

	Specialised Military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 Minor assets	-	-	-	1 509 020	-	1 509 020
Number of minor assets at cost	-	-	-	261 269	-	261 269
TOTAL NUMBER OF MINOR ASSETS	-	-	-	1 770 289	-	1 770 289

Intangible assets: prior period error of R3 003 000.00. There are no supporting documents to confirm this balance and therefore it has been removed from the note.

		2022/23 R'000
30.2.1	PRIOR PERIOD ERROR	
	Nature of prior period error	
	Relating to 2021/22	(3 003)
	Intangible assets - no supporting documents to support balance	(3 003)
	Relating to 2022/23	-
	Total	(3 003)

30.3 Movable tangible capital assets written off

MOVABLE TANGIBLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2024

	Specialised Military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	3 798	106	3 904
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	3 798	106	3 904

MOVABLE TANGIBLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023

	Specialised Military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	480	-	-	5 305	55	5 840
TOTAL MOVABLE ASSETS WRITTEN OFF	480	-	-	5 305	55	5 840

The value of cases finalised in terms of write offs (TR 12) for the period ended 31 March 2024 decreased compared to cases disclosed in the Annual Financial Statements for the period ended 31 March 2023.

30.4 Movable tangible capital assets: Capital Work-in-progress (WIP)

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2024

	Note	Opening Balance 1 April 2023	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing Balance 31 March 2024
	Annex 7	R'000	R'000	R'000	R'000
Heritage assets		-		-	-
Machinery and equipment		-	-	-	-
Specialised military assets		13 440 442	541 359	54 892	13 926 909
Biological assets		-	-	-	-
TOTAL		13 440 442	541 359	54 892	13 926 909

	2023/24	2022/23
	R'000	R'000
Payables not recognised relating to Capital WIP		
[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]	13 849	6 799
Total	13 849	6 799

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

	Note	Opening Balance	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing Balance 31 March 2023
	Annex 7	R'000	R'000	R'000	R'000	R'000
Heritage assets		-	-	-	-	-
Machinery and equipment		-	-	-	-	-
Specialised military assets		14 112 213	(72)	549 037	1 220 736	13 440 442
Biological assets		-	-	-	-	-
TOTAL		14 112 213	(72)	549 037	1 220 736	13 440 442

The current year WIP has been restated with R1 300 000 due to the correction of manual data entry errors that were identified.

31. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
SOFTWARE	2 497 812	24 234	-	2 522 046
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	4 822 355	3 780	-	4 826 135
SERVICES AND OPERATING RIGHTS	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	7 320 167	28 014	-	7 348 181

Intangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the intangible capital assets per the asset register are assets that are under investigation:		
Software	-	-
Mastheads and publishing titles	-	-
Patents, licences, copyright, brand names, trademarks	-	-
Recipes, formulae, prototypes, designs, models	-	-
Services and operating rights	-	-

31.1 Movement for 2022/23

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
SOFTWARE	2 427 017	(5 147)	75 942	-	2 497 812
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	4 831 518	4 726	50 615	64 504	4 822 355
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	7 258 535	(421)	126 557	64 504	7 320 167

		2022/23
		R'000
31.1.1	PRIOR PERIOD ERROR	
	Nature of prior period error	
	Relating to 2021/22 (affecting the opening balance)	(421)
	Accruals	(5 147)
	Old IP established in 2023/24	4 726
	Relating to 2022/23	205
	Error in calculation of additions	(225)
	Old IP established in 2023/24 for 2022/23	430
	Total	(216)

31.2 Intangible capital assets: Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2024

	Note	Opening Balance 1 April 2023	Current Year WIP	Ready for use (Assets to the AR) /Contracts terminated	Closing Balance 31 March 2024
	Annex 7	R'000	R'000	R'000	R'000
Intangible assets		-	-	-	-
TOTAL		-	-	-	-

	2023/24	2022/23
	R'000	R'000
Payables not recognised relating to Capital WIP		
[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]	-	-
	-	-
Total	-	-

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

	Note	Opening Balance	Prior period error	Current Year WIP	Ready for use (Assets to the AR) /Contracts terminated	Closing Balance 31 March 2023
	Annex 7	R'000	R'000	R'000	R'000	R'000
Intangible assets		-	-	-	-	-
TOTAL		-	-	-	-	-

32. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	16 491 053	62,072	-	16 553 125
Dwellings	1 487 258	765	-	1 488 023
Non-residential buildings	14 563 474	4 580	-	14 568 054
Other fixed structures	440 321	56 727	-	497 048
HERITAGE ASSETS	2 880 806	-	5 728	2 875 078
Heritage assets	2 880 806	-	5 728	2 875 078
LAND AND SUBSOIL ASSETS	12 870 888	-	-	12 870 888
Land	12 870 888	-	-	12 870 888
Mineral and similar non-regenerative resources	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	32 242 747	62 072	5 728	32 299 091

Intangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the intangible capital assets per the asset register are assets that are under investigation:		
Building and other fixed structures	-	-
Heritage assets	-	-
Land and subsoil assets	-	-

32.1 Movement for 2022/23

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	16 456 342	-	34 711	-	16 491 053
Dwellings	1 485 218	-	2 040	-	1 487 258
Non-residential buildings	14 531 082	-	32 392	-	14 563 474
Other fixed structures	440 042	-	279	-	440 321
HERITAGE ASSETS	2 880 806	-	-	-	2 880 806
Heritage assets	2 880 806	-	-	-	2 880 806
LAND AND SUBSOIL ASSETS	12 870 888	-	-	-	12 870 888
Land	12 870 888	-	-	-	12 870 888
Mineral and similar non-regenerative resources	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	32 208 036	-	34 711	-	32 242 747

	Note	2022/23
		R'000
32.1.1 PRIOR PERIOD ERROR		
Nature of prior period error		
Relating to 2021/22 (affecting the opening balance)		-
		-
Relating to 2022/23		-
		-
Total		-

32.2 Immovable tangible capital assets: Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2024

	Note	Opening Balance 1 April 2023	Current Year WIP	Ready for use (Assets to the AR) /Contracts terminated	Closing Balance 31 March 2024
	Annex 7	R'000	R'000	R'000	R'000
Heritage assets		-	-	-	-
Buildings and other fixed structures		901 768	101 374	14 403	988 739
Land and subsoil assets		-	-	-	-
TOTAL		901 768	101 374	14 403	988 739

	2023/24	2022/23
	R'000	R'000
Payables not recognised relating to Capital WIP		
[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]	8	39 557
Total	8	39 557

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

	Note	Opening Balance	Prior period error	Current Year WIP	Ready for use (Assets to the AR) /Contracts terminated	Closing Balance 31 March 2023
	Annex 7	R'000	R'000	R'000	R'000	R'000
Heritage assets		-	-	-	-	-
Buildings and other fixed structures		728 401	(4 410)	182 778	5 001	901 768
Land and subsoil assets		-	-	-	-	-
TOTAL		728 401	(4 410)	182 778	5 001	901 768

The opening balance of non-residential buildings increased by R78 873, from the prior year in light of projects that were incorrectly treated based on erroneous information from DPW. Updated information has however been received from DPW in this regard to allow the correction of the treatment. There was a prior period error for Rm4,410 that was incorrectly recorded.

32.3 Immovable tangible capital assets written off

IMMOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2024

	Building and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R'000	R'000	R'000	R'000
Immovable assets written off	-	5 728	-	5 728
TOTAL IMMOVABLE CAPITAL ASSETS WRITTEN OFF	-	5 728	-	5 728

SA Army College burnt down

IMMOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023

	Building and other fixed structures	Heritage assets	Land and subsoil assets	Total
	R'000	R'000	R'000	R'000
Immovable assets written off	-	-	-	-
TOTAL IMMOVABLE CAPITAL ASSETS WRITTEN OFF	-	-	-	-

32.4 Immovable capital assets additional information

		Note	2023/24	2022/23
Properties deemed vested	Estimated completion date	Annex 9	Number	Number
Land parcels			12	12
Facilities				
Training Area			5	5
High Site			1	1
Office Accommodation			1	1
Operation Facility			1	1
Military Base			3	3
Historical Military Base			1	1
Other			-	-

Unsurveyed land: The Department does not have any unsurveyed land, nor does it have facilities that have been constructed on unsurveyed land.

Deemed vested properties: These properties consist of Defence Endowment facilities that are built on Defence Endowment Property, but that intersect with non-Defence Endowment Properties. The properties that are intersected by Defence Endowment Facilities are all registered in the name of the Republic of South Africa and are disclosed by other Departments, such as the Department of Public Works and the Department of Rural Development and Land Reform.

From the review of the Defence property portfolio and the Defence facilities, no potential contingent assets were identified.

33. Prior period errors

	Note	2022/23		
		Amount before error correction R'000	Prior period error R'000	Restated amount R'000
33.1 Correction of prior period errors				
Assets:				
Contingent Assets SDA	19.2	-	1 475	1 475
Analysis of Accrued Departmental Revenue - Closing balance	24.1	175 983	(17 713)	158 270
Movement in Intangible Capital Assets: Recipes, Formulae, Prototypes, Designs - Additions	31.1	50 410	205	50 615
Movement in Intangible Capital Assets: Recipes, Formulae, Prototypes, Designs - Closing balance	31.1	4 817 424	4 931	4 822 355
Movement in ICA: Software - Disposals	31.1	5 147	(5 147)	-
Immovable Tangible Capital Assets : WIP Buildings & other fixed structures - Ready for use	32.2	5 001	4 410	9 411
Immovable Tangible Capital Assets : WIP Buildings & other fixed structures - Closing balance (Calculation error)	32.2	916 180	(14 412)	901 768
Minor assets - Intangible assets	30.2	3 003	(3 003)	-
WIP TCA: Current year WIP	30.2	550 337	(1 300)	549 037
Movable Tangible Capital assets - Additions	30.1	532 746	(15 435)	517 311
Net effect		7 056 231	(45 989)	7 010 242
Liabilities:				
Contingent Liabilities - SDA	19.1	4 444 918	(1 475)	4 443 443
Reconciliation on movement in Provisions (2022/23) Environmental Liabilities - Closing balance	28	194 578	43 948	238 526
Reconciliation on movement in Provisions (2022/23) Environmental Liabilities - Increase in provision	28	38 359	43 948	82 307
Net effect		4 677 855	86 421	4 764 276

The claim against the SDA, that related to services rendered to repair outboard engines and failure by the supplier to deliver the engines to the amount of R1 475 438 (R1 300 000 plus R175 438) (2022/23: R1 475 438) has been removed, as it was incorrectly recognised as a recognised as a contingent asset.

AFB Makhado - Prior period error R43 948 396 due to groundwater monitoring which was not included in 2022/23.

	Note	Amount before error correction R'000	Prior period error R'000	Restated amount R'000
Other:				
Irregular expenditure	25	553 935	367 109	921 044
Fruitless and Wasteful expenditure	25	2 569	28	2 597
Net effect		556 504	367 137	923 641

34. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	2023/24							2022/23	
	GRANT ALLOCATION				TRANSFER				
	Division of Revenue Act and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act and other transfers	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Provincial and Local Governments	199	-	(48)	151	151	-	-	-	165
	199	-	(48)	151	151	-	-	-	165

	Note	2023/24 R'000	2022/23 R'000
35. NATURAL DISASTER OR RELIEF EXPENDITURE	Annex 10		
Compensation of employees		(553)	10
Goods and services		2 439	13 951
Transfers and subsidies		6 000	6 000
Expenditure for capital assets		-	609
Other		-	-
Total		7 886	20 570

ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2022/23	
	Division of Revenue Act and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by Municipality	Amount spent by Municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act and other transfers	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Provincial and Local Governments	199	-	(48)	151	151	-	-	-	-	-	100%	165	165
TOTAL	199	-	(48)	151	151	-	-	-	-	-		165	165

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTS / AGENCY / ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2022/23	
	Adjusted Budget	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Budget	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Safety and Security Sector Education and Training Authority (SASSETA)	25 552	-	5 187	30 739	30 578	99%	31 916	31 916
Castle Control Board	6 000	-	-	6 000	6 000	100%	41	41
Communication Licences (Radio & TV)	128	-	(114)	14	14	100%	6 000	6 000
Department Agency: Fines & Penalties	-	-	46 955	46 955	46 955	100%	188	188
TOTAL	31 680	-	52 028	83 708	83 547		38 145	38 145

ANNEXURE 1C
STATEMENT OF TRANSFERS / SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION / PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2022/23	
	Adjusted Budget	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Capital	Current	Final Budget	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Public Corporations										
Transfers										
Armaments Corporation of South Africa	1 446 251	-	-	1 446 251	1 446 251	100%	-	-	1 478 501	1 478 501
Claims against the State	-	-	-	-	-		-	-	67	67
Sub total	1 446 251	-	-	1 446 251	1 446 251	100%	-	-	1 478 568	1 478 568
Private Enterprises										
Transfers										
Claims against the State	-	-	103	103	103	100%	-	-	283	283
Sub total	-	-	103	103	103	100%	-	-	283	283
TOTAL	1 446 251	-	103	1 446 354	1 446 354	100%	-	-	1 478 851	1 478 851

ANNEXURE 1D

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2022/23	
	Adjusted Budget	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Budget	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
Southern African Development Community	294 299	-	(216 671)	77 628	77 628	100%	133 421	133 421
TOTAL	294 299	-	(216 671)	77 628	77 628		133 421	133 421

ANNEXURE 1E
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2022/23	
	Adjusted Budget	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Budget	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
St John's Ambulance Brigade	857	-	-	857	74	9%	91	91
Reserve Force Council	9 822	-	(5 187)	4 635	4 635	100%	3 355	3 355
TOTAL	10 679	-	(5 187)	5 492	4 709		3 446	3 446

ANNEXURE 1F

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2022/23	
	Adjusted Budget	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Budget	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
DOD members	1 451 997	-	860 200	2 312 197	2 312 197	100%	-	1 357 290
Claims against the State	-	-	5 195	5 195	5 013	96%	-	12 664
TOTAL	1 451 997	-	865 395	2 317 392	2 317 210		-	1 369 954

ANNEXURE 1G

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	Opening Balance	Revenue	Expenditure	Paid back on / by 31 March	Closing Balance
		R'000	R'000	R'000	R'000	R'000
Aid assistance received in cash						
Departments of Justice and Constitutional Development	Deployment of SANDF members and improvement of capabilities in the fight against illicit mining.	-	150 000	150 000	-	-
TOTAL AID ASSISTANCE RECEIVED		-	150 000	150 000	-	-

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY / TO NATIONAL / PROVINCIAL PUBLIC ENTITIES

Name of Public Entity	**State Entity's PFMA** Schedule type (state year end if not 31 March)	% of shares held		Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
		2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	Yes/No
National / Provincial Public Entity Castle Control Board (under control of the Minister of Defence).	3A	100%	100%	-	-	-	-	11 107	8 456	2 651	2 792	No
Armaments Corporation of South Africa (Managed and controlled by a board of Directors appointed by the Minister of Defence (Profit /Loss) for the year is for the ARMSCOR Group.	2	100%	100%	-	-	75 000	75 000	2 833 148	2 648 818	184 330	147 199	No
TOTAL						75 000	75 000	2 844 255	2 657 274	186 981	149 991	

ANNEXURE 2B
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY / TO ENTITIES (CONTINUED)

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Controlled entities									
Castle Control Board (under control of the Minister of Defence)	To preserve and protect the military and cultural heritage of the Castle, optimise the tourism potential of the Castle; and maximise the accessibility to the public of the whole or any part, as the case may be, of the Castle which is not used by the SANDF.	-	-	11 107	8 456	-	-	-	-
Armaments Corporation of South Africa (managed and controlled by a board of Directors appointed by the Minister of Defence)	To acquire defence products, mainly for SANDF, and co-manage, with the SANDF, the development of technologies for future weapon systems and products and also to manage the disposal of excess, forfeited, redundant or surplus defence material for the SANDF and the subsidiary companies which is directly support technology and acquisition strategies.	75 000	75 000	2 833 148	2 648 818	-	-	-	-
TOTAL		75 000	75 000	2 844 255	2 657 274	-	-	-	-

Defence - Vote 23

Annexures to the Annual Financial Statements

for the year ended 31 March 2024

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2024 - LOCAL

Guarantor Institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 1 April 2023	Guarantees drawdowns during the year	Guaranteed repayments / cancelled / reduced / released during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2024 R'000	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2024
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
ABSA		-	89	-	29	-	60	-	-
First National Bank		-	236	-	-	-	236	-	-
Free State Dev Corp		-	22	-	-	-	22	-	-
Greenstart Home Loans		-	53	-	-	-	53	-	-
Standard Bank		-	205	-	-	-	205	-	-
TOTAL		-	605	-	29	-	576	-	-

Not possible to determine any outflow, as the outflow would depend on the non-payments made by Defence employees to Bond institutions.

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2024

Nature of Liability	Opening Balance 01 April 2023	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2024
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Civil claims	2 299 535	58 531	773 195	-	1 584 871
Mobile assets accidents (MAA)	14 311	5 374	4 735	-	14 950
Claims - Special Defence Account	4 443 443	253 406	-	-	4 696 849
Sub Total	6 757 289	317 311	777 930	-	6 296 670
Environmental Liability					
UXO contamination and rehabilitation	1 497 694	83 283	-	-	1 580 977
Sub Total	1 497 694	83 283	-	-	1 580 977
TOTAL	8 254 983	400 594	777 930	-	7 877 647

Claims against the department

- The amounts reported are based on the best possible estimates as per letters of demand and summons served by the third parties.
- These are contingent liabilities hence, we cannot be certain as to the timing of the outflow of the related resources / amounts.
- There was no possibility for any reimbursements as at 31 March 2024.
- The claim against the Special Defence Account (SDA) relates to a commission claim of EUR 192 180 623 with a rand value of R3 946 611 276 (1 Euro = R20.535948) (2022/23: R3 715 064 567). The matter is defended in the Civil Court of Lisbon, Portugal. The Plaintiff has now also filed an application in the High Court in Pretoria to compel the Auditor-General of South Africa to make available certain documentation alleged to be relevant to the litigation in Portugal. Armscor as the second respondent is opposing the application. The Applicant in this matter has not applied for a court date yet. In respect of the main application to be heard in Lisbon, all the preliminary work has been done. The expert report was submitted to the Lisbon Court. The matter was enrolled for trial for 13 - 17 March 2023. The preparation for the hearing started during January 2023. The matter was before Court on 13 - 23 September 2023. The matter was adjourned for preparation of the heads of argument which were submitted end of November 2023. Judgement is expected thereafter.

- The claim against the SDA relates to a claim of payment in terms of contractual conditions of EUR 17 562 575 (2023/24: EUR 17 601 975 - EUR 9 964 583) (Paid in accordance with the agreement) + EUR 9 925 183 (new amount with amended particulars of claim) with a rand value of R360 922 311(1 Euro = R20.535948 plus ZAR 258 168.19) (2022/23: R339 762 235). The Plaintiff filed amended particulars of claim to which Armscor has responded by filing a plea. Patria has not approached the Court for a trial date. Armscor is confident that the matter can be defended successfully. In the interim, Armscor has been verbally informed by Denel in house Legal representatives that the matter has been settled between Denel and Patria. Armscor is defending the matter and following an Exception that was filed, and amended particulars of claim by the Plaintiff, Armscor has filed its plea. Patria has not approached the Court for a trial date. Patria attorneys (CDH) have been requested to confirm the alleged settlement between Patria and Denel. Armscor Legal Services has to date not received a response to its telephonic and written enquiries.

- The claim against the SDA relates to a contractual cancellation to the amount of R381 900 000 (2022/23: R381 200 000). Armscor is defending the matter. Armscor has filed a Notice of Exception. The Plaintiff did not respond in time and has not filed a reply. Subsequently, the Plaintiff has filed the intention to amend the particulars of claim and appointed new attorneys. The notice of amendments are cosmetic in nature and increased the Plaintiff's claim, however this still does not affect the exception filed by Armscor that the Plaintiff's particulars have a cause of action. The plaintiff's new attorneys have also withdrawn as attorneys of record. Armscor has through its attorneys received the Plaintiff's notice of new attorneys of record and a further notice to amend the particulars of claim. The course of action remains vague and embarrassing. Armscor's attorneys sought to set the matter down however the address of services was an abandoned premises. Armscor is confident that the matter can be defended successfully and will thus set the matter down. Armscor has recently received yet another Notice of Withdrawal from the Plaintiff's attorneys. Following a request for a new date and confirmation of service to the Plaintiff; Armscor has yet again received a Notice to Amend the Plaintiff's Summons. The proposed amendments amount to an Irregular Step as it seeks to introduce a new cause action. Armscor's external legal representatives has filed an objection to the Irregular step by the Plaintiff. The Plaintiff's 4th attorneys of record withdrew as attorneys of record. The new attorneys (no. 5) are proceeding with the proposed amended particulars of claim. The proposed amendments amount to an Irregular step as it seeks to introduce a new cause action. Armscor has filed a Notice of Exception to the Amended Particulars of Claim. Armscor has not received a response to its Exception.

- The claim against the SDA, that related to services rendered to repair outboard engines and failure by the supplier to deliver the engines to the amount of R1 475 438 (R1 300 000 plus R175 438) (2022/23: R1 475 438) has been removed, as it was incorrectly recorded as a contingent liability. It has been classified as a prior year error and recorded as a contingent asset.

- The claim against the SDA relates to a bid in respect of a tender for the Procurement of General Hospital Equipment for SAMHS to the amount of R7 415 624 (2022/23: R7 415 624). Armscor is defending the matter. An order was placed in respect of the tender. Armscor has in the interim entered an appearance to defend in the High Court, Gauteng North. Armscor has filed its plea. The matter is progressing in the normal course, however the Plaintiff has not made any effort to set the matter down. In the interim Armscor has received notification from the Plaintiff's attorneys stating that they intend serving Armscor's attorneys with a Notice of Withdrawal as attorneys of record. Armscor will review the situation (including the costs) and consider whether to place the matter on the roll.

Civil Claims:

S/N	Type of Claim	Amounts
12	Shooting during Exercise and Operation	48 300 000.00
135	Unlawful assault, arrest, detention and prosecution	367 594 688.30
13	Breach, cancellation and termination of contracts and services	147 477 088.79
11	Loss of support due to collision of vehicles and helicopters	5 479 379.17
57	HR and labour related claims	417 083 910.16
30	Damages, explosions and fire	142 329 027.02
7	Personal injuries	18 368 900.00
37	Medical negligence	273 533 172.82
50	Underpaid and unpaid invoices for services rendered	164 504 814.67
277	MAA	14 950 126.01
1	Miscellaneous claims	-
630	Total Claims Against the State	1 599 621 106.94

Environmental Liability

- The baseline costing for the removal and disposal of unexploded ordnance at SANDF facilities was accepted to be the baseline cost as determined from February 2012.
- The estimate changes annually based on the escalation of the baseline costs using the CPIX, therefore an increase.

ANNEXURE 4
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2023/2024*	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	Receipt date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Department of Correctional Services	-	-	34	-	34	-	-	-
Department of Health Gauteng	264	264	167	167	431	431	-	-
Department of Military Veterans	134 052	-	62 218	184 217	196 270	184 217	-	-
Department of Public Works	-	-	106 970	71 421	106 970	71 421	-	-
Department of Rural Development	-	-	15 134	-	15 134	-	-	-
National Treasury	-	-	7 581	6 315	7 581	6 315	-	-
San Parks	-	-	20	20	20	20	-	-
South African Police Services	16	-	11	18	27	18	-	-
South African Revenue Services	-	-	-	30	-	30	-	-
TOTAL	134 332	264	192 135	262 188	326 467	262 452	-	-

ANNEXURE 5
INTER-GOVERNMENT PAYABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2022/2023*	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Department of Health Western Cape	-	-	71	80	71	80	-	-
Department of Justice and Constitutional Development	2 211	12 058	-	-	2 211	12 058	-	-
Department of Transport and Public Works Cape Town	-	-	-	39	-	39	-	-
Department of Correctional Services	-	-	-	29	-	29	-	-
Department of Social Development Gauteng	-	-	17	17	17	17	-	-
TOTAL	2 211	12 058	88	165	2 299	12 223	-	-

ANNEXURE 6
INVENTORIES

INVENTORIES FOR THE YEAR ENDED 31 MARCH 2024	Food	Fuel	Medical supplies	Other	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	1 105 959	804 529	1 503 846	31 352 133	34 766 467
Add/ (Less): Adjustments to prior year balances	(1 102 074)	1 479 535	(762 974)	(5 451 866)	(5 837 379)
Add: Additions/Purchases - Cash	1 385 538	365 406	286 557	250 022	2 287 523
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	(2 835 271)	(3 904 646)	(2 288 186)	(5 443 095)	(14 471 198)
Add/(Less): Received current, not paid (Paid current year, received prior year)	-	-	-	-	-
Add/ (Less): Adjustments	-	-	-	-	-
Closing balance	(1 445 848)	(1 255 176)	(1 260 757)	20 707 194	16 745 413

INVENTORY FOR THE YEAR ENDED 31 MARCH 2023	Food	Fuel	Medical supplies	Other	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	815 957	5 394 495	11 225 838	19 996 030	37 432 320
Add/ (Less): Adjustments to prior year balances	1 164 769	(2 583 561)	(7 942 203)	15 545 824	6 184 829
Add: Additions/Purchases - Cash	1 566 101	514 614	219 018	137 458	2 437 191
Add: Additions - Non-cash	-	-	-	35 954	35 954
(Less): Disposals	-	-	-	-	-
(Less): Issues	(2 440 868)	(2 521 019)	(1 998 807)	(4 363 133)	(11 323 827)
Add/(Less): Received current, not paid (Paid current year, received prior year)	-	-	-	-	-
Add/ (Less): Adjustments	-	-	-	-	-
Closing balance	1 105 959	804 529	1 503 846	31 352 133	34 766 467

ANNEXURE **7**

Movement in Capital Work-in-Progress

MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2024

	Opening balance	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	-	-	-
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT	-	-	-	-
Other machinery and equipment	-	-	-	-
SPECIALISED MILITARY ASSETS	13 440 442	541 359	54 892	13 926 909
Specialised military assets	13 440 442	541 359	54 892	13 926 909
BIOLOGICAL ASSETS	-	-	-	-
Biological assets	-	-	-	-
BUILDINGS AND OTHER FIXED STRUCTURES	901 768	101 374	14 403	988 739
Dwellings	47 859	-	-	47 859
Non-residential buildings	853 909	101 374	14 403	940 880
Other fixed structures	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-
Land	-	-	-	-
COMPUTER SOFTWARE	-	-	-	-
Computer software b	-	-	-	-
MASTHEADS AND PUBLISHING TITLES	-	-	-	-
Mastheads and publishing titles	-	-	-	-

ANNEXURE 7 (Continued)

Movement in Capital Work-in-Progress

MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2024

	Opening balance	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
TRADEMARKS	-	-	-	-
Patents, Licences, Copyright, Brand names, Trademarks	-	-	-	-
MODELS	-	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-
Services and operating rights	-	-	-	-
TOTAL	14 342 210	642 733	69 295	14 915 648

Projects delayed beyond 5 years are due to the following difficulties faced by the Department of Public Works:

- The ratio of Project Managers versus projects shows that the Department is under-resourced. A single Project Manager manages an average of 21 projects and in some cases the ratio is 1:40.
- Administrative business and supply chain processes are not streamlined to support infrastructure programme implementation and effective delivery of infrastructure projects. For example, projects may be in tender stage and may not progress to the award stage due to internal cumbersome evaluation requirements.
- A lack of professionals is experienced in the former B regions (Mthatha, Mmabatho, Polokwane, Nelspruit and Kimberley).
- Delays in planning i.e. site clearance, sketch plan approval and evaluation and award etc.
- Lack of construction procurement that supports effective delivery of infrastructure.
- Lack of internal capacity due to shortage of built environment practitioners such as project managers, architects, engineers and quantity surveyors.
- Failure to document Client Department needs during the project planning phase resulting in scope changes and variation orders during construction phase. This also results into huge financial costs.
- Poor performance of some contractors on certain contracts, resulting in extension of time with penalties.

ANNEXURE 7 (Continued)

Movement in Capital Work-in-Progress

MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance	Prior period error	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
SPECIALISED MILITARY ASSETS	14 112 213	(72)	549 037	1 220 736	13 440 442
Specialised military assets	14 112 213	(72)	549 037	1 220 736	13 440 442
BIOLOGICAL ASSETS	-	-	-	-	-
Biological assets	-	-	-	-	-
BUILDINGS AND OTHER FIXED STRUCTURES	728 401	(4 410)	182 778	5 001	901 768
Dwellings	47 859	-	-	-	47 859
Non-residential buildings	680 542	(4 410)	182 778	5 001	853 909
Other fixed structures	-	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land	-	-	-	-	-
COMPUTER SOFTWARE	-	-	-	-	-
Computer software	-	-	-	-	-
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
Mastheads and publishing titles	-	-	-	-	-

ANNEXURE 7 (Continued)

Movement in Capital Work-in-Progress

MOVEMENT IN CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance	Prior period error	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
TRADEMARKS	-	-	-	-	-
Patents, Licences, Copyright, Brand names, Trademarks	-	-	-	-	-
MODELS	-	-	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
Services and operating rights	-	-	-	-	-
TOTAL	14 840 614	(4 482)	733 815	1 225 737	14 347 210

Projects delayed beyond 5 years are due to the following difficulties faced by the Department of Public Works:

- The ratio of Project Managers versus projects shows that the Department is under-resourced. A single Project Manager manages an average of 21 projects and in some cases the ratio is 1:40.
- Administrative business and supply chain processes are not streamlined to support infrastructure programme implementation and effective delivery of infrastructure projects. For example, projects may be in tender stage and may not progress to the award stage due to internal cumbersome evaluation requirements.
- A lack of professionals is experienced in the former B regions (Mthatha, Mmabatho, Polokwane, Nelspruit and Kimberley).
- Delays in planning i.e. site clearance, sketch plan approval and evaluation and award etc.
- Lack of construction procurement that supports effective delivery of infrastructure.
- Lack of internal capacity due to shortage of built environment practitioners such as project managers, architects, engineers and quantity surveyors.
- Failure to document Client Department needs during the project planning phase resulting in scope changes and variation orders during construction phase. This also results into huge financial costs.
- Poor performance of some contractors on certain contracts, resulting in extension of time with penalties.

There was a prior period error for Rm4 410 that was incorrectly recorded.

Specialised Military assets Current year Capital WIP for the prior year has been restated with R1 300 000 due to the correction of manual data entry errors that were identified.

ANNEXURE 8A

INTER-ENTITY ADVANCES PAID (note 9)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Advance paid to DIRCO	-	-	339 974	266 483	339 974	266 483
Sub Total	-	-	339 974	266 483	339 974	266 483
OTHER INSTITUTIONS						
AB Logistics	-	-	42 722	42 722	42 722	42 722
Sub Total	-	-	42 722	42 722	42 722	42 722
TOTAL	-	-	382 696	309 205	382 696	309 205

Defence - Vote 23

Annexures to the Annual Financial Statements

for the year ended 31 March 2024

ANNEXURE 8B
INTER-ENTITY ADVANCES PAID (note 21 and note 22)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	R'000	R'000	R'000	R'000	R'000	R'000
PROVINCIAL DEPARTMENTS						
Current						
Gauteng Department Community Safety	81 927	-	-	-	81 927	-
TOTAL	81 927	-	-	-	81 927	-

ANNEXURE 9
Immoveable assets additional information

Properties deemed vested	Estimated completion date	Note 31.4	2023/24 Number
Land parcels			12
Facilities			
Training area			5
High site			1
Office accommodation			1
Operation facility			1
Military base			3
Historical Military base			1

Unsurveyed land: The Department does not have any unsurveyed land, neither does it have facilities that have been constructed on unsurveyed land.

Deemed vested properties: These properties consist of Defence Endowment facilities that are built on Defence Endowment Property, but that intersects with non-Defence Endowment Properties. The properties that are intersected by Defence Endowment Facilities are all registered in the name of the Republic of South Africa and are disclosed by other Departments, such as the Department of Public Works and the Department of Rural Development and Land Reform.

From the review of the Defence property portfolio and the Defence facilities, no potential contingent assets were identified.

ANNEXURE 10
NATURAL DISASTER OR RELIEF EXPENDITURE
Per quarter and in total

Expenditure per economic classification	APRIL 2023	MAY 2023	JUN 2023	Subtotal Q1	JUL 2023	AUG 2023	SEPT 2023	Subtotal Q2	OCT 2023	NOV 2023	DEC 2023	Subtotal Q3	JAN 2024	FEB 2024	MAR 2024	Subtotal Q4	2023/24 TOTAL	2022/23 TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	-	-	6	6	-	-	-	-	(559)	-	-	(559)	-	-	-	-	(553)	10
Goods services	-	196	64	260	6	31	1	38	6	1 842	23	1 871	-	270	-	270	2 439	13 951
Please list all the applicable SCOA level 4 items:																		
Minor assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5
Communication (G&S)	-	-	41	41	-	-	-	-	-	-	-	-	-	-	-	-	41	261
Computer services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55
Laboratory Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 720
Agency and support/outsourced services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1 941
Fleet services (including government motor transport)	-	-	-	-	-	1	1	2	1	-	23	24	-	270	-	270	296	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	2	-	-	2	-	-	-	-	2	14
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Inventory: Materials and supplies	-	-	-	-	-	1	-	1	-	-	-	-	-	-	-	-	1	2
Inventory: Medical supplies	-	195	4	199	2	1	-	3	-	1	-	1	-	-	-	-	203	4 414
Consumable supplies	-	1	19	20	4	4	-	8	3	2	-	5	-	-	-	-	33	36
Operating Leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17
Property payments	-	-	-	-	-	24	-	24	-	-	-	-	-	-	-	-	24	47
Travel and subsistence	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5 418
Operating payments	-	-	-	-	-	-	-	-	-	1 839	-	1 839	-	-	-	-	1 839	20

Expenditure per economic classification	APRIL 2023	MAY 2023	JUN 2023	Subtotal Q1	JUL 2023	AUG 2023	SEPT 2023	Subtotal Q2	OCT 2023	NOV 2023	DEC 2023	Subtotal Q3	JAN 2024	FEB 2024	MAR 2024	Subtotal Q4	2023/24 TOTAL	2022/23 TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-	-	6 000	-	-	6 000	6 000	6 000
Please list all the applicable SCOA level 4 items:																		
Departmental agencies (non-business entities)	-	-	-	-	-	-	-	-	-	-	-	-	6 000	-	-	6 000	6 000	6 000
Expenditure for capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	609
Please list all the applicable SCOA level 4 items:																		
Machinery and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	609
Other expenditure not listed above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Please list all the applicable SCOA level 4 items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NATURAL DISASTER OR RELIEF EXPENDITURE	-	196	70	266	6	31	1	38	(553)	1 842	23	1 312	6 000	270	-	6 270	7 886	20 570

ANNEXURE 11
ANALYSIS OF PREPAYMENTS AND ADVANCES (NOTES 3 and 10)

Name of Entity	Sector of the entity	Description of goods, services, and/or capital assets paid for	Classification categories	Contract reference number	Total contract value	Contract commencement date	Contract end date	Frequency of the prepayment or advance	Balance outstanding as at 31 March 2023	Total amount prepaid / advanced in the current year	Less: goods, services or capital assets received in the current year	Add / (Less): Other	Balance outstanding as at 31 March 2024	Reason for prepayment or advance and for it remaining outstanding at year end (more details can be provided in the narrative blocks where necessary)
					R'000				R'000	R'000	R'000	R'000	R'000	
Prepayments														
Electro-EW house	Research and Development	Development of Technologies	Capital assets	KT545278	19 000	25/07/2022	28/02/2025	30% annual prepayment per financial year	-	1 497	(1 497)	-	-	Prepayment of 30% per financial year order items as per order
China North Industries Corporation	Defence	Procurement of Defence related products	Goods and services	KP467331	46 680	03/03/2023	30/03/2024	Once-off 30% of contract value	-	14 004	-	-	14 004	Prepayment of 30% of order value for order items as per order
China North Industries Corporation	Defence	Procurement of Defence related products	Goods and services	KP467332	12 776	28/02/2023	30/03/2024	Once-off 30% of contract value	-	3 833	-	-	3 833	Prepayment of 30% of order value for order items as per order
China North Industries Corporation	Defence	Procurement of Defence related products	Goods and services	KP467333	22 374	28/02/2023	30/03/2024	Once-off 30% of contract value	-	6 712	-	-	6 712	Prepayment of 30% of order value for order items as per order
Sandock Austral Shipyards (PTY) LTD	Marine manufacturing and associated services	Procurement of Systems	Capital assets	KT498702	1 866 416	28/11/2017	23/01/2025	10% Once-off	-	53 997	-	-	53 997	To elevate the project cashflow for finalisation of delivery
Reutech (PTY) LTD	Electronic and electrical equipment	Development for Defence related products	Capital assets	KT467203	56 023	20/06/2018	18/08/2024	5.5% Once-off	-	3 096	(3 096)	-	-	Partial prepayment as a result of expiry of initial financial guarantee with financial institution
Reutech (PTY) LTD	Electronic and electrical equipment	Procurement of Systems	Capital assets	KT545304	93 366	28/03/2023	15/12/2024	Once-off 30% of contract value	-	28 010	(4 423)	-	23 587	Prepayment of 30% of order value for order items as per order
TOTAL PREPAYMENTS									-	111 148	(9 016)	-	102 133	
Advances														
Armaments Corporation of South Africa	Defence	Research and Development	Public entities	KT547202	99 491	24/02/2022	28/02/2025	30% annual advance per financial year	-	9 000	(7 564)	-	1 436	Advance of 30% per financial year order items as per order
Armaments Corporation of South Africa	Defence	Research and Development	Public entities	KT547203	55 664	19/04/2019	28/02/2025	30% annual advance per financial year	-	5 400	(760)	-	4 640	Advance of 30% per financial year order items as per order

Name of Entity	Sector of the entity	Description of goods, services, and/or capital assets paid for	Classification categories	Contract reference number	Total contract value	Contract commencement date	Contract end date	Frequency of the prepayment or advance	Balance outstanding as at 31 March 2023	Total amount prepaid / advanced in the current year	Less: goods, services or capital assets received in the current year	Add / (Less): Other	Balance outstanding as at 31 March 2024	Reason for prepayment or advance and for it remaining outstanding at year end (more details can be provided in the narrative blocks where necessary)
					R'000				R'000	R'000	R'000	R'000	R'000	
Armaments Corporation of South Africa	Defence	Scientific Support	Public entities	KT548702	220 945	13/07/2022	30/06/2025	30% annual advance per financial year	-	5 739	(1 448)	-	4 291	Advance of 30% per financial year order items as per order
Armaments Corporation of South Africa	Defence	System Support	Public entities	KT545127	8 636	22/03/2016	30/06/2025	30% annual advance per financial year	-	398	(398)	-	-	Advance of 30% per financial year order items as per order
Armaments Corporation of South Africa	Defence	System and Scientific Support Services	Public entities	KT548745	518	03/11/2023	15/03/2024	Once-off 30% of contract value	-	155	-	-	155	Advance of 30% per financial year order items as per order
Armaments Corporation of South Africa	Defence	System Support	Public entities	KT545330	3 616	21/02/2024	25/02/2025	Once-off 30% of contract value	-	1 085	-	-	1 085	Advance of 30% for order items as per order
Armaments Corporation of South Africa	Defence	Maintenance and repairs	Public entities	DY547696	597 164	29/02/2024	31/03/2026	Once-off 20% of contract value	-	119 433	-	-	119 433	Advance of 20% for order items as per order
TOTAL ADVANCES									-	141 211	(10 170)	-	131 041	
TOTAL PREPAYMENTS AND ADVANCES									-	252 359	(19 186)	-	233 173	

Where the column Add / (Less): Other is used, the reasons for this should be explained here.

Assurance Report

National Conventional Arms Control Committee

Assurance report of the auditor-general to Parliament on the conduct of the affairs of the National Conventional Arms Control Committee in terms of section 12 of the National Conventional Arms Control Act, as amended

Assurance report

1. In accordance with section 12 of the National Conventional Arms Control Act of South Africa 41 of 2002, as amended (NCAC Act), I have performed a limited assurance audit engagement on the conduct of the affairs of the National Conventional Arms Control Committee (NCACC) for the period ended 31 December 2023.

2. My full responsibility under the law, for my work and this report, is to Parliament.

Responsibility of the NCACC

3. The NCACC is responsible for compliance with the Act and related regulations.

Auditor-general's responsibility

4. As required by section 12 of the NCAC Act, my responsibility is to conclude on the compliance by the NCACC with sections 4, 7, 14, 23 and 27 of the NCAC Act. The functions of the NCACC, as stipulated in section 4(1) of the NCAC Act, refer to the Prohibition of Mercenary Activities and Regulation of Certain Activities in Country of Armed Conflict Act of South Africa, 27 of 2006, which has not yet come into operation, as no date has been determined by the president by proclamation in the *Government Gazette*.

5. I performed the assurance engagement in accordance with International Standard on Assurance Engagement (ISAE) 3000, *Assurance engagement other than audits or reviews of historical information.* The standard requires me to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate evidence regarding the subject matter of the engagement to support my assurance conclusion expressed below.

Summary of work performed

6. As the auditor of the NCACC, I have also audited the Department of Defence, which provided the secretariat for the NCACC for the period ended 31 December 2023. My limited assurance procedures included the following specific procedures related to the affairs of the NCACC:

    - Inspecting the processes and structures established by the NCACC for the effective control of, trade in and possession of controlled items.

- Inspecting the processes and structures established by the NCACC for the effective regulation of the rendering of certain assistance or services in a country of armed conflict.
- Inspecting the guidelines, structures and processes established by the NCACC for the scrutiny and assessment of the application for the issuing of a permit under the NCAC Act.
- Confirming whether the NCACC has liaised with the relevant government agencies regarding the enforcement of the NCAC Act.
- Inspecting a sample of the authorisation or refusal of issuing any permits as contemplated in section 14 of the NCAC Act.
- Performing procedures to verify compliance with the conditions under which a permit was issued.
- Inspecting the register that must be kept in the prescribed form of persons involved in the trade in and possession of controlled items.
- Inspecting the register that must be kept of every permit issued:
    - Selecting a sample of permits issued and following them through to the register.
    - Selecting a sample of entries in the register and following them through to the permits.
- Confirming whether all reports were issued as specified in section 23 of the NCAC Act.
- Analysing reported data to identify anomalies.
- Verifying whether information supplied was relevant, reliable, complete and understandable.
- Verifying whether the NCACC performed any of the engagements as per section 4(2), 4(3), 4(4) and 4(5) of the NCAC Act, and performing additional audit procedures to obtain evidence of compliance with these sections, if applicable.
- Performing procedures to obtain evidence regarding the affairs of the NCACC as required by any regulations or notices published in the Government Gazette, as indicated in section 27 of the NCAC Act.

7. My procedures for gathering evidence were limited due to the nature of a limited assurance engagement; therefore, less assurance was obtained than would have been the case in a reasonable assurance engagement.

8. I believe that the audit evidence obtained as part of my assurance engagement with the NCACC for the period ended 31 December 2023 is sufficient and appropriate to provide a basis for my conclusion expressed below.

Internal control deficiencies

9. I considered internal control relevant to my audit of compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Professional ethics and quality control

10. I am independent of the NCACC in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

11. In accordance with the International Standard on Quality Management 1, the AGSA maintains a comprehensive system of quality management that includes documented policies and procedures on compliance with ethical requirements and professional standards.

Conclusion

12. Based on my work described in this report, nothing has come to my attention that caused me to believe that the conduct of the affairs of the NCACC did not comply with the terms of the NCAC Act in all material respects.

Auditor-General

Pretoria

31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
National Conventional Arms Control Act of South Africa 41 of 2002, as amended.	Section 4 Section 7 Section 14 Section 23 Section 27

South African National Defence Force Fund

Financial Statements for the year ended 31 March 2024

Index

Report of the auditor-general to Parliament on the South African National Defence Force Fund

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the South African National Defence Force Fund set out on pages 340 to 350, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the South African National Defence Force Fund as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Standard of Generally Recognised Accounting Practice (GRAP) and the requirements of the Fund-raising Act of South Africa 107 of 1978 (Fund-raising Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the fund in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the board for the financial statements

6. The board is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the Fund-raising Act, and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the board is responsible for assessing the fund's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

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

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the annual performance report.

10. The fund is not required to prepare a report on its performance against predetermined objectives, as it does not fall within the ambit of the Public Finance Management Act 1 of 1999 (PFMA) and such reporting is not required in terms of the entity specific legislation.

Report on compliance with legislation.

11. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The board is responsible for the Fund's compliance with legislation.

12. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

13. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the fund, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner.

14. I did not identify any material non-compliance with the selected legislative requirements.

Other information

15. The board is responsible for the other information, which includes the boards' report. The other information referred to does not include the financial statements and the auditor's report.

16. My opinion on the financial statements and the report on compliance with legislation, do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

17. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

18. I have nothing to report in this regard.

Internal control deficiencies

19. I considered internal control relevant to my audit of the financial statements and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and on the fund's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

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

I also provide the board with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

South African National Defence Force Fund

General Information

Country of incorporation and domicile:	South Africa
Nature of business and principal activities:	The aim of the Fund is to render emergency aid to members and former members of the South African National Defence Force and Auxiliary Services, and certain other categories of military personnel and their dependants who suffer hardship or financial distress arising, directly or indirectly, as a result from any service or duties in terms of the Constitution, 1996 and the Defence Act, 2002 (Act No. 42 of 2002) and also to provide facilities to such members and former members.
Registered office:	ARMSCOR Building Erasmusrand Pretoria 0001
Business address:	ARMSCOR Building Erasmusrand Pretoria 0001
Controlling entity:	Department of Defence
Bankers:	First National Bank
Auditors:	Auditor-General South Africa
Governing Legislation:	Public Finance Management Act No. 1 of 1999 (PFMA)

Board of Members' Responsibilities and Approval

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the board of members sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity’s cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the entity for continued funding of operations. The financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the board of members are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 330.

Board of Members' Responsibilities and Approval

The financial statements set out on pages 340 to 350, which have been prepared on the going concern basis, were approved by the board of members and were signed on its behalf by:

pp Deloane (Brig Gen [Ret])

V Adm A.E. Kubu (Full time member and Chairperson)

DEPUTY CHAIRPERSON

PART TIME MEMBER

South African National Defence Force Fund
Board Report

The members submit their report for the year ended 31 March 2024.

1. Established

The entity was established in terms of the Fund Raising Act, 1978 (Act no. 107 of 1978) as amended.

2. Review of activities

Main business and operations

The aim of the fund is to render aid to members and former members of the South African National Defence Force and Auxiliary Services, and their dependants who suffer hardship or financial distress arising, directly or indirectly, as a result from any service or duties in terms of the new Defence act, 2002 (act no. 42 of 2002) and provide facilities and matters connected therewith to such members and former members who performs such services or duties.

The fund is not obliged by legislation to appoint an audit committee, and the board thus agreed to carry on without appointing such a committee until such time the board might find it necessary and viable to appoint an audit committee.

3. Going concern

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus (deficit) of R 19 383 473 and that the entity's total assets exceed its liabilities by R 19 383 473.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. Subsequent events

The members are not aware of any matter or circumstance arising since the end of the financial year

5. Members' interest in contracts

Board members do not have any interest in the SANDF Fund.

6. Board of Members

The members of the entity during the year and to the date of this report are as follows:

Name	Nationality
Brig Gen G.S. Soldaat (Full time member)	RSA
Ms M.H.P Deane (Full time member)	RSA
V Adm A.E. Kubu (Full time member and Chairperson)	RSA
Brig Gen E.J. Mabasa (Part time member)	RSA
Brig Gen M.P. Seloane (Part time member)	RSA
Lt Col H. Janzen (Part time member)	RSA
R Adm G. Mbulaheni (Full time member)	RSA
Brig Gen S.Z. Mama (Full time member)	RSA
Brig Gen P.S. Welgemoed (Full time member)	RSA
MCWO N.E. Mtshatsheni (Full time member)	RSA

7. Secretary

The secretary of the entity is Lt Col R. Nel.

8. Corporate governance

General

The board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the board supports the highest standards of corporate governance and the ongoing development of best practice.

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity.

Executive meetings

The board of members has met on 4 separate occasions during the financial year. The board of members schedules to meet at least 4 times per annum.

Non-executive directors have access to all members of management of the entity.

Internal audit

The entity does make use of internal auditors.

9. Controlling entity

The SANDF Fund`s controlling entity is Department of Defence incorporated in RSA .

10. Bankers

First National Bank

11. Auditors

Auditor General South Africa will continue in office for the next financial period.

Deloane (Brig Gen [Ret])

~~V Adm~~ A.E. Kubu (Full time member and Chairperson)

DEPUTY CHAIRPERSON

PART TIME MEMBER

South African National Defence Force Fund

Financial Statements

for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Current assets			
Accrued Interest Income	4	51 704	26 207
Other Receivables	5	1 540	1 540
Cash and cash equivalents	6	116 645	22 068
		169 889	49 815
Non-current assets			
Intangible assets	2	2 999	2 999
Other financial assets	3	19 210 586	18 935 535
		19 213 585	18 938 534
Total Assets		19 383 474	18 988 349
Net Assets		19 383 474	18 988 349
Accumulated surplus		19 383 473	18 988 349
Total Net Assets		19 383 473	18 988 349

South African National Defence Force Fund

Financial Statements

for the year ended 31 March 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Interest received - investment	7	919 793	753 423
Expenditure			
General Expenses	8	(524 669)	(422 836)
Surplus for the year		395 124	330 587

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2022	18 657 762	18 657 762
Changes in net assets		
Surplus for the year	330 587	330 587
Total changes	330 587	330 587
Balance at 01 April 2023	18 988 349	18 988 349
Changes in net assets		
Surplus for the year	395 124	395 124
Total changes	395 124	395 124
Balance at 31 March 2024	19 383 473	19 383 473

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Interest income		919 793	753 423
Payments			
Suppliers		(524 668)	(422 836)
Net cash flows from operating activities		395 125	330 587
Cash flows from investing activities			
Purchase of financial assets		(275 051)	(349 649)
Purchase of accrued interest income		(25 497)	-
Net cash flows from investing activities		(300 548)	(349 649)
Net increase/(decrease) in cash and cash equivalents		94 577	(19 062)
Cash and cash equivalents at the beginning of the year		22 068	41 840
Cash and cash equivalents at the end of the year	6	116 645	22 778

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received - investment	-	-	-	919 793	919 793	Note 14
Expenditure						
General Expenses	(514 760)	-	(514 760)	(524 669)	(9 909)	Note 14
Surplus before taxation	(514 760)	-	(514 760)	395 124	909 884	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(514 760)	-	(514 760)	395 124	909 884	
Reconciliation						

Accounting Policies

Figures in Rand	Note(s)	2024	2023

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Held to maturity investments

The SANDF Fund assesses its held to maturity investments for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the provincial entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

1.2 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

Internally generated goodwill is not recognised as an intangible asset.

1.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments). Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and Cash Equivalents	Financial asset measured at amortised cost
Other Financial Assets	Financial asset measured at amortised cost
Residual interest1	Measured at fair value
Residual interest2	Measured at cost

1.4 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method. Interest income from the investments will be recognised when:

- It is probable that the economic benefits associated with the investment will flow to the entity, and
- The amount of the interest income can be measured reliably.

1.5 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

1.6 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

1.7 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

1.8 Going concern

The SANDF Fund only allocates 90% of the investment income of the prior year for utilisation and 10% is capitalised to ensure the SANDF Fund remains a going concern.

Notes to the Financial Statements

Figures in Rand	2024	2023

2. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Goodwill	2 999	-	2 999	2 999	-	2 999

3. Other financial assets

Residual interest at cost		
Investec Investment	7 584 578	7 412 123
This investment is a money market investment and has no maturity date. Simple interest of 8.03% per annum (2023: 7.19%)		
RMB Investment	11 482 206	11 22 0559
This investment is a money market investment and has no maturity date. Simple interest 2.75% per annum (2024: 2.75%)		
Investec Investment	14 3802	30 2853
This investment is a money market investment and has no maturity date. Simple interest of 8.03% per annum (2023: 7.19%)		
	19 210 586	18 935 535

Non-current assets		
Residual interest at cost	19 210 586	18 935 535

4. Accrued Interest Income

Investment revenue	51 704	26 207

Notes to the Financial Statements

Figures in Rand	2024	2023
5. Other Receivables		
Aid to members	1 540	1 540

During the prior financial year, SANDF Fund made an advance payment to a transport company on behalf of one of the members, O Kale. The transport was never made use of by the member. SANDF Fund has the right and intention to claim a refund from the transport company.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Bank balances	116 645	22 068

7. Investment revenue

	2024	2023
Interest revenue		
Other financial asset	919 793	753 423

8. General expenses

	2024	2023
Accounting fees	26 393	27 545
Auditors remuneration	32 866	40 278
Bank charges	21 090	20 640
Computer expenses	12 204	15 743
Entertainment	-	1 862
Printing and stationery	244	2 606
Secretarial fees	108 000	108 000
Telephone and fax	1 019	3 514
Travel - local	2 100	17 118
Aid to members	320 753	185 530
	524 669	422 836

9. Related parties

Relationships	
Members	Refer to Members' Report Note 6
Ultimate controlling entity	Parliament
Controlling entity	South African National Defence Forces Fund

Controlling entity (DOD) personnel or representatives serving on the Board who provides services to the SANDF Fund during DOD official working hours without compensation by the SANDF Fund (Non-cash). Board members not remunerated by government are entitled to travelling allowance.

10. Members' emoluments

No emoluments were paid to the members or any individuals holding a prescribed office during the year.

Figures in Rand	2024	2023

11. Risk management

Capital and risk management

The SANDF Fund's objective when managing capital are to safeguard the SANDF Fund's ability to continue as a going concern in order to provide returns for beneficiaries and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the SANDF Fund consists of investments and cash and cash equivalents disclosed in note 3. There are no externally imposed capital requirements.

There have been no changes to what the SANDF Fund manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2024	2023
RMB	11 482 206	11 220 559
Investec	7 584 578	7 412 123
Investec	143 802	302 853
FNB	-	22 068

12. Going concern

We draw attention to the fact that at 31 March 2024, the entity had an accumulated Surplus of R 19 383 473 and that the entity's total assets exceed its liabilities by R 19 383 473.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

13. Events after the reporting date

The members are not aware of any matter or circumstances, favourable or unfavourable, arising since the end of the financial year.

14. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	395 124	330 587
Adjusted for:		
Interest received	-	(504 055)
General expenses	9 909	(9 124)
Net surplus (deficit) per approved budget	405 033	(182 592)

The difference between the budgeted amount and the actual amount for interest received from investments is attributable to unforeseen changes in interest rates that could not be predicted by management when budgeted amounts were determined.

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