



MINISTRY OF DEFENCE AND MILITARY VETERANS
Republic of South Africa

BUDGET VOTE SPEECH 2016

VOTE 19

MINISTER OF DEFENCE AND MILITARY VETERANS

Chairperson;

Deputy Minister Kebby Maphatsoe;

Fellow Cabinet Colleagues;

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

The Military Command Council;

The Defence Secretariat Council;

The executive management of Military Veterans;

The Military Ombud;

Members of the Defence Force Service Commission;

Members of the Armscor Board;

The Chairperson of the Castle Control Board;

Honourable Members,

On the occasion of his inauguration as President and appointment as the first Commander-in-Chief of our South African National Defence Force, President Nelson Mandela reminded us of the past we were putting behind us and never to return to, when he said:

Quote *“We enter a covenant that we shall build a society in which all South Africans, both black and white, will be able to walk tall, without any fear in their hearts, assured of their inalienable right to human dignity – a rainbow nation at peace with itself and the world.”* **CLOSE QUOTE**

We come before this nation to outline a budget aimed at supporting our commitment to build the SANDF as a national asset and pride of the nation, capable of defending our democracy and its gains. We should all vigilantly guard against it being used to negate the gains we have all made in building a stable country that continues to deal with its various challenges under conditions of peace.

Honourable Members,

I have on several occasions appealed to all members in this House to resist the dangerous temptation of playing politics with an important asset such as the SANDF. No one should be allowed to even insinuate that this military can be used to pursue the political agendas of any party.

The entire leadership of the Defence Force, and its dedicated women and men, are committed to this effort of fostering stability and peace, not only here at home, but in the entire continent. The South African National Defence Force is non-partisan and remains loyal to the Constitution and the people of this country. I would like to thank members both in uniform and civilian who have remained true to these values.

Honourable Members,

In my budget vote speech last year I informed this House that the financial year 2015/16 would be devoted to planning the implementation of the Defence Review 2015.

I stated that I will focus on ministerial priorities whose implementation will be key to the realization of the targets of the first stage of Milestone 1 of the Defence Review 2015. These priorities include the Defence Funding Model, Human Resources Renewal, Capability Renewal and the continuance of the Ordered Operational Commitments.

The 2016/17 Annual Performance Plan contains 12 outcomes that can be achieved within the current budget allocation. These are as follows:

- Sustained ordered defence commitments.
- Capability sustainment and renewal.
- Maintained defence facilities.
- Restructuring of the SANDF.
- DOD Human Resources Management.
- Enhancement of Military Discipline.
- Establishment of relationships between DOD education, training and development programmes and accredited tertiary institutions for military and civilian members.
- Development of the Defence Funding Model.
- Establishment of Defence Industry Engagements.
- Strategic direction for the implementation of Defence Review 2015 (Milestone 1).
- Strategic communication intervention.

Parliament is urged to note that substantial progress has been made towards the completion of a costed comprehensive Milestone 1 Plan to arrest the

decline of SANDF capabilities.

It is worth reminding ourselves of what the President of the Republic and Commander-in-Chief of the South African National Defence Force, His Excellency Jacob Zuma said in his State of the Nation Address in June 2014:

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

CLOSE QUOTE

There is no doubt that it is in our national interest to have a Defence Force capable of supporting our national security imperatives, foreign policy objectives and the country’s economic interests. It must have the capacity to defend and safeguard the sovereignty of the Republic, keep and enforce peace outside its borders, and have an offensive capability to deter potential aggressors.

In order to do this, the Defence Force should be sufficiently resourced and skilled to execute operations across the full spectrum of conflict. An inadequately resourced Defence Force will have a negative impact on operational outputs, including the loss of life. As a country we have come to the point where we must make a critical decision on the future of the Defence Force. The longer we delay arresting the decline, the harder and more expensive it will become to reverse this trend.

The budget for the financial year FY 2016/17 is R47 billion which is approximately 1.05% of our Gross Domestic Product (GDP). Our MTEF allocations indicate that for FY 2017/18, our budget will decline to 1.03% of GDP and for FY 2018/19 a further decline to 0.98% of GDP. These figures indicate a persistent decline of the defence budget.

Honourable Members must take note that this will have serious implications on the defence function of the Republic of South Africa. The R5.5 billion reduction in the defence budget over the MTEF period will have the following negative consequences:

- the ability of the DOD to rejuvenate the SANDF,
- the compensation of employees will be affected,
- the force will continue to age,
- insufficient members to sustain operations,
- an increase of the SANDF skills gaps,
- an accelerated loss of expertise,

The reduction in real terms of the defence budget allocation over the last few years has forced us to reduce the numbers of MSDS from 8 955 in 2012 to 3 863 in 2015. We will be forced to further reduce the MSDS intakes into the future.

Over the last seven years, the reduction in the operating and capital portions of the defence allocation has adversely affected training and operations. This has far-reaching implications for the DOD and the country, given the ever increasing demands being placed on the SANDF.

We have consistently indicated to this House that the defence allocation

should be incrementally increasing towards at least 2% of GDP, yet the above shows that defence is consistently 50% underfunded, with compounding effects on our ability to conduct operations.

A comparative analysis of our SADC partners further underscores how underfunded the SANDF is. Examples include: Zimbabwe 2.7% of GDP; Botswana 2.7%; Angola 3.5%; Namibia 4.4%; Swaziland 2.0%; and Lesotho 2.2%.

Mindful of the fiscal constraints facing government, I have directed both the department and Armscor to think creatively about a strategic investment plan to enable the Defence Force to execute its constitutional mandate. The Department has thus initiated the development of a funding model for the Defence Force.

An early conservative assessment of the defence property asset value indicates that significant value can be leveraged from these assets. We are specifically engaging with the National Treasury on the method whereby a percentage of these assets can be leveraged, not only for the benefit of the Department of Defence, but also in support of the national fiscus. We will be engaging with Parliament to support this very important initiative.

Additional sources for a future Funding Model may include:

- A more efficient collection of reimbursement from the United Nations for peace support missions.
- The leveraging of DOD intellectual property.
- The rightsizing of the human resource component of the department.
- The disposal of redundant equipment.
- In-house maintenance and repair of some of our assets and facilities.

The Department has further begun to introduce measures to improve efficiencies in many areas of its work with a view to cutting costs and improving effectiveness.

Chairperson and Honourable Members,

I am happy to report that since the previous debate, significant work has been done to lay the foundation for the incremental implementation of the Defence Review 2015. This work includes the following:

- The development of a new Military Strategy has commenced, including a new Force Design and Force Structure.
- The Cyber Warfare Strategy is at an advanced stage of development as well as the Sensor Strategy that will enhance border safeguarding.
- The Officer and Non-Commissioned Officer career paths have been reworked.
- The accreditation of senior defence education, training and development programmes with tertiary education institutions has been done.
- The Military Disciplinary Bill received pre-certification from the Office of the State Law Advisor.
- Training of personnel in specialized musterings such as medicine, aviation and engineering is underway in partnership with countries such as Cuba and Russia.
- The SANDF has recovered its Astra trainer-aircraft fleet that was due for disposal.
- The identification of a site for the new Defence Intelligence Headquarters and the allocation of a budget thereto.
- The development of the profile of the future soldier.

Honourable Members,

It is a great accolade for the Defence Force that, despite the constraints under which it operates, it still manages to execute assigned operations with commendable professionalism and success.

I am pleased to report back that we have increased the companies deployed on our borders from 13 to 15 as I had committed last year. This is still short of the 22 companies stipulated in the National Security Strategy. Despite this shortfall the SANDF achieved major successes during the past financial year. Reserves are currently contributing more than 50% of forces deployed on the borders.

The SANDF continues to be part of the United Nations Peace support and enforcement missions in the DRC. We are proud to report to you that one of our own, Lt Gen Derrick Mgwebi, was recently appointed by the UN Secretary-General as the Force Commander for MONUSCO – the single largest UN military mission in the world.

Unfortunately we had to recall 47 troops due to serious disciplinary infringements. They have been subsequently discharged.

We have been at the forefront of creating the African Capacity for Immediate Response to Crises (ACIRC) as an interim measure towards establishing the African Standby Force (ASF). South Africa is also tasked with being the Framework Nation for ACIRC until June 2016.

In November 2015, we hosted Exercise Amani Africa II on behalf of the AU to assess the readiness of the ASF. The technical assessment report is to be presented to the AU Summit in June 2016, and will inform the

operationalisation of the ASF.

Chairperson,

South Africa deployed forces in the Darfur region of Sudan in 2008 as part of the AU/UN hybrid mission. The Sudanese Government made it increasingly difficult for us to provide logistic support to our troops, and impossible for our forces to protect the women and children of that country.

As a result a decision was taken to withdraw the force with effect from 1 April 2016. This force will not be replaced. A team of logistical experts will manage the withdrawal of remaining SANDF assets over a six months period.

The South African Navy continues to patrol the Mozambique Channel in conjunction with the Air Force. Since the deployment of Naval assets in the Mozambique Channel no further incidences of piracy have been reported. Nevertheless, we are mindful of the developing challenges in the Gulf of Guinea and have thus entered into discussions with the Namibian and Angolan governments to pursue joint maritime patrols along the West Coast.

Chairperson and Honourable Members,

Operation Thusano is directed at the maintenance, repair and preservation of military equipment, with the assistance of a technical team from the Cuban Defence Force. Since the inception of the programme in 2014, a total of 1320 vehicles are now operational and 850 vehicles have gone into preservation. The planned maintenance and repair of vehicle for FY 15/16 would have cost the department about R700 million. We repaired the vehicles for R276 million with a saving of R424 million. It is estimated that the DOD will

save approximately R 1.75 billion over four years.

As Honourable Members are aware, advances in science and technology demand a highly educated and skilled Defence Force. The University Reserve Training Programme system is designed to enable the Defence Force to recruit the brightest and best from our tertiary institutions.

To this end, 275 university students have completed their basic military training and are continuing with officer and functional training before being deployed to Reserve Units. There is great demand among university students to join this programme but a lack of funding has stunted its growth. This is regrettable as it denies the Defence Force the opportunity to recruit critical skills into the Reserves and the Regulars.

Last year on this occasion I expressed a strong wish to have a Defence Force that reflects the demographics of our country. In pursuit of this commitment, I directed the Chief of the SANDF and Service Chiefs to target the recruitment of those under-represented communities. One hundred and three (103) young white recruits are currently undergoing training as part of the 2016 MSDS intake. This constitutes approximately 6% of the current intake, compared to 4% in the last intake. Nonetheless, this remains an area of concern and more work needs to be done.

I also reported to this House that a target of 30% female membership of the SANDF had been met. There are now 5 women Major-Generals and 41 women Brigadier-Generals (which represents an increase of 17% in Brigadier Generals in the last year) and 8 women Defence Attachés and Assistant Defence Attachés. Progress continues to be made in the quest for gender equity in the Defence Force.

Statistics compiled in February this year show that 15% (64) of command positions are now filled by women soldiers, while 38% (20) of senior management positions are occupied by women. This also remains work in progress.

The establishment of the office was in response to the need for a speedy and fair resolution of the grievances of military members. During 2015/16 the Military Ombud received 483 cases and has finalised 365 thereof. The recommendations of the Ombud are submitted to the Chief of the SANDF for implementation, and they meet on a regular basis to address outstanding matters.

In order to empower the Military Ombud, I have approved and promulgated the Military Ombud Complaints Regulations by publication in the Government Gazette of 16 November 2015.

On 03 March 2016 we launched the National Defence Industry Council (NDIC). It is crucial that we look at the requirements of the SANDF and its acquisition plans to see where they can be met by local suppliers. This will also enable defence industry companies to plan ahead against the acquisition plans of the Defence Force. As government we also have an obligation to assist our defence industry to penetrate export markets in Africa and beyond.

Since the appointment of the Armscor Board and the CEO, Armscor has developed a new strategy which strongly focuses on the SANDF as its primary client. This strategy deals with the rapid acquisition of equipment in support of urgent operational requirements for the SANDF. Armscor is assisting the DOD with developing the Funding Model to support the implementation of the Defence Review 2015. ARMSCOR will be hosting the biennial African Aerospace and Defence (AAD) exhibition that will be held in

Pretoria in September 2016. There has been significant interest in the AAD 2016, with an estimated 450 exhibitors expected to participate.

In September 2015 I instructed that the Armscor Dockyard in Simon's Town be run under a business model as recommended by the Defence Review 2015. The Naval Dockyard is returned to the control of the Navy.

This year the Castle of Good Hope marks 350 years of its existence. The Deputy Minister will elaborate on this matter.

The Defence Force Service Commission exists to provide the Minister on an annual basis with recommendations on improvements of salaries, service benefits and conditions of service of members of the SANDF. We welcome and support the recommendations made by the Defence Force Service Commission on the improvement of conditions of service of defence members. Nonetheless, we are seriously constrained by the reduction in the defence allocation over the MTEF.

The Defence Force Service Commission is planning a conference at the end of this year to celebrate the 22 years of existence of the SANDF.

The SANDF will contribute on an ongoing basis to Operation Phakisa, growing the ocean economy, and one of the key priorities of government. The SA Navy will in particular deploy its assets to protect the Republic's territorial waters and its maritime resources. Naval Station Durban is being upgraded to a fully-fledged naval base to support this project. It further provides an opportunity for the local production of naval assets such as patrol boats.

I am pleased to report that I signed a Memorandum of Understanding with the Government of the North-West Province in August 2015 whereby the SANDF

will use its footprint in the Province to support rural development initiatives. This pilot project will see local economic growth being stimulated through military units directing procurement to SMME's and local cooperatives, with the objective of achieving food security. We have made significant progress in this regard, and we wish to roll this out to the other eight provinces.

During the Budget Vote last year I indicated that I will be deploying a team to help address the strategic and operational problems and to implement a turn-around strategy to stabilize and capacitate the DMV. This was as a result of the need to reverse the declining, and at times non-existent levels of service delivery, accountability and good governance within the department.

As per our undertaking last year, a Turnaround Team with a steering committee and a full time Project Management Office was established and integrated into the Department. The team is also supported by a resource panel drawn from various military veterans based on their expertise. The team is currently structured in work streams as per mandate on the Terms of Reference, to cover health, housing, education and finance.

The Team presented a comprehensive report on their findings, recommendations and on some of the key interventions to both the Deputy Minister and myself.

One of the key interventions that we have now made in stabilizing the department is at leadership level, where there were many vacancies at Management level.

Since then we have managed to appoint two additional DDGs to oversee core business, the CFO position is now filled and the process is underway to fill the position of the Director General. The stabilisation of the Executive

Management will give impetus to the Turnaround and assist in unlocking current systemic blockages in the delivery of services and benefits. Since the last budget vote, the statutory structures of military veterans have been established and are fully operational, namely: the Military Veterans' Appeal Board and the Advisory Council.

A specific area of concern is the integrity of the information within the Military Veterans' Database, which impacts negatively on the Department's ability to deliver services and benefits to *bona fide* beneficiaries. Furthermore, we must reflect on the appropriateness of outsourcing the delivery of benefits to military veterans.

Honourable Members,

As a former woman combatant, I know truly well the unique challenges faced by our women veterans as a result of their experiences while serving in the military. It is for this reason that earlier this year we launched the Women Military Veterans Association of South Africa (WOMVASA). This initiative should not be viewed as creating parallel structures within the military veteran's fraternity, but rather to enhance the work of women in these structures.

Chairperson and Honourable Members,

In conclusion, I would like to single out and express our most sincere gratitude to those South Africans who continue to generously contribute to the SANDF Education Trust Fund. As you may be aware, this Fund was set up in the aftermath of the Central African Republic where we lost 15 of our members, to allow us to support the children of soldiers who lose their lives in

battle.

Similarly, I would like to thank the generous sponsors of the Goodwill Parcels which we provide to our deployed soldiers each Christmas period.

I would like to thank the members of the Joint Standing Committee on Defence and the Portfolio Committee on Defence for the excellent cooperation which we have enjoyed over the last year.

I would further like to thank the Military Command Council, Defence Secretariat Council and the members of the Ministry for their unstinting support.

I thank you.

ENDS