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THE ARMS PROCUREMENT COMMISSION

STATEMENT OF ADMIRAL ALAN GREEN

I,

ALAN GRAHAM GREEN

hereby say that:

1. I presently serve in the South African Navy Reserve as a Rear Admiral. I retired on 31 December 2012 and after a formal handover which took three months in April 2013 I was called up to support the Chief of the South African National Defence Force (SANDF) to carry out a feasibility study on an aspect of strategic planning.
2. The contents of this statement are, unless the context indicates otherwise, within my knowledge and they are to the best of my knowledge and belief true and correct.
3. A copy of my curriculum vitae is attached marked "AG-1".
4. During the present call-up I was appointed to present information to the evidence leaders of the Commission. Subsequent to that I was appointed to coordinate all the activities related to the Department of Defence (DoD) participation in the Commission. I have been the principle point of liaison between the DoD and the Commission.

MANDATE OF THE SANDF

- 5. Section 200(2) of the Constitution, provides that it is the primary objective of the South African National Defence Force (SANDF) to defend and protect the Republic, its territorial integrity and its people in accordance with the Constitution and the principles of international law regulating the use of force. This is deemed to be the mandate of the SANDF.
- 6. The term "defend and protect" does not only entail engagement in combat operations, but also includes Military Operations Other Than War, including peace support missions, as may be ordered by Government and as provided in law. This highlights the responsibility of the DoD and in particular the SANDF to support other Government Departments and the people of the country in terms of protection against environmental and non-military threats.
- 7. Defence strategic objectives are the primary drivers for the development of defence capabilities. These objectives must, however, be pursued within the context of the future defence environment and South Africa's approach to security, including collective security.

DEFENCE FUNCTIONS

- 8. According to Section 227(1) of the 1993 Interim Constitution, and as continued in force through Schedule 6, Section 24 of the 1996 Constitution, the functions of the SANDF are:
 - 8.1 service in the defence of the Republic, for the protection of its sovereignty and territorial integrity;
 - 8.2 service in compliance with international obligations of the Republic with regard to international bodies and other states;
 - 8.3 service in the preservation of life, health or property;
 - 8.4 service in the provision or maintenance of essential services;
 - 8.5 service in upholding law and order in support of the SAPS; and

- 8.6 service in support to departments of state for socio-economic upliftment.
- 9. Schedule 6 Annexure D Section 4 of the Constitution, 1996, requires that the SANDF shall exercise its powers and perform its functions solely in the national interest in terms of Chapter 11 of the Constitution, 1996.
- 10. South Africa also has national commitments, particularly in the African Region, to support operations under the auspices of the United Nations and other similar organizations, which involve military resources. The SANDF has the additional task of protecting the coastline and the marine resources of the Republic.

POLICY DOCUMENTS

- 11. During May 1996 the former Minister of Defence, Mr J Modise, presented the White Paper on National Defence for the Republic to Parliament (the White Paper). It received strong support from all the political parties and was approved by Parliament. A policy framework and the main principles of defence were thereby established. In the Introduction to the White Paper the then Minister of Defence said that:

"It is therefore no exaggeration to say that this White Paper is a historic document. For the first time in our history, defence policy has been shaped by substantial inputs from Parliament, members of the public, non-governmental organisations and, of course, the Department of Defence.

For the first time in our history, a White Paper on Defence reflects the interests of our people and represents a national consensus on this critical function of government."

- 12. The White Paper itself said:

Chapter 1:

"4. After two and a half decades of isolation, South Africa has been welcomed back into the international community and has joined a host of important regional and international bodies. The country's foreign relations have been transformed from an adversarial mode to bilateral and multi-lateral co-

operation.

5. This fundamental shift has been accompanied by a dramatic change in the strategic environment at domestic and regional levels. While the potential for instability and conflict remains, the salient fact is that the government is no longer unrepresentative and at war with its own people and neighbouring states in Southern Africa.

6. The government has prioritised the daunting task of addressing poverty and the socio-economic inequalities resulting from the system of apartheid. The Reconstruction and Development Programme (RDP) stands at the pinnacle of national policy and, consequently, defence policy.

7. The government is equally committed to national reconciliation and unity. One of the most dramatic illustrations of this commitment is the integration of the former statutory and non-statutory forces into the South African National Defence Force (SANDF).

8. The White Paper addresses the implications of these momentous developments for defence policy and the SANDF"

Chapter 2- The Challenge of Transformation

"5. The Government of National Unity recognises that the greatest threats to the South African people are socio-economic problems like poverty, unemployment, poor education, the lack of housing and the absence of adequate social services, as well as the high level of crime and violence.

6. Accordingly, one of the government's policy priorities is the Reconstruction and Development Programme. The RDP is the principal long-term means of promoting the well-being and security of citizens and, thereby, the stability of the country.

7. There is consequently a compelling need to reallocate state resources to the RDP. The challenge is to rationalise the SANDF and contain military spending without undermining the country's core defence capability in the short- or long-term [Chapter 5]. As a matter of sound organisational practice, any cuts to the defence budget should be rational and well planned.

8. The new approach to security does not imply an expanded role for the armed forces. The SANDF may be employed in a range of secondary roles as prescribed by law, but its primary and essential function is service in defence of South Africa, for the protection of its sovereignty and territorial integrity.

9. *The SANDF therefore remains an important security instrument of last resort but it is no longer the dominant security institution. The responsibility for ensuring the security of South Africa's people is now shared by many government departments and ultimately vests in Parliament.*"

13. The White Paper also made provision for a Defence Review to include the following:

13.1 options with regard to the size, roles and the structure of the SANDF;

13.2 addressing the implications of the core force approach for the size, doctrine, structure, weaponry, equipment and other features of the SANDF;

13.3 addressing the strategic and technical implications of the constitutional provision that the SANDF *"shall be primarily defensive in the exercise of its powers and functions"*.

14. The aim of the proposed Defence Review was to elaborate on the policy framework based on the long-term planning of issues such as structure, force design, force levels and armaments.

15. The Minister of Defence at the time appointed a working group to draft the Defence Review with the Secretary of Defence as coordinator. The working group presented several briefings to the parliamentary Standing Committee on Defence. For the periods September 1994 to January 1999 and February 1999 to 1 June 1999, the committee was chaired by Mr I Y Yengeni and Ms T R Modise, respectively.

DEFENCE REVIEW

16. The Defence Review is the policy from which the Force Design is developed. The Force Design is the deployable component supported by the Force Structure and the Personnel Establishment Table. In determining the Force Design with the said supporting structures of the SANDF for the 21st century, the following had to be established by the Defence Review:

16.1 the tasks that the SANDF will and may have to perform in the future;

- 16.2 the manner in which these tasks should be undertaken;
- 16.3 the equipment and weaponry required by the SANDF to fulfil these tasks.
17. The identification of the SANDF tasks has been based on the following:
- 17.1 the constitutional provisions on Defence, as indicated above;
- 17.2 the policy contained in the White Paper on Defence;
- 17.3 an analysis of the internal and external security environment.
18. The process during which the Defence Review developed the Force Design was based on the assumption that *the "... the current imbalance in the so-called 'tooth-to-tail ratio' of the SANDF will be corrected by the transformation process, thus realising a greater portion of the budget for combat capabilities."* This assumption proved to be incorrect due to, among other things, continued financial allocation reductions and increased military deployments in support of internationally mandated Peace Missions. (The "tooth-to-tail" ratio is the balance of numbers right across the SANDF, from combat personnel to administrative personnel. For purposes of the Defence Review, "transformation" means transformation as described in Chapter 2 of the White Paper.)

DEFENCE STRATEGIC OBJECTIVES

19. Chapter Eight of the Defence Review commenced as follows:

"During peace-time the SANDF must maintain, develop and prepare forces that form the basis of its conventional defence capabilities. It must also employ such forces in the execution of secondary functions, as described in the White Paper and preceding chapters of this report. At all times, the SANDF must be ready to act in defence of South Africa in response to various defence contingencies.

This is reflected in the vision of the Department of Defence:

To ensure, in accordance with the Constitution, effective defence for a democratic South Africa, enhancing national, regional and global security, through balanced, modern, affordable and technologically advanced defence capabilities.

Accordingly, the Department has the following mission:

To provide, manage, prepare and employ defence capabilities commensurate

with the needs of South Africa as regulated by the Constitution, national legislation and parliamentary and executive direction."

20. The requirement for Defence to defend and protect South Africa and to support broader government initiatives, translates into the following three Defence Strategic Objectives, consistent with the priorities of Government and the Medium Term Strategic Framework (MTSF):

20.1 to defend and protect South Africa, its sovereignty, its territorial integrity, its national interests and its people in accordance with the Constitution and the principles of international law regulating the use of force;

20.2 to contribute to freedom from fear and want, including the promotion of human security, both nationally and internationally;

20.3 to contribute to a better life for the people of South Africa.

21. When relating the objectives to Military Strategic Objectives they are expressed as follows:

21.1.1 enhancing and maintaining of comprehensive defence capabilities;

21.1.2 promoting peace, stability and security in the region and the continent;

21.1.3 supporting the people of South Africa.

22. The Defence Review indicated that defence planning can be described as "needs driven and cost constrained". The Department of Defence developed different force design options. These options reflected the different permutations of the level of defence, defence structure and cost, for public consideration during the consultative conferences on the Defence Review. Cabinet and the Parliamentary Defence Committees were presented with four options, which were discussed in detail. The recommended option relevant to this investigation is set out below and was approved, subject to the availability of finances. It is reflected at the end of Chapter 8 of the Defence Review.

23. The quality of defence operations is enhanced through a force design and structure, comprising balanced capabilities that act as a deterrent to any would-be aggressor and such a force structure establishes the basis for multinational operations,

cooperation and exercises. The balanced and flexible force structure provides a portfolio of inherent capabilities by which all defence missions can be prioritised and conducted.

- 24. The South African Defence Review was approved by Parliament in April 1998. The international defence industry was now aware of what the Republic would require in terms of military hardware.
- 25. The SANDF Force Design, as recommended in the Defence Review, provided the following in so far as fighters, helicopters, corvettes and submarines was concerned

SA Air Force

Fighters

Light Fighters	16
Medium Fighters	32

Helicopters

Combat Support Helicopters	12
Maritime Helicopters	5
Transport Helicopters	96

SA Navy

Submarines	4
Corvettes	4

- 26. The 3 Daphne Class submarines had reached the end of their cycles and were eventually decommissioned, never to sail again. The SANDF did not have a large combat vessel in its inventory and was coping with rather aged off shore patrol vessels previously known as Strike Craft, to execute operations. Similarly the SA Air Force inventory required rejuvenation in terms of fighter aircraft and light utility helicopters. These were indicated as SANDF Force Design requirements.
- 27. The aged equipment also included the Prime Mission Equipment of the Landward Force. This requirement was intended for future rejuvenation programmes.
- 28. The absence of a clearly defined military threat does not mean that the SANDF had no requirement for rejuvenation. The mandate and subsequent discussions above clearly indicate that the SANDF should have a Force Design to be able to execute its mandate. Threats usually appear unexpectedly and do not always allow for long lead times to acquire

combat systems which include the equipment and competent operators.

- 29. The Military Strategy discusses three Strategic Objectives. These are to enhance and maintain comprehensive defence capabilities, to promote peace, security and stability in the region and the continent, and to support the people of South Africa. From these objectives a number of missions are derived to enable the achievement of the objectives. This is a *Mission* based approach as opposed to a Threat based approach.

RATIONALE FOR THE SDPPs

- 30. During the selection process, certain foreign countries approached the DOD, formally and informally, with various offers to enter into agreements to procure military equipment. These offers entailed packages consisting of Naval, Air Force and Army equipment. This resulted in the DOD adopting a "package" approach to the acquisition process as opposed to the individual purchasing of equipment types. These offers became known as the SDPPs. The SDPPs were funded through the Defence Vote but were indicated as specific ring-fenced funds.
- 31. The intention was that the operating funds for the SDPPs, which includes the maintenance of the assets, would come from the General Defence Allocation (the GDA, which I explain below). Furthermore, the intention was that certain savings would have arisen out of the structural transformation which was an outcome of the Defence Review of 1998. Other witnesses will cover this aspect in greater detail.
- 32. The rationale for indicating the requirements for the rejuvenation is briefly discussed in terms of the challenges faced by the programme owners, being the Maritime and Air Defence programmes. This will be expanded upon by the Navy and Air Force.

UTILISATION

- 33. The utilisation of the assets acquired through the SDPPs will be covered in detail by the relevant authorities being the Maritime Defence Programme and Air Defence Programme officials.
- 34. The utilisation of assets is planned in terms of Government's ordered commitments and Ministerial priorities which in fact reflect the former. The Defence value chain guides the process in order to achieve the mandate and in doing so provides the

collateral support to Government. I will expand on this in my evidence. The Defence value chain starts with the Strategic Direction process guiding Force Development, Force Preparation and Force Employment. These processes are achieved by the underpinning Force Support. The utilisation of assets is covered in Force Development inter-alia by Operational Testing and Evaluation and doctrine development; Force preparation is the mandate of the Service Chiefs to be able to provide the Chief of the South African National Defence Force (CSANDF) with prepared and supported Forces; the prepared and supported Forces are provided to the Chief of Joint Operations who employs the Forces as directed by CSANDF. Joint training to integrate the prepared Forces is executed before deployments. From this understanding of the value chain one ought to understand that utilisation is focussed to achieve an outcome through a number of outputs.

35. Assets have to be utilised in a lifecycle that ensures that the minimum number that are required for Force Employment are available in terms of being prepared as required by the relevant doctrine. The other assets will be in various stages of maintenance so that when one asset comes in for maintenance there is another ready to enter the Force Employment cycle. In order to ensure that the asset is ready for Force Employment it must have passed through the Force Preparation cycle.
36. This concept is known as lifecycle management. Military asset lifecycle management is an international best practice.
37. The Force Employment requirements which are determined by CSANDF dictate as to the number of assets that must be ready.
38. This is a vast subject, hence the designation of utilisation to the specific asset or environment.

FUNDING PROFILE OF THE ACQUISITION OF ASSETS

39. What I say below is intended to provide an overview of the funding profile for the acquisition of military assets and, for the purposes of the Commission, the SDPP assets. I must emphasise that this does not include the allocation of funds nor the control of funds, but merely the concept of the flow of funds.

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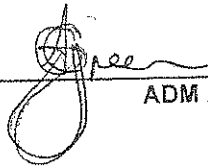
40. The General Defence Account (GDA) is part of the Budget Vote that the DoD conducts its business as stipulated in the Annual Performance Plan. The GDA covers three priorities in terms of the expenditure profile. These are:
- 40.1 payment of personnel (salaries and associated remuneration);
 - 40.2 the honouring of contracts;
 - 40.3 discretionary funding for operating the DoD. This includes in terms of priorities, carrying our Government's ordered commitments, and what is left over is then used for force Development, force preparation, and force employment requirements that may arise in an ad hoc basis.
41. Within the GDA funds are divided into a Folio 1 and a Folio 2, and the GDA Folio 1 funds must be spent within the financial year, otherwise they are forfeited and returned to Treasury. The funds in GDA Folio 2 may be rolled over to the next year and they need not necessarily be returned to Treasury. An example of Folio 2 funds would be a vessel that will cut across two or more financial years.
42. The SDA supports the funding of acquisition projects. It is structured in such a manner that funds can be rolled over for a number of years, and not returned to Treasury, because acquisition projects take a number of years to be completed.
43. In the case of the SDPPs a ring-fenced allocation was made through the Defence vote for the financial years for which the SDP contracts were to run. For the execution of the SDPP contracts funding from the SDA was required to cover certain of the project costs, such as administration costs for Project Officers, as opposed to actual cost of acquisition of the hardware.
44. These accounts, the GDA, the SDA and the SDPP ring-fenced accounts, were appropriated through the Defence vote and reflected in terms of the Medium Term Expenditure Framework (MTEF). The MTEF is the instrument indicating the expenditure framework for the execution of the Medium Term Strategic Framework (MTSF) of Government.
45. The MTEF expresses the funds that are available as indicated in the vote as well as the two ensuing years. The ensuing years are an indication of what may be expected to appear in the vote for those years. The vote is an annual appropriation, and

therefore the funds reflected in the MTEF for the ensuing years would not necessarily be what is ultimately reflected in the actual allocation for those years. This indicates that planning in accordance with the MTEF has to be reviewed every year, depending on the allocation received from Treasury.

46. The distribution of the DoD funding within programmes in the DoD (such as Maritime Defence, Landward Defence etc) is based on historic data as well as inputs made by the Defence Planning and Budgeting Evaluation Committee (DPBEC). The Defence Budget is such that there are no surplus funds to augment any additional funding requirements that are presented to the DPBEC for considerations.

CONCLUSION

47. The SANDF is obliged to deliver on its mandate and execute other tasks as ordered by Government. To do this efficiently and effectively the SANDF requires the necessary equipment. The equipment that is required was approved by Parliament. Some of the equipment was acquired through the SDPP.


ADM A GREEN

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CURRICULUM VITAE

Rear Admiral Alan Graham Green

Born 19 December 1952

1971 - Joined SA Navy, Served at sea in various ships until Commanding 3 over a five year period ending in 1993 when he stepped ashore.

1996 to 98 - Served as Naval Attaché and Defence Attaché in Paris and on resident in Belgium and Netherlands

1999 to 2002 – Commanded SAS Simonsberg, SA Navy's functional training base in Simon's Town

2002 – Promoted to R Adm (JG) – Served as Chief of Staff to GOC of the SANDF Training Command in Pretoria until 2007

2007 – Appointed as Director Military Strategy to Chief of the SANDF

2010 – Appointed as Chief Military Policy, Strategy and Planning.

Dec 2012 - Retired

RESTRICTED