

The 2014 South African Defence Review

Rebuilding after years of abuse, neglect and decay

Jakkie Cilliers

Recommendations

- 1 Parliament needs to hold government to its commitment to sharply increase defence expenditure in the short term and to implement steady increases in the medium and long term.
- 2 Government needs to re-establish a strategic planning capability in the Office of the Presidency to avoid the type of long-term planning failures evident with Eskom and the Department of Defence.
- 3 The Department of Defence should publish a white paper on defence every five years.
- 4 Government should tailor the purpose and use of the SANDF towards its actual tasks such as peacekeeping, complemented by a growth core concept.
- 5 Government should introduce legislation that appoints the chief of the SANDF as both head of department and accounting officer, with the authority to delegate expenditure and procurement along the chain of command down to unit level.

Summary

After three tortuous years, cabinet approved the Defence Review in March 2014. The review is a huge improvement on the previous public document. Its 15 chapters include considerable background material that may not all have been necessary – but given the state of the SANDF, this is as much a manual to fix the department as it is a path towards the future. The result is a mixture of matters that relate to internal administration, policy, strategy, military doctrine, discipline and human resources. Although it does not set out alternative force design options, the review does present the costs of its preferred option. This policy brief interprets a number of the review's key conclusions and presents associated policy considerations, with a focus on the financial affordability of the expenditure targets.

A recent paper by the Institute for Security Studies (ISS) on long-term scenarios for the country warned of the need to invest in its military if South Africa is to arrest its declining influence in Africa:

The Department of Defence ... is neither equipped, nor trained, nor orientated for its future missions. It is mired in indecision, endless transformation and an unsustainable use of its existing budget. Time has come for a radical intervention if the country is to avoid future embarrassment.¹

Defence in crisis

These findings have been borne out by the 2014 Defence Review released shortly

thereafter. Taking more than three years to be finalised, the review concluded that:

The Defence Force is in a critical state of decline, characterised by: force imbalance between capabilities; block obsolescence and unaffordability of many of its main operating systems; a disproportionate tooth-to-tail ratio; the inability to meet current standing defence commitments; and the lack of critical mobility. The current balance of expenditure between personnel, operating and capital is both severely disjointed and institutionally crippling.²

Elsewhere the review notes that the South African National Defence Force (SANDF) is simply 'unsustainable'³

and that prime mission equipment in the South African Army faces ‘block obsolescence’.⁴ Ammunition stocks are depleted, infrastructure is falling apart, skilled staff are leaving and the arms of the various services operate in silos and are unable to manage basic procurement, which is centralised and run by the deputy director-general in the Defence Secretariat.⁵ Instead of a picture of valiant soldiers battling rebels

comment on 12 April 2012, i.e. within a year, but progress languished thereafter. Shortly after the committee released the draft report, it hosted an outreach event at the ISS offices in Pretoria. The ISS subsequently published a critical analysis of the draft review and listed a number of important shortcomings, most prominently the absence of a clear, costed force design and the lack of associated policy options.⁹

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in the eastern Democratic Republic of the Congo (DRC) or in the capital of the Central African Republic (CAR), the most widely recalled image of the SANDF is of police firing on protesting soldiers in front of the Union Buildings.⁶

Cabinet approved the 2014 Review on 17 March 2014, shortly before the national elections. Already the Department of Defence has embarked on a ‘strategic communication intervention’ that is intended to ‘pursue a national consensus on defence matters’, as envisaged in the review.⁷

This policy brief interprets a number of key conclusions contained in the 2014 Defence Review and presents associated policy considerations with a focus on the financial affordability of the expenditure targets.

From draft to final review

The committee that produced the 2014 Defence Review was appointed in July 2011 by the former minister of defence and military veterans, Lindiwe Sisulu, and chaired by Roelf Meyer. It was tasked ‘to undertake a complete review of South Africa’s defence policy’.⁸ A bulky first draft report was released for public

The 2014 Defence Review is a huge improvement on the previous public version. Although it does not set out alternative force design options, it does present the costs of its preferred option.

In an annex on its programme and consultation process, the review lists 436 events leading up to the presentation to and approval by cabinet in March 2014 – evidence of a tortuous development process. Its 15 chapters include considerable background material that may not all have been necessary – but given the state of the SANDF, this is as much a manual to fix the department as it is a path towards the future. The result is a mixture of matters that relate to internal administration, policy, strategy, military doctrine, discipline and human resources. Similar to the National Development Plan 2030, a detailed reading of the 2014 Defence Review requires a degree of determination.

Much of the core of the review (including four substantive chapters) builds on its analysis of defence goals and tasks (this can be termed a mandate-driven approach that focuses on the attainment of specific strategic effects), reproduced here as Figure 1. An additional annexure presents three broad scenarios that

CABINET APPROVED THE 2014
REVIEW ON

17 March 2014

provide a motivation for the capabilities that the review maps out.

The most important section in the review is Chapter 9, which sets out the defence strategic trajectory. Apart from a long analysis of the security environment, various chapters deal with force generation guidelines, military leadership/ education, military discipline, the need for an integrated defence management system, defence resource systems, and, finally, defence industrial policy and strategy.

The 2014 Review does not present government with mature strategic options on the future of South Africa's defence policy beyond a page that briefly describes 'maintaining the status quo' and 'implementing the Defence Strategic Trajectory independently,' and proffers a third option: to 'pursue the Defence Strategic Trajectory with the assistance of either a strategic partner or a number of strategic partners'.¹¹ On 17 March 2014 the cabinet elected in favour of the independent option, having apparently realised the challenges that the SANDF

would face in relying on either Western, Chinese or Russian partners in the pursuit of the country's regional stability ambitions.

Ambition vs affordability

The nub of the review is its recommendation that South Africa embark on a long-term commitment (to 2034) to achieve four key milestones to rejuvenate the Department of Defence and establish commensurate capabilities.¹²

- **Planning Milestone 1 (from 2015):** arrest the decline in critical capabilities through immediate, directed interventions.¹³
- **Planning Milestone 2 (from 2017):** rebalance and reorganise the Defence Force as the foundation for future growth.¹⁴
- **Planning Milestone 3 (from 2023):** create a sustainable Defence Force that can meet current ordered defence commitments.¹⁵
- **Planning Milestone 4 (from 2028):** enhance the Defence Force's capacity to respond to nascent challenges in the strategic environment.¹⁶

Figure 1: Mandate-driven defence mission, goals and tasks¹⁰

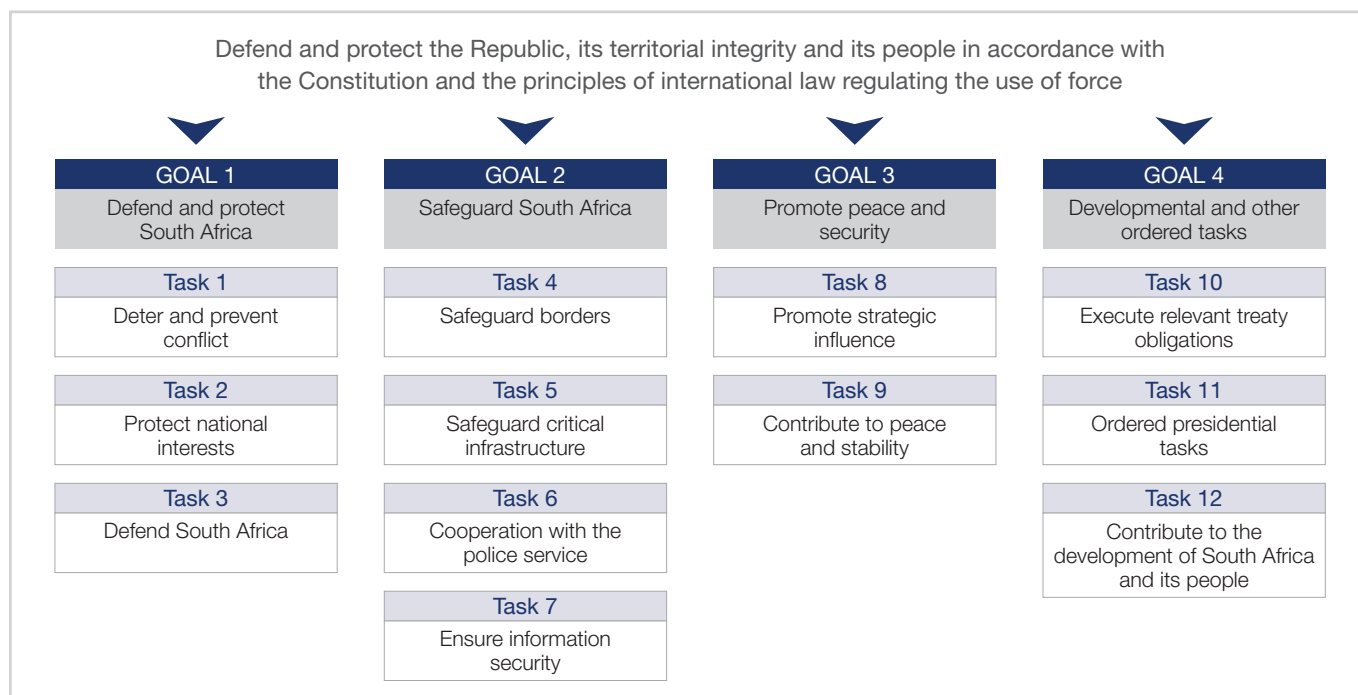


Figure 2 presents a comparison between actual expenditure from 2010/11 to 2013/14, the medium-term expenditure forecast (MTEF) for 2014/15 to 2016/17 and the implications of the 2014 Defence Review as from 2014/15.¹⁷ The newly appointed Minister of Finance, Nhlanhla Nene, would therefore have to find an additional

term expenditure estimates, subsequent annual increases average 6,8 per cent from 2017 to 2028. This is slightly higher than the average annual increase in the allocation to the Department of Defence of 6,4 per cent since 2009/10 – although the exact percentage increase required will depend on the growth rate of the economy.

Compared to current annual government expenditure of R1,142 trillion, these are modest increases

R11,7 billion in the 2014/15 financial year and R11,2 billion the year thereafter for defence. (This excludes any transfer payments from the Defence Department to the Department of Military Veterans.)¹⁸

Compared to current annual government expenditure of R1,142 trillion, these are modest increases – although large compared to the current defence budget – while government expenditure is under significant pressure all round. After the initial increase of some 20,5 per cent and 18,9 per cent above the levels of defence expenditure reflected in the medium-

It is important to acknowledge that South Africa is underspending on defence and has been doing so for at least a decade. A recent report from the Stockholm International Peace Research Institute (SIPRI)¹⁹ confirms that fast-growing Angola, long considered South Africa's only potential rival in the southern African power stakes, already spends about 50 per cent more on its military than South Africa in absolute terms – and Algeria almost three times that of South Africa. Neither Angola nor Algeria has the political ambitions of

6,8%

AVERAGE ANNUAL DEFENCE BUDGET INCREASE FROM 2017 TO 2028

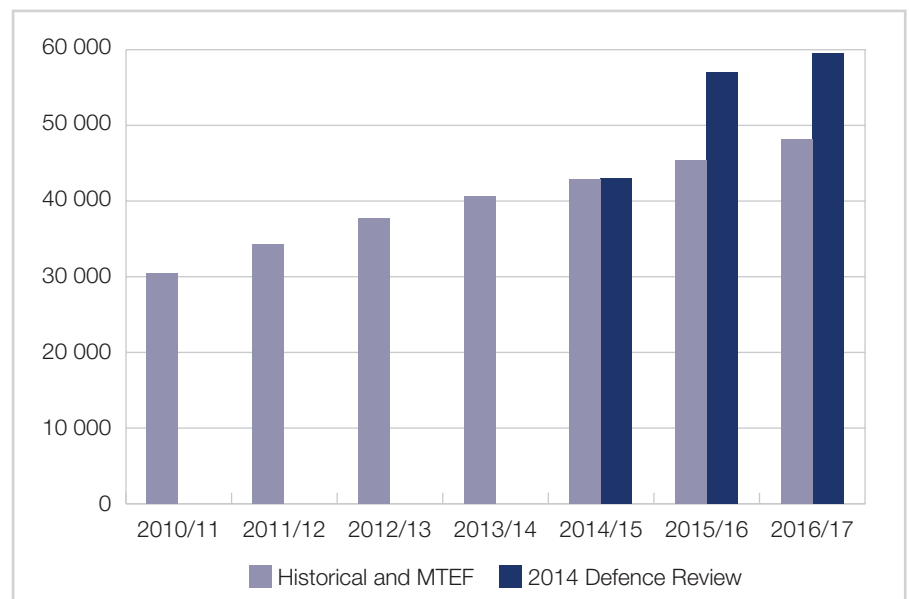
6,4%

AVERAGE ANNUAL INCREASE FROM 2009/10 TO 2014



South Africa is underspending on defence and has been doing so for at least a decade

Figure 2: Comparing historical and medium-term expenditure forecast (MTEF) defence expenditure with the 2014 Defence Review request, 2010/11 – 2016/17 (millions of rands)



South Africa, and neither has pretences to continental leadership and imposing regional stability.

Ambition and capacity are clearly at odds with one another. With its military in a near critical state, South Africa has, for example, sought to lead on the establishment of the African Capacity for Immediate Response to Crises as a more viable military response mechanism that would obviate the need for reliance on European and US force enablers while awaiting the operationalisation of the African Union's African Standby Force. Such hollow gestures mean little, for when a crisis erupts in Uganda (due to

still be underspending on defence, or would it be overspending?²⁰

A general rule of thumb is that developing countries should spend around 2 per cent of GDP on defence – but as a middle-income regional leader, South Africa's defence expenditure should be compared to that of regional leaders elsewhere. Defence expenditure is generally low in the Americas, with only Colombia and the US spending more than 2 per cent of GDP. The picture elsewhere is more varied, except for Europe, with its relatively low levels of expenditure. Generally, defence expenditure in the Middle East and

that results in French, US and other interventions on the continent.

To a large extent the current dilemma in the defence budget relates to the dynamics of the political settlement, particularly the need to sustain a bloated staffing structure following the integration of various armed forces into a single national force. Without the political will to downsize its staffing levels, the Defence Department has staggered on. As a result, it spends approximately 52 per cent of its budget on personnel and slightly more than 8 per cent on capital equipment (operating costs are approximately 40 per cent). Rather than tailor staffing costs to the available budget, government went so far as to establish a second department tasked to deal with veterans' affairs with all the associated overhead costs.²³ Time will tell if the newly elected government will have the political will to implement retrenchment and downsizing and to also rid itself of the many key staff who are not equipped to perform their assigned tasks.

Recommendations

Despite its length and complexity, there is much to welcome in the 2014 Defence Review, and approval by cabinet is an important first step. Yet the long-delayed decision to embark on a revision of policy almost two decades after the 1996 White Paper on Defence must raise questions about the lack of foresight among political and military leadership during this period. Similar to the country's electricity crisis, long-term planning in government is not working. In the absence of a strategic planning capability (such as the previous Policy Coordination and Advisory Services in the Presidency), departments struggle to make their voices heard while political leaders appear to be distracted by factional battles and internal party issues. A modern country that is member of the

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the activities of the Lord's Resistance Army), Côte d'Ivoire, Mali, the CAR or Nigeria (as a result of Boko Haram attacks), African leaders call for external support from Europe and the US, since they are unable to rely on the support of other African countries. The potential locomotives of Africa's development and stability – countries such as Nigeria, South Africa, Algeria and Egypt – do not have commensurate military capacity, and all face considerable domestic security challenges that are either a greater priority or exceed their own security capabilities.

Yet acknowledging the current underspending and the need to reinvest does not answer the key question of what level of expenditure would be appropriate or, more critically, what the purpose of increased defence expenditure would be. Would South Africa, at an eventual 2,4 per cent of gross domestic product (GDP) or 8,2 per cent of government expenditure,

in much of Asia tends to be higher. Therefore, little guidance is obvious from comparative situations. Although interstate tensions are higher in Asia, the ISS's forecast is that intrastate turbulence (social instability) will remain much higher in Africa.²¹

According to SIPRI, the following African countries spent more than 2 per cent of GDP on defence in 2013: Algeria, Angola, Burundi, the DRC, Morocco, Swaziland and Uganda. Although data for 2013 is not available for all African countries, it is quite likely that Libya, Chad, Sudan and South Sudan should also be included in this list.²² Regional leaders are expected to provide more in terms of defence capabilities than others, but the exact level of defence ambition should be set by the executive and debated in parliament, and take a holistic view of the results to be achieved. Even if South Africa were to double its defence budget overnight, it would not be able to plug the African military capacity gap

G20 and BRICS and is adamant about assuming a leadership position in Africa deserves better.

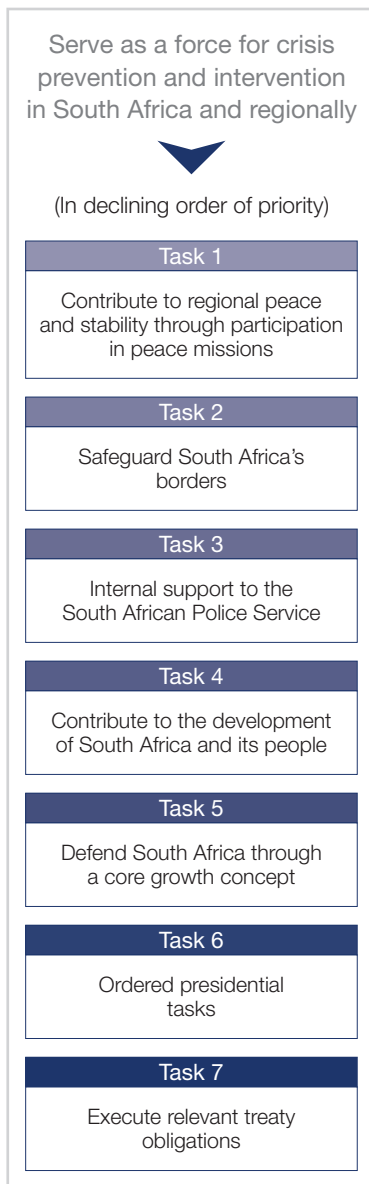
That said, the efforts in the 2014 Review to establish a vision over almost two decades is commendable, but of doubtful validity given the rapid

are being proposed in Milestone 1, but are offset by the larger mandate-driven framework within which they are subsumed.

Figure 3 presents a reconfigured hierarchy of a possible alternative defence mission and tasks, now

The Defence Department should publish a rolling 10-year defence capital expenditure statement of intent every three years

Figure 3: Revised SANDF mission and tasks



changes in the security and technology environment. South Africans should not have to wait 16 years for something that should happen much more regularly. Parliament and the public should hold the Defence Department to its commitment to publish a rolling 10-year defence capital expenditure statement of intent every three years, to review the force design at least every five years,²⁴ and to publish regular white papers on defence that revise and update policy.

The interpretation of defence goals and tasks by the Review Committee (Figure 1) presents an expansive 'mandate-driven' view on defence that is arguably out of step with the available budget, the threat the country faces and the actual tasks of the SANDF. It also includes intermediary functions (such as ensuring information security), together with strategic goals or outcomes. In a rapidly changing external environment and in the absence of a clear external threat, South Africa would be better served by orientating its defence expenditure and priorities towards the actual short- to medium-term tasks expected of the military, peace operations in particular. In addition, the department should revert to a growth core concept so as not to lose strategic conventional military capabilities where short- and medium-term tasks are insufficient to maintain all aspects of the growth core. Arguably, these goals

reflecting only seven key defence tasks arranged in priority order. Such an approach may result in a very different defence structure and requirements than the four goals and 12 strategic tasks in the 2014 Review, while also providing associated savings. The abolition of the Department of Military Veterans would allow for additional savings and could easily be achieved by shifting its responsibility to the Department of Social Welfare.

The 2014 Review treads very carefully around the issue of accountability and structure within the Department of Defence, stating that 'the current defence accountability concept must be re-assessed, and if necessary, adjusted in order that the Defence Accounting Officer and Head of Department is able to fully meet his or her accountability responsibilities and obligations'.²⁵

At the moment the secretary for defence is the accounting officer and head of department in terms of the Public Service Act of 1994, the Public Finance Management Act (PFMA) of 1999 and the Defence Act of 2002, with all the associated complexities in the allocation of spending authorities – this despite the fact that the SANDF is under the command of the chief of the SANDF, who also reports directly to the minister (as does the secretary for defence).

Since the PFMA only allows one level of devolution of spending authority, the chief of the SANDF controls only his office budget of some R40 million. Multibillion rand votes such as those on responsibility for landward defence

The 2014 Review will be recognised as an important first step in the rejuvenation of the SANDF, but not the end of the conversation on South African defence matters

are allocated to the chief of the army, who reports to the chief of the SANDF. Government has to grasp this nettle by introducing legislation that appoints the chief of the SANDF as the head of department and accounting officer, with the authority to delegate expenditure and procurement along the chain of command down to unit level.

Conclusion

There is much to be applauded in the 2014 Review, and this policy brief is limited to strategic matters. Many other recommendations call for analysis. These include: greater clarity on the future role of the Armaments Corporation of South Africa; the intention to establish a permanent forward base in Africa; the establishment of a naval base on the east coast of South Africa; how to provide strategic airlift capability able to project and sustain combat forces over extended distances; the need for extended maritime protection capability inclusive of inshore and offshore patrol capability; etc. Eventually the 2014 Review will be recognised as an important first step in the rejuvenation of the SANDF, but not the end of the conversation on South African defence matters.

Notes

- 1 J Cilliers, *South African futures 2030: how Bafana Bafana made Mandela magic*, ISS Paper 253, Pretoria: ISS, 2014, www.issafrica.org/publications/papers/south-african-futures-2030-how-bafana-bafana-made-mandela-magic.
- 2 South Africa, *South African Defence Review 2014*, Chairperson's overview, para 34; see also chap 9, para 49.
- 3 *Ibid*, chap 9, para 10.
- 4 *Ibid*, para 13.
- 5 *Ibid*, para 39.
- 6 Most recently troops from the School of Infantry were reported to have clashed with the SA Police in trying to free a drunken general from police custody, even using Ratel armoured combat vehicles to ensure his release (E Gibson, *Aluta continua – destination unknown*, 29 May 2014, <http://www.aafonline.co.za/column/erika-gibson-column-aluta-continua-%E2%80%93-destination-unknown>).
- 7 South Africa, *South African Defence Review 2014*, Chairperson's overview, para 48.
- 8 *Ibid*, Annexure A: Defence Review Committee terms of reference, A-1.
- 9 L le Roux, *The draft Defence Review 2012: the dichotomy between ambition and reality*, ISS Policy Brief 32, Pretoria: ISS, July 2012, 1, <http://www.issafrica.org/publications/policy-brief/draft-south-african-defence-review-2012-the-dichotomy-between-ambition-and-reality>.
- 10 *Constitution of the Republic of South Africa*, 1996 (Act 2108 of 1996), chap 11, art 200.
- 11 South Africa, *South African Defence Review 2014*, chap 9, paras 104–110.
- 12 *Ibid*, paras 73–97.
- 13 At that point the sustainable deployable capability is detailed at *ibid*, chap 9, paras 78–79.
- 14 At that point the sustainable deployable capability is detailed at *ibid*, paras 83 and 85.
- 15 At that point the sustainable deployable capability is detailed at *ibid*, paras 89 and 91.
- 16 At that point the sustainable deployable capability is detailed at *ibid*, paras 95 and 97.
- 17 National Treasury, *Estimates of national expenditure 2014*, abridged version, xiv and xv, <http://www.treasury.gov.za/documents/national%20budget/2014/ene/FullENE.pdf>. The figures up to 2012/13 are audited outcomes; those for 2013/14 are the adjusted appropriation. The rest are from the medium-term expenditure estimates.
- 18 The Treasury does not provide for a separate vote for the newly established Department of Military Veterans, which is funded by means of an annual R500 million transfer payment from the Special Defence Account of the Department of Defence.
- 19 SIPRI (Stockholm International Peace Research Institute), *Trends in world military expenditure, 2013*, SIPRI Fact Sheet, April 2014.
- 20 The 2014 Review presents its expenditure requirements as a percentage of GDP and a percentage of government expenditure, as well as in actual costs (in billions of rands). Based on previous work done by the ISS on economic growth scenarios, we forecast that South Africa will grow at an average rate of 3,6 per cent from 2014 to 2028. Using our Bafana Bafana scenario (see Cilliers, *South African futures 2030*), R88 billion in 2028 comes to only 6,5 per cent of government expenditure.
- 21 See J Cilliers and J Schünemann, *The future of intrastate conflict in Africa: more violence or greater peace?*, ISS Paper 246, Pretoria: ISS, 15 May 2013, <http://www.issafrica.org/publications/papers/the-future-of-intrastate-conflict-in-africa-more-violence-or-greater-peace>.
- 22 SIPRI, *Military Expenditure Database, 2013*, <http://milexdata.sipri.org/files/?file=SIPRI+military+expenditure+database+1988-2013.xlsx>.
- 23 The 2014 Defence Review neither refers to the Department of Military Veterans nor includes any costs for this department in its estimates.
- 24 South Africa, *South African Defence Review 2014*, chap 9, paras 112(a) and 114.
- 25 *Ibid*, Chairperson's overview, para 43.

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