

An analysis of the intended and unintended consequences of the demilitarisation of the Finance Management Division in the Department of Defence

by

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Declaration

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Abstract

When the researcher joined the Finance Management Division (FMD) of the Department of Defence in 2009 it was clear that there was a sense of dissatisfaction amongst some of the staff members. She discovered that in 1998 the Finance Management Division of the Department of Defence was demilitarised, or civilianised. The decision to demilitarise the FMD was based on new legislation such as the Constitution (The Constitution, 1996), the Public Finance Management Act (Republic of South Africa, 1999) and the Defence Review of 1998 (Republic of South Africa, 1998) that required oversight and control over civil funds.

On the surface the decision was sound, and all factors were considered before the actual demilitarisation programme was implemented. However, based on discussions with colleagues that were demilitarised, various factors emerged following implementation of the programme that were not intended, and that had a negative effect on the members. These discussions interested the researcher and led to this research project, and the research questions, which aim to determine the objectives of the demilitarisation programme, the intended and unintended consequences, and how effective the programme was.

The objectives and intended consequences of the demilitarisation programme were easily identified. The unintended consequences, however, only became apparent after implementation of the programme. Members were appointed under the Public Service Act, and not under the Defence Act. This change meant that demilitarised members forfeited certain benefits, financially and otherwise. When the then Minister of Defence, Ms. Sisulu, announced a significant increase in the salaries of uniformed members in 2009, the loss in earnings became even more pronounced, and members were even more aggrieved.

The researcher conducted interviews with 25 participants, where members were asked about their experiences and perceptions around the demilitarisation programme. Several interesting conclusions could be drawn from participants' feedback. On the

whole, the members were aware of the objectives and the intended consequences of the programme, and in most cases supported it. Twelve of the participants even felt that in some cases service delivery and safety measures within the Finance Management Division have actually improved as a result of the demilitarisation programme.

However, the magnitude of the negative effects that demilitarised members experienced overshadow the overall effectiveness of the programme and detract from the image of the Department and how it treats its members. Whenever the demilitarisation programme is mentioned, the negative financial effects that the members suffered come to mind. This was obviously not the intention of government or the Department of Defence. All of the participants believe that government should take swift and decisive action to finalise the aggrieved members' disputes, especially since the Defence Review of 2014 (Republic of South Africa, 2014) advises that the Finance Management Division should remilitarise. One would hope that if this suggestion is indeed approved, that the Department will use the lessons learnt from the demilitarisation programme to ensure a participative and smooth transition.

Opsomming

Toe die navorser in 2009 by die finansiële afdeling van die Departement van Verdediging aangesluit het, was dit duidelik dat daar 'n gevoel van ontevredenheid onder sommige van die lede was. Sy het ontdek dat die finansiële afdeling van die Departement van Verdediging in 1998 gedemilitariseer, en onder siviele beheer geplaas is. Hierdie besluit was gebaseer op nuwe wetgewing soos die Grondwet (Die Konstitusie), die Wet op Openbare Finansiële Bestuur (Republiek van Suid Afrika, 1999) en die Verdedigingsoorsig (Republiek van Suid Afrika, 1998), wat toesig en beheer oor burgerlike fondse vereis het.

Dit was op die oog af 'n gesonde besluit, en alle faktore is in ag geneem voordat die werklike demilitariseringsprogram geïmplementeer is. Volgens gesprekke met gedemilitariseerde kollegas, het verskeie faktore wat nie bedoel was nie en wat 'n negatiewe uitwerking op die lede gehad het, ná die implementering van die program na vore gekom. Hierdie gesprekke het die navorser geïnteresseer en het tot hierdie navorsingsprojek gelei, en na die navorsingsvrae, wat daarop gemik was om te bepaal wat die doelwitte van die demilitariseringsprogram was, wat die bedoelde en onbedoelde gevolge was, en hoe doeltreffend die program was.

Die doelwitte en beoogde gevolge van die demilitariseringsprogram kon maklik geïdentifiseer word. Onbedoelde gevolge was egter eers ná die implementering van die program duidelik. Lede was onder die Staatsdienswet aangestel, en nie onder die Wet op Verdediging nie. Hierdie verandering het meegebring dat gedemilitariseerde lede sekere voordele, finansiële en andersins, verbeur. Toe die destydse Minister van Verdediging, me Sisulu, 'n beduidende toename in die salarisse van lede in uniform in 2009 aangekondig het, het die verlies aan inkomste nog meer opmerklik geword, en lede nog meer gegrief.

Die navorser het onderhoude met 25 deelnemers gevoer waarin lede vrae in verband met hul ervarings en persepsies rondom die demilitariseringsprogram gevra is. 'n Aantal interessante gevolgtrekkings kon uit terugvoering wat van die deelnemers ontvang is, gemaak word. In die geheel gesien, was die lede bewus van die doelwitte en die

beoogde gevolge van die program, en het dit in die meeste gevalle ondersteun. 'n Aantal van die deelnemers het selfs gevoel dat dienslewering en veiligheidsmaatreëls in die finansiële afdeling in sommige gevalle eintlik as gevolg van die demilitariseringsprogram verbeter het.

Die omvang van die negatiewe gevolge wat deur die gedemilitariseerde lede gely is, oorskadu egter die algehele doeltreffendheid van die program en doen afbreuk aan die beeld van die Departement en hoe sy lede behandel word. Wanneer ookal die demilitariseringsprogram genoem word, word die negatiewe finansiële gevolge wat die lede gely het weer in herinnering gebring. Dit was duidelik nie die bedoeling van die regering of die Departement van Verdediging nie. Al die deelnemers is van mening dat die regering vinnig en beslissend moet optree om die geskille van die gegriefde lede tot 'n einde te bring, veral omdat die Verdedigingsoorsig van 2014 (Republiek van Suid Afrika, 2014) die (her)militarisering van die finansiële afdeling aanbeveel. Indien hierdie voorstel wel goedgekeur word, sou 'n mens hoop dat lesse wat die Departement uit die demilitariseringsprogram geleer het, gebruik sal word om 'n deelnemende en gladde oorgang te verseker.

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I embarked on this research project with the misguided assumption that I would be able to sit at my desk with an assortment of books and other literature and complete it within a matter of six months. It has taken me two years, many sleepless nights, numerous visits to several libraries, and countless meetings, face-to-face and telephonic, with participants and a variety of people from various fields, for me to reach this point of my journey. All of my experiences and feedback from all of these individuals and their different perspectives have contributed to improving this research project.

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List of abbreviations

AA	-	Affirmative Action
ANC	-	African National Congress
AO	-	Accounting Officer
BMO	-	Budget Management Office
CA	-	Civilian Administrator
CDA	-	Chief Directorate Accounts
CDBM	-	Chief Directorate Budget Management
CDFS	-	Chief Directorate Financial Services
CFO	-	Chief Financial Officer
CS	-	Civilian Specialist
CSANDF	-	Chief of the South African National Defence Force
DESC	-	Departmental Ethics Screening Committee
DI	-	Defence Intelligence
DOD	-	Department of Defence
DODI	-	Department of Defence Instruction
DSSRP	-	Director Stores, Services and Related Payments
EE	-	Employment Equity
FASC	-	Finance Accounting Service Centre
FASO	-	Finance Accounting Satellite Office
FMD	-	Finance Management Division
FMO	-	Finance Management Office
FMS	-	Finance Management System
GDP	-	Gross Domestic Product
GEPF	-	Government Employees Pension Fund
IDIP	-	Infrastructure Delivery Improvement Programme
IFP	-	Inkatha Freedom Party
JDP	-	Joint Defence Publication
LRA	-	Labour Relations Act
MK	-	Umkhonto we Sizwe
OC	-	Officer Commanding
PAC	-	Pan Africanist Congress
PAJA	-	Promotion of Administrative Justice Act

PERSOL	-	Personnel Salary System
PFMA	-	Public Finance Management Act
REC	-	Research Ethics Committee
S&T	-	Subsistence and Travel
SAC	-	Senior Accounting Clerk
SADF	-	South African Defence Force
SAI	-	South African Infantry
SAMHS	-	South African Military Health Services
SAN	-	South African Navy
SANDF	-	South African National Defence Force
SecDef	-	Secretary for Defence
SSA	-	Senior State Accountant
SWOT	-	Strengths, Weaknesses, Opportunities and Threats
TBVC	-	Transkei, Bophuthatswana, Venda and Ciskei
WO	-	Warrant Officer

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Chapter 1

Rationale and introduction to the study

1.1 Introduction

The Constitution of the Republic of South Africa (the Constitution) was adopted in 1996. This document necessitated that changes should be made in certain government departments, particularly around the way that their finances were managed. The introduction of the Public Finance Management Act (PFMA) (Republic of South Africa, 1999), the Defence Review of 1998 and the Defence Act (Republic of South Africa, 1957) advocated that public funds must not be under the control of the military. All public funds should be under the control of civil society. Such a step would enhance the new democratic culture that promoted openness and transparency. Additional reasons were to improve service delivery through more effective and efficient processes. When a finance official is in uniform, a senior officer can order or pressurise such an official to transact or effect a payment that may be unauthorised, irregular, or unethical. If the finance official is a civilian, a senior officer does not have any authority to order or pressurise him/her to do anything. Until that time, the Finance Management Division (FMD) was controlled by the South African National Defence Force (SANDF). Drastic changes to the structure of the FMD within the SANDF were, therefore, necessary.

Before the demilitarisation in 1998 the FMD had a presence on most military bases. This was a decentralised office that performed both the budget and the accounting function. The finance office was under the command of the Officer Commanding (OC) of the base. It was convenient for the office to make money available when an emergency requirement arose. Money could be ‘shuffled’ and re-allocated between votes and between series within a matter of minutes. All that was required was the authorisation of the OC. This, however, was part of the concern. The OC had complete control of the budget that was allocated to his unit. He was answerable only to the Chief of the South African National Defence Force (CSANDF), who in turn was accountable

to National Treasury. There was limited consultation and transparency, as the nature of the SANDF is such that confidentiality and the restriction of information is a priority, as mentioned by Mr. I. Dangor, Chief Director Financial Services in the FMD. Increased consultation and transparency were amongst the main reasons for the demilitarisation programme, hereinafter referred to as ‘the programme’.

Section 204 of the Constitution states that: ‘A civilian Secretariat for Defence must be established by national legislation to function under the direction of the Cabinet member responsible for defence’. Section 4B of the Defence Act 44 of 1957 (Department of Defence, 1957:13-14 – inserted by Act 4 of 1997 and Act 34 of 1983) states that the Department of Defence (DOD) shall consist of the Defence Secretariat and the SANDF. Section 7A of the Defence Act prescribes the establishment of the Defence Secretariat. Various amendments to the Defence Act 44 of 1957 resulted in the new Defence Act 42 of 2002, which was promulgated on 12 February 2003 and commenced on 23 May 2003.

The office of the Secretary for Defence (SecDef) was established, as prescribed by the new legislation, specifically the Defence Review of 1998. The establishment of a defence secretariat and the appointment of a Defence Secretary mean that the SecDef is now the Head of the Department and the Accounting Officer (AO) of the DOD. He/she is responsible for the policy, planning, budgeting and procurement functions. The SecDef is also the principal civilian advisor to the minister regarding defence policy matters (Batchelor & Willett, 1998:142-143). The Chief of the SANDF is responsible for force preparation and operations. This shift consolidated civilian control over the military, and increased the degree of transparency and accountability within the department.

One of the first tasks that were undertaken by the SecDef was to demilitarise the finance component that was based within each unit at military bases in all arms of service. The FMD comprises various directorates, namely Chief Directorate Accounts (CDA), Chief Directorate Budget Management (CDBM), and Chief Directorate Financial Services (CDFS). A new directorate, the Directorate Stores, Services and Related Payments (DSSRP), was established under the CDA to perform the accounting function at military bases. In 1998 a total of 1091 finance functionaries were civilianised or

demilitarised. The 1091 demilitarised functionaries that worked at military bases all over the country were amalgamated into the new directorate, DSSRP. The majority of these members were relocated to military bases where Finance Accounting Service Centres (FASCs) and Finance Accounting Satellite Offices (FASOs) were established. Where previously each military base had its own finance office, there were now only a limited number of FASCs and FASOs at selected military bases.

One of the changes that was implemented by the Chief Financial Officer (CFO) was to separate the budget management and budget control function from the accounting function. This meant that finance functionaries were no longer able to perform both budgeting and accounting functions in the same office. Both of these functions were centralised with the accounting function under the command of the Chief Directorate Accounting (CDA) and DSSRP, and the budgeting function under the command of the Chief Directorate Budget Management (CDBM). Each Arm of Service and Division has its own Budget Management Office (BMO), more lately called a Finance Management Office (FMO) and sub-offices. The BMO is now solely responsible for the budget management function, which includes preparation of the budget and the ‘shuffling’ and re-allocation of funds and its authorisation. The FASCs and FASOs are now only responsible for paying petty cash advance monies and subsistence and travel (S&T) advance monies to clients. By separating the functions, it allowed for segregation of duties, more transparent policies and procedures and more lines of authority, which increased the levels of transparency and accountability.

This change means that whenever a requirement is identified at a military base and members have to be deployed or sent on a training course, they can no longer draw money at their respective bases. They have to travel to the nearest FASC or FASO to draw money, which in some cases are located hundreds of kilometres away. If the requirement is an emergency deployment, for example, to assist in a war-torn country, such a delay could prove costly and could potentially compromise the operational capability of the SANDF.

Since implementation of the programme, the high cost of centralising FASCs and FASOs, as well as various other unintended consequences have been identified. The most apparent consequences are the effect that the demilitarisation has had on the

operational effectiveness and deployment capabilities of the SANDF. Deploying civilians who are not under the command and control of the OC to frontline countries can prove to be problematic in many ways.

Other consequences are the financial negative effects that the programme has had on uniformed members that were demilitarised. A total of 1091 members were demilitarised in 1998. Most of these officials believed that they were ‘forced’ into signing the contract, and that they were not informed of the consequences that they would suffer as a result of the demilitarisation. These financial negative effects and consequences, which the demilitarised officials suffered are discussed further in Chapters Five and Six. Since 1998 these officials have been protesting against the demilitarisation and have been trying to remilitarise (get back into uniform).

1.2 Research problem

Demilitarisation of the FMD in the DOD was affected for various reasons. This research project aims to identify the objectives, as well as the intended and unintended consequences of implementation of the demilitarisation programme. Once all the data was gathered, the researcher analysed all the information in an effort to evaluate the overall effectiveness of the programme.

1.3 Research questions and objectives

Research questions translate abstract ideas into empirically measurable categories regarding which data can be collected (Burger, 2014:6). Burger (2014:8) defines research objectives as specific statements of purpose that relate to the measurable epistemic activities or outcomes that the research wants to achieve.

In light of the above introduction and the research problem, this research project poses the following questions:

- What were the objectives, or intended consequences of the demilitarisation of the FMD in the DOD?
- To what degree were these objectives met?

- What were the unintended consequences of the demilitarisation of the FMD?
- How effective was the demilitarisation programme, overall?

Based on the above research questions, the objectives for this research project are to:

- Identify the objectives of demilitarisation;
- Describe the legislative framework for finance in the National Defence Force;
- Determine the intended consequences of the demilitarisation programme;
- Determine what the operational and other unintended consequences were;
- Investigate the effect that the demilitarisation has had on the level of service delivery of the FMD; and
- Establish the overall effectiveness of the demilitarisation programme.

The degree to which the objectives of the demilitarisation programme have been met can only be established once all of the objectives have been identified and analysed. Amongst all of the intended and unintended consequences that will be identified, there should be both positive and negative consequences. Positive consequences will reinforce the effectiveness of the programme, while negative consequences will detract from the programme's effectiveness.

1.4 Research design and methodology

According to Mouton (2001:55-56), a research design is a plan or blueprint of how the researcher intends to conduct his/her studies. The design focuses on the end product, and uses the research question as its point of departure. Conversely, research methodology focuses on the research process and the tools and procedures that will be used. The research design, which is used in this research project is a case study. The study is textual and qualitative in nature, and makes use of both empirical and non-empirical studies. The research is exploratory, with the aim of identifying the positive and negative intended and unintended consequences of the demilitarised programme. This is a summative evaluation and follows a deductive pattern (Babbie & Mouton, 2001:338). The sampling method that was used was non-probability sampling. The research consists of empirical and non-empirical hybrid data.

The literature review represents the non-empirical, secondary data in the form of the legislative framework, internal policies and processes, and grievance documents provided by members. Literature, which relate to the main themes and aspects of the study were scrutinised to add value to the research project. Primary data was gathered in the form of face-to-face and telephonic interviews with participants. Individual interviews were conducted with senior personnel, peers and colleagues with the aim of extracting information, which relate to the programme itself and to their personal experiences and perceptions.

Based on the researcher's knowledge of the population, she identified certain of the affected individuals and used snowball sampling. In this way colleagues who are located in the Cape Town area were interviewed. Based on referrals from those participants, telephonic interviews were conducted with colleagues who are located in Pretoria and Durban. This method gave the researcher a deeper understanding of the issues and allowed for increased accessibility to affected officials, while allowing for a greater measure of representivity of the larger population (Babbie & Mouton, 2001:166-167).

Brynard and Hanekom (2006:47) define validity as '...the potential of a design or an instrument to achieve or measure what it is supposed to achieve or measure'. The guiding questions, and interview schedule for the interviews were formulated in such a way that the objectives of this research project would be met. Participants were encouraged to elaborate on their perceptions and experiences. Reliability refers to the accuracy and consistency of the data measuring instruments. This means that if the same data measuring instruments are used at a later stage and under similar conditions, the same results must be produced (Brynard & Hanekom, 2006:48). The twenty two of the twenty five participants in this research project were demilitarised in 1998. The conditions since that time have stabilised, and any objectives or consequences that were not apparent in 1998, have been identified since.

1.5 Overview of chapters

Chapter 1: Introduction

Effective and efficient service delivery is the primary objective of all public institutions. These, as well as the safe-guarding of state funds, were some of the motivations for the demilitarisation of the FMD of the DOD in 1998. The FMD would then fall under the structure of the SecDef, and not that of the Chief of the South African National Defence Force (CSANDF). This research project aims to identify all of the intended and unintended consequences that occurred as a result of the demilitarisation programme. The most significant unintended consequence that was identified so far is the negative effects that this programme has had on the officials who were demilitarised.

Chapter 2: Academic literature review

The research considers all aspects that had an influence on the demilitarisation programme, and also included changes in infrastructure, organisational design and the processes of change management. The influence that the change had on the organisational culture and the important role of leadership in the implementation and management of the change are also discussed. At the heart of the programme is the primary motivations for the programme: improved service delivery and proper cash management. These and other aspects are discussed in more detail in Chapter Two.

Chapter 3: Policy and regulatory framework

The rights and obligations of each individual is enshrined in the Constitution. These, as well as the rights and obligations of public institutions, as stated in the Constitution, are discussed. Sections 38 and 45 of the PFMA state that public officials are responsible for the safe-guarding and effective and efficient use of financial and other resources. These documents clarify the purpose of the programme and the objectives that the programme was meant to achieve. These documents also contain the intended consequences, either in the form of aims or objectives. Other policies and prescripts that are discussed include documents such as the Finance Procedure Manual and the Joint Defence Publication (JDP), which form part of the Department of Defence Instruction (DODI).

The Defence Review of 1998 proposed a defensive defence strategy as opposed to the offensive strategy of the previous regime. This necessitated the integration of the South

African Defence Force (SADF) and the non-statutory forces to form a new South Africa National Defence Force (SANDF) (Batchelor & Willett, 1998:60-61).

Chapter 4: Research design and methodology

The chosen research design is the case study. Basic individual interviews were conducted with selected finance officials who were affected by the demilitarisation. Face-to-face interviews, which used guiding questions or an interview schedule were conducted with finance officials in FASCs, FASOs and Finance Management Offices that are located in the Cape Town and Pretoria areas. Policies, prescripts, copies of contracts and other documents, which relate to demilitarisation were requested and scrutinised. These documents gave greater insight into the background of the demilitarisation.

Chapter 5: Case study

In 1998 the FMD within the DOD was demilitarised. This meant that a total of 1091 uniformed members were civilianised. The change necessitated the establishment of a new directorate, Directorate Stores, Services and Related Payments (DSSRP), within Chief Directorate Accounting (CDA). Since the implementation of the programme, various intended and unintended consequences have emerged. The most apparent one is the negative effects that the programme had on uniformed members that were demilitarised. The research also explores other intended and unintended consequences.

Chapter 6: Presenting and interpreting results

The research is of a qualitative nature. Data that was gathered through interviews are textual and can be analysed by using content analysis. This data can be displayed in the form of charts, graphs and tables as means to make it more visual to the reader. Analysis of the data reveals the intended and unintended consequences. The intended and unintended consequences that were identified are presented individually and thematically. The effects of the consequences on the individual and on the organisation are also discussed.

Chapter 7: Conclusions and recommendations

Conclusions can only be drawn once the data has been gathered and the interviews have been conducted with all participants. The most significant unintended consequence that was already identified is that the officials who were demilitarised have all been negatively affected; not only financially, but also in terms of missed opportunities and promotions.

1.6 Summary

This chapter introduced the reader to the research problem and outlined the background and the rationale for the study. It presented the research questions and objectives, and the research design and methodology that the researcher used. The research design and methodology are discussed further in Chapter Four. Chapter One also provides an overview of the various chapters, and what the reader can expect in each chapter.

Chapter Two considers the various theoretical aspects that either have, or could have an effect on the study. This chapter discusses the concept of demilitarisation and the important roles that leadership and management plays in managing change within an organisation. Aspects such as organisational change, cash management, infrastructure and scarcity of resources in the public sector are also discussed.

Chapter 2

Literature Review

2.1 Introduction

Chapter One highlighted various theoretical aspects that are important to this research study. The different views of prominent authors were examined, and were used to provide more background and insight into each aspect of the study. Chapter One introduced the research project and provided an outline of what the research entailed. In this chapter the research questions and specific objectives were identified, while the research design and methodology were discussed. The reader was also given a brief summary of each ensuing chapter. Chapter Two scrutinises each of these aspects in further detail, beginning with a general understanding of the term demilitarisation. These theoretical points are then linked to practices in the DOD in order to contextualise the literature.

No previous studies have been conducted on the demilitarisation programme of the FMD specifically, besides the initial planning and investigations that form part of any project or programme. Subsequent attempts were made to determine the monetary value that the programme has had on members that were demilitarised.

Overall, several publications have been reviewed. There are varying opinions on many of the issues, mainly around how to handle change in organisations and the importance of leadership. Researchers agree that intensive research and the human factor play important roles in the implementation and success of any new innovation that is introduced. This research study looks at the role of leadership in the implementation and management of the change, changes in infrastructure and organisational design, amongst others.

2.2 Demilitarisation

Batchelor and Kingma (2004:4) define demilitarisation as: ‘...the process of sustained reductions in the size and influence of the military sector in state and society, and the reallocation of military resources to civilian purposes’. Demilitarisation is usually characterised by increasing civilian control over the armed forces and a decline in the size of the armed forces.

Demilitarisation is the opposite of militarisation, and has political, ideological, economic and socio-cultural implications (Batchelor & Kingma, 2004:4). Political effects include attempts by the state to assert civilian control over the armed forces, while economic effects are in the form of reduced resources and reduced expenditure that are allocated to the military (Batchelor & Kingma, 2004:79). Batchelor and Kingma (2004:35-36 and 71-73) opine that there is a relationship between demilitarisation and peace-building, as well as between demilitarisation and democratisation. They further suggest that there is a relationship between demilitarisation and development. Studies show that a reduction in military spending and a boost in civilian economic activity as a result of military cuts can boost economic growth and development in a country (Batchelor & Kingma, 2004:93-94).

The United States Government Accountability Office (GAO) is the audit, evaluation and investigative arm of the United States Congress. It supports Congress in meeting its constitutional responsibilities and helps to improve its performance and accountability of government to the American people. The GAO investigates the use of public funds, federal programmes and policies, and provides analyses and recommendations to Congress to enable them to make informed policy and funding decisions (GAO, 2006:78). The GAO Report to Congressional Requesters focuses on Personnel Practices: the Conversion of Employees from Non-career to Career Positions (GAO, 2006:6). It identifies various categories of conversions that require certain procedures to be established. Demilitarisation is a type of conversion that occurs when an individual changes from one personnel status or service to another without a break in government service of more than three days (GAO, 2006:1). Appointments are made under a particular authority to appoint individuals into positions to serve at the pleasure of the department, and can be removed at any time. Salary levels can also be determined

by the authorising authority within certain limits. The demilitarisation programme should be a non-competitive conversion, which allows for the appointment of employees in positions without having to advertise those positions to outside candidates (GAO, 2006:6-15).

When such conversions are enforced, proper authorisations must be created and proper procedures should be followed. Such procedures include selecting appointees who have limited qualifications and experience for certain positions, creating positions specifically for particular individuals, and in the American context, failing to apply veterans' preferences in the selection process. The underlying principle is that all employees should receive fair and equitable treatment, and that there should be no discrimination based on the employee's political affiliation (GAO, 2006:1-2). In addition to these requirements there should be an oversight committee whose delegated activities should ensure that the proper procedures are followed, and that employees' rights are not violated (GAO, 2006:2).

The pre-1994 government introduced several reforms that were aimed at establishing civilian control over the military. The most dramatic attempt was the demilitarisation of the Defence Force, which included budget cuts by over 40 per cent between 1989 and 1993 (Batchelor & Willett, 1998:55-56). Rationalisation included closure of various military bases and the disbanding of various military units, resulting in a reduction of 37,000 armed forces personnel (Batchelor & Willett, 1998:167).

Since 1994 various statutory and non-statutory forces were integrated into the SANDF. The integration process was challenging, with various aspects that had to be considered. Initially, the combined total of all these forces amounted to 135,927. For various reasons when the integration process was complete, the total consisted of only 120,000 members. By 1999 the number of members had dropped to 83,850, and the Defence Review of 1998 intended to reduce this number even further to 70,000 members. At the time personnel costs comprised approximately 60% of the defence budget (Batchelor & Kingma, 2004:144-145).

2.3 Role of leadership and management

The role of management in the planning, organising, staffing and directing of new initiatives is imperative. Kreitner and Kinicki (1995:7-8) firmly believe that people are valuable resources within an organisation and, therefore, require systematic nurturing and development. Today's managers need to cultivate the human factor, but to achieve organisational goals, they must focus on elements that are identified in the 4-P model for continuous improvement. These elements are people, products, processes and productivity.

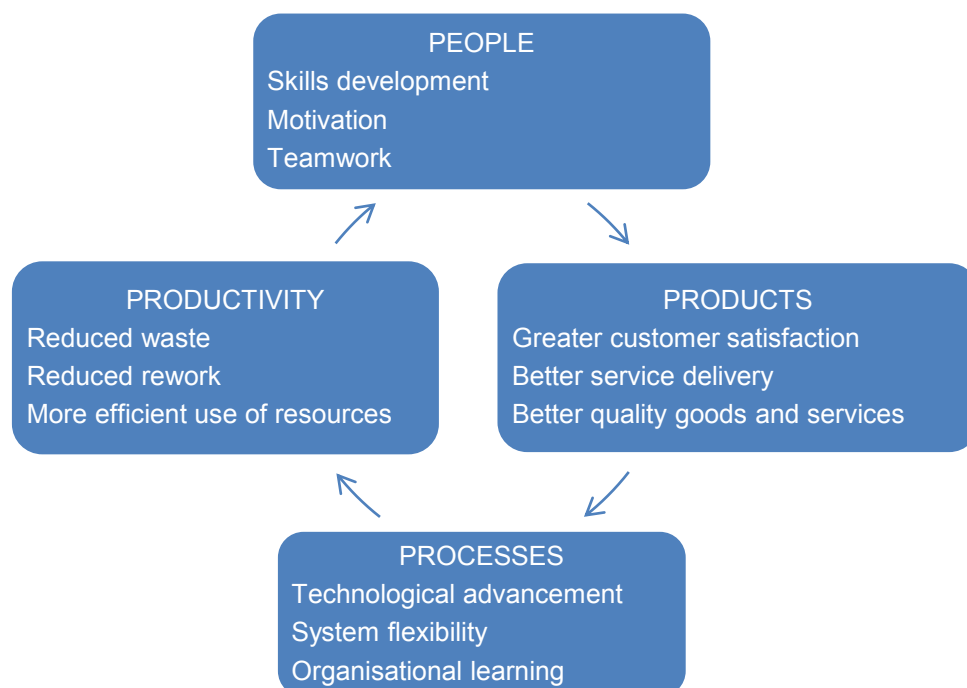


Figure 2.1: The 4-P Cycle of Continuous Improvement

Source: Kreitner & Kinicki (1995:8)

In the context of organisational change, 21st century managers facilitate change by creatively envisioning and actively selling bold new directions in an ethical and sensitive manner (Kreitner & Kinicki, 1995:8-13). Participative management is a tool that can be used to increase employee satisfaction, commitment and performance. It means eliciting employees' participation in various forms of goal setting, decision making, solving problems and making changes in the organisation (Kreitner & Kinicki, 1995:314). According to DuBrin (2010:141), a participative leadership style considers the groups' suggestions seriously when making decisions. This improves the morale of

well-motivated employees who perform non-repetitive tasks. Working side-by-side and sharing decision making with group members has become a generally accepted leadership approach within modern organisations (DuBrin, 2010:113). This leadership style is successful in changing organisations as the front-line workers have more relevant knowledge of the tasks and are more exposed to the market and human resource problems. Managers that are open to ideas and suggestions from these groups consult with all the role players before making a decision (DuBrin, 2010:113).

Kreitner and Kinicki (1995:367-368) suggest that effective communication is a cornerstone of ethical organisational behaviour. It is as important and critical for both managerial and organisational success. Employees are more secure if they are kept informed of developments in the organisation, especially if they were able to contribute to decisions that were made, or procedures that were implemented.

Randall (2004:81-83) states that the importance of a leader's role cannot be over-emphasised. Leadership behaviour is critical in the formation of strong cultures and change management. Randall (2004:81-83) does recognise that resistance to change is an important aspect that can affect the implementation and success of the project. This resistance can be triggered by a loss of security and a reduction in the worker's sense of control in the work situation. When people are familiar with their work they become competent, which is reinforced over time and leads to commitment to performance. Interrupting this pattern can mean a loss of control for the individual worker. Three problem areas that were identified are resistance, power and control. Managers should address these issues by motivating change, managing the transition and shaping the political dynamics of change (Randall, 2004:60-61).

Schuler and Jackson (1996:132) believe that for change to occur in an organisation, leaders and managers must first change, then they must get others to change. Education, job experience and a deep understanding of the organisation can facilitate the changes. Strategies that managers can use to improve performance and acceptance for change are positive reinforcement and conducting performance audits (Schuler & Jackson, 1996:397).

Organisations have to adapt to macro- and micro-environmental factors in order to stay competitive. Transformation is a long and difficult process. Meaningful change can only be accomplished if credible and capable leaders manage the process. Support and guidance from top management is essential for the change to be successful. Transformational leaders influence others to follow their lead; they build a team that will guide change, and they remove constraints and provide a systematic plan and clear objectives in order to attain the vision (Nel, Van Dyk, Haasbroek, Schultz, Sono & Werner, 2004:345).

Mabey and Finch-Lees (2008:37-38) agree that managers are a pivotal part of the workforce. Managers are brokers of knowledge; this is why management development and training are so important. This knowledge can be used to benefit the organisation by facilitating knowledge-sharing and creating conditions for trust. They also see managers as lynchpins of learning and makers of meaning.

It is essential for management to establish risk assessment and mitigation plans when changes occur in an organisation (Heeks, 2006:216). Risk assessments can be performed by comparing the gap between the current system and the new system. Risk mitigation involves preventing or reducing the gaps between these systems. Risk mitigation methods can include ways to reward or punish compliance or non-compliance to the change. Communication with and participation of all stakeholders is essential. If possible, participants should be involved in the development process in order to reduce the risk (Heeks, 2006:227). DuBrin (2010:102) suggests that in order to bring about constructive change, a leader must not only take risks, but must also be willing to implement risky decisions.

2.4 Role of the employee

Any change within an organisation requires individuals to change. This involves learning new processes, and discontinuing current attitudes, behaviours or practices. Effective change requires that new behaviours, attitudes and practices should be implemented and reinforced. People will not change their behaviour unless there is motivation to change. There is likely to be resistance to change, even if the goals are

highly desirable (Kreitner & Kinicki, 1995:566). The conversion from uniform to civilian could be frightening for a person who has been in uniform for a long time, and in whom the culture of the military has become ingrained. The high degree of secrecy in the DOD limits the ability of members to find alternative employment opportunities in the civil sector (Batchelor & Willett, 1998:76). The uncertainty of where one will be placed, and what rank and position one will be assigned to can also lead to resistance to change, or even rebellion.

Resistance to change can be an emotional or behavioural response to real or imagined threats in the workplace. Kreitner and Kinicki (1995:571-572) identify several reasons for resistance to change: an individual's predisposition towards change; surprise and fear of the unknown; climate of mistrust; fear of failure; loss of status and/or job security; peer pressure; disruption of cultural traditions and/or group relations; personality conflicts; lack of tact and/or poor timing; and non-reinforcing reward systems. According to DuBrin (2010:216), most people have a natural inclination to resist change, but the person who is the first to accept changes will acquire some political capital. They can also exert a positive influence on the group and encourage them to accept the change.

Kreitner and Kinicki (1995:571-574) further recommend several strategies that can be used to overcome resistance to change. Participation, communication and hands-on experience are some of the factors that have the most positive influence on employees. Other strategies include a combination of education, communication, participation, involvement, facilitation, support, negotiation, agreement, manipulation, cooperation, explicit and implicit coercion.

It would be unreasonable for management to expect employees to adapt to a new system and perform effectively and efficiently without management providing the necessary training and support. Learning is a prerequisite for human survival and development. It allows individuals to assimilate the world around them and to interact with people so that they have a degree of control over their environment and the world in which they live (Randall, 2004:79-88). Continuous learning by individuals should, therefore, be encouraged. Communicating to members as soon as information becomes available will

make them feel more comfortable with the changes, and will increase their confidence in management.

2.5 Change management

The risk of instituting change in any organisation is always high, and will be faced with challenges and resistance. This is why change management is so important. All the legal documents and contracts can be in place; the project and programme plans with all the supporting documents can be in place, but if the change is not accepted by the participants, the risk of failure is high. Randall (2004:84) suggests that by energising, enabling and empowering one's employees, one will release their potential and make the change process run smoother.

Kotter and Cohen (2002:x) opine that for large-scale change to be successful in organisations, the most important thing is to change the behaviour of people. Management should find ways to influence people's emotions, and not merely their thoughts. The change in feelings will then change their behaviours sufficiently to overcome the barriers to large-scale change. As far as Kotter and Cohen (2002:v-6) are concerned, the central issues are never strategy, culture, structure, or systems. They interviewed about 400 people from 130 organisations, and found that successful large-scale change happens in eight stages (Kotter & Cohen, 2002:v-6). These stages are:

1. Increase urgency: this stage involves reducing complacency and raising a feeling of urgency among the relevant people;
2. Build the guiding team: a guiding team is created to drive the change effort. These people must have the necessary characteristics and power, which are required to provide change leadership;
3. Get the vision right: the guiding team develops sensible, clear, simple and uplifting visions and strategies to direct the change effort;
4. Communicate for buy-in: proper communication of the vision and strategies is essential to induce understanding and to gain commitment from employees. Sending clear, credible and heart-felt messages can overcome confusion and distrust;

5. Empower action: empower people by removing barriers and obstacles that stop them from embracing the vision and strategies. The aim is to remove obstacles so that people behave differently, and not to 'give power';
6. Create short-term wins: producing and showing short-term wins are critical. They will help to build momentum, provide credibility and resources, and will help to diffuse cynicism, pessimism and scepticism;
7. Do not let up: change leaders use the early wins to build momentum and to consolidate the early changes. They decide what to tackle next, and create wave after wave of change until the vision is a reality; and
8. Make change stick: a new organisational culture is nurtured. This is achieved by ensuring that people continue to act in new ways; the employee orientation process, the promotion process and events that engage the emotions will develop group norms of behaviour and shared values (Kotter & Cohen, 2002:v-6).

Organisations that undergo a 'change of innovation' can result in a change of culture within the organisation. This culture change will require change management, which requires that certain skills are used by public managers. Some of these skills include political sensitivity, an understanding of the essence of innovation, a desire to seek others' input, team building abilities, an understanding of the dynamics of individuals and groups, a knowledge of change and changing, and a knowledge of consultation and intervention processes (Schwella, Burger, Fox & Müller, 1996:230-231).

Heeks (2006:228-235) suggests using methods which minimize resistance to change and that can make the change management process run more smoothly. These methods include communication and expectation management, active participation and consensus by employees, external clients and senior officials, prototyping and end-user involvement and development. Robbins (1990:394-395) concurs with Heeks and opines that unless these steps are attended to, there is a likelihood that the change will not be sustained over a long term. Tactics that Robbins suggests for dealing with resistance to change are: education and communication; participation; facilitation and support; negotiation; manipulation and co-optation; and coercion.

Burke (2008:227) maintains that leaders do make a difference, especially when it comes to organisational change. He makes the distinction between a leader and a manager and

says that a leader is someone that ‘makes something happen’. Leaders have the capacity to influence others. They are more personal about organisational goals and can motivate, inspire and challenge others to follow them in reaching organisational goals (Burke, 2008:227-234). The leader, therefore, plays an important role in the four phases of organisational change. In the pre-launch phase the leader must engage in self-examination, gather information, establish a need for change, and provide clarity of vision and direction. In the launch phase he/she must communicate the need for change, initiate key activities, and deal with any resistance that might occur. In the post-launch or further implementation phase, leaders must use multiple levers for change, take the heat, be consistent, persevere, and keep repeating the message. In the last phase, sustaining the change, the leader must deal with unanticipated consequences, keep momentum, choose appropriate successors, and launch new initiatives (Burke, 2008:248-269).

Managing organisational change takes time. Human resource capabilities should be realigned, and change should be integrated within the organisation between line managers, different sections and employees. Schuler and Jackson (1996:112-130) focus on total quality management, restructuring with a view to downsizing, and concerns around a diverse workforce. O’Toole (1995) in Burke (2008:279-280) identifies eight commonalities that have featured in successful organisation change. These are: change had top management’s support; change was built on the organisation’s strength and values; the specifics of change were not imposed from the top; change was holistic; change was planned; changes were made in the ‘guts’ of the organisation; change was approached from a stakeholder point of view; and change became on-going.

Burke (2008:104) identifies three phases in organisational change. The first is to unfreeze the current system, which involves creating an atmosphere for change. The second phase is movement, which involves making the actual changes within the organisation. The third phase is refreeze, which reinforces the new system so that it can be sustained. Burke (2008) provides an example of offering rewards to employees who act in accordance with the new system. However, according to Weick and Quinn (in Burke, 2008:132-133), organisations undergo continuous change. It would, therefore, be more appropriate to list the phases as on-going, evolving and cumulative.

Kreitner and Kinicki (1995:560-567) concur with Burke and state that there are three stages of change: unfreezing; changing; and refreezing. Technological advances are one of the external forces that can create a need for organisational change. Innovative changes are changes that introduce a new practice or system to the organisation, while radically innovative changes introduce a new practice or system to the industry. Both of these scenarios are relevant for this research project. They both cause unfamiliarity and uncertainty, and can make fear a challenge when implementing innovative changes. Unfamiliarity and uncertainty can also increase members' resistance to change.

According to Robbins and Barnwell (2006:392), employees will be more committed to the success of the organisational change if they participate in the change decisions. They elaborated on Robbins' (1990:394-395) earlier research and identified various tactics to deal with resistance to change. These include education and communication, participation, facilitation and support, negotiation, manipulation and co-optation, coercion and realigning staff profiles (Robbins & Barnwell, 2006:393). They further believe that using appropriate tactics to implement change are critical for the success of the change. Four basic tactics have been identified: intervention; participation; persuasion; and edict (Robbins & Barnwell, 2006:394). Other factors that are important are active management of the environment, management of resources, and a need for active leadership (Robbins & Barnwell, 2006:396-397).

Bagraim, Cunningham, Potgieter and Viedge (2007:374-375) believe that organisations must keep up with economical, technological and other advances. If they do not adapt they will die. However, there is a natural tendency to resist change. Bagraim *et al.* (2007:374-375) concur with writers such as Kreitner and Kinicki (1995) that people do not like to come out of their comfort zones and make physical changes. However, when they understand the need for the change and the consequences of not changing, they will be more willing to adapt. Organisations that follow world trends and anticipate changes in legislation and technology will generate continuous information to their staff and clients, and will facilitate more gradual changes, which will be easier to accept. Bagraim *et al.* (2007:374-375) further believe that organisations who promote learning at all levels and realize the value of skills, knowledge and experience will be the most successful in the future. Bagraim *et al.* (2007:377) support the three-stage model of

Burke and Kreitner and Kinicki, as the unfreezing phase, the moving phase and the refreezing phase.

Change is a powerful factor within organisations. It is usually positive, but it could also dramatically shorten the life span of the organisation. Various external factors such as technological advancements can prompt organisations to change. These changes can either be planned or unplanned. In the case of changes in the finance offices, all changes will be carefully planned ahead of time to increase the likelihood of successful implementation. Companies are continually evolving and changing, and managing those changes is a complex issue (Nel *et al.*, 2004:502-503). Nel *et al.* (2004:504) assign reasons for resisting change as fear of the unknown, disrupted habits, loss of confidence, loss of control, poor timing, lack of purpose and economic loss. Ways to manage resistance can include communication, participation, counselling and rewards.

2.6 Safety and security

Heeks (2006:75-76) identifies several challenges, which are caused by technological and other advances. These include environmental hazards, electrical problems, equipment breakdown, software errors, and computer crime. Computer crime can originate internally or externally and can take the form of worms or viruses that can access, alter, or delete information. Inaccurate or incomplete information can have disastrous effects in the public sector, where records hold information on people's finances, health, or the defence of the country.

Kahn and Blair (2004:116) add to problems that are mentioned by Heeks and list ten top security threats in 2003:

- a) Workplace violence;
- b) Internet/ business interruption/continuity planning;
- c) Intranet security;
- d) Terrorism (global and domestic);
- e) Employee selection/screening concerns;
- f) Fraud/white collar crime;
- g) General employee theft;
- h) Unethical business conduct;

- i) Drugs/alcohol in the workplace; and
- j) Identity theft (Kahn & Blair, 2004:116).

Each organisation should establish measures to protect not only the physical cash, but also the integrity of information, as well as the staff. Physical security involves creating physical measures that will protect the cash, the staff, equipment and any tangible assets. Information security involves protecting the organisation from corrupting data, misappropriating and misusing information, protecting the system from interruptions, failures and outages, which can result in loss of productivity, protecting the integrity of the organisation's data, guarding against loss or theft of property, and protecting the organisation's privileged and confidential communications (Kahn & Blair, 2004:117).

2.7 Service delivery

The Constitution is the highest authority in the country, and sets the statutory framework for service delivery in South Africa. Chapter 3 of the Constitution establishes the three spheres of government and allocates their powers. Each sphere has its own set of responsibilities and services to deliver. The functional areas of competence for national and provincial legislatures are set out in schedules 4 and 5 of the Constitution. National and provincial governments, for example, are concurrently responsible for consumer protection, education, health services, housing, population development, welfare services, and others. Provincial governments are responsible for abattoirs, ambulance services, library and veterinary services, amongst others. Conversely, local government is responsible for services such as the provision of water, electricity and the removal of refuse, local tourism, municipal health services, local amenities, street trading, etc (Du Toit, Knipe, Van Niekerk, Van Der Walt & Doyle, 2002:91).

All public institutions have to find ways of either increasing their service delivery, or providing the same services, but in a more efficient, effective and economical way. Du Toit *et al.* (2002:11-12) report that there are various reasons why the need for services has increased. There are greater demands on government to supply these services in a more effective, efficient and economical way. Factors such as population growth and

urbanisation have contributed to the demand for more and better education, health services, water and electricity.

Raga and Taylor (2005:2) opine that ethical values and integrity and the rule of law are basic values and key elements of a democratic society. Ethical behaviour by public servants and a government that is open, transparent and accountable is imperative for community-oriented public service delivery. These are prerequisites to prevent abuse of power and unethical behaviour (Raga & Taylor, 2005:1-5). The public sector is always changing through new leadership. It is, therefore, difficult to enforce ethical behaviour on employees. South Africa needs an organisational culture that supports ethical behaviour and differentiates between right and wrong (Raga & Taylor, 2005:1).

‘A transformed South Africa will be judged by one criterion above all: its effectiveness in delivering services, which meet the basic needs of all South African citizens’ (The White Paper on Transforming Public Service Delivery, Republic of South Africa, 1997). The Batho Pele Principles (Republic of South Africa, 1997) and the Principles of Service Delivery are both guidelines for public servants’ behaviour towards the public. These guidelines and principles should be applied by every public servant when they deal with a client or member of the public. Community-oriented public service delivery is based on a government that is open, transparent and accountable for its actions. During the Apartheid era violence was used to resolve conflict, and was a means for government to maintain its power. The military often operated without transparency or accountability (Batchelor & Willett, 1998:1).

Robbins (1990:257-260) suggests that expertise and information can be useful and powerful tools in an organisation, and can play a big role in service delivery. Information technology can be defined as the study, design, development, implementation, support or management of computer-based information systems, particularly software applications and computer hardware (Damelin, 2008:4-2). Information technology can be very useful in storing, receiving and sending information, but it is susceptible to viruses and worms and other types of malware. The solution is to strengthen security at all levels. Desktop security in the form of passwords should be second nature. Software security and network security, especially where sources are shared, should be upgraded and checked regularly. The use of multiple

firewalls is not uncommon to protect an organisation's information from hackers or other threats (Damelin, 2008:11-2-11-18).

Systems development is not merely about how to design a technically reliable and cost-effective information system. It should also consider the cultural, social, political and moral aspects of the individuals and the organisation. Systems development should, therefore, be considered as a multi-dimensional, social change (Boland & Hirschheim, 1987:5).

Whenever a department considers developing a new system, there are certain processes that should be followed. In Boland and Hirschheim's view (1987:6-8), a 'development group' should be established to manage the process and identify the objectives that need to be achieved. The 'object system' is what the development group perceives to be the new system that should be developed, which will possess all the properties identified as part of the objectives. The 'development group' will also manage the change process within the organisation and will guide each step towards the achievement of the objectives. Boland and Hirschheim (1987:104-108) identified several elements that can be useful when designing a new system. These elements include: a specific boundary or scope; proper system structure; operating sequence; performance measures; and the extent of the change.

Heeks (2006:193-199) suggests several steps when designing a new e-Government system. Firstly, the objectives should be set out clearly. Input, output and communication requirements should be established. Software should be designed before the hardware, or there will be the danger that the hardware is not able to operate the software. The safety and security of the staff and clients are a priority. Service delivery to clients should be improved, and the integrity of the data and information should be maintained.

Boland and Hirschheim (1987:140-141) further identify the stages in the designing process that should be followed in order to ensure an effective and efficient system. These stages are:

1. Identifying a suitable business problem;
2. The initial prototyping of the solution to check its feasibility;
3. Creating a project team;

4. Creating a steering committee;
5. Developing a project plan;
6. Training the project team in all relevant areas;
7. Creating an initial design;
8. Developing a basic shell;
9. Testing the shell in the user environment;
10. Installing the system in the user environments and training the users;
11. Enhancing the system if required; and
12. Adapting the system to changing business needs (Boland & Hirschheim, 1987:140).

The successful management of these steps are crucial for the success of the new system. They argue that management and human considerations should be taken into account at each step of the design process. The involvement and input from all role players, especially in step three, will contribute towards the acceptance and successful implementation of the new system. Boland and Hirschheim (1987:233) further state that there are five major forces that contribute to successful efforts to introduce technological innovations into organisations. These are individual factors, structural factors, technological factors, task-related factors and environmental factors. If these issues are all addressed, the new innovation will be implemented successfully.

Schwella *et al.* (1996:182) opine that: ‘Communication is essential to the management of all resources’. They further relate that planning in government is often inadequate; systems are not properly developed; and deficiencies in operations are a challenge. Government must ensure that information resource management addresses the diverse needs of the users while serving the purposes of government. Public managers should create new and better ways to resolve public problems. This often comes in the form of new technologies. However, science is becoming increasingly bureaucratic and subordinate to government’s goals. Combined with the nature of the public sector, policy making is a slow and often unreliable process that does not always address issues that are identified by public managers (Schwella *et al.* 1996:183-185).

2.8 Organisational change

Robbins and Barnwell (2006:373-374) distinguish between revolutionary and evolutionary change. Revolutionary change is when a significant technological or environmental change necessitates that the organisation should alter its nature. This usually results in a change in organisational design and structure. Evolutionary change occurs when minor changes are incorporated into the existing organisational structure. Such changes are often introduced at departmental level, and do not have an impact on the organisation as a whole.

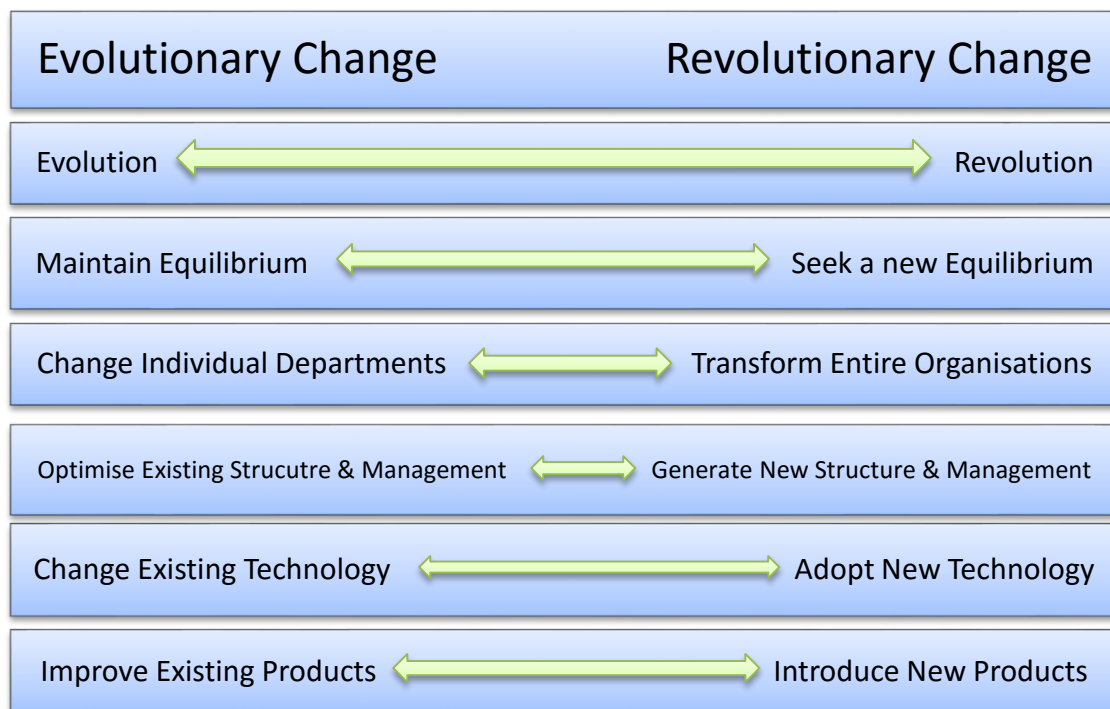


Figure 2.2: Contrast between evolutionary and revolutionary organisational change

Source: Robbins & Barnwell (2006:375)

The demilitarisation programme entails a dramatic transformation within the organisation. The move from a structured, disciplined environment with finance offices located in almost every military base to an environment that is much less structured and disciplined and located only in selected military bases, has resulted in a change of culture within the organisation. Burke (2008:21) regards such drastic changes as revolutionary or transformational changes, which require a dramatic modification of the organisation's mission and strategy. Transformation requires the attention and involvement of all members within the organisation on all levels. Primary levels consist

of the individual, the group, and the total system. Larger organisations also have a business unit, which is a sub-unit of the larger organisation (Burke, 2008:22).

Burke (2008:22-23) argues that for the overall change to be effective, the organisation's mission and strategy should be modified, which will result in the organisation's culture changing. This represents the 'people side', or the emotional component of organisation change. Burke (2008:23) believes that taking a direct approach and trying to change the organisation's culture will face resistance. He suggests that culture is related to peoples' beliefs, attitudes and values, and that it would be more productive to try to change peoples' behaviour. DuBrin (2010:244) suggests that peoples' behaviour can be changed by the leader who acts as a role model for the desired attitudes and behaviour. If they want a stronger focus on customer service, for example, they should treat employees as customers, and should promote positive customer service practices. They could also implement a reward system for employees who promote and reinforce the organisational culture. Selecting and promoting candidates whose values are in line with the culture of the organisation can also reduce resistance to change (DuBrin, 2010:244).

According to Burke (2008:23), organisational change involves two aspects. The first is content, namely the 'what', which provides the vision and direction for the change. Content is what the organisation is all about; its purpose, mission, strategy and values. The second aspect is the process, namely the 'how', which concerns implementation and adoption. This refers to how the change is planned, launched, implemented and sustained. Both aspects require strong leadership in order for the change to be successful. From Burke's (2008:25) point of view, leadership is far more personal than management. From his perspective, leadership should take the form of specific roles and behaviours, as required in each of the steps.

Different people react differently to change. Some resist change, and others learn to cope with change. Different groups also deal with change differently. They often feel protective of their 'turf'. At times they close ranks against the ones who make the changes. A group can demand new leadership, or in drastic cases, they can leave the organisation and form their own entity (Burke, 2008:91-120). When the extent of the financial negative effects that demilitarised members suffered became apparent, some

of the demilitarised members became even more resistant to the change. This negative perception has led to an organisational culture that is negatively skewed towards management, whom members feel have not taken their best interests into consideration. According to Kreitner and Kinicki (1995:532-538), ‘...organisational culture is the social glue that binds members of an organisation together’. Culture represents behaviour patterns that are acceptable by members, and are easier to change at this level. Organisational culture gives members an organisational identity, facilitates collective commitment and shapes behaviour. General manifestations of organisational culture that were identified are sharing of things, shared sayings, shared behaviour and shared feelings. It follows then that if some of the members are resistant to change, others will also begin to feel and behave in such a manner. Organisational culture can, therefore, play a big role in new systems of innovation being accepted or rejected within an organisation (Kreitner & Kinicki, 1995:532-538).

2.9 SWOT analysis

A SWOT analysis is an analytical framework that is used by organisations to identify internal and external forces that can potentially influence a proposed strategy, plan or initiative. The SWOT analysis is an acronym for the strengths, weaknesses, opportunities and threats that can influence a project or programme (Taylor, 2016) and is the cornerstone of any successful strategic planning and decision-making. The strengths and weaknesses refer to internal factors that could affect a proposed project or programme. These include financial resources, physical resources, human resources, or current processes. Opportunities and threats are usually associated with external factors that can affect any organisation. Such external factors can include market trends, economic trends, funding, demographics, and political, environmental and economic regulations (Taylor, 2016).

Strengths	Weaknesses
<ul style="list-style-type: none"> • Knowledge: Our competitors are pushing boxes. But we know systems, networks, programming, and data management. • Relationship selling: We get to know our customers, one by one. • History: We've been in our town forever. We have the loyalty of customers and vendors. 	<ul style="list-style-type: none"> • Price and volume: The major stores pushing boxes can afford to sell for less. • Brand power: We can't match the competitor's full-page advertising in the Sunday paper. We don't have the national brand name.
Opportunities	Threats
<ul style="list-style-type: none"> • Training: The major stores don't provide training, but as systems become more complex, training is in greater demand. • Service: As our target market needs more service, our competitors are less likely than ever to provide it. 	<ul style="list-style-type: none"> • The larger price-oriented store: When they advertise low prices in the newspaper, our customers think we are not giving them good value. • The computer as appliance. Volume buying of computers as products in boxes. People think they need our services less.

Figure 2.3: SWOT analysis

(Berry, 2016)

A comprehensive SWOT analysis of the demilitarisation programme before implementation would have revealed that there are certain areas that required closer attention. Strengths of the demilitarisation programme include the Constitution and other related legislation that prescribe the change (Figure 2.4). Existing processes and procedures and a loyal and dedicated staff complement supported the programme. A strong organisational culture and a record of good service delivery further strengthened the possibility of success of the programme. Centralisation of certain functions allowed management to better monitor, control and coordinate functions.

Possible weaknesses regarding implementation of the programme are soft issues, the human factor, poor delivery of services, or damage to the reputation of the organisation. While centralisation can be regarded as a strength, it can also be seen as a weakness in the sense that authorisation of certain functions is done on a national level. This delays the process and hence reduces service delivery.

Opportunities can include the possibility of improving service delivery for clients, improving existing policies, processes and procedures, and reducing fraud, unauthorised, irregular and wasteful and fruitless expenditure. The demilitarisation programme also opened up the opportunity for an increase in oversight and transparency. The amalgamation of the finance offices allowed management to consolidate certain databases, whereas before the demilitarisation each office had its own database of financial misconduct and other statistics, hence these databases could

now be consolidated to offer a more complete representation of the situation. Before demilitarisation finance officials were exposed to each aspect of the finance environment from accounting to budget to support. Since demilitarisation, these functions have been split. There was a dedicated section for each function, which meant that officials had an opportunity to accumulate knowledge and specialise in their particular field, as mentioned by Mr. I. Dangor (CDFS) in the FMD.

Threats to implementation of the programme can include political, environmental and economic legislation and regulations. Restricted deployment capabilities when required can compromise the operational effectiveness of the SANDF. The human factor can evolve from a weakness to a threat when staff become so demotivated and demoralised, which then affect their performance. Limited career opportunities lead to staff applying for posts in other sections or departments where there are more opportunities for growth. This can lead to a high staff turn-over and staff shortages. Another threat to the FMD is the fact that officials only perform duties in their specific area. While this can lead to specialisation, it also leads to people working in silos, and them not realising the effect that they can have on the overall picture. They only see their tasks and often do not see the importance of what they do.

2.10 Cash management

According to Schwella *et al.* (1996:140), the most important aspect of cash management in the public sector is to ensure the safety of public funds. Schwella *et al.* (1996:141) mention three elements of cash management that are relevant in the public sector. The two elements that are applicable to this research are ‘controlling the cash collection and expenditure processes and ‘managing the available cash balances’. Schwella *et al.* (1996:141) also argue that there would be no dilemma in public departments if cash flow could be forecast properly.

Section 38 (1) of the PFMA compels departments to have ‘working capital’ available for emergencies. This is in line with what Schwella *et al.* (1996:142) call ‘balance management’, which involves the relevant department calculating the minimum cash balance that is required. Forecasts of revenue and expenditure are critical in any cash management programme (Schwella *et al.* 1996:143).

Sections 38 and 45 of the PFMA state that the accounting officer and any public official are responsible for the effective, efficient, economical and transparent use of financial and other resources. Schwella *et al.* (1996:164) concur with the Act by stating that each public official is accountable to the public to achieve set objectives and to accept responsibility for their own actions or inactions. Schwella *et al.* (1996:167) further point out that owing to the scarcity of public funds, these funds should not only be supervised and controlled, but it should also be managed properly. Innovative ways must be found to serve the needs of the public in a more effective, efficient and economical way.

The Finance Procedural Manual of the Department of Defence (2004) provides clear procedures, rules and regulations for staff and managers who work in finance offices. All payment documents must be carefully checked, stamped and filed for audit purposes. Monies that are received from and returned to the bank must be checked for correctness in front of the cashier, the manager and a witness. Cashiers have to perform daily cash counts and the manager has to do a weekly cash count to ensure that all monies and documentation correspond to what is reflected on the system. All of the above prescripts are designed to enhance and increase safe cash management in the public sector.

2.11 Cost-benefit analysis

The effectiveness of any project or programme depends on how effectively the outputs and outcomes of the project or programme have been achieved, and how well they address the needs of the beneficiaries. These are tangible targets and objectives that can be measured over a specified period of time, and are not always of a monetary nature. The basis of a cost-benefit analysis is to determine the worth of programmes or projects in which public funds are used. The benefits or advantages of the programme or project should be weighed against the costs involved, or the disadvantages to society as a whole (Schwella *et al.* 1996:143). Schwella *et al.* (1996:143) identify three planning techniques that can be used to conduct the cost-benefit analysis: macro growth models to set a broad strategy; input-output analysis to ensure consistent targets; and project appraisals to ensure coordination between projects in the same sector.

Common models that are used to calculate the economic feasibility of a project is ‘Return on Investment’, or ROI, and ‘Total cost of Ownership’, or TCO. Kahn and Blair (2004:152-153) provide a method to calculate whether or not a technological change will benefit the organisation financially. Factors that complicate the calculations are that technology requires ongoing maintenance, training, technicians, and continuous upgrading of hardware. In the private sector, where profit and economic benefit are the determining factors, the formula is as follows:

$$\frac{\text{Total economic benefit}}{\text{Time}} - \frac{\text{Total economic cost}}{\text{Time}} = \frac{\text{positive/negative}}{\text{Time}}$$

In the public sector the situation is never as straightforward. Financial resources in the public sector are always limited. All programs and projects in the public sector should, therefore, be evaluated to ensure that financial and other resources are used optimally. Another aspect that should be considered is the issue of costs and benefits to the individual (the outcome), compared to the costs and benefits to the community (the impact) (Schwella *et al.* 1996:143). Schwella *et al.* (1996:174) point out that budgets control everything that an institution does. It can enhance or limit the ability of an institution to achieve its objectives. A ‘mission-driven budget’ encourages staff to create innovative ways to achieve the institution’s objectives while saving money.

In the public sector the focus is on service delivery instead of profit. However, the same risks that apply to the private sector also apply to the public sector. According to Heeks (2006:207), public organisations do not always perform a proper cost analysis when commencing a project. In most cases, the recurring costs exceed the initial investment. This can be owing to hidden recurring costs such as employees’ salaries, and can often be the reason why many public projects fail. Heeks (2006:208) defines cost-benefit analysis as a formal technique that is used to assess the costs and benefits of a particular course of action. This simple analysis calculates and compares total costs and total benefits over a period of time, and could help managers to ensure the success of public projects.

2.12 Infrastructure

Every department has its own internal procurement processes and safety measures. However, certain processes remain standard. All documentation such as plans, authorisations and completion certificates, once finalized, could be used as ‘lessons learnt’ as means to improve future projects. Initial and on-going monitoring is essential to ensure a compliance with legislation. Once established, continuous monitoring, evaluation and maintenance should be undertaken (Heeks, 2006:240-250).

The Infrastructure Delivery Improvement Programme (IDIP) is a capacity building programme that was developed by the South African government. A review of provincial service delivery systems in 2001 identified challenges, which relate to the planning and management of public sector infrastructure delivery. The IDIP was designed to address these challenges (Republic of South Africa, 2013). The goal of the DOD is in line with that of the IDIP, which is to improve the effectiveness and efficiency of infrastructure delivery within the public sector. Measures that are taken will contribute to the Provincial Growth and Development Strategies. The objectives of the DOD are also in line with those of the IDIP, which are to increase levels of infrastructure delivery, service delivery and social development. Other objectives are to enhance skills and systems in order to facilitate infrastructure planning, budgeting, monitoring and reporting, as well as to explore innovative approaches to address system deficiencies and capacity constraints (Republic of South Africa, 2012).

Since the 2010 Soccer World Cup, infrastructure projects in South Africa have gained momentum. This is in sharp contrast with a marked under-investment over the last two decades. Since the 1990s, international investment has increased and subsequently government has been able to invest more in infrastructure. Government’s 2012 Budget Review states that all new infrastructure projects will be subject to a rigorous assessment to determine their feasibility. Government will choose those projects that are the most cost-effective, and which provide the most benefits to communities. The review identifies obstacles in the planning, expenditure and implementation phases of projects (Republic of South Africa, 2012).

2.13 Resources

‘No institution can operate without the necessary capital’ (Du Toit *et al.* 2002:44). The DOD is no exception. According to Du Toit *et al.* (2002:32-47), the most important public resources are human, financial, information and natural resources. All of these resources are scarce and have to be managed properly. Failure to do so can result in over-exploitation of resources, which could have catastrophic effects on the country, the environment and human beings.

As mentioned, financial and other resources in the public sector are always limited. Programmes and projects in the public sector should, therefore, be evaluated to ensure that all resources are used optimally (Schwella *et al.* 1996:143). Kreitner and Kinicki (1995:7-8) argue that human resources are any organisation’s biggest asset. The financial reward system in the public sector is very limiting, so managers have to find other ways to encourage and reward employees to accept new challenges and to minimize resistance. These can include messages of support from management, possible advancements or promotions, training courses, an improved working environment, or making more resources available to them (Heeks, 2006:227).

Conversion of resources can follow various approaches (Batchelor & Willett, 1998:174-181). The macroeconomic approach considers the negative relationship between military expenditure and economic development. The microeconomic approach focuses on the reuse of existing military resources for civilian purposes. Conversely, the political approach is an all-encompassing concept that simultaneously addresses economic problems, which are caused by demilitarisation, demobilisation and reduced defence expenditure. The key factor in political conversion is the reassertion of civilian control over the military, and the reallocation of resources to sustainable development and renewable energies (Batchelor & Willett, 1998:174-182).

Batchelor and Willett (1998:8) define demilitarisation as a social process that is the opposite of militarisation and is multi-dimensional. At an economic level it includes budget cuts in defence expenditure, as well as the conversion of defence resources such as human, financial and technological resources for civilian purposes. Quantitative evidence suggests that military expenditure imposes a substantial burden on economic development. Batchelor and Willett (1998:9) further suggest that there could be a correlation between disarmament and development. In a country where resources are

scarce, military expenditure can use funds that should be allocated to other forms of public expenditure such as education and health, which could have a negative effect on social welfare and economic growth (Batchelor & Willett, 1998:12-13). Batchelor and Kingma (2004:2) agree with this position and state that demilitarisation creates opportunities for sustainable peace and human development, as well as the reallocation of resources from the military sector towards socio-economic needs.

There are of course differing theories about the importance of demilitarisation regarding the allocation of financial and other resources. The Keynesian approach focuses on demand and states that if aggregate demand is low, relative to potential supply, increases in military expenditure can result in increased capacity utilisation, increased profits and increased investment and economic growth.

The Marxist view is that military expenditure is essential for the development and prosperity of capitalism. The liberal view is that military expenditure is economically harmful and unproductive (Batchelor & Willett, 1998:13). Batchelor and Willett (1998:65) state that cuts in military expenditure were brought about by macroeconomic pressures, rather than by a political desire to restrict the flow of resources to the military.

During the Apartheid era, government invested vast amounts of resources to develop its armed forces in order to defend the country against all internal and external threats. Amongst other things, this increase in allocation of scarce resources to the armed forces and the arms industry contributed to structural distortions and a declining South African economy. As a result of drastic budget cuts (see Table 2.1), new defence policies and the new political regime, the number of defence force members have decreased dramatically (Batchelor & Willett, 1998:150).

Table 2.1: Military expenditure: 1989 - 1995

	1989	1990	1991	1992	1993	1994	1995
Military expenditure	11,435	10,070	8,094	7,605	6,589	7,153	6,233

(million rand, constant 1990 prices)							
Percentage change on previous year	5.7	-11.9	-19.6	-6.0	-13.4	8.6	-12.9
Military expenditure as share of Gross Domestic Product (GDP) (%)	4.1	3.6	2.9	2.8	2.4	2.5	2.2
Military expenditure as share of government expenditure (%)	13.0	12.4	9.8	8.4	6.8	8.1	6.8

Source: Batchelor & Willett (1998:150)

Demilitarisation, which could result in the reallocation of resources that promote human security and sustainable development supported the new government's political dispensation (Batchelor & Willett, 1998:1-2). Since 1998 military expenditure was cut drastically. The increase in 1994 was owing to significant costs that are associated with the integration of the SADF and non-statutory forces into the SANDF, which began immediately after the elections in 1994 (Batchelor & Willett, 1998:150). The reallocation of resources from military toward civilian needs can include demobilisation, resettlement and reintegration. The actual implementation of these reallocation activities can contain some element of risk, and must be managed carefully (Batchelor & Kingma, 2004:13).

2.14 Summary

This chapter discussed various aspects which relate to demilitarisation, effects on the organisation and the individuals involved, and the environment, as a whole. It also highlighted processes and procedures, organisational design and culture, and the importance of change management and proper leadership. The authors of the literature discussed all agree that effective communication and strong leadership are essential in managing change within an organisation. Conversely, there are differing approaches

about the importance of demilitarisation when it comes to the allocation of financial and other resources.

Chapter Three presents the policies and regulatory framework which have a bearing on the demilitarisation programme. This includes the Constitution, the acts that pertain to finance in the public sector, and departmental policies that were applicable to the demilitarisation programme.

Chapter 3

Policy and Regulatory Framework

3.1 Introduction

Chapter Two discussed various theoretical concepts, which relate to organisational change and other aspects of demilitarisation. The concepts were discussed thematically and the importance of each aspect was highlighted. Relevant documents to demilitarisation were discussed, as well as documents which relate to the human factor. The role of strong leadership is vital in any organisation where change is considered, while the important role of the employee cannot be underestimated. The human factor can either result in the success or failure of a project or programme. Chapter Three deals with the regulatory framework that was applicable to the demilitarisation of the FMD of the DOD in 1998. This chapter also discusses the prescripts, policies and procedures that are relevant to the day-to-day operations of the FMD.

Each individual's rights and obligations are enshrined in the Constitution. Chapter 10 of the Constitution mentions the basic values and principles that govern public administration. Chapter 11 deals with security services and contains the important section 204, which prescribes the establishment of a civilian secretariat for defence that resulted in civil society having control and oversight over public funds. This prescript is reinforced by the Defence Review of 1998, which is discussed in this chapter. Chapter 13 of the Constitution deals with finance in government and provides guidelines for the control of national and provincial budgets. These documents are discussed to clarify the purpose of the demilitarisation programme, and the objectives that this programme was meant to achieve.

The Defence Act No. 44 of 1957 is another important piece of legislation that prescribed the establishment of the Defence Secretariat. Sections 4 and 7 of this act refer to the composition and the organisation of the DOD, which are discussed later in this chapter.

Chapter 5 of the PFMA deals with the management of public funds in departments and constitutional institutions. It contains sections 38 and 45, which state that public officials are responsible for the safe-guarding and effective and efficient use of financial and other resources. Other policies and prescripts that are relevant to the demilitarisation and to the regulatory framework within the DOD are the Department of Defence Instruction (DODI). The DODI includes the Finance Procedure Manual (Department of Defence, 2004) and the Joint Defence Publication (JDP) (Department of Defence, 2004) on Cash Management in the DOD.

3.2 The legal perspective

The laws in question fall under the classification of substantive law, which is also known as material law. This part of the law determines the content and meaning of the various legal principles and the rights that an individual may have. Conversely, Adjective Law regulates the enforcement of substantive law. These two laws are interdependent.

In the case study, Public Law, specifically Constitutional and Human Rights Law and Administrative Law, determine the rights of members that were demilitarised. Adjective Law determines the manner in which these members can claim damages for their rights that have been violated (Kleyn & Viljoen, 2012:93-95). Kleyn and Viljoen (2012:93-95) state that Public Law determines the extent of state authority and regulates the relationship between the state and its subjects. Under Administrative Law, the Promotion of Administrative Justice Act 3 of 2000 (PAJA) (Republic of South Africa, 2000) demands that administrative action and decisions should be procedurally fair. It makes provision for persons who perceive that they have been adversely affected by administrative action, to request reasons for the decision, or to take legal action in the form of judicial review, if necessary (Kleyn & Viljoen, 2012:96-98).

3.3 Constitution of the Republic of South Africa (1996)

The Constitution is the highest authority in South Africa. Any law or conduct that is inconsistent or in contravention of the Constitution, is invalid.

Chapter 11 of the Constitution relates to security services and discusses the duties and responsibilities of the Defence Force. Section 204 of Chapter 11 states that: ‘A civilian Secretariat for Defence must be established by national legislation to function under the direction of the Cabinet member responsible for defence’. The above section, together with the prescripts in the Defence Review of 1998, was the premise for the appointment of the SecDef and the subsequent demilitarisation of the FMD of the DOD.

As discussed in Chapter Two of this research study, Chapter 3 of the Constitution establishes the three spheres of government and allocates their powers. Schedule 4 of the Constitution lists the functional areas of concurrent national and provincial legislative competence, while schedule 5 lists the functional areas of exclusive provincial legislative competence. Public institutions in all spheres of government should find ways of delivering services to the public in a more effective, efficient and economic manner. This is reflected in the ‘value for money’ principle in the PFMA and the Batho Pele principles.

Chapter 10 of the Constitution discusses Public Administration. It provides guidelines, basic values and principles to which public servants and public organisations should adhere. The Constitution advocates a government that is open, transparent and accountable. These qualities are imperative pre-requisites for community-oriented public service delivery, and combat the abuse of power and unethical behaviour. A high standard of professional ethics is required by public servants at all times.

General financial guidelines are outlined in Chapter 13 of the Constitution. This chapter prescribes the national treasury legislation and the generally recognised accounting practices that must be followed in all government expenditure. All budgetary processes must promote openness, transparency, accountability and the effective financial management of the public sector.

3.4 Defence Act 44 of 1957 and Defence Act 42 of 2002

The aim of the Defence Act, as amended by the Constitution, is to ‘...provide for the defence of the Republic and for matters incidental thereto’. Section 204 of the Constitution prescribes the establishment of a secretariat for defence. With this aim, section 4b of the Defence Act of 1957 prescribes that the DOD shall consist of a Defence Secretariat and the SANDF. Various amendments to the Defence Act 44 of 1957 resulted in the new Defence Act 42 of 2002. Section 7A of the Defence Act 44 of 1957 prescribes the establishment of a Defence Secretariat and further elaborates on the composition of the Defence Secretariat. According to sections 7A and 7B of the Defence Act 44 of 1957, the SecDef, its officers and employees must be appointed under the Public Service Act of 1994. Section 7A of the Defence Act 44 of 1957 served as initial legal foundation. The Defence Act 42 of 2002 encapsulates section 7A of the Defence Act 44 of 1957.

3.5 Public Finance Management Act 1 of 1999

The PFMA gives effect to sections 213, 215, 216, 217, 218 and 219 of the Constitution for the general financial matters of the national and provincial spheres of government. These sections form part of Chapter 13 of the PFMA, which deals with general financial matters and is applicable to all public entities.

Chapters 2 and 3 of the PFMA make provision for the establishment of National and Provincial Treasuries. These gave rise to the National Treasury Regulations and Provincial Treasury Instructions to which all public entities have to adhere (Republic of South Africa, 1999). These chapters outline the responsibilities, functions and powers, and delegations of these entities.

Section 38 (1) of the PFMA compels departments to have ‘working capital’ available for emergencies. Sections 38 and 45 of the PFMA prescribe the responsibilities of Accounting Officers and other officials. They state that the accounting officer and other officials are responsible for the effective, efficient, economical and transparent use of financial and other resources. They further state that internal control measures must be established to prevent fruitless and wasteful expenditure, unauthorised and irregular

expenditure to properly manage the department's assets. Innovative ways must be found to serve the needs of the public in a more effective, efficient and economical way.

The above sections provide guidelines for all public servants and public entities that deal with public funds. Section 44 of the PFMA allows for the Accounting Officer (AO) to delegate responsibilities. This section allows for the transfer of responsibility, but not for the transfer of accountability. Accountability for the duties and responsibilities that are assigned to the AO remains with the AO. The SecDef is the AO for the DOD, and is ultimately accountable and in control of public funds that are allocated to the DOD. The AO should ensure that proper policies, procedures, measures and guidelines are established to guide all finance functionaries in the FMD of the DOD. These guidelines are contained in the Department of Defence Instruction (DODI), which include the Finance Procedure Manual and the JDP.

3.6 Defence Review of 1998 and Defence Review of 2014

The office of the SecDef was established in terms of the new legislation, specifically section 204 of the Constitution and the Defence Review of 1998. The aim of these prescripts was to have oversight and control of public funds that were allocated to the DOD.

The Defence Review of 1998 had various purposes. According to Williams, Cawthra and Abrahams (2002:205), the Defence Review was significant for three reasons: firstly, it represented a strengthening of South Africa's democratic civil-military relations; secondly, it attempted to redefine the key assumptions of the South African defence policy to ensure effective defence management and good governance; and thirdly, it provided a framework on which to base the equipment and human resource needs of the armed forces.

The Defence Review of 1998 outlined the posture, functions and force design options of the defence force for the future. Based on these functions, it also provided an outline of human resource capabilities, processes and other considerations that would be required to properly manage the defence force. The previous regime followed a policy

of ‘offensive defence’, properly referred to as ‘forward defence’, whereas the Defence Review suggested a shift to a strategically defensive and operationally offensive strategy. The defence posture of the country would be primarily defensive in future. Operational and human resource capabilities were, therefore, adjusted to accommodate the new strategy (Williams *et al.* 2002:208-209). This strategy significantly reduced the number of military personnel in the SANDF (Batchelor & Kingma, 2004:144-145), and supported the concerns of the African National Congress (ANC) at the time that the armed forces could use their influence to intervene in the political process (Williams *et al.* 2002:215).

Cawthra (2009:5) postulates that the aim of the Defence Review of 1998 was to establish more concrete policies regarding force design, budget frameworks and resource requirements. The DOD made a concerted effort to consult with Parliament and other governmental agencies in an effort to make the transformation process as transparent and consultative as possible. Consultations and negotiations were also undertaken between the South African Defence Force (SADF) and the African National Congress’s guerrilla army, Umkhonto we Sizwe (MK). MK represented the other guerrilla armies of the Pan Africanist Congress (PAC), the Inkatha Freedom Party (IFP), and the statutory institutions of the four ‘independent homelands’, namely Transkei, Bophuthatswana, Venda and Ciskei, known as the TBVC armies (Batchelor & Willett, 1998:60-61). As a result of this process, the new SANDF was established, and effectively absorbed the seven guerrilla armed formations (Cawthra, 2009:2-5). The integration process was fraught with difficulty, especially as it was followed by demobilisation to reduce the number of SANDF members. This was in line with the new defensive strategy, as opposed to the offensive strategy of the previous regime (Cawthra, 2009:6).

The new structure allowed for the establishment of a defence secretariat and for the appointment of a Defence Secretary. The Chief of the SANDF would now be responsible for force preparations and operations. The SecDef is the Accounting Officer (AO) of the DOD and would be responsible for the policy, planning, and budgeting and procurement functions. The SecDef would also be the principal civilian advisor to the minister regarding defence policy matters (Batchelor & Willett, 1998:142-143). This shift consolidated civil control over the military and increased the degree of

transparency and accountability within the department. Conversely, it left a divide between the inexperienced civilians and the hardened military officers who were used to being in control (Cawthra, 2009:7).

The Defence Review of 2014 considers the position of the DOD as a whole, taking into account international and national developments, including the demilitarisation of the FMD in 1998. Chapter 14 of the Defence Review of 2014 concludes that the vast majority of defence finance officials should be militarised, or in uniform. To accommodate this, a uniformed finance capability will be established within the Defence Force as a deployable corps in support of defence operations (Republic of South Africa, 2014:14-21). This step will ensure that uniformed finance members can be deployed, and that they will be under the command of the OC. The Defence Review of 2014 further states that all previous military finance practitioners with the suffix 'CS', irrespective of their current mustering, must be offered the opportunity to remilitarise. This includes defence civilians with the suffix 'CA', and who currently serve in the FMD (Republic of South Africa, 2014:p14-21).

The Defence Review of 2014 further states that the remilitarisation of the finance capability must address the contractual relationship between the Defence Force and the members that were demilitarised. These contractual relationships include, but are not limited to career pathing, pension, group-life insurance, medical benefits and salary notches. Those members who do not wish to remilitarise may remain in the FMD as defence civilian employees (Republic of South Africa, 2014:14-21).

3.7 Department of Defence Instruction (DODI)

The Department of Defence Instruction (DODI) include various policies and procedures that regulate the management of public funds within the department. The Finance Procedure Manual is an internal Standard Operating Procedure document of the DOD; reference number DS/CFO/R/505/17/7/P. It regulates cash management in the DOD and stipulates exactly what finance staff should do. Detailed step-by-step instructions are provided for each transaction. The manual provides processes and procedures for when money is received from the bank or deposited into the bank. Procedures for daily and weekly cash counts ensure the prescribed management and

control of money in the FASCs and FASOs at all times. The processes and procedures, which are outlined, have to be strictly complied with by all finance officials.

The Finance Procedure Manual provides clear procedures, rules and regulations for staff and managers who work in finance offices. All payment documents must be carefully checked, stamped and filed for audit purposes (Republic of South Africa, 2004:7-9). Monies that are received from and returned to the bank must be checked for correctness in front of the cashier, the manager and a witness (Republic of South Africa, 2004:41-42). Cashiers are required to perform daily cash counts and the manager should do a weekly cash count to ensure that all monies and documentation corresponds to what reflects within the system (Republic of South Africa, 2004:72).

The JDP on Cash Management in the DOD also provides finance functionaries with rules and regulations and guidelines that should be followed. These guidelines provide a comprehensive breakdown of steps that should be taken in any situation in the finance office. These guidelines were established to protect both the client and the cashier and to prevent possible misuse of state funds.

3.8 Policies and procedures

A formal set of policies and procedures are necessary in any organisation. They provide criteria that employees and the organisation need to comply with (Kahn & Blair, 2004:79). When a new system or innovation is introduced, new policies and procedures should be compiled to provide standards and processes as guidelines for employees. The existing policies and procedures that are contained in the Finance Procedure Manual (Republic of South Africa, 2004:52) stipulate exactly what finance staff should do. When money is received from the bank and deposited into the bank, procedures should be strictly complied with. Daily and weekly cash counts ensure the prescribed management and control of money in the finance office at all times.

Policies and procedures should be clearly written and widely disseminated so that employees know what is expected of them, what their obligations are, and what the consequences will be if they do not follow the directives. They also provide guidelines for employee behaviour, establish the organisation's culture and set employee and

management expectations (Kahn & Blair, 2004:81). Kahn and Blair (2004:81-86) argue that proper dissemination of policies and procedures, as well as training staff in the implementation thereof, can indemnify the organisation when errors do occur. They state that one of the primary goals of compliant information management policies and procedures, or any policies and procedures, is to help organisations avoid liability for their employees' actions.

Kahn and Blair (2004:94-96) recommend several actions that must be considered when drafting policies. These include:

- Keeping policies up to date – policies should be regularly reviewed and updated to keep up with technology;
- Monitor compliance – a system of compliance is necessary to monitor and detect violations;
- Be consistent – employers must follow their own policies in order for them to have value and for employees to take it seriously;
- Policies must be written and disseminated – all employees must receive the policy and understand its contents; and
- Write policies that remain relevant for the longest possible time – formulating policy is a laborious and expensive task, so a system must be established to review and revise policies regularly in order to accommodate technological and other changes (Kahn & Blair, 2004:94-96).

3.9 Summary

Chapter Three provided a closer look at the regulatory framework that was considered before and during the demilitarisation of the FMD in the DOD. The Constitution, the PFMA and the Defence Acts presents clear prescripts for the decisions that were taken. Departmental instructions and procedures further provides guidelines for the actions of all public officials when dealing with public funds. The requirements for civilian oversight that was set out in the legislation outweighed all other considerations.

Chapter Four elaborates on the design and methodology of this research study and presents data collection methods and the types of analysis that were used. It also

describes the limitations that the researcher was faced with when doing interviews and while compiling this research study.

Chapter 4

Research Design and Methodology

4.1 Introduction

Chapter Three presented the relevant policies and regulatory frameworks that play a role in the demilitarisation of the FMD of the DOD. The Constitution, the PFMA and the Defence Acts formed the basis of the motivation for demilitarisation. Other legislation prescribe the processes and procedures that must be followed when working with public funds. Chapter Four gives more detail on the research design and methodology that were used in this research project, and outlines the types of data collection and analysis that the researcher used.

The purpose of this research study was to analyse the consequences of the demilitarisation programme. According to Babbie and Mouton (2001:337-338), this type of study is a judgement-oriented evaluation, which is aimed at establishing the value or worth of the programme. It is, therefore, a summative evaluation and follows a deductive pattern (Babbie & Mouton, 2001:24-25,338). Welman, Kruger and Mitchell (2005:28) explain deductive research as: ‘...research in which a conceptual and theoretical structure is developed and then tested by empirical observation...’.

The population, according to Welman *et al.* (2005:52-53), is the study object and consists of individuals, groups or organisations; it is the full set of cases from which a sample is taken. In this research study, the population comprised the finance officials of the DOD that fall under the Director Stores, Services and Related Payments (DSSRP). The researcher chose to use snowball sampling based on her knowledge of the population, its elements and the nature of the research aims and the purpose of the study. The researcher is based in the Cape Town area and chose to interview members located at Youngsfield Army Support Base and Simon’s Town Naval Base. These members referred the researcher to affected members that are located in other parts of the country.

Against this background, the researcher conducted this study within the qualitative paradigm. This approach gives the researcher the insider perspective that is required for this type of study. According to Creswell (2013:43-47), qualitative research is ‘...a situated activity that locates the researcher in the world’. He further states that qualitative research consists of a set of interpretive, material practices that make the world visible. This means that the researcher tries to make sense of the phenomena by studying things in its natural setting. Mouton (2001:194) lists one of the major distinguishing characteristics of the qualitative research to be that the researcher attempts to understand people within their own environment. Creswell (2013:45-47) also identifies several characteristics that are common in qualitative research. These are: natural setting; researcher as key instrument; multiple methods; complex reasoning through inductive and deductive logic; participants’ meanings; emergent design; reflexivity; and a holistic account.

4.2 Research design

The design type that the researcher found most appropriate for this study is a case study. The case study is a valuable qualitative tool, since interaction of the unit of study with its context is an important part of the research project. The case study takes multiple perspectives and tries to understand the influence of the social system or intervention on the participants’ behaviours and perspectives (Babbie & Mouton, 2001:281). Welman *et al.* (2005:25) agree with Babbie and Mouton and state that case study research is directed at understanding the uniqueness and the idiosyncrasy of a particular case in all its complexity. In this research project the objective is to investigate the effectiveness of the demilitarisation programme in the FMD of the DOD.

The research consists of both empirical and non-empirical hybrid data. The literature review represents non-empirical data or secondary data in the form of the legislative framework, internal policies and processes, and the theories of other writers on different aspects of the programme. The empirical or primary data is in the form of face-to-face and telephonic interviews. Individual interviews were conducted with senior personnel, peers and colleagues to extract information from them, which relate to the programme itself and to their personal experiences and perceptions. The study is textual and

qualitative in nature. The research is exploratory in purpose, with the aim of identifying the positive and negative intended and unintended consequences of the demilitarisation programme.

4.3 Research methodology

The members who were affected by demilitarisation are located throughout the country. Based on the researcher's knowledge of the population, their location and levels of expertise, the researcher identified certain of the affected individuals and used snowball sampling. By using snowball sampling, the researcher interviewed participants who are located in the Cape Town area. Referrals from these participants led to telephonic interviews with participants who are located in Pretoria and other parts of the country and who were also affected by the programme. This research method gave the researcher access to members in other parts of the country, and who would not ordinarily be available for face-to-face interviews. It allowed for increased accessibility to affected members, while allowing for a greater measure of representivity of the larger population (Babbie & Mouton, 2001:166-167).

Both primary and secondary data were used in the collection of data for this research study. Secondary data includes the critical analysis of policy documents, legislative prescripts, information that was gathered from the Financial Management System (FMS) and grievance documents that were received from participants. Primary data was generated from face-to-face and telephonic interviews with participants by using guiding, open-ended, semi-structured questions. The open-ended questions were formulated in such a way that allowed the researcher to extract more information from the participant as the interview progressed.

It should be noted that these questions were used as guiding questions, whilst using an interview schedule. Participants were encouraged to elaborate on each aspect of the demilitarisation process to give the researcher a better understanding of the programme. Interview guides are used in semi-structured interviews and are useful when topics are of a sensitive nature, or the participants are from diverse backgrounds (Welman *et al.* 2005:166-167). The questions, which were posed to participants were based on the

objectives of the research study, which aims to identify the intended and unintended consequences of the demilitarisation programme. It attempted to determine the effect that the programme has had on service delivery to clients of the department, and it also considered the overall effectiveness of the programme. The researcher sought to evaluate the overall effectiveness of the programme by examining the effect of demilitarisation on service delivery, the effect of the demilitarisation on the safeguarding of state funds, and the effect of demilitarisation on the department's employees.

4.4 Data collection

Secondary data that was gathered comprised relevant legislation, policy documents and departmental instructions and prescripts. Relevant books and articles by prominent authors were scrutinised in an attempt to conceptualise the study. These documents formed the basis of the literature review and the legislative framework, as discussed in Chapters Two and Three.

Primary data was collected by conducting basic individual interviews with selected finance officials that were affected by the demilitarisation. Face-to-face and telephonic interviews, using guiding questions, were conducted with 25 finance officials who are located in the Cape Town area and officials who are located in other parts of the country. Guiding questions, or interview guides, are used in semi-structured interviews and allow the researcher and the participant a degree of flexibility with the questions (Welman *et al.* 2005:166-167). The researcher can probe vague responses or ask the participant to elaborate on certain answers. Welman *et al.* (2005:167) argue that semi-structured interviews are useful when topics are of a sensitive nature, or when participants are from diverse backgrounds.

FASCs and FASOs in the Cape Town area are located on DOD bases at the Simon's Town Naval Base, Youngsfield Army Support Base, 2 Military Hospital in Wynberg, 9 SAI (South African Infantry) Military Base in Khayelitsha and Ysterplaat Air Force Base. Telephonic interviews were conducted with 12 senior officials at Director Stores, Services and Related Payments (DSSRP) in Pretoria, which provided more insight into

the managerial aspects of the programme. The ranks of these senior officials varied from Assistant Director to Director, either in the previous, or in the current structure. Fifteen other finance functionaries were interviewed. Their ranks vary from Senior Accounting Clerks (SAC) to Senior State Accountants (SSA). These officials are located in finance offices in Durban, Youngsfield and Simon's Town and this was done in order to gather information from other perspectives. Policies, prescripts and statistics that relate to demilitarisation were received from DSSRP and from participants. These documents have been de-classified and provide greater insight into the background of the demilitarisation.

The researcher ensured that both face-to-face and telephonic interviews were always conducted in a professional manner. Interviewees were informed of the reason for the interview and the researcher explained that their contributions would be kept anonymous. Interviewees have the right to request that their contribution to the research be withdrawn at any time. Each person that was interviewed was asked to sign a consent form, whereby they gave their permission for the interview to be conducted. No payment of any kind was offered to interviewees to encourage them to participate.

4.5 Analysis

Analysis can be described as '...involving a close engagement with one's data, and the illumination of their meaning and significance through insightful and technically sophisticated work' (Bazeley, 2013:4). Content analysis was used to analyse the results of the basic individual interviews that were conducted. Mouton (2001:165-166) defines content analysis as studies that analyse the content of texts, where content can refer to words, meanings, themes, or any message that can be communicated. One of the strengths of content analysis is that documents can be analysed unobtrusively, which minimises the risk of errors that are associated with interaction between researchers and subjects. Welman *et al.* (2005:221) describe content analysis as 'a quantitative analysis of qualitative data'. The technique that they advocate involves counting the frequency of particular words or phrases in order to identify themes and categorise data.

The first step in content analysis is coding. Coding is a process whereby raw data is transformed into useable information for processing and analysis (Babbie & Mouton, 2001:640). Bazeley (2013:125) describes coding as a process that is designed to stimulate and facilitate analysis. It provides a way of managing, locating, identifying, sorting, sifting and querying data. The results of the interviews that were conducted were summarised and analysed by coding the manifest content, which is the visible or surface content of the data and counts the number of times that a particular word or phrase appears in the scripts. Manifest coding has the advantage of reliability in the coding, and it lets the reader know how that particular aspect of the research was measured. This type of coding can be a disadvantage in terms of validity (Babbie & Mouton, 2001:388). According to Creswell (2013:184), coding is the heart of qualitative data analysis. Researchers can describe what they see, develop themes and provide interpretations of the data. Creswell (2013:184) describe coding as the process that involves aggregating the text into small categories of information, looking for a code, and then assigning a label to the code. Welman *et al.* (2005:214) agree with the above authors and postulate that the purpose of coding is to analyse and to make sense of the data that has been collected. The researcher does this by placing tags or labels on data that is collected during field work. These tags are then used to organise the data according to particular themes.

The next step in the research, according to Creswell (2013:186), is to classify the data by identifying broad themes or categories. Themes and subthemes are units of information that consist of several codes that are grouped together to form a common idea. These themes can even be reduced to small, manageable subthemes. Welman *et al.* (2005:211) state that theme identification is one of the most fundamental tasks in qualitative research. They describe themes as ‘umbrella’ constructs that can be identified by the researcher before, during, or after data collection. Bazeley (2013:109,121) mentions that while the researcher transcribes, he/she should underline important words and make notes of recurring words or ideas in the margins. This is the initial coding stage. The next stage is to review the marginal notes and identify the words or ideas that occur most frequently. These words or ideas can be categorised into themes or sub-themes.

The themes that the researcher identified in this research study are the objectives that were noted in Chapter One: the legislation, intended consequences, unintended consequences, levels of service delivery, and the overall effectiveness of the programme. Other themes that were identified are increases in fraud, the importance of policies and procedures, challenges to the FMD, relocation of members, the financial loss to members and implementation of the programme.

Conceptual analysis, which is also known as thematic analysis, was used to identify phrases, patterns and themes that emerge from the information that was received. The researcher decided on different phrases to code for and highlighted the various phrases in different colours (Babbie & Mouton, 2001:492). The frequency of occurrence of each phrase was analysed to provide meaningful results. Sub-themes that were analysed were the intended consequences, unintended consequences, and the balance between the positive and negative consequences. Other avenues that were explored included the extent to which the intended consequences were realized, and what was done to mitigate the negative unintended consequences. Existing or secondary data in the form of policies and prescripts were also analysed through content analysis.

4.6 Ethics

Authorisation was obtained from Director Stores, Services and Related Payments (DSSRP) and from Defence Intelligence (DI) to conduct the studies. The researcher applied for ethical clearance and received it from the Departmental Ethics Screening Committee (DESC) and the Research Ethics Committee (REC) of Stellenbosch University.

This research involved direct interaction with individuals in the form of basic individual interviews and telephonic interviews with members who are located outside of the Cape Town area. Policies and prescripts within the DOD are available to the public and are available on the DOD website. However, information on the Finance Management System (FMS) regarding payments that are made to suppliers is not within the public domain. Before commencing with the interviews, all participants were asked to sign an informed consent form. The participants were informed that they had the right not to

answer any of the questions, or to withdraw from the interview at any time. Confidentiality and anonymity were guaranteed, and were maintained throughout.

4.7 Limitations

The researcher initially intended to make comparisons of before and after the demilitarisation to determine whether or not service delivery had improved. Such information could easily be drawn from the Finance Management System (FMS). The average period that it took before demilitarisation to pay a supplier and the percentage of suppliers that were paid within the 30-day period could have been compared with current figures. The researcher discovered, however, that consolidated information such as that, which is available on the FMS today, was not available before demilitarisation. In fact, before demilitarisation, there were no policies or prescripts in place that prescribed that a supplier had to be paid within 30 days (Appendix B). This was confirmed by Mr. I. Dangor (CDFS) in the FMD. These policies were only implemented in 2004 as part of the DODI.

Upon receiving feedback from the interviews, it became clear that six of the 25 participants believed that financial misconduct in the FMD has increased since demilitarisation. Based on this information, the researcher attempted to compare reported cases of financial misconduct from before demilitarisation to current figures, only to discover once again that consolidated figures for reported cases of fraud before demilitarisation, is not available. In both instances, before demilitarisation, each unit kept its own statistics, and a consolidated database to monitor service delivery and reported cases of financial misconduct, was only implemented after demilitarisation.

Certain information in the DOD is of a sensitive nature, whether it is available in the public domain or not. Even though the researcher received authorisation from Defence Intelligence (DI) to proceed with her thesis, this authority was not all-encompassing. Letters and documents that the researcher potentially wanted to use in her research still had to be forwarded to DI for approval and de-classification. This process was sometimes a lengthy one. In addition to the time constraints associated with documents sent to DI, the declassified documents that were received back from DI were in some

cases unclear or illegible. The affected appendices were re-typed by the researcher and attached as additional appendices. The declassified documents received from DI are not attached due to the size limitation of this research study.

Upon reaching near-completion of her thesis, the researcher was informed that she had exceeded the maximum number of pages allowed for a Master's thesis. This meant that the researcher had to re-think what was important and what information could potentially be omitted from the document. It also meant that the researcher could not elaborate further on aspects of the research that might require further clarification. Appendices that could possibly shed more light on certain aspects of the research had to be excluded in order to comply with the size requirements.

4.8 Summary

Chapter Four outlined the research design and methodology, as well as data collection methods and types of analysis. The researcher explains each concept to ensure that readers at all levels understand the terminology and the processes. Chapter Five outlines the details of the case study that forms the basis of this research project. This chapter provides the reader with the background that led to the demilitarisation and sketches the structure of the FMD before and after the demilitarisation.

Chapter 5

The case study

5.1 Introduction

Chapter Four outlined the research design and methodology that were used for the collection of data for this research project. It provided a breakdown of the data collection methods that were used, and discusses content analysis and conceptual analysis as methods, which was used to analyse the data. Chapter Five provides a background of the demilitarisation programme and the processes that were followed. It gives the history of the FMD and the reasons for the change, as well as the current status and the effect that the demilitarisation has had on the department and on its members.

In terms of section 204 of the new Constitution, the SecDef was given the authority to establish a new finance directorate and to appoint members to work in that section. According to the PFMA, the Accounting Officer (AO) of a department is responsible for the effective, efficient, economical and transparent use of resources. He is also responsible to manage the working capital of the department efficiently and economically, and to prevent irregular or fruitless and wasteful expenditure. The government of the day and the SecDef who is also the AO of the department, perceived that the demilitarisation of the FMD was the best way to comply with all of these regulations (Batchelor & Willett, 1998:142-143).

5.2 Case study

In 1998 the FMD of the DOD was demilitarised or civilianised. This means that finance officials that were previously in uniform were now civilianised or converted to civilians. This was because of changes in legislation such as the Constitution, the Defence Act 44 of 1957, the PFMA and the Defence Review of 1998, which required public funds to be under civil control. The Defence Secretariat, headed by the SecDef, was established to bring this into effect. The SecDef, in turn, appointed the CFO to head the FMD. The demilitarisation process had various objectives and intended

consequences that the decision-makers wished to achieve. These included restructuring of the FMD, the training and reallocation of staff, improved service delivery and improved policies and procedures that would lead to increased openness and transparency, as well as reduced fraud.

Before the demilitarisation, members in the FMD formed part of the DOD structure, as shown in Figure 4.1 below. At this time, all officials who worked in the FMD also had operational duties to fulfil on the base. Such duties included attending or participating in parades, doing guard duties and being on stand-by for operational deployment at short notice. As presented in the organogram in Figure 4.1, there was no dedicated FMD or finance structure at this time. Within the previous structure, the services and divisions were on the same level as the Arms of Services within the SADF. In addition, each service had a Chief of Staff Finance.

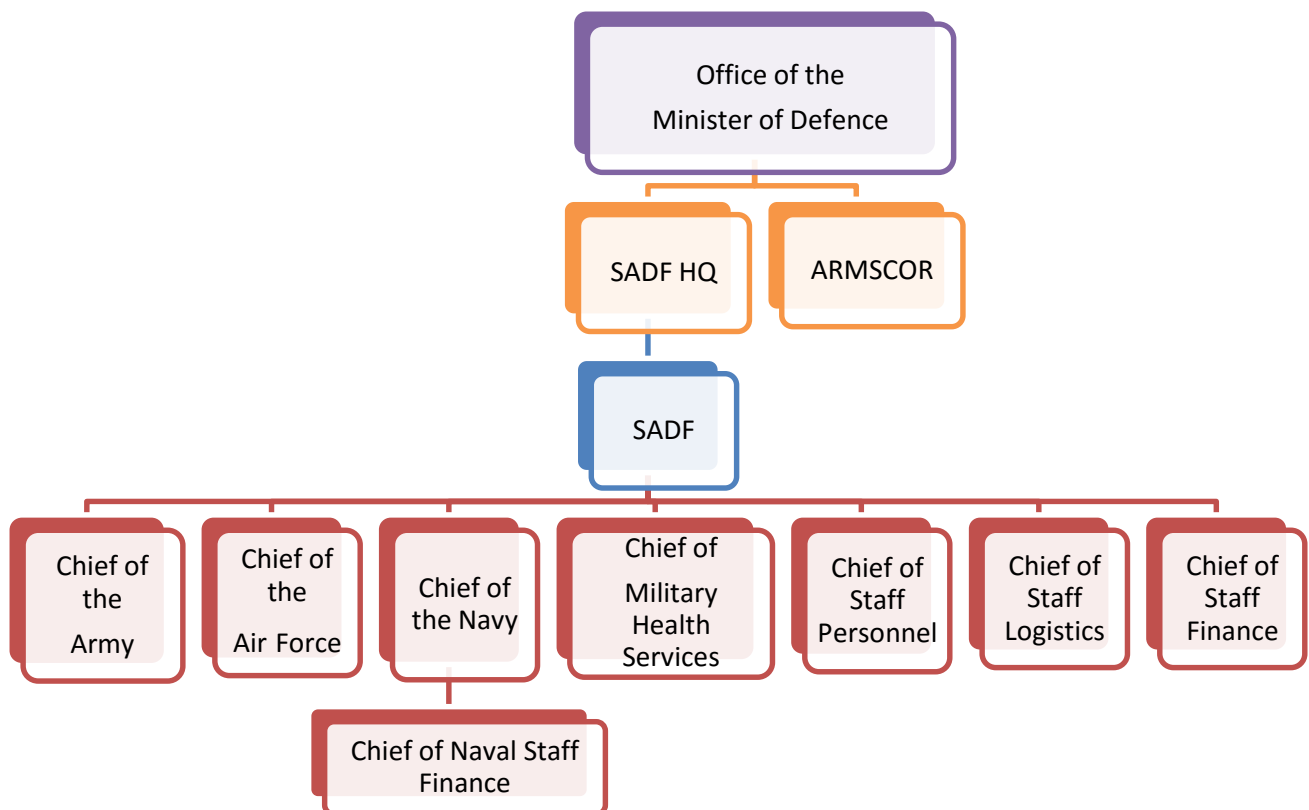


Figure 5.1: DOD Structure before demilitarisation

Source: SA Defence Force

For various reasons, members who work in finance offices had to be at least on salary level six, and approving officials had to be at least on salary level seven. In the Army

and the Military Health Services, this equated to the rank of Sergeant for a clerk, and a rank of Staff Sergeant for the approving officer. In the Air Force this equated to the rank of Sergeant and Flight Sergeant, and in the Navy, the equivalent ranks were those of Petty Officer and Chief Petty Officer, respectively.

In the months following the 1994 elections, the DOD underwent extensive restructuring in order to realise the principles of democratic civil-military relations that were advocated in the interim Constitution (Batchelor & Willett, 1998:142). The new model included the establishment of a civilian Defence Secretariat and the appointment of a SecDef (see Figure 4.2). The SecDef is now the Head of the Department and the Accounting Officer (AO) of the DOD, and acts as the principal civilian adviser to the Minister with regard to defence policy matters. Conversely, the Chief of the South African National Defence Force (CSANDF) is now the head of the SANDF and is the principal adviser to the Minister concerning any military, operational and administrative matter within the competence of the Chief of the Defence Force (Batchelor & Willett, 1998:142-143). This step effectively gave the SecDef oversight over military spending. The SecDef then appointed the Director Stores, Services and Related Payments (DSSRP), as shown in Figure 4.2 below.

In this new structure finance officials were no longer under the command of the OC of the base, but rather under the command of the SecDef. This meant that their sole purpose was to perform finance-related duties within finance offices. The FMD was now an independent entity and could no longer be ordered to perform any duties by the OC of the base, or any other official in uniform.

The finance offices that were located at each military base were closed down, and separate facilities were made available for the new FASCs and FASOs, which were now independent of the base itself. Cashiers who worked in FASCs and FASOs are still required to be on salary level six, but have no military rank attached to their post. The approving officers are still on salary level seven, but they also have no military rank attached to their post.

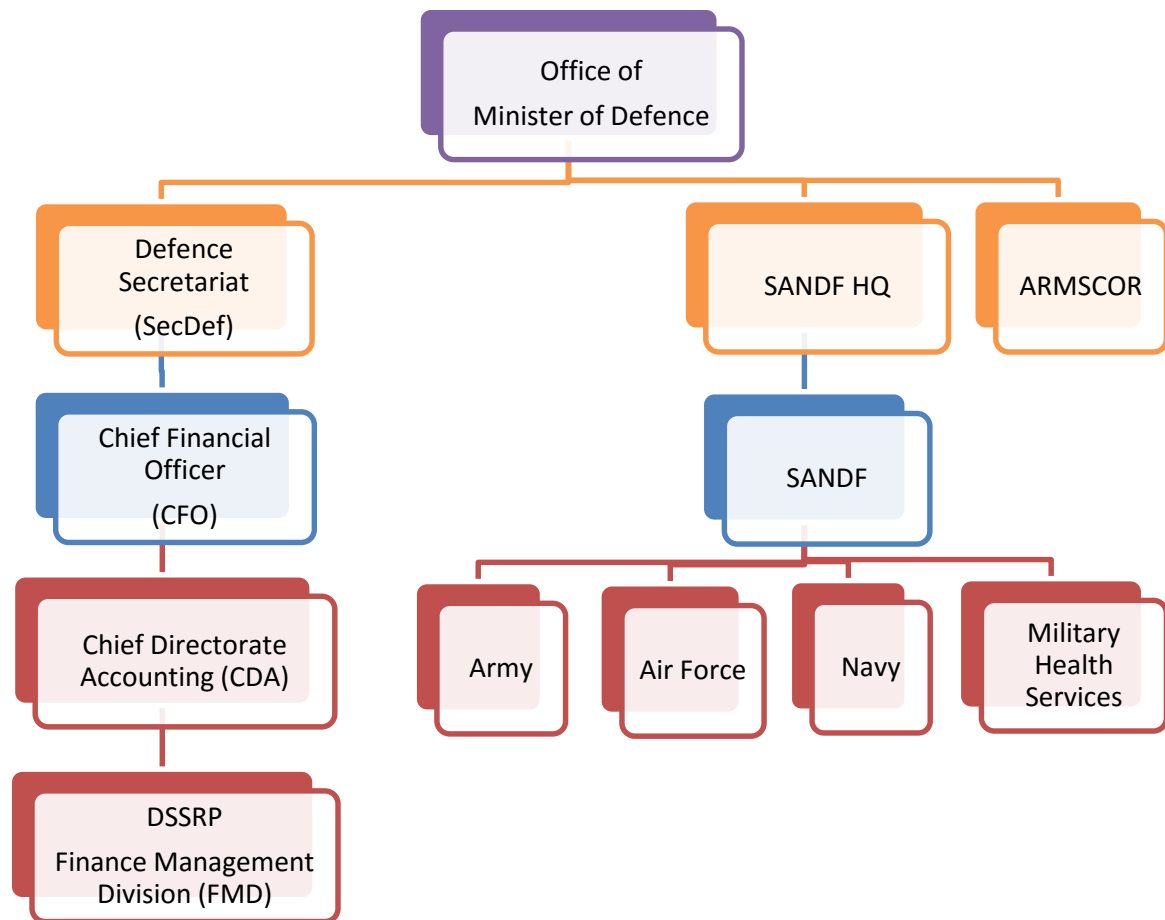


Figure 5.2: Department of Defence: Organisational structure, 1995

Adapted from Batchelor & Willett (1998:143)

The members that were demilitarised or civilianised were now appointed under the Public Service Act instead of the Defence Act. This is where many of the initial concerns originated. The suffix of the force numbers (PERSOL numbers) of such demilitarised officials were all changed to the suffix 'CS', for example, 12345678MC or 12345678PE now became 12345678CS. All civilian appointees in the SANDF have a 'CA' suffix attached to their force/Persol number, thus new appointees in the FMD following the demilitarisation process, also have a 'CA' suffix, for example, 12345678CA. 'CS' is an abbreviation for Civilian Specialist, while 'CA' is an abbreviation for Civilian Administrator. One of the implications of demilitarisation was that 'CS' members or members who demilitarised would still have to retire at age 60, but they lost the '1-in-4' benefit, which compensated for the five years that they lost in pensionable earnings. This fact alone meant that the demilitarised members were disadvantaged, and that they would lose five years of pensionable service, as discussed with Mr. I. Dangor (CDFS) in the FMD (Appendices B & F and DOD, 2016).

When the demilitarisation process began, uniformed members were given a choice about whether they wanted to demilitarise, or stay in uniform. The choices were clear:

- The member could demilitarise and stay in the FMD;
- The member could stay in uniform, but had to re-muster to another dispensation;
or
- The member could apply for an inter-departmental transfer (Appendix C).

According to the Defence Review of 1998, the members who chose to remain in uniform could not continue to work in the FMD and, therefore, had to be deployed to other units. This meant finding available posts, and training members if they did not fulfil the requirements of the posts. Several members chose to remain in uniform and re-muster to other units (see Table 4.1). Other members applied to re-muster, but for various reasons their requests were unsuccessful. Members who wanted to be in finance had no alternative but to demilitarise. Some members chose to resign or take the severance package. No reliable information was available to the researcher regarding the number of members who chose the different options. What is known is that in 1998, 1091 finance officials were demilitarised, but whether voluntarily or not, is not clear.

From the employer's point of view, all due consideration was given to the rights of the individuals, as set out in section 23 of the Constitution, as discussed with Mr. I. Dangor (CDFS) in the FMD. This important section states that everyone has the right to fair labour practices; and that every worker has the right to form or join a trade union and to participate in the activities of a union. It also states that employers have the right to join an employers' organisation and to participate in the activities of that organisation. This section stipulates that trade unions and employers' organisations have the right to engage in collective bargaining as means to resolve differences that might occur. While the employer may perceive that due consideration was given to the rights of the employees, the fact is that employees, prior to demilitarisation, were uniformed members and hence were not allowed to belong to a trade union. Uniformed members were aware that, should they attempt to participate in the activities of a trade union, it would be regarded as mutiny.

According to members that were interviewed, the DOD presented the demilitarisation contract to the affected members with no form of negotiation regarding the content of the contract. According to them, the various road shows that were presented did not elaborate on the intricacies of the demilitarisation. The members claim that their respective Officers Commanding (OC) assured them (verbally) that they would not be disadvantaged financially. The Rule of Law requires the principle of ‘audi alterum partem’ to be applied, which dictates that where an administrative decision affects an individual, the other party should be given an opportunity to be heard. The Batho Pele principles also advocate ‘consultation’ as one of its principles; these principles do not only apply to the public, but to all citizens of the country (Republic of South Africa, 1997).

After implementation of the programme, various unintended consequences became apparent. The operational effectiveness of the SANDF were compromised by the fact that it was difficult to deploy civilians to dangerous areas, as well as the fact that finance offices were no longer situated at military bases as before. Another unintended consequence was the negative financial effects that the officials suffered as a result of the demilitarisation. All of the officials interviewed perceived that there was not sufficient consultation in the planning and implementation of the demilitarisation programme, and were unhappy with the outcomes (Appendix B). They also believed that the contract that they signed is not a lawful contract and, therefore, invalid. Several of the stipulations in the contract were not met by the employer (Appendices C & D). These include paragraph 1 (b), where it states that the Staff Sergeants and Warrant Officers, specifically, would retain their salary notches as personal. Demilitarised members on these ranks were demoted from salary levels eight and nine to salary level 7 (Appendix D). Paragraph 3 (b) states that demilitarised members would receive the ‘1-in-4’ benefit at retirement. However, this benefit was removed (DOD, 2016)

The differences in salaries became more pronounced in 2009 when the then Minister of Defence, Ms. Sisulu, announced a substantial increase in salaries for uniformed members (Defenceweb, 2009). Preliminary calculations comparing the salaries of a Warrant Officer still in uniform with a Warrant Officer that was demilitarised in 1998, shows a staggering difference of R465,324 for the period from 1998 to 2010 (Appendices D, E & F).

Section 33(1) of the Constitution states that: ‘Everyone has the right to administrative action that is lawful, reasonable and procedurally fair’. Should any individual perceive that their rights have been violated, they have recourse under sections 33 and 34 of the Constitution to appeal against the terms of the contract. The Promotion of Administrative Justice Act 3 of 2000 (PAJA) demands that administrative action and decisions should be procedurally fair. It makes provision for persons who believe that they have been adversely affected by administrative action to request reasons for the decision, or to take legal action in the form of judicial review, if necessary (Kleyn & Viljoen, 2012:96-98).

Table 5.1: Current status of demilitarised members

Members still in service	447
Deceased	72
Retired	74
Medically unfit	15
Employer Initiated Severance Package	125
Employee Initiated Severance Package (EISP)	92
Inter-Governmental Transfers	25
Resigned	180
Misconduct	38
Deserted	23
Members that demilitarised in 1998	1091

Source: Maritz, 2016

Since 1998 these aggrieved members have been negotiating with the SecDef, the CFO and the Minister of Defence to compensate them for the alleged financial and other losses that they suffered. Individual grievances and a collective grievance, document ASBY/FASCY/C/104/29/1/1 dated 11 July 2011 (confidential), have been submitted by the members. None of the correspondence between the parties over the years have resulted in any meaningful change that would be mutually satisfactory to all parties. At the time of publishing, 447 of the 1091 officials that demilitarised in 1998 are still in service. The rest have either resigned, applied for posts in other state departments or

divisions in the DOD, retired, been medically boarded as unfit, or are deceased (see Table 4.1).

Presently, the demilitarised officials are still negotiating with the CFO and the Department to re-instate certain benefits, and to reimburse them for others. While they still await approval for funding in certain areas, partial agreements have been reached. The employer and the Government Employee Pension Fund (GEPPF) have approved the re-instatement of the '1-in-4' pension benefit (DOD, 2016). The National Treasury and parliament are awaiting approval for funding. The '1-in-4' benefit applies to uniformed members and ensures that they are compensated for the loss of five years pensionable income. Uniformed members retire at age 60, but qualify for a pension, which is equivalent to what it would have been, if they retired at age 65. The employer pays 16% towards uniformed members' pension in comparison to the 13% that is paid towards civilians' pensions. Compulsory retirement at age 60 and the loss of the '1-in-4' benefit, therefore, represents a substantial loss to the demilitarised officials. Hence, given the above, it is clear that considerable negotiation lies ahead before a mutually satisfactory agreement is reached.

5.3 Summary

There were various advantages and disadvantages in respect of implementation of the demilitarisation programme. However, these were out-weighed by the regulatory requirements, as set out in the Constitution, the PFMA and the Defence Review of 1998. A crucial point is that operational implications on the command initiative were compromised as a result of the demilitarisation. Financial costs were incurred in establishing separate new finance offices in new locations. Financial savings were brought about by down-sizing staff, thereby saving money on salaries. Advantages to staff were that they could now focus on finance duties, whereas when they were in uniform there were various other duties that they had to perform. Disadvantages for staff members included the negative financial implications that they suffered over the long term. Disadvantages for clients were that there were now fewer finance offices available from which they could draw money, and hence decreased accessibility.

This chapter provided the reader with a background of the case study and gives a clearer understanding of reasons for the demilitarisation, and of the processes that were followed. It offers the reader a visual representation of the FMD before and after demilitarisation. Chapter Six deals with a presentation and interpretation of the results. The results are displayed in a visual manner to make it easier for the reader to interpret. The main points that were identified in the interviews are discussed individually

Chapter 6

Findings and Analysis

6.1 Introduction

Chapter Five outlined the case study and provided more background into the reasons for demilitarisation and the demilitarisation process itself. This chapter gave the reader a visual perspective of the structure of the FMD before and after the demilitarisation. The researcher described the motivation for the change and the effects that the demilitarisation has had on the finance officials. Chapter Six focuses on conclusions that were drawn from the findings and examines the findings according to the research study's objectives.

Various publications, policy documents and prescripts, which relate to this research were scrutinised. The contents of these documents, in conjunction with the feedback of interviews that were conducted with members who were affected by the demilitarisation programme, were used in the presentation and interpretation of the results. A questionnaire with guiding questions, or an interview schedule (Appendix A) was used to ask interviewees what they considered as reasons for the demilitarisation. They were asked about their perceptions of the FMD before and after the demilitarisation programme (Appendix B), and were also asked to identify the positive and negative effects of the programme, as they experienced it, in order to determine the overall effectiveness of the programme.

6.2 Interpreting and presenting the data

Once the research has been conducted, the data that was obtained must be interpreted. Large amounts of data can be reduced to useful information and can facilitate interpretation of the information and the drawing of conclusions (Welman *et al.* 2005:241). Creswell (2013:187) defines interpretation of data in qualitative research, as the process of 'making sense of the data'. It involves developing the codes, classifying themes from the codes, and organising the themes into larger units to make sense of the whole.

According to Welman *et al.* (2005:219), data displays such as graphs or charts are tools of qualitative analysis that provide a descriptive explanatory framework for the

research. It is a systematic, visual presentation of the information that allows the researcher to draw conclusions about the data that is collected through interviews. The results of the research can be presented visually in the form of tables, graphs, charts, statistical summaries, or as selected quotations (Welman *et al.* 2005:237).

6.3 Findings and analysis per objective

In 1998, a total of 1091 finance members were demilitarised. Of these 1091, 477 members are still in service. Twenty three of the members that were interviewed were in uniform at the time of the demilitarisation. Participants comprise of members on all levels of the rank structure. This also applied to those members who were not in uniform at the time of the demilitarisation.

The researcher presents the findings for this research project per objective and elaborates on the main themes that emerged. The results of the findings are discussed in Chapter Seven.

The objectives for this research project were stated as follows, and are discussed in the same order:

- To describe the objectives of demilitarisation;
- To describe the legislative framework for finance in the Defence Force;
- To determine the intended consequences of the demilitarisation programme;
- To determine the unintended consequences;
- To investigate the effect that demilitarisation has had on the level of service delivery of the FMD; and
- To establish the overall effectiveness of the demilitarisation programme.

The legislation that resulted in the demilitarisation of the FMD is discussed below. Feedback that was received from the participants for each of the objectives that were mentioned is discussed in greater detail. Participants were asked about their perceptions of the objectives of the demilitarisation programme, while they also provided what they perceived to be the intended and unintended consequences, and what effect

demilitarisation of the FMD has had on service delivery to clients. To assess the overall effectiveness of the programme, a number of factors were taken into consideration.

6.3.1 Objective 1 – Objectives of demilitarisation

The analysis of secondary data identified the official objectives for the demilitarisation of the FMD of the DOD in 1998. Secondary data included new legislation in the form of the Constitution that was adopted in 1996, the Defence Review of 1998 and the PFMA. Policy documents that were scrutinised included the DODIs such as the Finance Procedure Manual and the JDP. These official documents revealed the official objectives of the demilitarisation of the FMD of the DOD in 1998. The objectives for the demilitarisation, as stated by government, are as follows:

- ❖ To establish a civilian Secretariat for Defence;
- ❖ To comply with new legislation that required oversight over the defence budget and public funds to be under civilian control; and
- ❖ To comply with new legislation in terms of transparency, legality and accountability.

Basic interviews were conducted with 25 finance officials to determine their understanding of why the FMD was demilitarised. Question One of the guiding questions was: ‘What were the objectives/aims of the demilitarisation?’

Based on feedback that was received from officials who were interviewed, 16 of them identified the same objectives for the demilitarisation as above. Additional objectives, based on their perceptions, whether misinterpreted or not, were identified as follows (Appendix B):

- ❖ To prevent finance officials from having to carry out unlawful orders by a higher ranking official;
- ❖ To comply with new legislation that required oversight and control over public funds;
- ❖ The centralisation of certain functions;
- ❖ Cost savings in terms of salaries for a reduced number of finance members (downsizing), and when sending civilian members on deployment;

- ❖ To promote increased openness and transparency in the new dispensation;
- ❖ To establish a SecDef that is independent of the military, as other first world countries have;
- ❖ To create a culture of good governance;
- ❖ To improve service delivery to clients;
- ❖ To comply with new legislation in terms of Affirmative Action (AA) and Employment Equity (EE);
- ❖ To demilitarise, or civilianise uniformed members in support of the functions of the SecDef; and
- ❖ To reduce the threat of the SANDF to the new government.

The first question of the interviews asked participants about their perceptions of the objectives of demilitarisation. Sixteen of the participants acknowledged the official objectives, as identified by legislation and policy documents.

The graph below provides a visual presentation of these members' perceptions. Content analysis was used to analyse the results of the questions by coding the manifest content of the participants' answers to the question. Conceptual analysis was used by deciding on different phrases and concepts that were coded. When coding for frequency, each phrase that was chosen was allocated a different colour. The number of times that each phrase then occurred in the answers were counted and calculated (Babbie & Mouton, 2001:388,492).

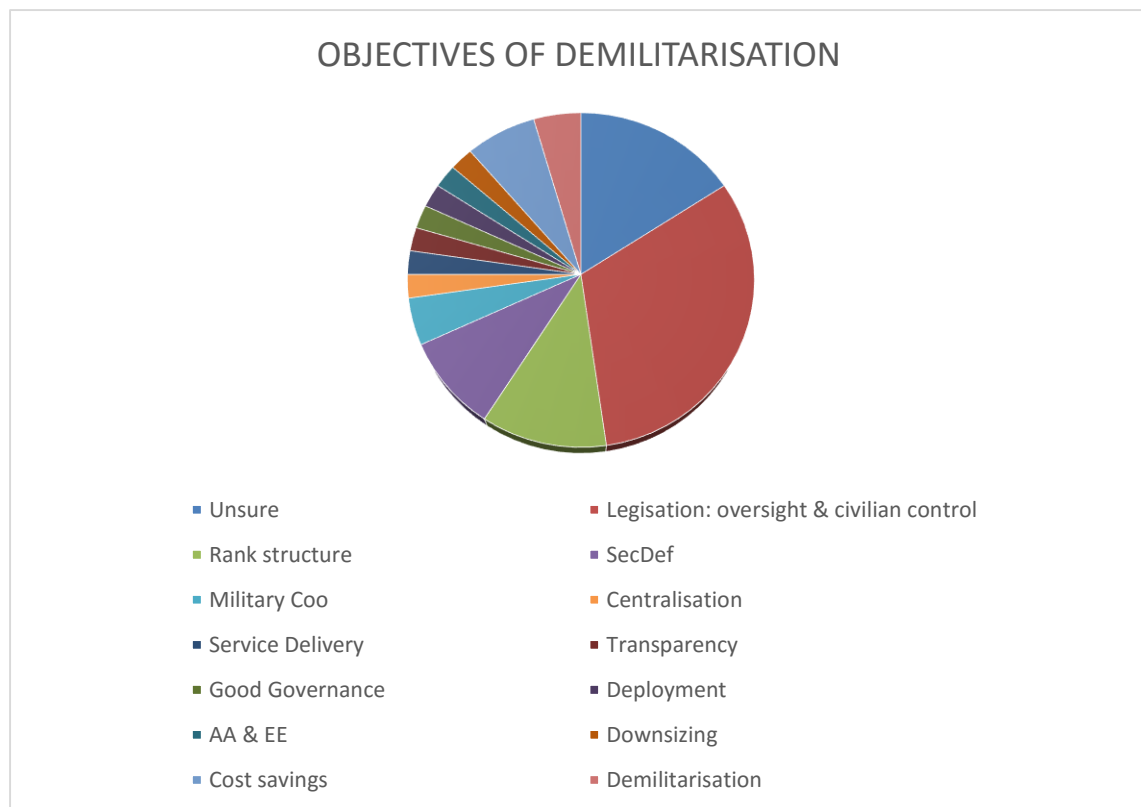


Figure 6.1: Objectives of demilitarisation

Reference: Appendix B

Seven of the members that were interviewed were not exposed to the decision-making environment and were unsure of the objectives of demilitarisation. Participants 4, 5, 11, 12, 13, 14, 16, 19 and 20 stated that the demilitarisation objective was to comply with new legislation that required oversight over public funds and civil control of public funds. Participant 4 made it clear that according to the Defence Review: 'Parliament only wanted oversight over public funds, and not to control public funds. There was confusion as to how to provide oversight'. This opinion was echoed by participants 5 and 19, but participants 12, 13 and 15 disagreed and said that Parliament wanted control over public funds. One of the reasons that was cited by participant 12 was that the new government saw the SANDF as a threat following the new dispensation and tried to neutralise the threat by controlling the finances of the military. Participant 25 was adamant that the legislation was misconstrued, and that government was only meant to have oversight over civil funds, and not control. He pointed out that the Defence Act makes provision for uniformed personnel to be seconded to the SecDef, if required.

Participants 2, 14, 17 and 20 said that the rank structure was a big reason for demilitarisation. When in uniform, a senior officer can order a lower ranking finance

official to carry out an instruction or order, whether it is lawful or not. When the finance official is a civilian, a senior officer has no authority over such an official and cannot order him to do anything, whether lawful or not. Participants 13, 14, 16 and 20 stated that the South African government wanted to emulate First World countries that had a separate SecDef, which is independent of the military and managed by civilians. Participant 18 was of the opinion that government wanted to align the Department with new legislation in terms of Affirmative Action (AA) and Employment Equity (EE).

6.3.2 Objective 2 – Legislative framework for finance in the Defence Force

The legislative framework that led to demilitarisation and the manner in which the DOD dealt with it, was discussed at length in Chapter Three. The Constitution and the Defence Review of 1998 prescribed that public funds must be under civil control. The PFMA clarified how the Department can accomplish this by providing clear guidelines, which regulate the actions of the Accounting Officer (AO) and other finance officials.

Chapter 11, section 204, of the Constitution clearly states that a Secretariat of Defence must be established. The Constitution is the supreme law of the country, and any law or Act that contravenes it is invalid. All subsequent legislation should, therefore, abide by what is set out in section 204. The Defence Review of 1998 reinforces the need to establish a civilian SecDef that will control public funds.

The regulatory framework within the DOD is the DODIs and includes the Finance Procedure Manual and the JDP. These documents provide finance officials with step-by-step procedures that must be followed, as well as safety and security measures that must be implemented to increase service delivery and to reduce irregular, unauthorised and fruitless and wasteful expenditure.

6.3.3 Objective 3 – Intended consequences of the programme

Question Two of the guiding question was: ‘What were the intended consequences?’ Ten of the participants were not exposed to the decision-making environment, and were unsure of the intended consequences.

The intended consequences of the demilitarisation programme, as perceived by the participants, were identified as follows (Appendix B):

- ❖ To prevent finance officials from having to carry out unlawful orders by a higher ranking official;
- ❖ To have oversight over public funds and civil control over military expenditure;
- ❖ Centralisation of certain functions;
- ❖ To save costs (streamline the budget) in terms of salaries for a reduced number of finance members, and when sending civilian members on deployment;
- ❖ To increase levels of openness and transparency;
- ❖ To comply with new legislation in terms of Affirmative Action (AA) and Employment Equity (EE);
- ❖ To establish a civilian Secretariat for Defence;
- ❖ To demilitarise the FMD;
- ❖ To improve service delivery to clients;
- ❖ To implement more effective processes and procedures;
- ❖ To allocate more resources, where needed;
- ❖ To have prescriptive, rigid control over the budget, as prescribed by the new legislation;
- ❖ To take away financial decision-making by the OC;
- ❖ To reduce unauthorised, irregular and wasteful and fruitless expenditure;
- ❖ To employ new finance members in terms of the Public Service Act (PSA) instead of the Defence Act (DA); and
- ❖ To establish a more enlightened government, with not such a strict military presence (see Appendix B for more detailed information).

Manifest content analysis was used to analyse the information that was received from the participants. The different phrases that were chosen for coding were allocated different colours and were calculated to give the researcher an opportunity to present the results in a more visual manner (Babbie & Mouton, 2001:388,492).

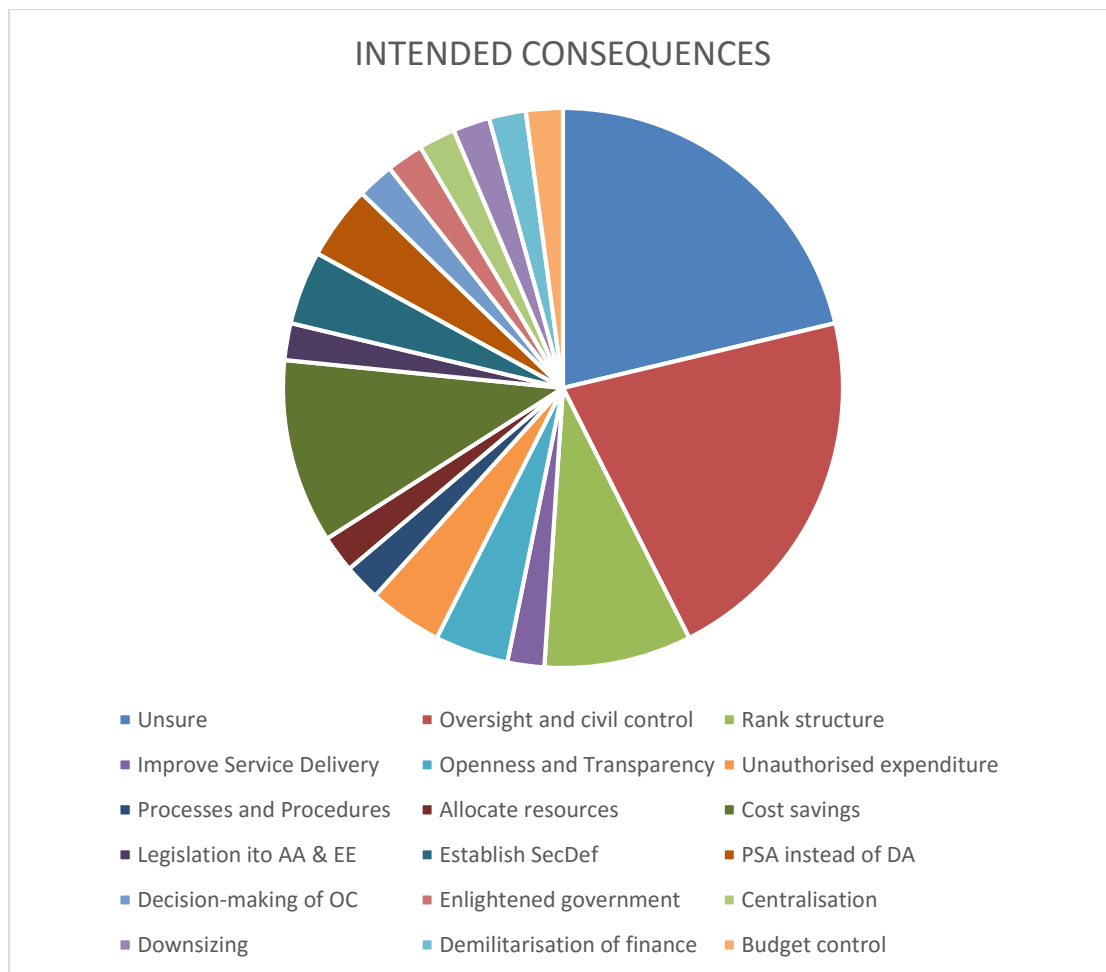


Figure 6.2: Intended consequences

References: Appendix B

Ten of the participants were not exposed to the decision-making environment and were unsure of the intended consequences of the demilitarisation programme. Participants 2, 5, 12, 13, 14, 17, 18, 19, 24 and 25 thought that the most important intended consequences were that government would now have oversight over civil funds, and civil control over the budget. The other recurring comments were from participants 13, 20, 21 and 24, who were of the opinion that the problem of the rank structure would be addressed by the demilitarisation programme. The conversion of finance functionaries from uniformed members to civilian would ensure that senior officials in uniform can no longer order finance officials to carry out orders.

Participants 5, 17, 21, 22 and 24 stated that cost saving or streamlining of the budget was another of the important intended consequences of the demilitarisation programme. By reducing the workforce and employing civilians instead of uniformed personnel, the

department is saving a huge amount in salaries. When civilians are deployed, they are also paid much less than uniformed members.

6.3.4 Objective 4 – Unintended consequences of the programme

The unintended consequences of the demilitarisation programme, as perceived by the participants, were identified as follows (Appendix B):

- The most apparent unintended consequence is the restricted deployment capabilities of the SANDF and the effect that this had on operational effectiveness;
- Financial and other negative effects that demilitarised members suffered as a result of demilitarisation include:
 - ❖ Uniformed members are almost ‘routinely’ promoted every 3 years, whereas demilitarised members must apply for a post if they want to be promoted;
 - ❖ The salaries of members who were in uniform in 1998 and are still in uniform today, are much higher in comparison to those of demilitarised members;
 - ❖ Due to the difference in salaries, members’ pensions have also been negatively affected;
 - ❖ The retirement age of demilitarised members is 60. For uniformed members the retirement age is also 60. However, the ‘1-in-4’ benefit compensates for them for the 5 year difference;
 - ❖ The ‘1-in-4’ that makes up for the 5-year difference in pensionable income for uniformed members fell away for the demilitarised members; and
 - ❖ Uniform allowance is only paid as a once-off.
- Members were not allowed to partake in ‘Wednesday sports’ anymore;
- Lack of commitment of staff owing to demoralisation because of the negative effects suffered by members;
- Structural damage caused to the organisation owing to a lack of discipline from not being in uniform;
- Due to finance members being civilian, the mobility of staff was affected. Staff could no longer be deployed or sent to different offices at will;
- Demoralisation caused staff to apply for other posts, leaving finance offices short-staffed;

- New managers are appointed based on their qualifications, and not because of their experience or knowledge of the department. This has had a negative effect on the FMD management, resulting in a lack of control and command;
- The effectiveness and efficacy of the management of the FMD was negatively affected and, therefore, the effectiveness and efficacy of finance offices at military bases were also negatively affected;
- Structural damage to the department;
- The structure of the new FMD is better for the organisation;
- Lack of integration and communication as the accounting, budgeting and support functions were separated and now worked in silos;
- Specialisation of functions has led to limiting of capabilities. When deploying people, we need a sustainable, multi-disciplinary, multi-tasked force;
- Specialisation has led to finance functionaries being able to focus on only finance. There is no longer a need to participate in parades, perform duty, or perform other non-finance related duties;
- Can gain more knowledge in finance and deliver better services to clients;
- Finance does not fall under the command of the OC any longer, so communication and the relationship with the unit can be a struggle;
- In some areas communication between sections improved, as the OC is more approachable if you are a civilian;
- Staff members have become demoralised because of the fast-tracking of selected individuals;
- Some members were promoted and were, therefore, not negatively affected;
- There is no longer a Career Manager; each member is now responsible for their own career development;
- Downsizing of the FMD means that career prospects are now severely limited, while the workload has increased, and the number of people on the structure has decreased;
- New members do not have any military background or training, so it can be problematic to send them on deployment in combat areas;
- Members are unhappy about relocations;
- In some cases, members were given an option to choose their area for relocation;

- There is an unhappy division between staff and management, because of a lack of trust and loyalty owing to a loss of rights and privileges;
- Reported cases of financial misconduct increased;
- A Warrant Officer was issued with a Warrant by the Minister of Defence; this was never taken away;
- Other Officers were issued with a Commission by the State President, which was also never taken away;
- Some members had to repeat certain courses, resulting in wasteful expenditure;
- Attitude of staff antagonises military officials; and
- Members are now appointed in terms of the Public Service Act (PSA), and not the Defence Act (DA) (see Appendix B for more detailed information).

Of the unintended consequences that were identified by officials in the FMD, 24 were perceived to be negative consequences, mainly as a result of financial losses suffered by the members as a result of a loss of benefits or earnings. Seven of these negative consequences relate to operational aspects of the operation of the SANDF. Five of the unintended consequences were perceived by the officials to be positive.

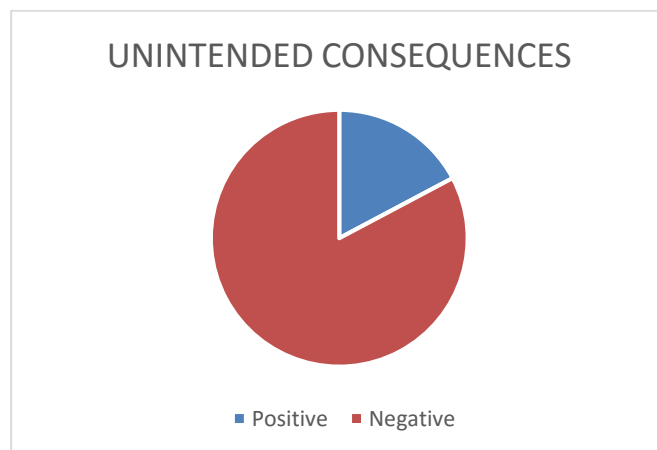


Figure 6.3: Unintended consequences of demilitarisation

References: Appendix B

Information that was gathered from the finance functionaries that were interviewed identified 28 unintended consequences. Of these unintended consequences, 24 were negative and only five were positive. Participant 18 was adamant that the FMD should never have been demilitarised. He stated that it is the biggest mistake that the department has ever made. Participant 20 said that by deploying civilian members with

no military background to war-stricken areas, the department is endangering their lives, and it projects a poor image of the department to the rest of the world.

Twenty of the participants believed that there are no positive outcomes as a result of demilitarisation. Participant 24 stated that while he was in uniform he received support in the work environment, and also received recognition for work well done, as well as feedback on his performance. He further stated that there was a sense of loyalty and always striving to achieve your best and to achieve your outcomes. After demilitarisation, everything changed. According to participant 24, top managements' only priority was to secure their own positions. There is a lack of discipline, a lack of support, low morale, there is no career planning, and, generally, a lack of interest by the unit and higher authority. Participant 17 was also negative and said that he feels like a degraded soldier. He joined the department to be in uniform, and now he is being treated like a second-hand defence employee and perceives that others think less of him. Participant 17, like others, is still bitter about the 'forced' demilitarisation. He said that they were proud to be in uniform; that they had a culture, a tradition. Now he believes that he has been degraded. Finance officials are not liked by the military; they perceive that the civilians in the FMD are trying to control the military.

There were conflicting opinions regarding some of the issues. Participants 8 and 23 stated that communication between the unit and the FMD has improved, while participants 12 and 21 said that communication was lacking. Six of the participants that were interviewed were demoted in rank, while three were promoted. Participants 14 and 19 said that the separation of powers had the advantage that staff could now specialise in their field and could accumulate more knowledge in that particular field. Participants 5, 12, 13 and 24, conversely, thought that this was a disadvantage, as members were now working in silos. They do not see the complete picture, and as a result they do not realise the important part that their role plays within the organisation.

6.3.5 Objective 5 - Level of service delivery

One of the objectives of demilitarisation, as perceived by the participants, was to improve service delivery to clients. Question Six of the interview schedule asked

participants: ‘From your experience in the FMD before and after demilitarisation, do you think that the change has improved service delivery to clients’? Question Seven of the guiding questions was: ‘Do you think that the safety and safe-guarding of state funds has been compromised in any way?’ These questions were posted to help the researcher to assess the overall effectiveness of the programme.

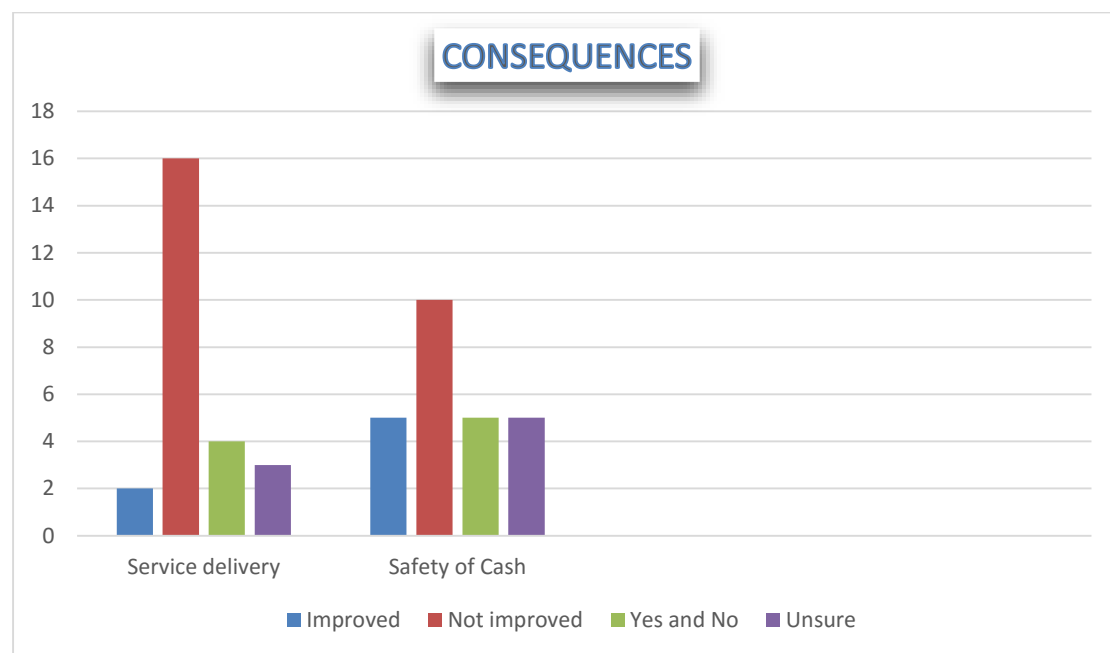


Figure 6.4: Consequences of demilitarisation

References: Appendix B

Of the 25 finance functionaries that were interviewed, two said that service delivery has improved since demilitarisation, and 16 said that service delivery has not improved. Four of the participants said that in some aspects, service delivery has improved, while in other aspects it has declined. Another three said that they were not exposed to that environment and were, therefore, unsure whether service delivery has improved or not.

When asked whether the safekeeping of cash has improved following demilitarisation, five of participants said that the safekeeping of cash has improved. Ten participants said that the safekeeping of cash has not improved, while five said that in some aspects it has improved, and in other aspects it has not improved. Another five participants were not exposed to that environment and were, therefore, unsure whether the safekeeping of cash has improved or not.

From the above chart it is clear that the majority of the participants perceived that service delivery has not improved as a result of the demilitarisation. Participants 2, 4, 5, 6, 8, 11, 16 and 25 were convinced that the lack of discipline plays a big role in how staff members treat their clients. When they were in uniform everyone was treated with respect, and clients had to be assisted, no matter what time of day. Now, a clerk can refuse to help a client because they are on lunch or on a tea break. Such an attitude is not conducive to a productive working environment. Participants 5, 13, 15, 20, 21, 22 and 23 were convinced that centralisation of certain functions were detrimental to service delivery. It took longer for transactions to be authorised, making clients wait longer than before. Centralised finance offices meant that clients now had to travel further to get to a finance office, whereas there was a finance office at every military base before demilitarisation, making it more accessible.

A number of conflicting opinions arose. Participants 2 and 20 stated that the processes and procedures have not changed. It is the attitude of the staff and the inexperienced managers that are appointed that have led to a decline in service delivery. Participants 16 and 17, conversely, believed that service delivery has improved as a result of new processes and procedures that were introduced following demilitarisation. Participant 3 stated that before demilitarisation, finance officials were part of the unit and did everything. They could see the importance of their work and how it fitted in with the rest of the unit and the department. Participant 24 agreed with this view and said that after demilitarisation, finance officials only play their part. They do not see the bigger picture and, therefore, they do not realise how important their role is within the bigger scheme of things. This attitude can result in a lack of commitment and accountability. Participant 19 disagreed with this sentiment and said that service delivery improved as a result of segregation of duties. It resulted in specialisation, which allows finance officials to accumulate more knowledge in their particular field.

6.3.6 Objective 6 - Overall effectiveness of the programme

In order to evaluate the overall effectiveness of the demilitarisation programme, the researcher took various aspects of the programme into consideration. When these aspects were considered in its totality, the researcher was able to assess, which of these

aspects contributed to the effectiveness of the programme, and which aspects detracted from the effectiveness of the programme. Manifest and conceptual content analysis were used to identify similarities and recurring themes that were mentioned by the participants, and to conceptualise their responses.

6.3.6.1 Financial loss to members

When the consequences of the signing of the contract became apparent and members realised that they would be disadvantaged financially, not only now, but also when they retire, they became very despondent (Gibson, 2011). The Warrant Officers in particular were penalised twice; the first time when their ranks were brought down from levels eight and nine to level seven (Appendices D & E), and the second time when uniformed members received an increase in 2009 (Defenceweb, 2009). Some of the members lodged grievances, while others consulted with their unions, which they could now belong to, or their lawyers. A collective grievance, dated, April 2001, with reference number ASBY/FASCY/C/104/29/1/1, was submitted in the hope of coming to an agreement with the employer. Until today, none of these cases have been finalised, which has contributed to the affected members' unhappiness. In some cases low morale has led to poor performance by employees, which has in turn led to disciplinary action, or even dismissal.

It should be noted that since the researcher began this research study, the re-instatement of the '1-in-4' benefit to demilitarised members has been approved by the employer. This benefit will ensure that members who retire at age 60 are compensated for the loss in pensionable income as a result of early retirement. For every four years worked, the department gives the member another year's pensionable income. This benefit only applies and is calculated after 10 years' service and to a maximum of five years. The re-instatement was also approved by the Government Employees Pension Fund (GEPF) and is currently awaiting approval by parliament, as confirmed by Mr. I. Dangor (CDFS) in the FMD.

6.3.6.2 Relocation of members

As part of the programme, the finance offices that were located on military bases were closed. New offices were opened on new premises at selected bases. A large number of members had to be relocated to accommodate this change in infrastructure. This meant that a member's whole family had to be up-rooted and settled in a new location. This fact was not disclosed to them beforehand, and the members were not consulted about the relocations. Spouses had to request for transfers, or look for new jobs, and children had to be enrolled in new schools. Twenty four of the 25 participants that were interviewed were unhappy with the process that was followed, and the fact that they were not consulted. Of all the interviewees, participant 14 was the only one that said that the relocation was in his favour. Due to the fact that members were no longer bound by the Arms of Service, they could relocate to any finance office in the country. The only positive comment from the interviewees was from participant 14, who was able to move back to Cape Town as a result of the demilitarisation programme.

6.3.6.3 Implementation of the programme

Motivation for implementation of the programme was valid and the objectives that were set out were achieved, with the exception of cases of financial misconduct that has increased. New legislation and the new democratic culture of openness and transparency demanded a change. The challenge was in the way that the demilitarisation was managed. It would appear that proper planning and thought were not given to the long-term effects that the programme would have on the department and on the members that were demilitarised. The deployment capabilities and the operational effectiveness of the SANDF were compromised. The financial negative consequences that the demilitarised members suffered are another contributing factor that detracts from and over shadows the effectiveness of the programme.

When the decision was made to demilitarise the FMD, the planning committee should have conducted a comprehensive SWOT (strengths, weaknesses, opportunities, threats) analysis, which would have helped them to foresee and plan for every eventuality. They should have set up contingency plans and ways to negate or minimise the negative effects. From the beginning of the process, the Divisional Officers of the affected employees should have been involved to prevent unfair labour practices and to

represent their members. Participation by all stakeholders is essential and would have assisted in identifying all risks and long-term effects that could possibly have arisen. The planning phase is where such matters should be identified and addressed. Whenever members are personally involved, and their livelihoods are at stake, they will make every effort to protect those rights and privileges. This does not necessarily have to be at the expense of the state.

According to Mr. I. Dangor, who was DSSRP, and part of management at the time of demilitarisation, the implementation of the programme was successful in certain aspects. The process was not scientifically developed and managed in terms of the fact that work studies and time studies were not completed beforehand. There was a compromise between the legislative and the functional aspects.

6.3.6.4 Policies and procedures

One of the first tasks of the newly established Director Stores, Services and Related Payments (DSSRP) was to draft policies and procedures, which were specific to the FMD. These policies had to be in line with the Constitution, the PFMA, the Defence Act 44 of 1957, and other legislation pertaining to the management of state funds. The DODIs include the Finance Procedure Manual and the JDP on Cash Management in the DOD. These documents regulate cash management in the FMD of the DOD. It provides guidelines for finance functionaries regarding procedures that should be followed when performing their daily duties and measures in order to prevent unauthorised, irregular and fruitless and wasteful expenditure.

Two of the participants believed that the rules and regulations, as well as the policies and procedures within the FMD have improved since demilitarisation and has resulted in improved service delivery to clients. Sixteen of the participants were of the opinion that the rules and regulations, as well as policies and procedures have remained unchanged. They perceive that other factors, including the attitudes of the finance officials have contributed to a decline in service delivery.

6.3.6.5 Increase in fraud

Feedback that was received from members (Appendix B) indicates that when members were demilitarised, the levels of commitment, dedication and discipline decreased. Even though policies and procedures for the safe-keeping of cash was still in place, members were demoralised, and some of them might have succumbed to the temptation to commit fraud or misuse state funds. Of the 25 participants that were interviewed, nine said that they thought that the safety of state funds has been compromised, while two said that in certain cases it has, and others said that it has not been compromised.

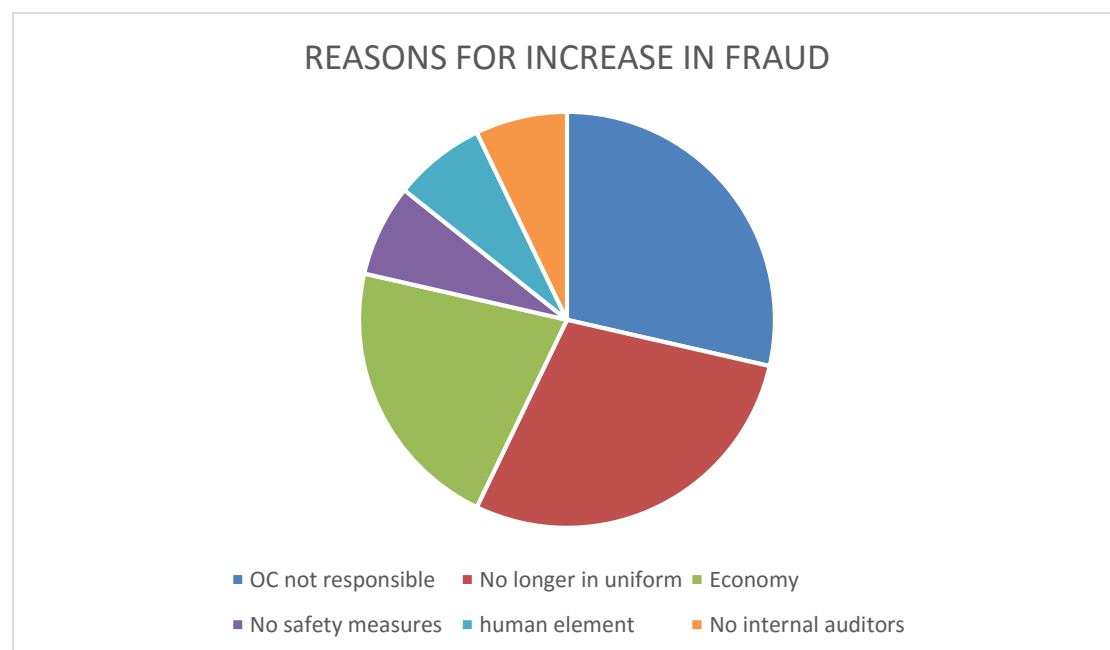


Figure 6.5: Increase in fraud

Reference: Appendix B

Participants 3, 9, 14, 16, 18 and 19 were convinced that instances of theft, fraud, break-ins and corruption have increased since demilitarisation. This could be owing to various factors and not necessarily as a result of the demilitarisation. Participants 4, 12, 18 and 19 stated that the increase in fraud was a result of the fact that the OC of the base is no longer responsible for the safety of the cash, the finance offices and its staff. They are not held accountable if there is a shortage reported, or if there is a break-in at one of the finance offices. Before demilitarisation, the safety of the cash, the finance office and its staff were the responsibility of the OC. The OC made sure that the office was secure at all times, and if a shortage was reported, the matter was resolved speedily to prevent an investigation or an audit query. Participants 3, 7 and 9 were convinced that the members

not being in uniform anymore is the reason for the perceived increase in fraud. When members are in uniform they have a sense of pride and purpose, a sense of belonging. The discipline and code of conduct that is associated with the uniform prevents the member from doing anything that will reflect negatively on himself, his rank, the uniform, or the unit. This sense of pride and discipline is lacking amongst demilitarised members. Other reasons that were cited for the possible increase in fraud included the country's declining economy, the fact that there are no safety mechanisms in place, the human element, and the fact that there are no internal auditors. Outside auditors are contracted, but they are not aware of all the intricacies in the specific defence environment and all the possible loopholes that could be exploited.

Statistics are available for reported fraud cases since demilitarisation in 1998. Before demilitarisation, statistics were held at each finance office. There was no nodal point where statistics for all the units could be consolidated. Statistics that have been recorded since 1998 clearly show that there has been an increase in financial misconduct since 1998 (see Table 6.1). Participant 23 works in the environment where fraud is reported, and believes that the increase of fraud cases cannot be a result of the demilitarisation. It could merely mean that more cases are now reported, whereas in the past, they were not. This could also be owing to the fact that safety measures and procedures were implemented, which is aimed at identifying and detecting fraud. It is possible that in the past the same amount of fraud occurred, but was just never detected.

Table 6.1: Financial misconduct in the FMD from 1998 to 2007

Type of Misconduct	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006	2006 /2007
Absent Without Permission		3	5	11	11	14	16	4	1
Fraud/Theft		1	3	2	9	6	16	11	4
Loss of State Funds		1	6	26	8	18	30	16	11
Other				3	2	10	9	6	5
Progressive				3	2	3	8	9	10
Preliminary				1	2	7	16	12	3
Total Cases	0	5	14	46	34	58	95	58	34

Reference: Confidential

The above data shows that in 1998 there were no reported cases of financial misconduct. This could be owing to the fact that the consolidated database was only established in 1998. Reported cases of financial misconduct steadily increased and reached a peak in

2001/2002, and then declined, only to increase again over the next few years. The years 2004/2005 show the highest reported number of cases of fraud in the FMD, before a steady decline. The term ‘progressive’ in the above table refers to cases that are on-going, where members are receiving advice and counselling. The term ‘preliminary’ refers to cases that are at that point in time being prepared for processing.

The increase in reported cases could be owing to the fact that safety measures and control measures were improved, resulting in cases of financial misconduct being identified, whereas in the past it could have gone undetected. There is no way to categorically prove that the increase, and the subsequent decrease in reported financial misconduct had anything to do with the demilitarisation of the finance officials.

Graph 6.6 below is a visual representation of the information in Table 6.1 and displays reported cases of financial misconduct in the FMD between 1998 and 2007. The graph shows a clear increase in financial misconduct from 1998 and peaks in 2004. From 2004 until 2006 there is a decline in financial misconduct in the FMD.

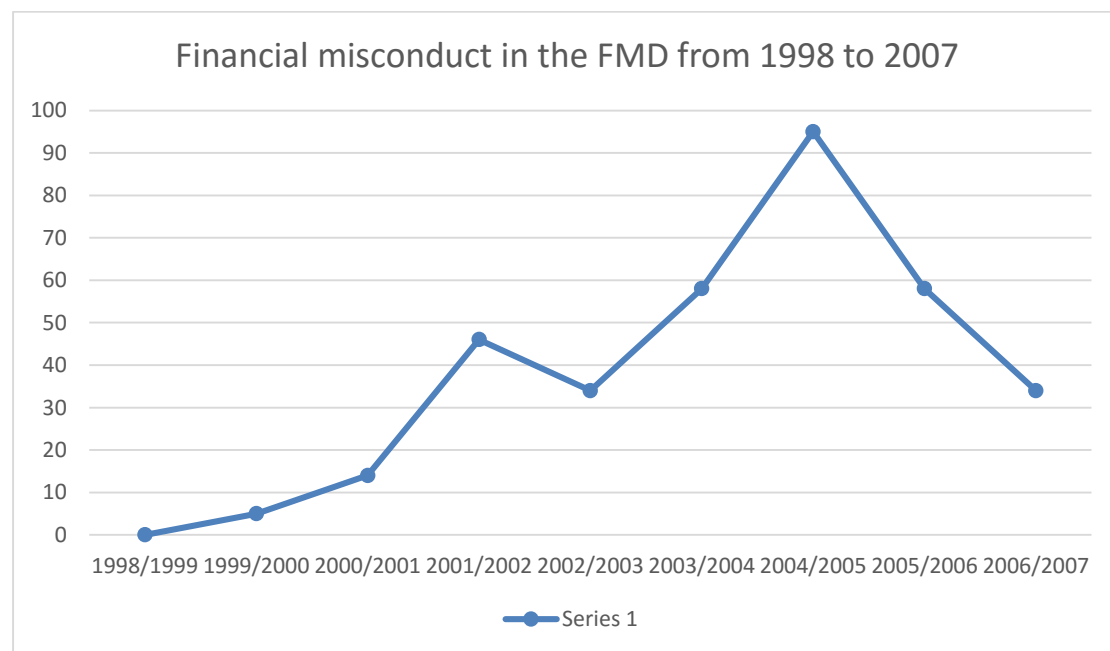


Figure 6.6: Financial misconduct in the FMD from 1998 to 2007

Reference: Confidential

Based on comments from participants, the increase in financial misconduct could be owing to demilitarisation, and the effect that it had on the members. There is no evidence to prove that this is the case. It could merely be owing to the fact that since

1998 the cases from all units were consolidated, or the increase could be owing to improved processes that resulted in more cases of financial misconduct being reported.

6.3.6.6 Challenges to the Finance Management Division (FMD)

The demilitarisation programme introduced numerous challenges to the FMD and the department. Challenges that were expected and were planned for included restructuring of the FMD and the change management process. According to participant 6 (Appendix B), it took approximately 10 years to close the old finance offices and to establish the new finance offices at the selected military bases. This restructuring in itself presented a challenge to the FMD.

As an outsider working for the DOD, participant 11 could see first-hand the effect that the demilitarisation had on members. Participant 11 said that since their ranks have been taken away, the members feel a sense of insecurity, as if they are looked down upon. Even though the rank was not as important to everyone, participant 11 said that it was clear that levels of discipline and morale within the FMD has dropped. People were part of a unit for so long, that without the uniform, they felt that there was no more culture, no more traditions, as if they no longer belonged to the unit. Participant 20 was in uniform for years before the demilitarisation, and said that the uniform gave them a sense of pride and belonging. Without it, other members cannot see your rank and hence treat everyone the same. This can be degrading.

The biggest challenge only became apparent after the onset of the programme, when the legality of the contract that members signed was questioned. Even though all the members that were demilitarised signed the contract, they claim that the contract is not valid and lawful. The members base this on the fact that all the negative consequences of demilitarising were not disclosed to them, and the fact that they were disadvantaged financially, while they were promised that this would not happen (Appendices C & F). This financial situation was further worsened in 2009 when the then Minister of Defence, Ms. Sisulu, announced a substantial increase in salaries for uniformed members (Defenceweb, 2009).

6.4 Summary

This chapter interpreted the results of the research study and attempted to present the findings and analysis in a visual manner. This makes it easier for the reader to understand the data presented. The results of the interviews reflect that 16 of the participants agreed with the objectives of the programme as set out by government. The participants identified 18 different intended consequences and 31 unintended consequences of the programme. The most significant of these unintended consequences were the operational effectiveness of the SANDF that was compromised and the financial negative effects suffered by the officials that were demilitarised. The overall perception of participants was that service delivery and the safety of cash has not improved as a result of the demilitarisation.

Chapter Seven, the final chapter, summarises the findings discussed in Chapter Six and draws conclusions based on those findings. This chapter provides recommendations for current and future actions to be taken by government and other role players. It also recaps the most significant conclusions and recommendations for the reader.

Chapter 7

Summary, Conclusions and Recommendations

7.1 Introduction

Chapter Six presented the interview findings in a visual manner to the reader. It discusses the key points that were identified by the participants who were, and still are, important in the demilitarisation process. These points were discussed thematically to enable the researcher to interpret the results more accurately. Chapter Seven discuss the results of the study based on the findings, and use these as a basis to formulate conclusions and to make recommendations based on these results and conclusions. The researcher has formulated recommendations for action that should have been taken before and during the demilitarisation process, as well as recommendations for present and future action that should be taken.

7.2 Conclusions

The demilitarisation of the FMD of the DOD was necessary, as prescribed by legislation, which was implemented after the first democratic election in 1994. The objectives for the demilitarisation that were set out by the SecDef were met. An unfortunate unintended consequence is that the demilitarised members were negatively affected; financially, and in terms of missed opportunities and promotions (Appendix B).

The legislation that required oversight and control over public funds and, which led to the subsequent demilitarisation of the FMD of the DOD, include the Constitution, the PFMA, the Defence Act 44 of 1957 and the Defence Review of 1998. Four of the participants (Appendix B) perceived that both the Constitution and the PFMA were misinterpreted and that government merely wanted civilian oversight and civilian control over the DOD's finances. This could have been achieved by civilianising the top structure of the FMD and keeping the finance functionaries on the ground level in uniform. This is an important variant of command initiative relevant to military

formations. The participants point out that Section 7A of the Defence Act 44 of 1957 states that uniformed persons who served in the military at the time of the demilitarisation could be seconded to the SecDef.

When the members signed the contract that would demilitarise them, they were assured verbally by their respective Officers Commanding (OC) that their benefits were still in place, and that they would not be disadvantaged financially. They were motivated to accept the challenges that came with re-structuring and change. However, when the extent of the negative effects that they would suffer was revealed, the level of motivation and commitment decreased, and in some cases, service delivery was negatively affected.

Only after the contracts were signed, were the extent and the magnitude of the negative effects that the demilitarised officials would suffer, revealed. The officials claim that they were not informed of all the facts and they argue that for this reason, the contracts are not valid. They also argue that when the extent of the negative effects were revealed, it became clear that the officials would be disadvantaged financially. Paragraph 1 (a) of the contract (Appendix C) states that members would not receive a salary notch less than that, which they received as members in uniform. However, the Staff Sergeants and Warrant Officers' salary levels were reduced from levels eight and nine to level seven (Appendix B). According to Kleyn and Viljoen (2010:276), one of the essential requirements of a contract was violated. There was a clear breach of contract on the part of the state.

‘A contract is an agreement or a promise between two parties that one (or both) of them has to do something’ (Kleyn & Viljoen, 2010:162). It is enforceable by law and creates an obligation between two parties, with rights and obligations ascribed to both parties. According to Kleyn and Viljoen (2010:162), for a contract to exist, one party must make an offer that the other party should accept. In the case study, the members did accept the terms that were stipulated in the contract, but claim that all of the negative effects were not disclosed at the time, and the fact that they were promised that they would not be disadvantaged financially, which they were, invalidates the contract and makes it unlawful (Appendices C & F).

Kleyn and Viljoen (2010:111-112) state that ‘...subjective rights provide the legal subject with certain powers with respect to the legal object’. This refers to the relationship between a legal subject and a legal object, where a ‘performance’ is an action that a legal subject does or refrains from doing. An employee must render certain services to an employer in terms of a contract that was signed. The party that commits a delict must pay damages. The members that were demilitarised perceived that the state had committed a delict by not honouring the agreement, as stated in the contract.

From a management point of view, the implementation of the programme was partially successful, as mentioned by Mr. I. Dangor (CDFS) in the FMD. The legislative aspect of the demilitarisation programme was satisfied and the functional aspect was aligned to the requirements of the PFMA as far as possible. The SecDef was authorised to conclude contracts with the members, hence the action and the contract were lawful; the terms and conditions of the contract were reasonable; and the process was procedurally fair. All of the requirements for just Administrative Action, as set out in Section 33 of the Constitution, were met. In light of these facts, the employer, therefore, considers the contract to be legal and binding. The Promotion of Administrative Justice Act 3 of 2000 (PAJA) demands that administrative action and decisions should be procedurally fair. PAJA makes provision for persons who perceive that they have been adversely affected, or aggrieved by administrative action, to take legal action in the form of judicial review. According to management, every employee was given a choice; they were given an opportunity to review the contract, which they then duly signed.

Twenty two of the 25 participants that were interviewed were in uniform at the time of the demilitarisation. They all perceived that they were not given a real choice about whether they wanted to demilitarise or not. The Career Option Form attached to the Contract (Appendix C) required the member to either choose to consent, in which case the member could choose their medical aid, their service fund and their service mess. Should the member choose not to demilitarise, they had one of three options, namely:

- a) An inter-departmental transfer to another government department;
- b) Transfer to another unit and realize the implications thereof; and
- c) Remain in uniform and realize the implications thereof (Appendix C).

The option form further state that the member must take cognisance of the fact that this was a once-off offer, and if they choose to demilitarise later, they will not be entitled to the same benefits that were offered at the time. The majority of the members who were interviewed joined the navy, the army or the air force voluntarily. They were proud of the uniform that they wore and still presently grieve the fact that they had to leave it behind.

All of the participants that were demilitarised perceive that when they demilitarised, they not only lost the uniform, but also the respect, culture and sense of belonging that goes with it. Many of these officials, even 18 years after the demilitarisation, are still bitter and perceive that they have been let down by the system, and that their complaints and grievances are being completely disregarded. They perceive that when they took off the uniform, they lost a part of themselves, and even if they were to be financially compensated for the loss in earnings, it could never make up for the sense of disappointment, frustration, disillusionment and degradation that they were exposed to over the years as a result of no longer wearing the uniform.

A Warrant Officer (WO) was either on salary level 8 or 9, with the next promotion being to Lieutenant or Major. Five of these members' salary levels were brought down to salary level 7, and after all these years, they are still at salary level 7 (Appendix B). When in uniform, promotion every three years is almost automatic, depending on the fulfilment of certain requirements. With demilitarisation, all of this changed. The members that demilitarised stagnated in their posts because they did not have the qualifications that were now required for promotional posts. In most cases, members who chose to stay in uniform and move out of the FMD, had advanced in their careers during the 18 years since demilitarisation. This was confirmed by Mr. I. Dangor (CDFS) in the FMD. In comparison, the current ranks and salaries of members who did not demilitarise are much higher than their counterparts' who demilitarised. In many cases, these members who demilitarised are still in the same rank and position (Appendix B) as at the time when they demilitarised.

Many of the findings of the interviews revealed conflicting results. In some cases members perceived that service delivery had suffered immensely as a result of the demilitarisation programme. Others perceived that service delivery was not affected at

all, or had even improved in some areas. Some of the members perceived that because finance officials could now concentrate on one aspect of their job and specialise in that field, this increased their effectiveness. Others perceived that specialisation led to officials working in silos, and them not being able to see their role in the bigger scheme of things. As a result, they do not see the importance of their job within the organisation and may even be of the opinion that what they do does not impact anything. This could lead to a lack of commitment on their part (Appendix B).

A perceived decline in service delivery could be owing to low morale and a lack of discipline, or it could be owing to the centralisation of certain functions. When the demilitarisation occurred, the finance offices at military bases were closed, and only a limited number were re-opened. The result is that the workload has increased, while the staff complement has decreased. Clients now have to travel long distances to the nearest finance office, whereas before the demilitarisation, they could go to the finance office, which is located at their own base.

Participants perceived that the level of commitment and pride with which officials perform their tasks has declined. Members of the Defence Force are not subject to the Labour Relations Act 66 of 1995 (LRA) (Republic of South Africa, 1995) and to the Employment Equity Act 55 of 1998 (Republic of South Africa, 1998). They are employed in terms of the South African National Defence Force Act. When a member is in uniform and a client arrives at the finance office expecting service, the member is obliged to provide a service to the client, no matter what time of the day it is. Civilian members are employed in terms of the Public Service Act, which means that the Labour Relations Act and the Employment Equity Act apply to them. In contrast, when a client arrives at a FASC or FASO expecting service, the civilian can tell the client that it is lunch time, or it is outside of their working hours, and refuse to serve the client. Even though this goes against the Batho Pele principles, it happens in practice every day (Republic of South Africa, 1997).

One of the participants did mention that Deloitte & Touche was used as a change management consultant (Appendix B). However, there was no evidence of this when the researcher spoke to the participants, who were based at various locations throughout the country. Officials that were stationed at different units have different accounts of

how they were approached regarding the demilitarisation. Some of the officials stated that they were given information regarding the change, but that they were not informed of the consequences that the change would have on their personal circumstances such as missed opportunities in terms of career advancements and salary implications. Neither the members nor their Divisional Officers were involved in the planning or implementation process, or in decision-making. Officials perceive that they were given insufficient time to scrutinise the contracts, and that all the negative consequences that would affect them, were not communicated to them. Other officials purport to have been coerced into signing the contract (Appendix B). Overall, officials claim that there was no proper communication with all the stakeholders. They were told that if they did not sign the contract, the employer could not guarantee that they would have a post for them. All of these members were assured verbally by their OC that they would not be disadvantaged in any way as a result of the demilitarisation process (Appendices C & F).

The level of dissatisfaction revealed by the members show that perhaps management did not fully consider the needs of the members when stipulating the conditions within their contracts. The importance of the human factor and human resources in the success of the demilitarisation programme were clearly undervalued, and has compromised the efficacy of the entire programme. Questions that could be asked are:

- Was due consideration given to all aspects of the demilitarisation process and its long-term effects; and
- Was a proper SWOT analysis conducted as part of the planning process?

Although the programme has achieved all of the specified objectives, the factors mentioned above have had a major negative effect on the officials that were demilitarised. The overall effectiveness of the programme and achieving the objectives are over-shadowed by these negative aspects that have emerged.

7.3 Recommendations

A majority of recommendations that the researcher makes are retrospective, and should have been implemented before, or at the time of implementing the demilitarisation

programme. However, these recommendations can apply to and can enhance any project or programme that an organisation considers implementing. Recommendations for current and future action are made in the hope that it will prompt the decision-makers to at least consider resolving the current issues, and any other issues that could arise from possible remilitarisation in an effective, efficient and economical manner.

7.3.1 Recommendation 1

When the decision was made to demilitarise the FMD, the planning committee should have foreseen and planned for every eventuality. The planning phase is where a SWOT analysis is conducted, and where all possible strengths, weaknesses, opportunities and threats to the demilitarisation programme are identified, addressed and planned. The planning committee should establish contingency plans and ways to negate or minimise the negative effects that would have been identified by the SWOT analysis.

The effect that the demilitarisation would have on the deployment capabilities and the operational effectiveness of the SANDF should be identified and addressed. When finance functionaries are deployed to dangerous areas, it is essential for them to be under the command and control of the OC.

From the beginning of the process, the Divisional Officers of the affected members and should be involved to represent them. Participation by all stakeholders is essential and would assist in identifying all risks and long-term effects that could possibly arise. Whenever members are personally involved, and their livelihood is at stake, they will make every effort to protect those rights and privileges. This does not necessarily have to be at the expense of the state.

7.3.2 Recommendation 2

The human resource aspect should assess the requirements of the new structure. Based on this proposed structure, a comprehensive provisional plan for members' relocation should be compiled. The members, their Divisional Officers and their families should be consulted regarding their preferences, and given the available options. In this way

the transition could have been much smoother, less time-consuming, and might not have received as much opposition.

7.3.3 Recommendation 3

Action that the state should take now must be decisive and concise. The deployment capabilities and operational effectiveness of the SANDF is paramount and should be attended to post haste. The financial effects that members that were demilitarised suffered should have been addressed years ago when the enormity of the negative effects was realised. At that time the state should have made reparations for the demilitarised officials who were aggrieved. The state should now settle all outstanding disputes with the demilitarised members as soon as possible. They should calculate all the benefits that the members missed out on in respect of back pay, promotion opportunities and pensionable earnings. They should then make funds available and pay the members whatever is owing to them, should they not have been demilitarised. The officials, who are now employed under the Public Service Act, can now belong to unions. These union and employee representatives should be involved at every step, including renegotiating the contracts of each member.

7.3.4 Recommendation 4

The Defence Review of 2014 was approved by Cabinet in March 2014 and the policy document was adopted by the Joint Standing Committee on Defence in April 2015 (Republic of South Africa, 2015). Amongst other things, the Defence Review advises that the FMD of the DOD should remilitarise (go back into uniform). Reasons cited is for operational effectiveness and for purposes of deploying officials of the FMD to other countries. When deployed officials are sent to war-torn countries, or countries where their lives could potentially be in danger, the mission is further complicated by those officials being civilian. At such times it is essential for deployed members to be under the command of the SANDF. Remilitarisation is, therefore, a viable option and should be considered by Parliament.

7.3.5 Recommendation 5

If the Defence Review is indeed approved in Parliament and the FMD is remilitarised, then the state should use the lessons that are learnt from the demilitarisation programme to ensure that the same mistakes are not repeated. Before remilitarisation, the past backlogs should be resolved.

From that point, proper planning and consultation with all stakeholders should take priority. All aspects and eventualities should be considered, while all challenges for the present and future should be identified and addressed. Even though the Labour Relations Act and the Employment Equity Act do not apply to members of the DOD, every effort should be made to address the concerns and grievances of the affected members. It is important that the terms and conditions of remilitarising should be made clear to those members who choose to remilitarise. The advantages and disadvantages should be spelt out clearly so that there can be no misrepresentation of facts, or claims of misrepresentation. It must be clearly understood that the choice is theirs, and that they will not be pressurised or penalised in any way, should they decide not to remilitarise.

Should the remilitarisation of the FMD be approved and implemented, it is essential that the members who choose to remilitarise are happy with their decision. In this way the FMD can be assured that their members will be motivated and satisfied in their jobs. This will have a direct effect on improving service delivery, and thereby increase the programme's effectiveness.

The motivation for demilitarising the FMD was legitimate. New legislation and the new democratic culture of openness and transparency demanded it. The challenge comes in the effect that the demilitarisation had on the operational capabilities and effectiveness of the SANDF and in the way that the demilitarisation was managed. Clearly, the priority was to get the control of public funds away from the military. Proper planning and thought was not given to the long-term effects that the programme would have on the effectiveness of the organisation, and on the members that were demilitarised.

7.4 Summary

Chapter Seven concludes this research project by reviewing the findings of the interviews. The conclusions that were drawn from the findings and the recommendations are summarised for ease of reference.

The research study's most significant conclusions are noted below:

- Legislation required oversight and control over civil funds. Fourteen of the participants perceived that this could have been achieved by civilianising only the top structure of the FMD;
- Members were assured that they would not be disadvantaged financially, but they did suffer financial losses in terms of salary notches, compulsory early retirement, as well as loss of certain benefits;
- Demilitarised officials perceived that they were not given a real choice about whether or not they wanted to demilitarise;
- Demilitarised officials are disappointed, frustrated, disillusioned and degraded;
- There are conflicting results about service delivery and specialisation; and
- There is no evidence of change management.

The researcher has presented several recommendations that could potentially be helpful to the management of the FMD of the DOD. These recommendations can be summarised as follows:

- The Planning Committee should conduct a comprehensive SWOT analysis to minimise negative effects and to establish contingency plans;
- Representatives of the members should be involved at every step and the Human Resources Department must consult members regarding relocations;
- The state should now take swift and decisive action to finalise outstanding issues around the demilitarisation;
- The Defence Review of 2015 advises that the FMD of the DOD remilitarise; and
- Should the FMD remilitarise, lessons learnt should be taken from the demilitarisation process to ensure a participative and smooth transition.

From the information that was gathered, it would seem that there was insufficient consultation with the affected members regarding implementation of the demilitarisation programme. One would hope that all government departments, especially the DOD, would have learnt the importance of principles such as ‘consultation’ and ‘*audi alterum partem*’, and that they actually apply these when considering implementing changes within their departments.

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Appendices

APPENDIX A

RESEARCH INTERVIEW

SALWA PHILLIPS – 18600387

NAME (of person being interviewed).....

Explain the reason for the interview and outline the research topic to the person you are interviewing. Try to extract as much information as possible.

Guiding questions:

Senior personnel:

1. What were the objectives/aims of the de-militarisation programme?
2. What were the intended consequences?
3. What, if any, were the unintended consequences of the programme?

De-militarised members:

4. How did the de-militarisation affect you personally?
5. What positive or negative outcomes did the change have for you?
6. From your experience in the finance section before and after the de-militarisation, do you think the change has improved service delivery to its clients?
7. Do you think the safety and safe-guarding of state funds has been compromised in any way?

.....
SIGNATURE

.....
DATE

APPENDIX B1

KEY
AD: Assistant Director
CAC: Chief Accounting Clerk
DD: Deputy Director
FASCM: Finance Accounting Service Centre Manager
MVA: Motor Vehicle Accidents
RAM: Regional Accounting Manager
SAC: Senior Accounting Clerk
SITA: State Information Technology Agency

PARTICIPANT	PREVIOUSLY IN UNIFORM	POSITION	RANK/LEVEL	LOCATION
1	No	SAC - Finance	6	Simon's Town
2	Yes	SAC - Finance	6	Simon's Town
3	Yes	CAC - Finance	7	2 Military Hospital
4	Yes	DD - DSSRP	Unsure	Pretoria
5	Yes	Reserve Force	Unsure	Pretoria
6	Yes	DD - DSSRP	Unsure	Pretoria
7	Yes	SAC - Finance	6	Pretoria
8	No	AD - Debtors	10	Pretoria
9	Yes	CAC - Finance	7	Durban
10	Yes	SAC - Finance	was level 3, now 6	Durban
11	No	Instructor - SITA	Civilian	Pretoria
12	Yes	DD - DSSRP	Retired	Pretoria
13	Yes	GAC - Budget	was level 8, now 7	Simon's Town
14	Yes	GAC - Budget	was level 8, now 7	Simon's Town
15	Yes	GAC - Budget	was level 9, now 7	Simon's Town
16	Yes	SAC - Budget	6	Simon's Town
17	Yes	Reserve Force	was level 12, still	Pretoria
18	Yes	SAC - Finance	6	Youngsfield
19	Yes	GAC - Budget	was level 8, now 7	Simon's Town
20	Yes	RAM - Durban	10	Durban
21	Yes	FASCM - Youngsfield	8	Youngsfield
22	Yes	AD - Youngsfield	10	Youngsfield
23	Yes	AD - Financial Misconduct	10	Pretoria
24	Yes	CAC - MVA	7	Castle
25	Yes	Retired	was level 9, now 7	Pretoria

PREVIOUSLY IN UNIFORM	SAC	POSITION	Management	Other	RANK/LEVEL	Level 6	Level 7	Other
22	6	CAC	7	8	4	6	7	12

APPENDIX B2

PARTICIPANT	Q1. WHAT WERE THE OBJECTIVES OF THE DEMILITARISATION PROGRAMME?
1	Unsure
2	Pressures in decision-making; a senior official can order a finance official in uniform to do something
3	Unsure
4	Parliament wanted oversight over public funds, not control. Confusion about how to do it.
5	oversight & civil control over public funds, centralisation of certain functions, cost-savings in deployment & downscaling of posts
6	Unsure
7	Unsure, but whatever they were trying to do, it's not working. They should never have demilitarised finance
8	Unsure
9	Unsure
10	Unsure
11	Parliament wanted transparency in spending of public funds, and civil funds to be separate from the military
12	New govt saw SANDF as a threat, cut budget further. New legislation to establish a culture of good governance, wanted civil control over military
13	New legislation prescribed transparency, civil control, saw SANDF as a threat, wanted control over military, wanted a SecDef
14	Create a SecDef, split military & governing functions, there was a political obj. uniformed member cannot order civie to do something
15	Civil control over public funds. Declining budget, downsizing part of the transformation plan
16	Wanted to emulate US and UK where funds are controlled by civil society
17	Govt wanted civil control over financial man in the DOD
18	Govt wanted civil control, wanted to get AA in line with new legislation, to reduce the number of uniformed members in finance, allow others to apply
19	New legislation wanted oversight, not control. Top structure could have been civilian.
20	New legislation, rank structure, create a SecDef, top structure could have been civilian
21	State funds under civilian control, rank structure, prevent mismanagement of state funds, down-size finance, smaller, more professional, save costs
22	Public funds had to be under civil control, appointed under the PSA, not defence act
23	Control over state funds by civilians not under military command
24	Civil control over public funds, to civilianise/demilitarise uniformed members. New legislation, establish SecDef, cost savings
25	Civil oversight, but misinterpreted it and thought they had to control DOD finance. Defence Act allowed for secondment of military personnel

OBJECTIVES IDENTIFIED	
1. Unsure	8. Openness & transparency
2. Rank structure	9. Establish a SecDef
3. New legislation in oversight & control over public funds	10. Good governance
4. Centralisation	11. Improve service delivery
5. Cost savings	12. New legislation in AA & EE
6. Down-sizing	13. Demilitarisation of finance
7. Deployment	14. Saw SANDF as a threat

APPENDIX B3

PARTICIPANT	Q2 - WHAT WERE THE INTENDED CONSEQUENCES OF THE DEMILITARISATION PROGRAMME?
1	Unsure
2	Civil funds had to be under civil control
3	Unsure
4	to improve service delivery and transparency ito new legislation.
5	oversight & civil control over public funds, centralisation of certain functions, cost-savings ito deployment & downscaling of posts
6	Unsure
7	Unsure
8	Unsure
9	Unsure
10	Unsure
11	Deloitte & Touche helped with the change management process
12	Prescriptive, rigid control over budget. New legislation allowed this
13	Uniformed official can not order a civilian to do something, wanted a civilian component, better structure for the org
14	Legislation required civil control over public funds and the armed forces, streamline processes and allocate more resources to areas where required
15	Unsure
16	Unsure
17	To streamline the budget, to take away financial decision-making by the OC, to curb over-spending & fruitless expenditure. Civil control, manage and advise
18	To reduce uniformed members in finance, make it easier for civvies to apply. To get equity and AA in line with legislation, civil control
19	they wanted oversight, but took away control of finance from the units, could not deploy staff. Civvies are paid less to deploy, don't want to go
20	Prevent unlawful orders by senior officers, curb unauthorised, irregular and fruitless and wasteful expenditure
21	To create a finance division that is made up of all arms of service, rank structure, down-size finance, more professional, more productive, save costs
22	Public funds should be controlled by professional people, not people in war. Curb fraud, unauth, irregular & fruitless & wasteful expenditure
23	No military interference (command and control) in financial management
24	Demilitarisation of finance, cost savings, rank structure. Now employed under PSA, not Defence Act, confirmed that members would not be worse off
25	Govt wanted a more SADF enforced policy, a more enlightened govt, not such a strict military presence, wanted oversight & transparency

	INTENDED CONSEQUENCES IDENTIFIED
1. Unsure	10. Demilitarisation of finance
2. Rank structure	11. Improve service delivery
3. Oversight & control over public funds	12. Improved processes & procedures
4. Centralisation	13. Allocate resources where needed
5. Cost savings, streamline the budget ito deployment	14. Budget control
6. Down-sizing	15. Decision-making of OC
7. Establish a SecDef	16. Prevent/reduce unauthorised & other expenditure
8. Openness & transparency	17. Appoint ito Public Service Act instead of Defence Act
9. New legislation ito AA & EE	18. More enlightened government

APPENDIX B4

Q3 - WHAT WERE THE UNINTENDED CONSEQUENCES OF THE DEMILITARISATION PROGRAMME?	
PARTICIPANT	
1	Unsure
2	The financial loss to members to salaries and pension, could not partake in sport, limited promotional opportunities
3	Could not go on sport parade, discipline is non-existent, difficult to motivate yourself and staff
4	Effectiveness & efficiency neg affected, mobility reduced, short-staffed due to job-jumping, effectiveness in dept lacking
5	career prospects ltd, defence act, no auto promotions, low morale, centralisation, lack of comm, work in silo's, pension, sport
6	it took approx 10 years to close the old offices & open & sort out the new offices. Neg affected to pension, retirement age
7	difficult to deploy civvies, fin is a small section, cant work on its own, only once-off uniform allowance, no sports, service at mil hosp down
8	Communication has improved. Civilian's opinion wasn't important before. Civilians don't have as many rights & privileges
9	Disc dropped. Need control when deploy, should be under command of OC. No one held accountable. Workload incr, staff decr. Salaries, pension, career
10	Unsure. Only received once-off clothing allowance, in 2009 uniformed members received huge salary increase
11	Low morale & disc led to structural damage, disadv when applying for posts, no tradition or culture, insecurity, limited growth oppor
12	Need deployable people. Had various functions, now capabilities ltd, no comm, no integration, work in silo's, would not be disadv, no career planning
13	soft issues, income, pension, promotions, AA & EO, no quality control, no integration, unqualified staff, little experience
14	Stagnated careers, was demoted, freedom of movement, I could move back to Cape Town
15	Did all functions, now specialise, don't see the big picture. Accumulate knowledge in one area. Massive financial loss
16	Other units were also supposed to de-mil. When they saw the de-mil of finance didn't work, they refused to de-mil
17	Finance section lost discipline to work ethics, attitude of BM's antagonise military officials
18	Bad command and less control over finance members, people appointed with qualifications, no exper, repeat courses. More fraud & corruption
19	Units could not deploy civilians, get paid less, so many don't want to go. Promises were not kept, people at the bottom neg affected, demoralised
20	Negative effects, difficult to deploy civilians to war-stricken areas. People appointed in top positions with no experience, stagnating
21	Lost privileges, sport, cut off from unit, not under command of OC, not a good relationship
22	Financial effects, salaries, pension, promotional opportunities, stagnation in posts
23	More relaxed working environment, communication with services are better
24	Financial effects, salaries, pension, promotional opportunities, stagnation in posts
25	Lack of discipline, staff are disrespectful, we are seen as cheap labour, unhappiness, salaries, demotions, rank structure

APPENDIX B5

UNINTENDED CONSEQUENCES IDENTIFIED (POS)
More relaxed working environment
More knowledgeable in your area of expertise
Better communication with unit
Promotions
Some relocations in favour of the member

UNINTENDED CONSEQUENCES IDENTIFIED (NEG)
1. Financial loss, pension, retirement age
2. Sport, promotions, uniform allowance
3. Low morale
4. Lack of discipline
5. Reduced mobility for deployment
6. Staff shortages due to job-jumping
7. Managers appointed based on qualifications, lack of control and command
8. Lack of effectiveness in department
9. Structural damage to the department
10. No integration with other units, working in silo's
11. Specialisation, don't see the big picture
12. Don't fall under OC anymore, poorer communication with unit
13. Fast-tracking of certain individuals; demotions
14. No Career Manager
15. Downsizing led to limiting career prospects
16. Deployment of civilians
17. Members unhappy about relocations
18. Division between staff and Man, loss of rights and privileges
19. More fraud and corruption
20. A Warrant Officer is issued with a Warrant by the Minister
21. Repeat courses, wasteful expenditure
22. Attitude of staff antagonise military officials
23. Appointed to PSA not Defence Act

APPENDIX B6

PARTICIPANT	Q6 - HAS SERVICE DELIVERY IMPROVED?	REASON
1	Yes & no	Low morale & discipline, atmosphere in the office more relaxed, staff is more informed
2	Yes & no	Same process & proc, can focus on payment. Before, clients could draw money from any base, discipline shoddy
3	No	Saw the whole pic, to the end, now theres lots of role players, you just do your part, no more pride and joy
4	No	Staff is ill-disciplined and have low morale, not a productive work environment
5	No	There is no discipline, people act powerful & arrogant, closure of offices, clients travel far, auth central, take longer
6	No	Offices reduced & staff reduced by 50%, was better discipline in uniform, acc at each unit, no career planning
7	No	In uniform, you respected ranks, now there is no respect, cashiers feel powerful & in charge
8	No	Unhappy & demoralised, lack of disc, did the same work, but became slack, did not care or comply, unhappy abt fast-tracking
9	No	Cashiers cud move around, clients cud go anywhere. Cant fetch money at the bank. Cashiers can refuse to work lunch time
10	Unsure	Unsure. I was not in the finance environment before
11	No	There is no disc, people come with long hair & jeans, gives bad impression, can affect service del
12	No	OC not in charge, detrimental to service del, finance members are bitter, not part of unit
13	No	Staff reduced too much, centralisation is bad for clients, have to travel long distance to get to a cash office
14	Yes	Can focus on one thing, can specialise, become expert, volume of work increased, better to specialise
15	No	Were very accessible, due to centralisation, not accessible anymore. Still professional
16	Unsure	There are new rules & regs. In uniform you were checked on, were rank-conscious, less disc, people are slack
17	Yes	There are a few good budget man's, rules & regs have improved, more control over budget expenditure
18	Yes & no	There was never a 30-day period to pay suppliers, paid quicker. There was no recon date before, more control over state funds
19	No	We used to belong, there was a cohesive feeling, so output was higher, now we are seen as obstacles
20	No	Inexperienced managers, OC not resp, centralised, then de-centralised, but structure is the same
21	No	Services centralised, corps made smaller, but workload increased, more responsibilities, turn-around time was better
22	No	More work, staff cuts, centralisation of approvals takes longer
23	Yes & no	Service del has improved at higher levels, more eff comm and processes. Lower levels, poor comm & centralisation
24	No	Finance has lost a lot of expertise, members don't see the big picture, only do their work, accountability compromised
25	Yes & no	There is no disc, attitude of staff towards clients is bad, no sense of urgency. More direct line to top structure

KEY TO Q6	
Yes	2
No	16
Yes & no	4
Unsure	3

APPENDIX B7

PARTICIPANT	YES/NO	Q7 - WAS THE SAFETY OF CASH COMPROMISED?	REASON
1	No	No difference. Before, the OC did cash counts, now the manager does cash counts	No difference. Before, the OC did cash counts, now the manager does cash counts
2	Yes & no	Yes	now control measures, CIT collects, better systems, policies. More offices, more risk, better service del
3	Yes	Yes	was a sense of pride, morale, now people don't take resp. more theft, low morale, no protection
4	Yes	Yes	had walk-in-safes, very secure, now we spend money to upgrade every year. OC's not responsible anymore
5	No	No	cash officaes are still in military bases, are still secure
6	No	No	same measures in place, some improved, incr in crime nationally, CIT appointed, security in some offices better
7	Yes	Yes	lack disc, econ & safety in country down, too much paperwork, policies, delegations, still part of DOD, cant be separate
8	Unsure	Unsure	Unsure, I am not in that environment
9	Yes	Yes	less fraud before, more control & security, there was pride, and you were cautious of your career
10	Unsure	Unsure	Unsure. I was not in the finance environment before
11	Unsure	Unsure	Unsure. I am not in finance
12	Yes	Yes	offices are on their own, there is no guards, the OC is no longer responsible
13	Yes & no	Yes	econ climate declined, less offices, less risk, CIT appointed, measures better, no IG, only external audits
14	Yes	Yes	There are measures in place, eg. access control. There will always be the human element, fraud, break-ins
15	Yes	Yes	There was a guard when clients draw money, now there is no safety mech, large amts of money pd out
16	Unsure	Unsure	There is more fraud, lots of loop holes. People are unhappy, demoralised, poor econ, temptation
17	Unsure	Unsure	I was in the budget management environment and was not exposed to the cash office environment
18	Yes	Yes	FVD control worse, more fraud & corruption. OC not resp anymore, there was more control, no break-ins
19	Yes	Yes	More break-ins, OC was resp. if cashier was short, had to pay in or be court-marshalled, unit don't understand fin policies
20	No	No	Procs & control meas are in place, but managers are inexp, assets not managed properly
21	Yes & no	Yes & no	OC looked after security, don't have to collect money, safety measures are the same, fraud has increased
22	Yes & no	Yes & no	Money is still lost and stolen, need other systems? Cash offices are broken into. This never happened before.
23	No	No	Poor econ situation. New detection & reporting systems, fraud hasn't necessarily increased
24	Yes & no	Yes & no	Security at facilities need attention, offices broken into, open counter cash offices, CIT appointed
25	Yes	Yes	Offices were in secure area in bases, not treated as high risk, OC no longer resp, vehicles were marked FMD

KEY TO Q7	
Yes	10
No	5
Yes & no	5
Unsure	5

APPENDIX B8

PARTICIPANT	WERE YOU GIVEN A CHOICE TO DEMILITARISE?
1	Not Applicable
2	We were told to demil or leave the service, could re-muster, but I wanted to be in fin, there was no guarantee
3	We were told to sign or resign, told there was no other posts, we would not be disadvantaged financially
4	Unsure. Not specifically stated
5	Unsure. Not specifically stated
6	I was promoted, was not negatively affected, except for the norm, like pension and retirement age
7	I was not given a choice, were told to sign or leave finance
8	Not Applicable
9	Unsure. Not specifically stated
10	I was promoted, was not negatively affected, except for the norm, like pension and retirement age
11	Not Applicable
12	We had to sign or go. There was no change man. I come from a military family, wanted to be a soldier
13	Did not want to de-mil, culture changes, lose drive and motivation, goals to strive for, had a higher status
14	There wasn't a choice, we were forced to de-mil. We could resign or re-muster, job security couldn't be guaranteed
15	We were given a "choice", but not really a choice. Demoted from level 9, suffered massive financial loss from the beginning.
16	Joined to be in uniform. Now there are no promotional opportunities. You are treated as a lower rank
17	We were forced to de-mil. We were told we had to de-mil, re-muster in 6 months, or leave the service
18	I was demoted from level 7 to level 6. I am still on level 6. We were told to de-mil, go to another section or leave
19	I was demoted from level 9 to level 7. I am still on level 7
20	I have reached my top notch, don't even get the 1% annual increase anymore
21	I was promoted, was not negatively affected, except for the norm, like pension and retirement age
22	We were assured we would not lose salaries, pension, retirement age. I am still at level 8
23	Unsure. Not specifically stated
24	Compulsary de-mil, were told we would not be worse off
25	We were told to sign or leave the dept. We could re-muster, but that wasn't a viable option

CHOICE	
Unsure	4
No	13
Yes & no	5
N/A	3

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C PERS/C/1017/B

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Enquiries: Lt Col J.H. du Preez

Department of Defence
Personnel Division
Directorate Personnel Utilization
Private Bag X159
Pretoria
0001
21 July 1998

Dear

PERSONAL CONTRACTUAL DOCUMENTATION ON DEMILITARISATION

Appendix A: Service Benefits and Conditions of Service on Demilitarisation with Consent
B: Career Choice: Consent to Demilitarisation
C: Career Choice: Do Not Consent to Demilitarisation

1. The Defence Act, Act No 44 of 1957, as amended by Act No 72 of 1995 (Sections 7A, 7B, 7C and 7D), provides for the establishment of a Defence Secretariat and the transfer of the function of the Accounting Officer of the Department of Defence to the Secretary for Defence. The uniting and demilitarisation of the finance functionaries are required by the Secretary for Defence to exercise his powers and duties as Accounting Officer and, most importantly, to enhance civil control in the Department of Defence.

2. By implication this means that military finance posts will be changed to civilian posts and that finance members in uniform may consent to demilitarisation in order to occupy these civilian posts.

3. This letter and its appendices serve as a contract between the Department of Defence and yourself and is binding on the State as employer and yourself as employee.

4. If you do consent to demilitarisation, your service benefits will be as stipulated in Appendix A and your salary and appointment be as follows:

- a. Occupational Class:
- b. Post Class:
- c. Salary Notch:

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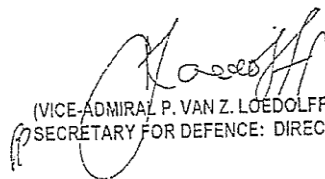
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5. If you do not consent to demilitarisation, you may request a personal interview with your Finance Director in order to discuss your personal position.

6. On receipt of this offer you must carefully study the content thereof. Your specific choice, Appendix B or C, must be forwarded to your arm of the service headquarters within thirty (30) calendar days after receipt of this offer.


(VICE-ADMIRAL P. VAN Z. LOEDOLFF)
SECRETARY FOR DEFENCE: DIRECTOR-GENERAL

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APPENDIX A
TOCPERS/C/1017/B
DD 21 July 1998

NO RANK NAME

SERVICE BENEFITS AND CONDITIONS OF SERVICE UPON DEMILITARISATION WITH CONSENT

1. Salary and Allowances:

- a. Allowances for members in uniform, as well as for civilians, have been incorporated in the salary grading system, which was implemented with effect from 1 July 1996. The salary position of members in uniform who consent to demilitarisation will be adjusted where applicable, but such members will not receive a salary notch less than that which they received as members in uniform.
- b. Ranks and salary position of other ranks upon demilitarisation:

Serial Number	Military Rank and Salary Position	Civilian Rank and Salary Position
	a	b
1	Pte/Amn/Sea - Level 2	Acc Clerk Gr 1 - Level 2
2	Pte/Amn/Sea - Level 3	Acc Clerk Gr 2 - Level 3
3	L Cpl/AB - Level 4	Snr Acc Clerk Gr 1 - Level 4
4	Cpl/LS - Level 5	Snr Acc Clerk Gr 2 - Level 5
5	Sgt/PO - Level 6	Snr Acc Clerk Gr 3 - Level 6
6	S Sgt/F Sgt/CPO - Level 7	Snr Acc Clerk Gr 3 - Retention of salary notch as personal
7	WO2 - Level 8	Chief Acc Clerk - Retention of salary notch as personal 7
8	WO1 - Level 9	Chief Acc Clerk - Retention of salary notch as personal 7

- c. Translation of Warrant Officers. Upon translation of all WOs to Chief Accounting Clerks and, subject to the availability of vacant posts, all officials in the post class Chief Accounting Clerk will be considered as follows for translation to the occupational class State Accountant or Internal Auditor:
- Officials in the posts class Chief Accounting Clerk who are in possession of a Senior (or equivalent) Certificate and who have obtained an out-of-turn promotability rating (stan nine of 7,0 and higher).
 - Officials in the post class Chief Accounting Clerk who are in possession of an applicable RVQ 13, can be translated to the occupational class State Accountant or Internal Auditor and be appointed as follows:

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(1) State Accountant/Internal Auditor. Four (4) years appropriate experience gained after the acquisition of an appropriate 3-year degree/diploma in the commercial, economic or political sciences.

(2) Senior State Accountant/Senior Internal Auditor. Seven (7) years appropriate experience gained after the acquisition of an appropriate 3-year degree/diploma in the commercial, economic or political sciences.

d. Ranks and salary position of officers on demilitarisation:

Serial Number	Military Rank and Salary Position	Civilian Rank and Salary Position
	a	b
1	CO/Mid - Level of substantive rank	Pupil State Acct/Pupil Internal Auditor - Retain present salary notch as personal
2	2 Lt/Esn - Level 5	Asst State Acct/Asst Internal Auditor - Level 6
3	Lt/S Lt - Level 6 or 7	State Accountant/Internal Auditor - Level 7
4	Capt/Lt (SAN) - Level 8	Snr State Accountant/Snr Internal Auditor - Level 8
5	Maj/Lt Cdr - Level 9	Asst Dir Financial Management/Asst Dir Internal Audit - Level 9
6	Lt Col/Cdr - Level 10	Asst Dir Financial Management/Asst Dir Internal Audit - Level 10
7	Col/Capt (SAN) - Level 11 or 12	Dep Dir Financial Management/Dep Dir Internal Audit - Level 11 or 12

e. Members in uniform who are presently receiving a salary notch higher than the applicable public service rank or who are presently remunerated on a personal notch, will translate, upon demilitarisation, with the retention of their present salary notch as personal. Salary progression (general increments) will take place on the personal notch until such time that their notches match the notches of their applicable public service rank.

2. Medical Benefits. You may either continue to contribute towards the Permanent Force Medical Continuation Fund as at present, or you may join any private medical fund from the outset. The following conditions are mandatory in this regard:

- a. Continued Contribution. Membership of the Permanent Force Medical Continuation Fund is subject to the monthly payment of the prescribed tariff applicable to you. Retention of the same free medical benefits for yourself and your dependants (up to the retirement age of 60). However, should you resign or accept a transfer to another Government Department, you will no longer be eligible to participate in the Medical Continuation Fund.
- b. Private Medical Fund. Should you decide to join a private medical scheme from the outset, contributions towards the Permanent Force Medical Continuation Fund will not be refunded. Membership of an approved medical fund is subject to a maximum membership contribution of R 1 131,00 per month and a maximum state subsidy of R 745,00 per month.

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3. Retirement and Pension Benefit. The age for retirement will remain at the present 60 years. For those members who joined the Permanent Force before 16 August 1963, the retirement option will remain 55 years of age. Accrued years of pensionable service for members who have more than 10 years pensionable service upon demilitarisation is as follows:
 - a. For the period after demilitarisation, the normal accrual of pensionable service (as prescribed for the Public Service) will apply. The same monthly contributions (at present 7,5% of your basic salary) will also apply.
 - b. Your accrued years of pensionable service for the period served in uniform will be clearly noted on your personal file. Upon retirement, retrenchment, death or medical retirement, the addition of one quarter years of service (1 in 4 years) above 10 years service will apply only to such period of service in uniform.
 - c. Upon retrenchment before you reach the age of 53 years, the addition of 12% (twelve per cent) will be calculated only on your period of service in uniform.
 - d. Service bought back remains intact for pension purposes.
 - e. If you were employed in a civilian capacity in the Department of Defence and militarised afterwards, your years of service in both capacities are recognised for the purpose of pensionable service, provided the service was uninterrupted.
4. Arms of the Service Funds and Institutions. Your membership of the various arms of the service funds and institutions may continue subject to the payment of the monthly subscriptions, as applicable.
5. Seniority upon Demilitarisation. Your seniority upon demilitarisation, with consent, will be determined within the broader group of all civilian finance functionaries in the Department of Defence, taking into consideration your last date of promotion and personnel evaluation results.
6. Promotion as a Civilian. To be considered for promotion in the Public Service, a distinction will be made between post promotions and rank promotions. For easy reference, it is explained as follows:
 - a. Rank Promotions. As soon as you have completed the minimum period in your rank, as prescribed in the specific PAS, you will be considered for promotion. If you are found promotable according to the prescribed assessment method, you will be promoted with effect from the day following the day you have qualified. No vacant post is required, as rank promotions occur in the same post. The minimum period per rank before members may be considered for promotion is presently 3 years (promotable in-turn), 2 years 6 months (promotable out-of-turn) and 2 years (preferential promotable).
 - b. Post Promotions. The general measures determine that, when the posts of Chief Accounting Clerk, Assistant Director, Deputy Director Financial Management and Internal Audit, need to be filled, these posts have to be advertised within the broader Public Service and the most suitably candidate will be appointed or promoted to such a post. (If relaxation of the minimum appointment requirement of a RVQ 13 qualification is approved and officers who are not in possession of a RVQ 13 qualification are translated to State Accountant or Internal Auditor, it should be realised that the relaxation will apply only for promotion purposes to higher posts in the same occupational classes within the Department of Defence and in the rest of the Public Service).
7. Living-in Single Quarters and Married Quarters. The present benefit regarding single and married quarters, subject to availability, remains unchanged. Applications for married quarters are, however, subject to the availability thereof. Monthly payments are subject to tariffs as determined and published by the Department of Public Works.

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8. Dress Code. The dress code for civilians is semi-casual as applicable to all civilians in the Public Service. Members must always be dressed neatly in order not to harm the image of the Department. However, officers commanding can request members to dress suitably for functions, parades, etc.
9. Uniform Maintenance. At present, the amount for uniform maintenance for Permanent Force members is not paid in cash but you are allowed to draw uniform to the value of R 590,00 per annum. As this benefit falls away upon demilitarisation you will be paid a single amount of R 850,00 in order to compensate for the semi-casual dress you will need to purchase.
10. Military Academy Students:
 - a. Finance members in uniform, presently studying at the Military Academy and who consent to demilitarisation, will be given the opportunity to first complete their studies as members in uniform. After graduation, they will demilitarise and be placed in appropriate civilian posts. The normal contractual commitments of such students will still apply. The regulations on contracts in the Public Service will apply, and such students will remain contractually liable.
 - b. Members who do not consent to demilitarisation may, upon graduation, request to be remustered or transferred to another corps, subject to the availability of vacant posts.
 - c. Members who wish to continue their studies, but not under the conditions as stipulated above, may apply to study at tertiary institutions as civilians on a full-time basis. If approved, such students may then study as full-time students with retention of their salary, but without further financial assistance from the State, ie they will have to pay for their tuition out of their own salaries. Civilians may also apply for bursaries to continue their studies on a part-time basis (see Chapter C of the Public Service Staff Code). The latter two schemes are, however, subject to available funds on the budget of the Defence Secretariat.
11. Service Recognition. You will still receive recognition for good service and your accrued years of service will be noted upon demilitarisation. A certificate for good service will be issued to you on completion of 20 and 30 years of service. On completion of 30 years service a gold wrist watch will be awarded.
12. SANDF Group Insurance Scheme. Awaiting final decision by the Control Board and Board of Trustees of the Group Insurance Scheme.
13. State Funerals As a civilian member, you will not be entitled to a funeral at state expense. You are therefore advised to begin participating in any funeral insurance scheme of your choice as soon as possible after demilitarisation.
14. Sport. Civilian members are obliged to comply with the Public Service policy, ie sport is not practised during official working hours. Sportsmen and sportswomen chosen at provincial and national level are exceptions to the rule, and special arrangements are possible. Such persons may apply for SANDF sports membership and use SANDF facilities after hours. Sports fees paid up to demilitarisation will not be refunded.
15. Military Courses. The promotion of civilian employees is not subject to the attendance of military courses. You will, however, be required to attend functional courses and any other courses as required by the Department of Public Service and Administration, the Accountant-General and the Department of Defence.
16. Flexible Service System The flexible service system was developed for the exclusive use of the SANDF's members in uniform. There is no similar system in the Public Service or SAPS or any other organisation. Members in uniform who are presently employed in the Short-Term System will have the

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following options:

- a. Members who are currently serving their 3rd STS term, but who have not yet been translated to the MTS or LTS, will be appointed to the Public Service conditions with the retention of the service benefits applicable to them as STS members. Their conditions of appointment will be changed to permanent civilian appointments.
- b. Members who are currently serving their 1st or 2nd STS term may continue with their present contracts until such contracts expire, whereupon they may apply for appointment in the Department of Defence in a civilian capacity, subject to the availability of vacant posts. Their service conditions will be identical to any newly-appointed civilian.
- c. Members who are currently serving their 1st or 2nd STS term may continue with their present contracts and, prior to the expiration thereof, apply for the renewal of their contracts within another corps/mustering via the normal channel of command.

17. Medium-Term System. Members in uniform who are currently employed in the *medium-term system* will be considered to be long-term system appointments (permanent), and their demilitarisation will be handled similar to that of long-term system members.

18. Military Equipment on Personal Issue. Members in uniform who are currently in possession of military equipment must return such equipment upon demilitarisation. As civilians, they may apply for the issue of certain personal military equipment.

UNCHANGED SERVICE BENEFITS AND CONDITIONS OF SERVICE

19. The following service benefits and conditions of service remain unchanged:

- a. Leave Benefits. The following leave benefits will be noted on your records upon consent to demilitarisation:
 - i. Vacation leave.
 - ii. Sick leave.
 - iii. Discounting of leave after 20 or 30 years of service.
- b. Home-Owner's Allowance. The measures that qualify a member for the state guarantee scheme and a home-owner's allowance remain as prescribed.
- c. Motor Finance Scheme. Participation in the motor finance scheme is governed by the regulations of the Department of Transport. This scheme applies to military and civilian personnel and the *status quo* will thus be maintained for persons who qualify to make use of this scheme.
- d. Service Bonus. The annual service bonus remains unchanged.
- e. Resettlement Costs. The measures for resettlement costs upon transfer remain as prescribed.
- f. Organized Overtime Remuneration. The measures for organized overtime remuneration remain as prescribed.

GENERAL

20. Misconduct. Upon contravening section 20 of the Public Service Act, 1994, you will be charged

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APPENDIX C8

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A-6

with misconduct and procedures are in accordance with section 21 of the Act.

21. Inter-departmental Transfers. If you do consent to demilitarisation and thereafter accept a transfer to any other state/provincial department, you will forfeit the unique service benefits and conditions of service that you had enjoyed as a member in uniform.
22. Part-Time Study at the Military Academy. You may apply to be detached to the Military Academy as a staff member in order to undertake part-time studies. Civilians will not be allowed to study full-time at the Military Academy.
23. Personnel Evaluation. The aim of personnel evaluation is to determine a member's promotability rating. You will be evaluated when you have reached the qualifying period for promotion as a civilian (normally two years) and annually thereafter. For the purpose of personnel evaluation and incidentation reports, you are required to keep an incidents file.
24. Merit Awards. Upon the completion of one year service in your rank, and subject to the availability of funds, you may be considered for a merit award if you have distinguished yourself from your peers by means of a sustained above-average work performance.

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(typed version of Appendix C9)

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B-1

Appendix B
TO C PERS/C/101/7/B
DD July 1998

CAREER CHOICE: CONSENT TO DEMILITARISE

1. I, force number.....rank.....name.....
hereby consent to demilitarise.

2. My choice (circled) as regards membership are as follows:

- a. Permanent Force Medical Continuation Fund. (Yes / No)
- b. Arm of the Service Fund. (Yes / No)
- c. Arm of the Service Mess. (Yes / No)

SIGNATURE

DATE

Witness 1:

Witness 2:

(typed version of Appendix C10)

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C-1

Appendix C
TO C PERS/C/101/7/B
DD 1997

CAREER CHOICE: DO NOT CONSENT TO DEMILITARISATION

1. I, force number.....rank.....
name.....

hereby do not consent to demilitarisation.

2. The option I want to exercise is:

- a. Negotiation with another State Department for employment with the view of inter-departmental transfer. (Yes / No)
- b. Remustering / transfer to another corps and realise the implications thereof. (Yes / No)
- c. Remain in uniform and realise the implications thereof. (Yes / No)

3. My choice of mustering / corps

4. I am aware that this is an once only offer and that I will not be entitled to the benefits in Appendix A if I wish to demilitarise at a later stage.

SIGNATURE

DATE

Witness 1:

Witness 2:

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APPENDIX D1

NBS/R/101/7/B

Telephone : (021) 787 3856
FAX : (021) 787 3066
Enquiries : WO1 G.C. Minnaar

Flag Officer Commanding
Naval Base Simon's Town
Private Bag X1
Simon's Town
7995
7 August 1998

Chief Paymaster

Admiral,

DEMILITARISATION OF THE FINANCE FUNCTION

1. Letter C FIN/R/101/1 dated 17 July 1998 para 18 refers.
2. The new contractual documentation on demilitarisation states that all WO1, WO2 and CPO are to be placed on personal salary notches until the rest of the public service catch up.
3. The translation of a WO1 on demilitarisation is to a Chief Accounting Clerk (CAC) with the possibility of appointment as a State Accountant. Either way, WO's will go down to level 7/8 from level 9 on the salary grading in the Public Service. This is a lose, lose predicament.
4. With the exception of possible annual pay increases (which recently have been well below the inflation rate), salary notches will regrettably remain static, resulting in a gradual erosion of disposable income to an ultimate unacceptable level.
5. If annual pay increases are not allocated to members on personal notches, then this becomes even more unacceptable.
6. As the Assistant Patron for the Finance Branch in the SA Navy, I feel it is necessary to highlight our concerns wrt demilitarisation.
7. It is respectfully requested that above mentioned concerns be answered.

Yours faithfully



(G.C. MINNAAR)

NAVAL BASE SIMON'S TOWN FINANCE OFFICER : WO1

GCM/gcm

RESTRICTED

To: WO1 G.C. Minnaar Naval Base Simon's Town From: rautie.rautenbach 321 1779
321 1779

8/11/98 10:52:34 Page 1 of 1

APPENDIX D2

C FIN/CPM/R/101/7/B

Telephone: (012) 339 4634
SSN (SANDI): 813 4634
Fax: (012) 323 3715
Enquiries: R Adm (JG) J.J. Rautenbach

Secretary for Defence
(Finance Division: CPM)
Private Bag X137
Pretoria
0001

// August 1998

WO 1 G.C. Minnaar
Naval Base Simon's Town

DEMILITARISATION OF THE FINANCE FUNCTION

1. Your letter dd 7 Aug 98 refers.
2. Your concerns and comments have been noted.
3. The Demilitarisation Workgroup, has, in consultation with all the major role players wrestled with this particular issue for an extended period of time. Sadly, however the news, as in this case, does not favour the warrant officers.
4. As indicated in the letter, warrant officers with RWQ 13 qualifications, above average merits and the regulatory number of years service stand to gain "officer" status without the customary course. From here they are able to ascend the corporate ladder to the highest positions. Seen in the long term, for many, the situation is not as bleak as presently perceived.



(R ADM (JG) J.J. RAUTENBACH)
pp SECRETARY FOR DEFENCE: DIR GEN

.jhr/aep/minnaar/r

RESTRICTED

(typed version of Appendix D2)

C FIN CPM/R/101/7/B

Telephone : (012) 339 4634
SSN (SANDF) : 813 4634
Fax : (012) 393 3715
Enquiries : R Adm (JG) J.J. Rautenbach

Secretary for Defence
(Finance Division: CPM)
Private Bag X137
Pretoria
0001
11 August 1998

WO 1 G.C. Minnaar
Naval Base Simon's Town

DEMILITARISATION OF THE FINANCE FUNCTION

1. Your letter dated 7 August 98 refers.
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3. The Demilitarisation Workgroup has, in consultation with all the major role players, wrestled with this particular issue for an extended period of time. Sadly, however, the news, as in this case, does not favour the Warrant Officers.
4. As indicated in the letter, Warrant Officers with RWQ 13 qualifications, above average merits and the regulatory number of years service stand to gain "officer" status without the customary course. From here they are able to ascend the corporate ladder to the highest positions. Seen in the long term, for many, the situation is not as bleak as presently perceived.

(R ADM (JG) J.J. RAUTENBACH)
pp SECRETARY FOR DEFENCE: DIR GEN

APPENDIX E

DIFFERENCE IN SALARY / SALARY SCALE (OR NOTCH) OF DEMILITARISED WO1 (NOW CAC) AND AN UNIFORMED MEMBER WO1- BASED ON CALCULATIONS AS MADE BY THE DEPARTMENT OF DEFENCE - HUMAN RESOURCE DIVISION ON 22 APRIL 2010				
PERIOD				
Salary Notch	FROM	TO	Salary Notch	NOTCH DIFFERENCE
84423	1998/01/01	1998/06/30	87561	3138
89454	1998/07/01	1998/10/31	92781	3327
89454	1998/11/01	1998/12/31	92781	3327
89454	1999/01/01	1999/06/30	96102	6648
93924	1999/07/01	1999/12/31	100905	6981
93924	2000/01/01	2000/06/30	100905	6981
99558	2000/07/01	2000/12/31	106959	7401
99558	2001/01/01	2001/06/30	106959	7401
106032	2001/07/01	2001/12/31	113913	7881
106032	2002/01/01	2002/06/30	113913	7881
115575	2002/07/01	2002/12/31	124164	8589
115575	2003/01/01	2003/03/31	124164	8589
115575	2003/04/01	2003/06/30	125151	9576
125400	2003/07/01	2003/12/31	137145	11745
125400	2004/01/01	2004/06/30	137145	11745
133176	2004/07/01	2004/12/31	147105	13929
133176	2005/01/01	2005/06/30	147105	13929
139302	2005/07/01	2005/12/31	155409	16107
139302	2006/01/01	2006/06/30	155409	16107
146685	2006/07/01	2006/12/31	165285	18600
146685	2007/01/01	2007/06/30	165285	18600
157686	2007/07/01	2007/12/31	179463	21777
157686	2008/01/01	2008/06/30	179463	21777
174243	2008/07/01	2008/12/31	200289	26046
174243	2009/01/01	2009/03/31	200289	26046
174243	2009/04/01	2009/06/30	202215	27972
192540	2009/07/01	2009/12/31	226800	34260
192540	2010/01/01	2010/06/30	249243	56703
206982	2010/07/01	2010/12/31	249243	42261
DIFFERENCE IN SALARY				465324

Net integrasieledede se rang en salaris ná 13 j. verhoog

■ 35 beamptes vorder, 485 moet 'geduld beoefen'

Erika Gibson

Daar word reeds byna 13 jaar teen hulle gediskrimineer en blykbaar pla dit die weermag nie.

Dit is die mening van baie van die nagenoeg 520 finansiële beamptes in die weermag nadat daar pas besluit is om net die range van die integrasieledede onder hulle aan te pas.

Dié 35 lede gaan nou rangverhogings en honderdduisende rande aan regstellende terugbetalings kry terwyl die res steeds sonder antwoorde sit oor wanneer hul klagtes aandag gaan kry.

Die weermag het in die laat 1990's besluit om sy finansiële afdeling onder die beheer van die sekretariaat van verdediging te demilitariseer.

Die personeel is die versekering gegee dat hul demilitarisering hulle nooit ten opsigte van senioriteit of vergoeding sal benadeel nie.

Sedertdien is die teendeel bewys. Verhogings, spesiale toelae en vergoeding vir buitelandse ontplooiings is nie aan hulle uitbetaal nie, terwyl hulle in presies dieselfde omstandighede as hul kollegas in uniform werk.

Tydens demilitarisering is honderde van hulle se posvlakke ook verlaag, maar hulle is belowe dat hul vergoeding in ooreenstemming sou bly, wat ook nie gebeur het nie.

Verskeie griewe en klagtes is reeds aan die departement gerig en die beamptes is telkens belowe dat daar na die probleem "gekyk" word.

Intussen is hulle geldelik gespreke of hoe sneller daaraan toe – want hulle groot verhogings die afgelope jaar aan uniformdraende personeel toe gestaan is.

Voorleggings is aan die tussenrydse dienskommissie, wat na probleme in die weermag gekyk het, gedoen.

In Februarie is hulle ingelig dat voorstelle om hul vergoeding reg te stel deur die departement van verdiening goedgekeur is.

Die regstellings gaan die departement luidens 'n amptelike brief nagenoeg R66 miljoen kos.

Die enigstes wat egter nog baat daarby bevind het, is die 35 integrasieledede wat in senioriteit ver agter die meeste lede van die groep is. Die integrasieledede word nou in senior poste aangestel terwyl die res gemaan word om "geduld te beoefen".

'n Taakgroep is nou glo aangestel om na hul range te kyk sowel as na die moontlikheid om hulle terug in uniform te plaas.

Die afgelope 12 jaar het die finansiële beamptes reeds jaarliks minstens 1% aan verhogings verloor, wat volgens hulle waarskynlik nooit aan hulle terugbetaal gaan word nie.

Hulle word ook uitgesluit van operasionele toelae, al word daar van hulle verwag om in die buiteland diens te doen.

Hulle kan nie by die weermagunie aanklop om hulp nie, want die unie mag net uniformpersoneel dien.

Die weermag het in sy reaksie gesê daar word tans spesiaal ondersoek ingestel na diegene wat benadeel is om te bereken wat hul verliese is sodat dit reggestel kan word.

Dieselfde soort ondersoek wat betref pensioenverliese is ook aan die gang.

■ egibson@beeeld.com

