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PARLIAMENT OF ZIMBABWE

THIRD SESSION-SIXTH PARLIAMENT

SECOND REPORT

**OF THE PORTFOLIO COMMITTEE ON DEFENCE AND HOME
AFFAIRS ON THE HALF YEAR BUDGET PERFORMANCE FOR
THE MINISTRY OF DEFENCE**

PRESENTED TO PARLIAMENT ON 08 NOVEMBER 2007

[S. C 19,2007]

*Ordered in
terms of
Standing
Order*

No. 151- At the commencement of every session, there shall be as many select committees to be designated according to government portfolios to examine expenditure, administration and policy of government departments and other matters falling under their jurisdictions as the House may by resolution determine and whose members shall be nominated by the Standing Rules and Orders Committee. Such nominations shall take into account the expressed interests, experience or expertise of the members and the political and gender composition of the House.

TERMS OF REFERENCE OF PORTFOLIO COMMITTEES S.O 152

'Subject to these Standing Orders a Portfolio Committee shall:

- a) Consider and deal with all Bills and Statutory Instruments which are referred to it by or under resolution of the House or by the Speaker, consider or deal with an appropriation or money bill referred to it by these Standing Orders or by or under resolution of this House; and
- b) Monitor, investigate, enquire into and make recommendations relating to any aspect of the legislative programme, budget, rationalization, policy formulation or any other matter it may consider relevant of the government department falling within the category of affairs assigned to it, and may for that purpose consult and liaise with such a department.'

Tuesday, 19th of July, 2005

Announced- That the Committee consists of the following members: Hon. Col. C. W. Makova (Rtd) (in the Chair), Hon. C Dausi-Gwachiwa, Hon. T.S. Chipanga, Hon. P. Kadzima, Hon. Chief C. Malisa, Hon. W. Madzimure, Hon. W. Mutomba, Hon. Major G. Mutsekwa (Rtd), Hon. T. Mubhawu, Hon. Prof. W. Ncube, Hon. T. Khupe, Hon. Z. Ziyambi

Thursday, 23 February, 2006

Announced- That the Committee consists of the following members: Hon. Senator Chief D. C Malaba, Hon. Senator L. Mbambo, Hon. Senator E.N. Moyo, Hon. Senator A. Rungani, Hon. Senator H. M. Sinampande

Hon Col C. W. Makova to be Chairperson

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1. EXECUTIVE SUMMARY

On the 2007 budget, the Ministry of Defence, was initially allocated \$232 billion. As of 30 June 2007, its expenditure stood at \$601,2 billion, which is 260% of the initial allocation.

2. INTRODUCTION

This report highlights the state of the Defence budget as at 30 June 2007. The Committee considered oral and written evidence received from the Ministry of Defence. The report presents and analyses various challenges faced by the Ministry against a background of severe foreign currency shortages and hyperinflation.

Your Committee sought accountability for the funds that were voted to the Ministry by Parliament and to find out if set programmes, projects and targets were achieved.

3. BACKGROUND TO THE MINISTRY OF DEFENCE

The Ministry of Defence has the following departments

- Administration and General
- Zimbabwe National Army (ZNA)
- Air Force of Zimbabwe (AFZ)

The three Departments make the sub-votes that were the subject of the Committees' Half Year Budget Performance analysis.

4. FINDINGS OF THE COMMITTEE

4.1 Expenditure of the ministry is set out under the following six priority areas:

- a) Constitutional and Statutory Obligations
- b) Maintenance of Existing Equipment and Facilities
- c) Training
- d) Re- equipment, Refurbishment and Upgrading of Equipment
- e) Research and Development
- f) Civil Military Assistance

4.2 A. Constitutional and Statutory Obligations

This item encompasses salaries, kit, accommodation, medical services, rations and utilities.

a) Salaries and Allowances

Initially the ministry was allocated \$134,525 billion for salaries and allowances. It was further allocated \$421,566 billion. Expenditure as at end of June was at \$380, 356 billion, which is 284% of the initial allocation. However, the salary

increases awarded to the Defence Forces during the second quarter of the year have been eroded at the prevailing high inflation levels of over 7 600%. A private soldier is getting a basic salary of \$1,4 million, which is far below the Poverty Datum Line. Considering the rate of inflation, it is clear that this amount cannot sustain a decent life for a soldier.

b) Rations

The rations item was allocated an initial provision of \$22,425 billion. This had been exhausted by end of April 2007 owing to continuous price hikes for commodities. The ministry then received \$80, 717 billion from the unallocated reserves. Expenditure as at end of June 2007 stood at \$70, 436 billion, which is 318% of the initial allocation. Soldiers were not being fed according to scale because of insufficient funding. It needs no emphasis that lack of funds on this item means that a soldier is training and carrying out his duties on an empty stomach and yet it is a known fact that a soldier fights on his stomach.

c) Provision of uniforms

This subhead caters for the soldiers' uniforms and other tools of trade. Apart from portraying a negative image to the public because of worn out uniforms, it should be noted that even the morale of the soldier is negatively affected. The Ministry was initially allocated \$6,9 billion and had a revised provision of \$30, 801 bn for the Defence Forces uniforms. Expenditure up to 30 June 2007 amounted to \$21,1 billion, which is 305% of the initial allocation. The ministry only managed to kit recruits and the regular soldiers were not catered for because of lack of funds. David Whitehead and Modzone failed to supply the needed material due to unavailability of foreign currency.

d) Utilities and Service Charges

The Defence forces are supposed to be provided with water and electricity at State expense because it is part of their conditions of service. This subhead was initially allocated \$2,4 billion and had a revised allocation of \$9,4 billion from the unallocated reserve. Expenditure for the second quarter stood at 233% of the initial allocation.

e) Medical Services

Costs of rendering medical services have been on the increase. Expenditure as at end of June 2007 stood at \$17,174 billion, which is 314% of an initial allocation of \$5,4 billion.

f) Accommodation

It is a military requirement and a condition of service that all ZDF members are accommodated in cantonment areas at all times. This is important for the

discipline as well as quick and orderly mobilisation during operations. However, more than 50% of ZNA personnel live in high-density suburbs as lodgers because of lack of institutional housing. This subhead had an initial allocation of \$6,5 billion and had a revised provision of \$65,8 billion. Expenditure as at end of June 2007 stood at \$38,4 billion, which is 584% of the initial allocation.

g) Funeral expenses

Once a ZNA member dies, he/she is entitled to a decent burial. This item is part of Employment Costs and is fully provided. For war veterans, \$150 000 is given for burial. This amount is not sufficient for a decent burial.

h) Current Transfers

This subhead had an initial allocation of \$10,006 billion and had a revised provision of \$20,601 billion. Expenditure as at end of June 2007 stood at \$20,412 billion, which is 200% of the initial allocation.

B. MAINTENANCE OF EXISTING EQUIPMENT AND FACILITIES

Once equipment and facilities are on inventory, they need regular and proper maintenance. Low funding on the item has resulted in an assortment of equipment in the ministry's storage yards lying around in a deplorable state.

i) Physical infrastructure

ZDF has workshops, barracks, offices and runways that need to be maintained on a regular basis. The item was initially allocated \$1,2 billion and had a revised provision of \$9,4 billion paid out of the unallocated reserves. The expenditure for the period stood at \$6,732, which is 558% of the initial allocation.

ii) Technical and Office Equipment

Specialised technical equipment such as computers, copiers, etc, requires funding for regular maintenance. The expenditure as at 30 June 2007 stood at \$1,099 billion against an initial allocation of \$220 million and then had a revised provision of \$2,6 billion. Maintenance has been hampered because of the scarcity of foreign currency to procure spares.

iii) Motor Vehicle and Mobile Equipment

The Ministry has mobile equipment such as aircraft, tanks, dozers and motor vehicles. Initial allocation for this subhead was \$3,4 billion and then had a revised provision of \$8,999 billion. Expenditure as at end of June 2007 stood at \$7,780 billion, which is 220% of the initial allocation. Expenditure was constrained by the scarcity of foreign currency.

iii) Fixed Equipment

Specialist equipment used for simulation exercises and for maintenance of mobile equipment needs attention on a regular basis. An initial allocation of \$274 million, which was given to this sub head, was not enough. This sub head was then given a revised provision of \$2,2 billion from the unallocated reserve. Expenditure as at end of June stood at \$798 million, which is 291% of the initial allocation.

iv) Fuels, Oils and Lubricants

Fuels, Oils and Lubricants are used for stationery and mobile equipment such as aircraft motor vehicles, tanks and dozers and were initially allocated \$9,2 billion and had a revised provision of \$31,5 billion. Expenditure by end of June 2007 stood at \$22, 4 billion that is 244% of the initial allocation. This item is critical considering the importance of training such as conversion training and Field Training exercises on new equipment recently introduced into service.

C. TRAINING

Training is at the core of the Ministry. All the priorities contribute towards training expenses.

D. EQUIPMENT, REFURBISHMENT AND MODIFICATION OF EQUIPMENT AND FACILITIES WITHIN THE ZIMBABWE DEFENCE FORCES (ZDF)

ZDF has not been able to procure substantial equipment to replace equipment losses due to obsolescence, wear and tear and equipment lost during training and operations. Payments for equipment already delivered have not been honoured due to foreign currency shortages. The Ministry was initially allocated \$231 billion and got additional funds of \$522 billion. Overall expenditure as at 30 June 2007 stood at \$601,170 billion, which is 260% of the initial allocation.

The Defence Forces require strategic Computer Numerically Controlled machines, which can do multiple functions such as the manufacture of high precision tools, engine components, aircraft and vehicle spare parts for industrial machines, spares for agricultural machinery, new surgical equipment and generally it can reproduce any equipment that has an existing design including artillery shells, rockets and missiles. The machines were expected to cost US\$2 million. The Committee's considered opinion is that the Monetary Authorities should give provision of adequate resources and the foreign currency component to enable the Defence Forces to acquire this important equipment.

For the Boiler at Tsanga Lodge and 4.1 Infantry Battalion, \$120 million was initially allocated for each project but by June 2007, companies had quoted 47

billion for each project. The allocated funds were therefore not adequate for the projects.

The sewer treatment plants at 1.1, 4.2 Infantry Battalions and Mechanized Brigade were allocated \$495 million but by June 2007, the lowest bidders were quoting \$11 billion to do the works.

For the PSIP, airports and Runways expenditure stood at \$19,438 billion against a revised provision of \$42,732 billion. The percentages of completion for projects for the ministry are as follows:

- 52 Infantry Bn, 2 flats were at 98%
- ZMA HQ Block were at 75%
- Cadet Mess and Accommodation at 65%
- ZMA Civil Works were at 20%
- Resuscitation of Army HQ boreholes were at 45%
- Dzivarasekwa Housing Scheme 33%
- Manyame Sewerage upgrading 80%
- Manyame Dog section 70%
- Thornhill runway at 98%
- Toilets at Manyame 100%
- Toilets at Thornhill 100%
- Rehabilitation of Defence House 51%

e) Food Security

The ministry is undertaking agro projects such as pig rearing, maize, potatoes, tomatoes etc in an effort to reduce its dependence on the state for ration items. These projects are being funded by the ministry's Valhalla banana project in the Burma Valley. Treasury awarded no allocation to these projects.

F) MILITARY ASSISTANCE TO CIVIL AUTHORITY

ZNA managed to maintain two battalions on boarder control operations with the objective of reducing illegal activities along the boarders. De-mining activities of the National Mine Clearance were in progress along Sango Boarder post and Crooks Corner with a view to ensure a safe environment for the communities.

5. CHALLENGES FACED BY THE MINISTRY

- 5.1** Your Committee noted with concern that the Ministry has consistently been under-funded particularly in the PSIP projects and constitutional and statutory obligations. This led to its failure to meet its contractual obligations, buy spare parts for refurbishment and modification of equipment and could also not buy new equipment required by the Defence Forces. Therefore there is need for adequate funding of these projects.

- 5.2** The foreign currency challenges facing the country have also negatively affected the Ministry of Defence in a number of ways. It negatively affected the Ministry's equipment and spare parts acquisition programme. The companies that supply the Ministry of Defence with clothing material for uniforms such as David Whitehead and Modzone failed to supply the ministry due to lack of foreign currency.

6. RECOMMENDATIONS

In view of the challenges faced by the Ministry of Defence and the observations that have been highlighted, your Committee the following recommendations: -

- 6.1** while the Committee appreciates the current economic hardships, it should be noted that the Ministry of Defence plays an important role in maintaining peace and stability in the country, it should not be under funded. The under funding of the Defence Forces will cause repercussions, that can be detrimental to the nation.
- 6.2** The Monetary Authorities should avail to the Ministry of Defence adequate foreign currency to purchase vehicles, uniforms and equipment to enhance the operations of the Defence Forces.
- 6.3** David Whitehead and Modzone should be availed with foreign currency to purchase material for uniforms.
- 6.4** There is need to review the salary scales of soldiers to ensure that its above the Poverty Datum Line for the morale of the Defence Forces to be kept to an acceptable level.

7. CONCLUSION

In view of the issues that are highlighted in this report, where the country is operating in a harsh economic environment, your Committee appreciates the Ministry of Defence's self-reliance's initiative to reduce its dependency on the fiscus. However, there is great need to fully fund the ministry for the morale of the soldiers and the security of the nation.