



Strategic Defence Packages

Draft Executive Summary to the Auditor-General

3.12 Implications of the Procurements on the Fiscal, Financial and Economic Conditions

The Affordability Team for submission to the Ministers' Committee on 31 August 1999 did a detailed report on the impact of the procurements. The affordability report was compiled using the economic models from IDC and the Bureau of Economic Research at the University of Stellenbosch. Inputs by Warburg Dillon Read, and Locker and Associates were also made. The assessment of this report with regard to the adequacy of the information and appropriateness of the financial and economic model used therein was performed by two economists.

4. FINDINGS

4.1 Costs presented to Cabinet

The costs of the Strategic Defence Packages presented to Cabinet on 18 November 1998 amounted to R29 773.13 million. These are programme costs and take into account statutory costs and programme management costs, but exclude the financing costs of the procurements, which amounted to \$3 750.2 million in terms of the AAC presentation on 13 July 1998. The finance costs account for about 49% of the programme costs. The fact that the costs presented in November did not account for all the elements is further substantiated in the affordability report.

This was also confirmed in a statement made by Mr R. White, one of the members of the affordability team.