

Vote 21

Defence

	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	R22 459 432 000	R22 670 482 000		R211 050 000
Responsible minister	Minister of Defence			
Administering department	Department of Defence			
Accounting officer	Secretary for Defence			

Aim

The aim of the Department of Defence is to defend and protect the Republic of South Africa, its territorial integrity, and its people, in accordance with the Constitution and the principles of international law regulating the use of force.

Changes to programme purposes and measurable objectives

No changes were made to programme purposes and measurable objectives.

Details of adjustments to Estimates of National Expenditure 2005

Table 21.1: Defence

Programme	2005/06						
	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
R thousand		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	681 398	–	–	3 665	–	3 665	685 063
2. Landward Defence	3 575 142	–	–	(63 310)	–	(63 310)	3 511 832
3. Air Defence	2 395 243	–	–	(6 377)	–	(6 377)	2 388 866
4. Maritime Defence	1 211 774	–	–	7 038	–	7 038	1 218 812
5. Military Health Support	1 577 578	–	–	6 289	–	6 289	1 583 867
6. Defence Intelligence	148 786	–	–	(4 045)	–	(4 045)	144 741
7. Joint Support	2 490 426	–	–	(36 749)	44 151	7 402	2 497 828
8. Force Employment	1 363 706	–	21 439	(4 511)	–	16 928	1 380 634
9. Special Defence Account	9 015 379	–	–	98 000	145 460	243 460	9 258 839
Total	22 459 432	–	21 439	–	189 611	211 050	22 670 482
Economic classification							
Current payments	12 837 175	–	21 439	(98 000)	–	(76 561)	12 760 614
Compensation of employees	8 604 458	–	–	(161 576)	–	(161 576)	8 442 882
Goods and services	4 232 717	–	21 439	63 576	–	85 015	4 317 732
Transfers and subsidies to:	9 357 388	–	–	98 000	189 611	287 611	9 644 999
Provinces and municipalities	16 632	–	–	–	–	–	16 632
Departmental agencies and accounts	9 337 845	–	–	98 000	189 611	287 611	9 625 456
Non-profit institutions	2 911	–	–	–	–	–	2 911
Payments for capital assets	264 869	–	–	–	–	–	264 869
Buildings and other fixed structures	70 203	–	–	–	–	–	70 203
Machinery and equipment	193 019	–	–	–	–	–	193 019
Software and other intangible assets	1 647	–	–	–	–	–	1 647
Total	22 459 432	–	21 439	–	189 611	211 050	22 670 482

Unforeseeable and unavoidable expenditure – R21,439 million

Programme 8: Force Employment

Cabinet approved the deployment of 46 SANDF personnel to provide advice and support in Côte d'Ivoire as part of the African Union's efforts to resolve the ongoing conflict there. R21,439 million is for assistance to the government of Côte d'Ivoire in its processes to demobilise, disarm and reintegrate the armed forces.

Virements

Table 21.2: Defence (Net effect of all virements)

From	R thousand	To	R thousand
Programme			
1 Administration	3 794	1 Administration	7 459
2 Landward Defence	63 946	2 Landward Defence	636
3 Air Defence	8 252	3 Air Defence	1 875
4 Maritime Defence	28	4 Maritime Defence	7 066
5 Military Health Services	17 369	5 Military Health Services	23 658
6 Defence Intelligence	4 044	7 Joint Support	1 880
7 Joint Support	38 630	8 Force Employment	200
8 Force Employment	4 711	9 Special Defence Account	98 000
Economic classification item			
Compensation of employees	161 576	Goods and services	63 576
		Transfers and subsidies	98 000

Details of savings

Programme 1: Administration

Savings of R3,158 million in compensation of employees are due to over-budgeting for pension contributions.

R636 000 was provided for printing work done by the South African Army 1 Military Printing Regiment under *Programme 2: Landward Defence*.

Programme 2: Landward Defence

R1,88 million was provided for the participation of South African Army members in the Junior Command and Staff Duties Course. These funds have been shifted to *Programme 7: Joint Support*. R200 000 was provided in *Landward Defence* for a joint venture between the South African Army and CJ Ops within *Programme 8: Force Employment* to study the future African Battle Space concept. These funds have been shifted to *Programme 8: Force Employment*.

Savings of R42,748 million in compensation of employees are due to over-budgeting for pension contributions.

Savings of R19,118 million are due to a departmental decision not to pay out performance incentives.

Programme 3: Air Defence

Savings of R8,252 million in compensation of employees are due to over-budgeting for pension contributions.

Programme 4: Maritime Defence

Savings of R28 000 in compensation of employees are due to over-budgeting for pension contributions.

Programme 5: South African Military Health Services

Savings of R17,369 million in compensation of employees are due to over-budgeting for pension contributions.

Programme 6: Defence Intelligence

Savings of R1,412 million are due to a departmental decision not to pay out performance incentives.

Savings of R2,632 million in compensation of employees are due to over-budgeting for pension contributions.

Programme 7: Joint Support

R5,869 million was provided in *Joint Support* for the establishment of the Government Information Technology Officer function at the Secretary for Defence. The funds have been shifted to the *Programme 1: Administration*.

Savings of R11,107 million are due to a departmental decision not to pay out performance incentives.

Savings of R21,654 million in compensation of employees are due to over-budgeting for pension contributions.

Programme 8: Force Employment

Savings of R2,552 million are due to a departmental decision not to pay out performance incentives.

Savings of R2,159 million in compensation of employees are due to over-budgeting for pension contributions.

Utilisation of savings

Programme 1: Administration

R5,869 million has been used to establish the government IT officer function at the Secretary for Defence.

R1,59 million has been used for the roll-out of the e-procure system in the Acquisition and Procurement Division.

Programme 2: Landward Defence

R636 000 has been used to reimburse the South African Army 1 Military Printing Regiment.

Programme 3: Air Defence

R1,875 million has been used for the maintenance and upgrading of air base infrastructures.

Programme 4: Maritime Defence

R7,066 million has been used to upgrade and repair facilities in Simon's Town and to establish a PPP for a sea safety training centre.

Programme 5: South African Military Health Services

R23,658 million has been used to fund the rural and scarce skills allowances.

Programme 7: Joint Support

R1,88 million has been used to fund the participation of South African Army members on the junior command and staff duties course.

Programme 8: Force Employment

R200 000 has been used for a joint venture between the South African Army and CJ Ops to study the future African battle space concept.

Programme 9: Special Defence Account

R98 million has been used to fund the A400M strategic lift capability.

Other adjustments – R189,611 million

Self-financing expenditure

Programme 7: Joint Support

R44,151 million is an adjustment for VAT for Armscor, resulting from new tax legislation.

Programme 9: Special Defence Account

R23,684 million generated in 2004/05 from the sale of equipment procured through the General Defence Account has been deposited into the National Revenue Fund and is included in the adjustment budget as a refund to the department.

R121,776 million generated in 2004/05 from the sale of equipment procured through the Special Defence Account has been deposited into the National Revenue Fund and is included in the adjustment budget as a refund to the department.

Expenditure 2004/05 and preliminary expenditure 2005/06

Table 21.3: Defence

Programme	2004/05				2005/06		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2004 - Sep 2004	Apr 2004 - Mar 2005	Apr 04 - Mar 05 % of adjusted appropriation	Adjusted appropriation	Apr 2005 - Sep 2005	% change 04/05 - 05/06 Apr - Sep
1. Administration	742 318	298 213	707 649	95,3	685 063	345 891	16,0
2. Landward Defence	3 305 461	1 396 503	3 190 407	96,5	3 511 832	1 611 551	15,4
3. Air Defence	2 218 978	930 012	2 257 178	101,7	2 388 866	987 435	6,2
4. Maritime Defence	1 086 239	474 789	1 100 822	101,3	1 218 812	495 625	4,4
5. Military Health Support	1 305 227	603 717	1 340 906	102,7	1 583 867	727 193	20,5
6. Defence Intelligence	134 820	59 500	138 162	102,5	144 741	64 696	8,7
7. Joint Support	2 335 123	1 097 881	2 400 013	102,8	2 497 828	1 099 007	0,1
8. Force Employment	1 238 653	710 816	1 230 675	99,4	1 380 634	582 407	(18,1)
9. Special Defence Account	7 045 000	4 622 832	7 045 000	100,0	9 258 839	3 497 764	(24,3)
Total	19 411 819	10 194 263	19 410 812	100,0	22 670 482	9 411 569	(7,7)
Current payments	11 986 173	5 325 208	11 978 499	99,9	12 760 614	5 570 322	4,6
Compensation of employees	7 770 087	3 640 723	7 722 601	99,4	8 442 882	3 953 246	8,6
Goods and services	4 216 086	1 680 501	4 221 056	100,1	4 317 732	1 604 248	(4,5)
Financial transactions in assets and liabilities	-	3 984	34 842	-	-	12 828	222,0
Transfers and subsidies to:	7 354 033	4 847 358	7 352 675	100,0	9 644 999	3 778 615	(22,0)
Provinces and municipalities	16 024	7 396	14 855	92,7	16 632	7 551	2,1
Departmental agencies and accounts	7 335 198	4 838 779	7 334 983	-	9 625 456	3 769 995	(22,1)
Non-profit institutions	2 811	1 183	2 837	100,9	2 911	1 069	(9,6)
Payments for capital assets	71 613	21 697	79 638	111,2	264 869	62 632	188,7
Buildings and other fixed structures	71 613	21 697	79 638	111,2	70 203	20 262	(6,6)
Machinery and equipment	-	-	-	-	193 019	41 862	-
Software and other intangible assets	-	-	-	-	1 647	507	-
Total	19 411 819	10 194 263	19 410 812	100,0	22 670 482	9 411 569	(7,7)

Selected expenditure trends for first half of 2005/06 financial year

Expenditure in the first six months of 2005/06 amounted to R9,412 billion, or 41,5 per cent of the adjusted appropriation of R22,67 billion for the whole year.

The main decreases are related to peace support operations schedule, which is being delayed intentionally to provide for the repatriation of equipment in the latter part of the financial year.

In 2004/05, the expenditure pattern was accelerated to provide for overdue allowances.

Summary of transfers and subsidies

Table 21.4: Summary of transfers and subsidies per programme

R thousand	2005/06					Adjusted appropriation
	Main appropriation	Additional appropriation			Total additional appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	
1. Administration	968	-	-	-	-	968
Provinces and municipalities						
Municipalities						
Municipal bank accounts						
Current	968	-	-	-	-	968
Regional Services Council levies	968	-	-	-	-	968
2. Landward Defence	6 259	-	-	-	-	6 259
Provinces and municipalities						
Municipalities						
Municipal bank accounts						
Current	6 259	-	-	-	-	6 259
Regional Services Council levies	6 259	-	-	-	-	6 259
3. Air Defence	2 482	-	-	-	-	2 482
Provinces and municipalities						
Municipalities						
Municipal bank accounts						
Current	2 482	-	-	-	-	2 482
Regional Services Council levies	2 482	-	-	-	-	2 482
4. Maritime Defence	1 554	-	-	-	-	1 554
Provinces and municipalities						
Municipalities						
Municipal bank accounts						
Current	1 554	-	-	-	-	1 554
Regional Services Council levies	1 554	-	-	-	-	1 554
5. Military Health Support	1 997	-	-	-	-	1 997
Provinces and municipalities						
Municipalities						
Municipal bank accounts						
Current	1 997	-	-	-	-	1 997
Regional Services Council levies	1 997	-	-	-	-	1 997
6. Defence Intelligence	246	-	-	-	-	246
Provinces and municipalities						
Municipalities						
Municipal bank accounts						
Current	246	-	-	-	-	246
Regional Services Council levies	246	-	-	-	-	246

		2005/06					
		Additional appropriation				Total additional appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll- overs	Unforeseeable /unavoidable	Virement	Other adjustments		
7. Joint Support	328 043	-	-	-	44 151	44 151	372 194
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	2 666	-	-	-	-	-	2 666
Regional Services Council levies	2 666	-	-	-	-	-	2 666
Departmental agencies and accounts							
Public entities							
Current	322 466	-	-	-	44 151	44 151	366 617
Armaments Corporation of South Africa Ltd	315 364	-	-	-	44 151	44 151	359 515
Defence, Intelligence, Diplomacy and Trade Sector Education and Training Authority	7 102	-	-	-	-	-	7 102
Non-profit institutions							
Current	2 911	-	-	-	-	-	2 911
St Johns Ambulance Brigade	40	-	-	-	-	-	40
Medical Fund	275	-	-	-	-	-	275
Part Time Force Council	2 596	-	-	-	-	-	2 596
8. Force Employment	460	-	-	-	-	-	460
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	460	-	-	-	-	-	460
Regional Services Council levies	460	-	-	-	-	-	460
9. Special Defence Account	9 015 379	-	-	98 000	145 460	243 460	9 258 839
Departmental agencies and accounts							
Public entities							
Current	9 015 379	-	-	98 000	145 460	243 460	9 258 839
Special Defence Account	9 015 379	-	-	98 000	145 460	243 460	9 258 839
Total	9 357 388	-	-	98 000	189 611	287 611	9 644 999