

# Vote 20

## Defence

2007/08				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>25 922 255</b>	<b>26 291 785</b>	–	369 530
<i>of which:</i>				
Current payments	15 930 305	16 102 917	–	172 612
Transfers and subsidies	9 607 151	9 653 981	–	46 830
Payments for capital assets	384 799	534 887	–	150 088
Executive authority	Minister 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.*

## Adjusted Estimates of National Expenditure 2007

**Table 20.1: Adjusted estimates**

Programme		2007/08					
		Additional appropriation				Total	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	additional appropriation	
1. Administration	1 934 669	–	–	(40 231)	151 779	111 548	2 046 217
2. Landward Defence	4 215 453	–	–	10 822	78 258	89 080	4 304 533
3. Air Defence	2 651 180	–	–	18 815	17 218	36 033	2 687 213
4. Maritime Defence	1 388 315	–	–	6 402	9 054	15 456	1 403 771
5. Military Health Support	1 831 201	–	–	–	13 453	13 453	1 844 654
6. Defence Intelligence	162 101	–	–	–	1 591	1 591	163 692
7. Joint Support	3 256 665	83 007	–	61 899	(162 731)	(17 825)	3 238 840
8. Force Employment	1 471 128	–	45 680	–	6 798	52 478	1 523 606
9. Special Defence Account	9 011 543	–	–	(57 706)	125 423	67 717	9 079 260
<b>Total</b>	<b>25 922 255</b>	<b>83 007</b>	<b>45 680</b>	<b>–</b>	<b>240 843</b>	<b>369 530</b>	<b>26 291 785</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>15 930 305</b>	<b>–</b>	<b>45 680</b>	<b>11 512</b>	<b>115 420</b>	<b>172 612</b>	<b>16 102 917</b>
Compensation of employees	9 474 247	–	39 358	104 474	108 620	252 452	9 726 699
Goods and services	6 456 058	–	6 322	(92 962)	6 800	(79 840)	6 376 218
<b>Transfers and subsidies</b>	<b>9 607 151</b>	<b>–</b>	<b>–</b>	<b>(78 593)</b>	<b>125 423</b>	<b>46 830</b>	<b>9 653 981</b>
Departmental agencies and accounts	9 019 934	–	–	(57 706)	125 423	67 717	9 087 651
Public corporations and private enterprises	488 314	–	–	(20 887)	–	(20 887)	467 427
Non-profit institutions	3 432	–	–	–	–	–	3 432
Households	95 471	–	–	–	–	–	95 471
<b>Payments for capital assets</b>	<b>384 799</b>	<b>83 007</b>	<b>–</b>	<b>67 081</b>	<b>–</b>	<b>150 088</b>	<b>534 887</b>
Buildings and other fixed structures	78 109	83 007	–	57 000	–	140 007	218 116
Machinery and equipment	305 830	–	–	2 881	–	2 881	308 711
Software and other intangible assets	860	–	–	7 200	–	7 200	8 060
<b>Total</b>	<b>25 922 255</b>	<b>83 007</b>	<b>45 680</b>	<b>–</b>	<b>240 843</b>	<b>369 530</b>	<b>26 291 785</b>

## Details of adjustments to Estimates of National Expenditure 2007

### Roll-overs – R83.007 million

#### Programme 7: Joint Support

R58.084 million has been rolled over for repairing and maintaining facilities and R24.923 million for upgrading and constructing buildings.

### Unforeseeable and unavoidable expenditure – R45.68 million

#### Programme 8: Force Employment

R45.68 million has been allocated to the South African National Defence Force for overtime allowances to medical health practitioners and general assistants and for fuel used to provide essential health services to provincial departments of health during the national public service strike in June 2007.

### Virements

**Table 20.2: Details on virements per programme and economic classification**

Programme / Economic classification	R thousand		Motivation
	From	To	
<b>1. Administration</b>	<b>(42 231)</b>	<b>2 000</b>	
<b>Current payments</b>	<b>(42 231)</b>	<b>–</b>	
Compensation of employees	(5 000)	–	– An overprovision in the Financial Management Division has been shifted to machinery and equipment (R2 million) and goods and services (R3 million).
Goods and services	(37 231)	–	– An overprovision for municipal services (R57 million) has been shifted to building and other fixed structures in programme 7. R15.591 million shifted from transfer payments in programme 9 will be used for an operating shortfall in the Chief Human Resources, Defence Foreign Relations and Defence Material divisions. R3 million shifted from compensation of employees in this programme will be used for alarms, access control and secure cashier cubicles. R1.178 million shifted from programme 2 will be used for the SA National War College for support to the SA Army in relation to the Army's various courses.
<b>Payments for capital assets</b>	<b>–</b>	<b>2 000</b>	
Machinery and equipment	–	2 000	Funds shifted from compensation of employees will be used to buy safes.
<b>2. Landward Defence</b>	<b>–</b>	<b>10 822</b>	
<b>Current payments</b>	<b>–</b>	<b>9 941</b>	
Goods and services	–	9 941	Savings of R1.178 million have been shifted to goods and services in programme 1. R11.119 million shifted from departmental agencies and accounts in programme 9 will be used to establish a works regiment.
<b>Payments for capital assets</b>	<b>–</b>	<b>881</b>	
Machinery and equipment	–	881	Funds shifted from departmental agencies and accounts in programme 9 will be used for the capital requirements of a works regiment.
<b>3. Air Defence</b>	<b>(69 185)</b>	<b>88 000</b>	
<b>Current payments</b>	<b>(69 185)</b>	<b>88 000</b>	
Compensation of employees	–	88 000	R88 million shifted from goods and services will be used to implement the military aviation and technical career incentives.
Goods and services	(69 185)	–	– R88 million provisionally allocated here for career incentives have been shifted to compensation of employees following approval of the incentives. R18.815 million shifted from transfer payments in programme 9 will be used for VIP charter flights (R17.07 million) and repairs to the Air Force Base Bredasdorp caused by a veld fire (R1.745 million).

**Table 20.2: Details on virements per programme and economic classification (continued)**

Programme / Economic classification	R thousand		Motivation
	From	To	
<b>4. Maritime Defence</b>	<b>(26 673)</b>	<b>33 074</b>	
<b>Current payments</b>	<b>(5 786)</b>	<b>33 074</b>	
Compensation of employees	–	33 074	Funds shifted from transfer payments (R20.887 million) and goods and services (R12.187 million) will be used for salaries for staff transferred from the SA Naval Dockyard to Armscor and higher staffing levels than planned.
Goods and services	(5 786)	–	Savings of R12.187 million due to the transfer of the SA Naval Dockyard personnel to Armscor have been shifted to compensation of employees. R6.401 million shifted from goods and services in programme 7 will be used for VAT on the transfer payment to Armscor.
<b>Transfers and Subsidies</b>	<b>(20 887)</b>	<b>–</b>	
Public corporations and private enterprises	(20 887)	–	Savings due to delays in the transfer of the SA Naval Dockyard to Armscor have been shifted to compensation of employees.
<b>7. Joint Support</b>	<b>(11 600)</b>	<b>73 499</b>	
<b>Current payments</b>	<b>(11 600)</b>	<b>9 299</b>	
Compensation of employees	(11 600)	–	An overprovision in the Military Police and the Command Management Information Systems division has been shifted to goods and services.
Goods and services	–	9 299	R11.6 million shifted from compensation of employees in this programme and R4.1 million from transfer payments in programme 9 will be used for: body armour for the Military Police; operational costs for the Command Management Information Systems division; and an international interoperability exercise in Germany. The provision for the VAT on the Armscor transfer payment (R6.401 million) originally allocated here has been shifted to goods and services in programme 4.
<b>Payments for capital assets</b>	<b>–</b>	<b>64 200</b>	
Buildings and other fixed structures	–	57 000	Funds shifted from goods and services in programme 1 will be used to upgrade the Air Force Base Waterkloof.
Software and other intangible assets	–	7 200	Funds shifted from departmental agencies and accounts in programme 9 will be used to establish an information warfare capability.
<b>9. Special Defence Account</b>	<b>(57 706)</b>	<b>–</b>	
<b>Transfers and Subsidies</b>	<b>(57 706)</b>	<b>–</b>	
Departmental agencies and accounts	(57 706)	–	Savings due to lower than expected expenditure in the Special Defence Account have been shifted to goods and services in programme 1 (R15.591 million), goods and services (R11.119 million) and machinery and equipment (R881 000) in programme 2, goods and services in programme 3 (18.815 million), and goods and services (R4.1 million) and software and other intangible assets (R7.2 million) in programme 7.
<b>Total for Vote</b>	<b>(207 395)</b>	<b>207 395</b>	

## Other adjustments – R240.843 million

### Salary adjustments

Programmes 1 to 8

R108.62 million has been allocated for salary increases following the Public Service Bargaining Co-ordinating Council resolution.

### Funds shifted within a vote

Programme 1: Administration

R140.611 million has been shifted from *Joint Support* as a result of the amalgamation of the HR function. R56.727 million has been shifted between the Policy and Planning subprogramme and the Human Resources Support Services subprogramme. (Shifts between subprogrammes are not reflected in Table 20.1.)

Programme 2: Landward Defence

R34.494 million has been shifted from *Joint Support* following the migration of several SA Army force structure elements to this programme.

**Self-financing expenditure**

## Programme 2: Landward Defence

R6.8 million from the sale in 2006/07 of equipment procured through the General Defence Account has been deposited into the National Revenue Fund.

## Programme 9: Special Defence Account

R125.423 million generated in 2006/07 from the sale in 2006/07 of equipment procured through the Special Defence Account has been deposited into the National Revenue Fund.

**Expenditure 2006/07 and preliminary expenditure 2007/08****Table 20.3: Expenditure trends**

Programme	2006/07				2007/08		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2006 - Sep 2006	Apr 2006 - Mar 2007	Apr 06 - Mar 07 % of adjusted appropriation	Adjusted appropriation	Apr 2007 - Sep 2007	% change 06/07 - 07/08 Apr - Sep
1. Administration	1 759 149	860 897	1 753 818	99.7	2 046 217	783 151	(9.0)
2. Landward Defence	4 061 047	1 772 097	3 989 521	98.2	4 304 533	2 040 503	15.1
3. Air Defence	2 504 488	992 670	2 513 894	100.4	2 687 213	1 159 849	16.8
4. Maritime Defence	1 319 173	569 258	1 311 842	99.4	1 403 771	628 417	10.4
5. Military Health Support	1 683 822	769 510	1 704 105	101.2	1 844 654	830 601	7.9
6. Defence Intelligence	143 662	67 993	147 494	102.7	163 692	76 772	12.9
7. Joint Support	2 740 680	1 254 924	2 646 108	96.5	3 238 840	1 335 499	6.4
8. Force Employment	1 410 145	766 145	1 470 065	104.2	1 523 606	679 440	(11.3)
9. Special Defence Account	8 280 738	2 450 747	8 280 737	100.0	9 079 260	2 921 776	19.2
<b>Total</b>	<b>23 902 904</b>	<b>9 504 241</b>	<b>23 817 584</b>	<b>99.6</b>	<b>26 291 785</b>	<b>10 456 009</b>	<b>10.0</b>
<b>Current payments</b>	<b>14 912 947</b>	<b>6 550 718</b>	<b>14 500 473</b>	<b>97.2</b>	<b>16 102 917</b>	<b>6 988 726</b>	<b>6.7</b>
Compensation of employees	9 085 985	4 209 514	9 037 596	99.5	9 726 699	4 670 181	10.9
Goods and services	5 826 962	2 332 278	5 444 919	93.4	6 376 218	2 310 939	(0.9)
Financial transactions in assets and liabilities	–	8 925	17 957	–	–	7 605	(14.8)
<b>Transfers and subsidies</b>	<b>8 691 707</b>	<b>2 866 504</b>	<b>8 882 836</b>	<b>102.2</b>	<b>9 653 981</b>	<b>3 352 232</b>	<b>16.9</b>
Provinces and municipalities	3 699	3 882	3 967	107.3	–	–	(100.0)
Departmental agencies and accounts	8 288 671	2 454 859	8 288 457	100.0	9 087 651	2 923 861	19.1
Public corporations and private enterprises	396 286	297 214	396 285	100.0	467 427	330 527	11.2
Non-profit institutions	3 051	1 226	2 752	90.2	3 432	1 416	15.5
Households	–	109 322	191 374	–	95 471	96 429	(11.8)
<b>Payments for capital assets</b>	<b>298 250</b>	<b>87 019</b>	<b>434 275</b>	<b>145.6</b>	<b>534 887</b>	<b>115 051</b>	<b>32.2</b>
Buildings and other fixed structures	74 097	12 053	49 729	67.1	218 116	22 197	84.2
Machinery and equipment	222 598	74 841	383 264	172.2	308 711	92 798	24.0
Software and other intangible assets	1 555	126	1 283	82.5	8 060	56	(55.7)
<b>Total</b>	<b>23 902 904</b>	<b>9 504 241</b>	<b>23 817 584</b>	<b>99.6</b>	<b>26 291 785</b>	<b>10 456 009</b>	<b>10.0</b>

**Selected expenditure trends for the first half of 2007/08**

Expenditure in the first six months of 2007/08 was R10.456 billion, or 39.8 per cent of the adjusted appropriation of R26.292 billion for the year as a whole. Expenditure in the first six months of 2007/08 increased by 10 per cent compared to the first six months of 2006/07.

The main increases compared to 2006/07 are related to increased budget allocations to the Special Defence Account programme and the influence of contractual obligations, milestone payments and the finalisation of projects on scheduled payments.

Expenditure in 2006/07 was 99.6 per cent of the adjusted appropriation for that year.

## Changes to transfers and subsidies

**Table 20.4: Summary of changes to transfers and subsidies per programme**

	2007/08						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
R thousand		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
<b>1. Administration</b>	<b>20 446</b>	-	-	-	2 871	2 871	23 317
Households							
Social benefits							
Current	20 446	-	-	-	2 871	2 871	23 317
Severance packages	20 446	-	-	-	2 871	2 871	23 317
<b>2. Landward Defence</b>	<b>2 640</b>	-	-	-	492	492	3 132
Households							
Social benefits							
Current	2 640	-	-	-	492	492	3 132
Severance packages	2 640	-	-	-	492	492	3 132
<b>4. Maritime Defence</b>	<b>95 950</b>	-	-	(20 887)	-	(20 887)	75 063
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	73 014	-	-	(20 887)	-	(20 887)	52 127
Dockyard - Armscor	73 014	-	-	(20 887)	-	(20 887)	52 127
<b>7. Joint Support</b>	<b>451 221</b>	-	-	-	(3 363)	(3 363)	447 858
Households							
Social benefits							
Current	24 098	-	-	-	(3 363)	(3 363)	20 735
Severance packages	24 098	-	-	-	(3 363)	(3 363)	20 735
<b>9. Special Defence Account</b>	<b>9 011 543</b>	-	-	(57 706)	125 423	67 717	9 079 260
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	9 011 543	-	-	(57 706)	125 423	67 717	9 079 260
Special Defence Account	9 011 543	-	-	(57 706)	125 423	67 717	9 079 260

