Vote 21

Defence

R thousand	2006/07 Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	**23 830 105**	**23 902 904**	-	72 799
of which:				
Current payments	14 896 326	14 912 947	-	16 621
Transfers and subsidies	8 635 529	8 691 707	-	56 178
Payments for capital assets	298 250	298 250	-	-
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.

Changes to programme purposes and measurable objectives

No changes were made to programme purposes or measurable objectives.

Adjusted Estimates of National Expenditure 2006

Table 21.1: Defence

Programme	2006/07						
		Additional appropriation					
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation
1. Administration	1 759 149	-	-	-	-	-	1 759 149
2. Landward Defence	4 055 575	-	-	(11 149)	16 621	5 472	4 061 047
3. Air Defence	2 504 488	-	-	-	-	-	2 504 488
4. Maritime Defence	1 319 173	-	-	-	-	-	1 319 173
5. Military Health Support	1 683 822	-	-	-	-	-	1 683 822
6. Defence Intelligence	143 662	-	-	-	-	-	143 662
7. Joint Support	2 729 531	-	-	11 149	-	11 149	2 740 680
8. Force Employment	1 410 145	-	-	-	-	-	1 410 145
9. Special Defence Account	8 224 560	-	-	-	56 178	56 178	8 280 738
Total	**23 830 105**	**-**	**-**	**-**	**72 799**	**72 799**	**23 902 904**

Table 21.1: Defence (continued)

Programme	2006/07						
		Additional appropriation					
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation
Economic classification							
Current payments	**14 896 326**	**-**	**-**	**-**	**16 621**	**16 621**	**14 912 947**
Compensation of employees	8 975 985	-	-	110 000	-	110 000	9 085 985
Goods and services	5 920 341	-	-	(110 000)	16 621	(93 379)	5 826 962
Transfers and subsidies	**8 635 529**	**-**	**-**	**-**	**56 178**	**56 178**	**8 691 707**
Provinces and municipalities	3 699	-	-	-	-	-	3 699
Departmental agencies and accounts	8 232 493	-	-	-	56 178	56 178	8 288 671
Public corporations and private enterprises	396 286	-	-	-	-	-	396 286
Non-profit institutions	3 051	-	-	-	-	-	3 051
Payments for capital assets	**298 250**	**-**	**-**	**-**	**-**	**-**	**298 250**
Buildings and other fixed structures	74 097	-	-	-	-	-	74 097
Machinery and equipment	222 598	-	-	-	-	-	222 598
Software and other intangible assets	1 555	-	-	-	-	-	1 555
Total	**23 830 105**	**-**	**-**	**-**	**72 799**	**72 799**	**23 902 904**

Details of adjustments to Estimates of National Expenditure 2006

Virements

Table 21.2: Details on virements per programme and economic classification

Programme / Economic classification	R thousand From	R thousand To	Motivation
2. Landward Defence	**(11 149)**	**-**	
Current payments	**(11 149)**	**-**	
Compensation of employees	(11 149)	-	Savings arose because funds for the human resource support satellites function were incorrectly classified here.
7. Joint Support	**-**	**11 149**	
Current payments	**-**	**11 149**	
Compensation of employees	-	11 149	Incorrectly classified funds from compensation of employees in programme 2 have been shifted here.
8. Force Employment	**(110 000)**	**110 000**	
Current payments	**(110 000)**	**110 000**	
Compensation of employees	-	110 000	Incorrectly classified funds for foreign allowances under goods and services in this programme have been shifted here for peace support operations.
Goods and services	(110 000)	-	Savings are due to the incorrect classification of foreign allowances.
Total for vote	**(121 149)**	**121 149**	

Other adjustments – R72,799 million

Self-financing expenditure

Programme 2: Landward Defence

R16,621 million generated in 2005/06 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.

Programme 9: Special Defence Account

R56,178 million generated in 2005/06 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 2005/06 and preliminary expenditure 2006/07

Table 21.3: Defence

Programme	2005/06 Expenditure outcome				2006/07 Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2005 - Sep 2005	Apr 2005 - Mar 2006	Apr 05 - Mar 06 % of adjusted appropriation	Adjusted appropriation	Apr 2006 - Sep 2006	% change 05/06 - 06/07 Apr - Sep
1. Administration	1 630 285	759 862	1 612 395	98,9	1 759 149	860 896	13,3
2. Landward Defence	3 437 169	1 611 551	3 431 788	99,8	4 061 047	1 772 097	10,0
3. Air Defence	2 479 455	987 435	2 479 455	100,0	2 504 488	992 670	0,5
4. Maritime Defence	1 201 419	495 625	1 201 419	100,0	1 319 173	569 258	14,9
5. Military Health Support	1 556 906	727 193	1 556 906	100,0	1 683 822	769 510	5,8
6. Defence Intelligence	144 316	64 696	144 316	100,0	143 662	67 993	5,1
7. Joint Support	2 374 097	1 099 007	2 373 978	100,0	2 740 680	1 254 924	14,2
8. Force Employment	1 433 692	582 407	1 433 692	100,0	1 410 145	766 145	31,5
9. Special Defence Account	9 258 839	3 497 764	9 258 839	100,0	8 280 738	2 450 747	(29,9)
Total	**23 516 178**	**9 825 540**	**23 492 788**	**99,9**	**23 902 904**	**9 504 240**	**(3,3)**
Current payments	**13 387 591**	**5 984 293**	**13 364 320**	**99,8**	**14 912 947**	**6 550 717**	**9,5**
Compensation of employees	8 196 352	3 953 246	8 196 352	100,0	9 085 985	4 209 514	6,5
Goods and services	5 091 131	2 018 219	5 067 860	99,5	5 826 962	2 332 277	15,6
Financial transactions in assets and liabilities	100 108	12 828	100 108	100,0	-	8 925	(30,4)
Transfers and subsidies	**9 715 966**	**3 778 615**	**9 715 847**	**100,0**	**8 691 707**	**2 866 504**	**(24,1)**
Provinces and municipalities	15 144	7 551	15 144	100,0	3 699	3 882	(48,6)
Departmental agencies and accounts	9 265 940	3 769 995	9 265 940	100,0	8 288 671	2 454 859	(34,9)
Public corporations and private enterprises	359 515	-	359 515	100,0	396 286	297 214	(100,0)
Non-profit institutions	2 911	1 069	2 792	95,9	3 051	1 226	14,6
Households	72 456	-	72 456	100,0	-	109 322	(100,0)
Payments for capital assets	**412 621**	**62 632**	**412 621**	**100,0**	**298 250**	**87 019**	**38,9**
Buildings and other fixed structures	73 884	20 262	73 884	100,0	74 097	12 053	(40,5)
Machinery and equipment	336 173	41 862	336 173	100,0	222 598	74 841	78,8
Software and other intangible assets	2 564	507	2 564	100,0	1 555	126	(75,1)
Total	**23 516 178**	**9 825 540**	**23 492 788**	**99,9**	**23 902 904**	**9 504 240**	**(3,3)**

Selected expenditure trends for the first half of the 2006/07 financial year

Expenditure in the first six months of 2006/07 was R9,504 billion, or 39,8 per cent of the adjusted appropriation of R23,903 billion for the year as a whole.

The year-on-year decrease in total expenditure is due to lower budgeted allocations to the *Special Defence Account* programme and the influence of contractual obligations, milestone payments and finalisation of projects on scheduled payments.

Summary of changes to transfers and subsidies, and conditional grants

Table 21.4: Summary of changes to transfers and subsidies per programme

	2006/07						
		Additional appropriation					
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation
9. Special Defence Account	**8 224 560**	**-**	**-**	**-**	**56 178**	**56 178**	**8 280 738**
Departmental agencies and accounts							
Entities							
Current	**8 224 560**	**-**	**-**	**-**	**56 178**	**56 178**	**8 280 738**
Special Defence Account	8 224 560	-	-	-	56 178	56 178	8 280 738