

# Vote 19

## Defence

### Adjusted budget summary

2008/09				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>28 233 155</b>	<b>27 899 027</b>	(334 128)	-
<i>of which:</i>				
Current payments	18 050 911	18 495 321	-	444 410
Transfers and subsidies	9 760 579	8 787 848	(972 731)	-
Payments for capital assets	421 665	615 858	-	194 193
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.*

### Mid-year performance status

Indicators	Annual performance	
	Projected for 2008/09 as published in the 2008 ENE	Achieved in the first six months of 2008/09 (April to September)
As published in the 2008 ENE		
Total number of defence diplomatic missions	37	37
Number of external operations	9	9
Average number of personnel deployed daily in external missions	3 084	2 928
Average number of personnel deployed daily in internal operations	504	509
Number of internal operations in support of other government departments	1	8
Number of flying hours in support of operations	9 500	6 853
Number of sea hours on patrol in South African maritime zones	10 478	3 036
Number of health care interventions per member	14	5.1
Number of joint and interdepartmental exercises	1	2
Number of multinational exercises	9	9
Number of members trained through the military skills development system	2 972	2 421
Number of active reserves	12 210	23 523
Number of students graduating from the Military Academy with a Bachelor's degree	45	0
Number of members professionally developed at senior departmental training institutions. (SANDF Defence College, SANDF War College, Warrant Officers' Academy)	189	36

The number of members deployed externally was less than projected as some operations are only scheduled to take place later in the year.

The number of members deployed internally was more than projected due to the deployment of an additional 296 members to combat the violence against foreign nationals in May and June 2008 and 186 members during the South African Development Community Summit in August 2008.

The projected targets for flying and sea hours will be met as requirements and commitments increase in the course of the year.

The original projection of 10 multinational exercises included an exercise to take place in 2009/10, therefore this projection has been reduced to 9. The joint, interdepartmental and some of the multinational exercises will be conducted towards the end of the financial year.

The number of graduates and professionally developed members will be known by the end of the academic year when they complete their courses.

## Adjusted Estimates of National Expenditure 2008

Table 19.1: Adjusted estimates

Programme	2008/09						
	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
Roll-overs		Unforeseeable /unavoidable	Virement	Other adjustments			
R thousand							
1. Administration	2 426 930	-	-	(45 490)	77 806	32 316	2 459 246
2. Landward Defence	6 792 237	-	-	(4 000)	274 442	270 442	7 062 679
3. Air Defence	9 006 514	-	-	-	(985 223)	(985 223)	8 021 291
4. Maritime Defence	1 809 630	-	-	-	65 038	65 038	1 874 668
5. Military Health Support	2 119 145	12 800	-	-	16 234	29 034	2 148 179
6. Defence Intelligence	509 850	-	-	-	3 014	3 014	512 864
7. General Support	3 933 746	197 477	-	49 490	(143 770)	103 197	4 036 943
8. Force Employment	1 635 103	29 723	100 000	-	18 331	148 054	1 783 157
<b>Departmental Total</b>	<b>28 233 155</b>	<b>240 000</b>	<b>100 000</b>	<b>-</b>	<b>(674 128)</b>	<b>(334 128)</b>	<b>27 899 027</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>18 050 911</b>	<b>95 807</b>	<b>100 000</b>	<b>(50 510)</b>	<b>299 113</b>	<b>444 410</b>	<b>18 495 321</b>
Compensation of employees	10 687 269	-	53 289	-	167 550	220 839	10 908 108
Goods and services	7 363 642	95 807	46 711	(50 510)	131 563	223 571	7 587 213
<b>Transfers and subsidies</b>	<b>9 760 579</b>	<b>-</b>	<b>-</b>	<b>510</b>	<b>(973 241)</b>	<b>(972 731)</b>	<b>8 787 848</b>
Departmental agencies and accounts	9 104 979	-	-	-	(1 008 371)	(1 008 371)	8 096 608
Public corporations and private enterprises	530 624	-	-	-	35 130	35 130	565 754
Non-profit institutions	3 956	-	-	510	-	510	4 466
Households	121 020	-	-	-	-	-	121 020
<b>Payments for capital assets</b>	<b>421 665</b>	<b>144 193</b>	<b>-</b>	<b>50 000</b>	<b>-</b>	<b>194 193</b>	<b>615 858</b>
Buildings and other fixed structures	112 143	124 593	-	50 000	-	174 593	286 736
Machinery and equipment	308 107	19 600	-	-	-	19 600	327 707
Biological and cultivated assets	60	-	-	-	-	-	60
Software and other intangible assets	1 355	-	-	-	-	-	1 355
<b>Total</b>	<b>28 233 155</b>	<b>240 000</b>	<b>100 000</b>	<b>-</b>	<b>(674 128)</b>	<b>(334 128)</b>	<b>27 899 027</b>

## Details of adjustments to Estimates of National Expenditure 2008

### Roll-over of funds – R240 million

#### Programme 5: Military Health Support

R12.8 million has been rolled over to settle outstanding invoices for vehicles and to convert panel vans into ambulances.

### Programme 7: General Support

R66.084 million has been rolled over for repairing and maintaining facilities; R124.593 million for upgrading and constructing buildings; and R6.8 million to settle outstanding invoices for buses.

### Programme 8: Force Employment

R29.723 million has been rolled over to settle outstanding invoices for spare parts and 60mm and 81mm mortar bombs.

## Unforeseeable and unavoidable expenditure – R100 million

### Programme 8: Force Employment

R100 million has been allocated to the South Africa National Defence Force for the peace support operation in Burundi.

## Virements

**Table 19.2: Virements**

Programme / Economic classification	R thousand		Details and motivation
	From	To	
<b>1. Administration</b>	<b>(46 000)</b>	<b>510</b>	
<b>Current payments</b>	<b>(46 000)</b>	-	
Goods and services	(46 000)	-	R4 million from goods and services in programme 2 for training support by the SA National War College to the SA Army via the Centre for Conflict Simulation and Cybersim <b>Overprovision of devolved funds for municipal services:</b> R50 million to buildings and other fixed structures in programme 7
<b>Transfers and Subsidies</b>	-	<b>510</b>	
Non-profit institutions	-	510	From goods and services in programme 7 for the implementation of service conditions for part time and contracted employees (Resolution 1 of 2007)
<b>2. Landward Defence</b>	<b>(4 000)</b>	-	
<b>Current payments</b>	<b>(4 000)</b>	-	
Goods and services	(4 000)	-	<b>Training budget shifted to chief of training when expenditure occurs:</b> To goods and services in programme 1
<b>7. General Support</b>	<b>(510)</b>	<b>50 000</b>	
<b>Current payments</b>	<b>(510)</b>	-	
Goods and services	(510)	-	<b>Claims against the department have been less than anticipated:</b> To non-profit institutions in programme 1
<b>Payments for capital assets</b>	-	<b>50 000</b>	
Buildings and other fixed structures	-	50 000	From goods and services in programme 1 for upgrading the runway at the Air Force Base Waterkloof
<b>Total for Vote</b>	<b>(50 510)</b>	<b>50 510</b>	

## Other adjustments – (R674.128 million)

### **Adjustments due to significant and unforeseeable economic and financial events**

Additional funding of R202.68 million has been allocated to cover costs related to the higher than budgeted wage increase made by the Minister for Public Service and Administration.

### Programme 1: Administration

R11.289 million

### Programme 2: Landward Defence

R59.747 million

### Programme 3: Air Defence

R23.689 million

Programme 4: Maritime Defence

R36.409 million

Programme 5: Military Health Support

R20.290 million

Programme 6: Defence Intelligence

R2.384 million

Programme 7: General Support

R39.597 million

Programme 8: Force Employment

R9.275 million

***Adjustments due to significant and unforeseeable economic and financial events***

R131.563 million has been allocated as an inflation adjustment for fuel costs.

Programme 1: Administration

R1.678 million

Programme 2: Landward Defence

R28.998 million

Programme 3: Air Defence

R56.092 million

Programme 4: Maritime Defence

R27.654 million

Programme 5: Military Health Support

R3.708 million

Programme 6: Defence Intelligence

R0.335 million

Programme 7: General Support

R9.172 million

Programme 8: Force Employment

R3.926 million

***Funds shifted within a vote***

Programme 2: Landward Defence

Funds incorrectly classified in the 2008 ENE have been reclassified from goods and services in this programme to goods and services in programme 1 (R9.17 million), programme 6 (R295 000) and programme 8 (R144 000).

Programme 3: Air Defence

R480 000 incorrectly classified in the 2008 ENE has been reclassified from goods and services in this programme to goods and services in programme 8.

Programme 4: Maritime Defence

R3.342 million incorrectly classified in the 2008 ENE has been shifted from goods and services in this programme to goods and services in programme 8.

Programme 5: Military Health Support

R7.764 million incorrectly classified in the 2008 ENE has been shifted from goods and services in this programme to goods and services in programme 7.

Programme 7: General Support

R55.669 million will be shifted to programme 1 to establish the new defence headquarters unit following the termination of the Minister of Defence's General Support Base.

R24.861 million will be shifted to programme 2 following the transfer of 101 Air Supply Unit to the SA Army to ensure a continuously maintained, sustained and combat ready air supply capability.

R118.609 million will be shifted to programme 2 due to the termination of the General Support Base concept and the migration of general support bases Garrison and Wonderboom to the SA Army.

**Self-financing expenditure**

Programme 2: Landward Defence

R51.836 million has been realised from the sale of equipment and spares procured through the Special Defence Account. The funds have been surrendered into the National Revenue Fund.

Programme 3: Air Defence

R64.327 million has been realised from the sale of equipment and spares procured through the Special Defence Account. The funds have been surrendered into the National Revenue Fund.

Programme 4: Maritime Defence

R4.317 million has been realised from the sale of equipment and spares procured through the Special Defence Account. The funds have been surrendered into the National Revenue Fund.

**Declared savings**

Programme 3: Air Defence

Due to delays in the delivery of strategic defence equipment the allocation for this equipment was reduced by R1 966.400 million and will be added back in 2009/10. R837.549 million not requisitioned for the Strategic Defence Procurement programme this year is to be reallocated in 2008/09. The net effect is a reduction in the department's 2008/09 baseline of R1 128.851 million.

## Expenditure 2007/08 and preliminary expenditure 2008/09

Table 19.3: Expenditure trends

Programme	2007/08					2008/09		
	Expenditure outcome					Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2007 - Sep 2007	% of adjusted appropriation	Apr 2007 - Mar 2008	% of adjusted appropriation	Adjusted appropriation	Apr 2008 - Sep 2008	% of adjusted appropriation
1. Administration	2 046 217	783 151	38.3	2 029 743	99.2	2 459 246	1 048 853	42.6
2. Landward Defence	6 435 830	2 726 371	42.4	6 495 026	100.9	7 062 679	3 064 930	43.4
3. Air Defence	8 000 933	2 869 846	35.9	7 227 929	90.3	8 021 291	3 314 229	41.3
4. Maritime Defence	2 351 992	933 562	39.7	2 381 626	101.3	1 874 668	803 615	42.9
5. Military Health Support	1 845 754	830 955	45.0	1 877 742	101.7	2 148 179	976 301	45.4
6. Defence Intelligence	402 193	153 524	38.2	398 074	99.0	512 864	81 380	15.9
7. General Support	3 573 481	1 443 189	40.4	3 212 431	89.9	4 036 943	1 599 086	39.6
8. Force Employment	1 635 385	715 411	43.7	1 557 542	95.2	1 783 157	783 825	44.0
<b>Total</b>	<b>26 291 785</b>	<b>10 456 009</b>	<b>39.8</b>	<b>25 180 113</b>	<b>95.8</b>	<b>27 899 027</b>	<b>11 672 219</b>	<b>41.8</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>16 102 917</b>	<b>6 988 726</b>	<b>43.4</b>	<b>15 755 504</b>	<b>97.8</b>	<b>18 495 321</b>	<b>7 894 065</b>	<b>42.7</b>
Compensation of employees	9 726 699	4 670 182	48.0	9 735 905	100.1	10 908 108	5 067 820	46.5
Goods and services	6 376 218	2 310 939	36.2	5 987 370	93.9	7 587 213	2 812 250	37.1
Financial transactions in assets and liabilities	-	7 605	-	32 229	-	-	13 995	-
<b>Transfers and subsidies</b>	<b>9 653 981</b>	<b>3 352 232</b>	<b>34.7</b>	<b>8 926 890</b>	<b>92.5</b>	<b>8 787 848</b>	<b>3 631 485</b>	<b>41.3</b>
Departmental agencies and accounts	9 087 651	2 923 860	32.2	8 243 440	90.7	8 096 608	3 152 398	38.9
Public corporations and private enterprises	467 427	330 527	70.7	473 826	101.4	565 754	388 677	68.7
Non-profit institutions	3 432	1 416	41.3	2 878	83.9	4 466	3 358	75.2
Households	95 471	96 429	101.0	170 036	178.1	121 020	87 052	71.9
<b>Payments for capital assets</b>	<b>534 887</b>	<b>115 051</b>	<b>21.5</b>	<b>497 719</b>	<b>93.1</b>	<b>615 858</b>	<b>146 669</b>	<b>23.8</b>
Buildings and other fixed structures	218 116	22 197	10.2	93 357	42.8	286 736	60 253	21.0
Machinery and equipment	308 711	92 798	30.1	395 937	128.3	327 707	86 342	26.3
Biological and cultivated assets	-	-	-	-	-	60	-	-
Software and other intangible assets	8 060	56	0.7	8 425	104.5	1 355	74	5.5
<b>Total</b>	<b>26 291 785</b>	<b>10 456 009</b>	<b>39.8</b>	<b>25 180 113</b>	<b>95.8</b>	<b>27 899 027</b>	<b>11 672 219</b>	<b>41.8</b>

### Selected expenditure trends for the first half of 2008/09

Expenditure in the first six months of 2008/09 was R11.672 billion, or 41.8 per cent of the adjusted appropriation of R27.899 billion for the year as a whole. Expenditure in the first six months of 2008/09 increased by R1.216 billion, or 11.6 per cent compared to spending in the first six months of 2007/08 which amounted to R10.456 billion, or 39.8 per cent of the 2007/08 adjusted appropriation.

The main increases compared to 2007/08 are due to management intervention to prevent abnormal expenditure in March 2009.

Expenditure for 2007/08 was 95.8 per cent of the adjusted appropriation for that year.

## Departmental receipts

Table 19.4: Receipts

R thousand	2008/09			
	Budget estimate	Adjusted estimate	Actual receipts Apr 08 - Sep 08	% of Adjusted estimate
<b>Departmental receipts</b>				
Sales of goods and services other than capital assets	346 642	346 642	92 148	26.6
Transfers received	-	2 694	675	25.1
Fines, penalties and forfeits	2 564	1 667	651	39.1
Interest, dividends and rent on land	398	1 140	570	50.0
Sales of capital assets	115 456	92 365	-	-
Financial transactions in assets and liabilities	40 293	30 220	12 026	39.8
<b>Total</b>	<b>505 353</b>	<b>474 728</b>	<b>106 070</b>	<b>22.3</b>

Actual departmental revenue collections for the first six months of 2008/09 were R106.1 million or 22.3 per cent of the adjusted estimate of R474.7 million.

## Changes to transfers and subsidies, and conditional grants

Table 19.5: Summary of changes to transfers and subsidies per programme

R thousands	2008/09						Adjusted appropriation
	Main appropriation	Additional Appropriation				Total additional appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virements	Other adjustments		
<b>1. Administration</b>	<b>22 954</b>	-	-	510	-	510	<b>23 464</b>
<b>Non-profit institutions</b>							
<b>Current</b>	<b>3 376</b>	-	-	510	-	510	<b>3 886</b>
Reserve Force Council	3 376	-	-	510	-	510	3 886
<b>2. Landward Defence</b>	<b>1 925 380</b>	-	-	-	52 728	52 728	<b>1 978 108</b>
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies and accounts (non-business entities)</b>							
<b>Current</b>	<b>1 903 424</b>	-	-	-	51 836	51 836	<b>1 955 260</b>
Special defence account: Procurement services	1 151 172	-	-	-	51 836	51 836	1 203 008
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>21 956</b>	-	-	-	892	892	<b>22 848</b>
Severance packages	21 956	-	-	-	892	892	22 848
<b>3. Air Defence</b>	<b>6 007 012</b>	-	-	-	(1 064 524)	(1 064 524)	<b>4 942 488</b>
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies and accounts (non-business entities)</b>							
<b>Current</b>	<b>5 988 536</b>	-	-	-	(1 064 524)	(1 064 524)	<b>4 924 012</b>
Special defence account: Procurement services	2 195 639	-	-	-	64 327	64 327	2 259 966
Special defence account: Strategic defence programme	3 787 206	-	-	-	(1 128 851)	(1 128 851)	2 658 355

**Table 19.5: Summary of changes to transfers and subsidies per programme (continued)**

R thousands	2008/09						Adjusted appropriation
	Main appropriation	Additional Appropriation				Total additional appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virements	Other adjustments		
<b>4. Maritime Defence</b>	<b>376 704</b>	-	-	-	<b>26 615</b>	<b>26 615</b>	<b>403 319</b>
Departmental agencies and accounts							
Departmental agencies and accounts (non-business entities)							
<b>Current</b>	<b>251 215</b>	-	-	-	<b>4 317</b>	<b>4 317</b>	<b>255 532</b>
Special defence account: Procurement services	96 687	-	-	-	4 317	4 317	101 004
<b>Public corporations and private enterprises</b>							
Public corporations							
<b>Other transfers</b>							
<b>Current</b>	<b>95 359</b>	-	-	-	<b>22 298</b>	<b>22 298</b>	<b>117 657</b>
Armaments Corporation of South Africa Ltd (Dockyard)	95 359	-	-	-	22 298	22 298	117 657
<b>7. General Support</b>	<b>915 153</b>	-	-	-	<b>11 940</b>	<b>11 940</b>	<b>927 093</b>
Public corporations and private enterprises							
Public corporations							
<b>Other transfers</b>							
<b>Current</b>	<b>435 265</b>	-	-	-	<b>12 832</b>	<b>12 832</b>	<b>448 097</b>
Armaments Corporation of South Africa Ltd	435 265	-	-	-	12 832	12 832	448 097
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>12 887</b>	-	-	-	<b>(892)</b>	<b>(892)</b>	<b>11 995</b>
Severance packages	12 887	-	-	-	(892)	(892)	11 995