

Vote 19

Defence and Military Veterans

Adjusted budget summary

R thousand	2009/10			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	32 024 384	31 325 256	(699 128)	–
<i>of which:</i>				
Current payments	20 249 210	20 737 570	–	488 360
Transfers and subsidies	11 114 516	9 844 874	(1 269 642)	–
Payments for capital assets	660 658	742 812	–	82 154
Executive authority	Minister of Defence and Military Veterans			
Accounting officer	Secretary for Defence and Military Veterans			
Website address	www.dod.mil.za			

Aim

The aim of the Department of Defence and Military Veterans is the defence and protection of 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.

Reorganisation of department

The Military Veterans' Affairs Act (1999) provides that an Office for Military Veterans' Affairs be established in the previous Department of Defence. The object is to give proper recognition to military veterans and formulate and execute national policy. The office is planned to be established by the end of 2009. Funding is provided from 2010/11.

Mid-year performance status

Indicator	Programme	Annual performance		
		Projected for 2009/10 as published in the 2009 ENE	Achieved in the first six months of 2009/10 (April to September)	Changes of estimate for 2009/10
As published in the 2009 ENE	Programme linked to indicator			
Total number of defence diplomatic missions	Administration	37	37	–
Number of external operations each year	Force Employment	12	7	–
Average number of personnel deployed daily in external operations	Force Employment	3 024	2 888	–
Number of internal operations in support of other government departments each year	Force Employment	5	4	–
Number of person days used during internal operations	Force Employment	156 381	79 508	–
Number of flying hours in support of operations each year	Air Defence	9 500	5 568	–
Number of sea hours on patrol in South African maritime zones each year	Maritime Defence	11 000	2 654	–
Number of health interventions or actions per 100 000 members each year	Military Health Support	14	6.6	–
Number of joint, interdepartmental and multinational exercises conducted each year	Force Employment	9	6	–
Number of military skills development system members in the system each year	Landward Defence ¹	8 833	7 235	–
Total number of active reserves	Administration	24 200	28 263	–
Number of students graduating from the Military Academy with a Bachelor's degree each year	Administration	45	0	–
Number of members professionally developed at senior departmental training institutions each year.	Administration	189	0	–

1. The majority of military skills development system members are in the Landward Defence programme, but some are in the Air Defence, Maritime Defence and Military Health Support programmes.

The indicator "Number of military skills development system members trained each year" was revised to "Number of military skills development systems members in the system each year".

Adjusted Estimates of National Expenditure 2009

Programme	2009/10							Adjusted appropriation
	Main appropriation	Additional appropriation					Total additional appropriation	
R thousand		Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments		
1. Administration	2 860 790	–	28 006	14 404	(22 563)	–	19 847	2 880 637
2. Landward Defence	8 749 271	–	154 119	602	–	5 103	159 824	8 909 095
3. Air Defence	10 272 007	–	52 498	115	–	(1 268 192)	(1 215 579)	9 056 428
4. Maritime Defence	1 968 284	–	35 123	6 156	–	1 751	43 030	2 011 314
5. Military Health Support	2 440 600	–	46 571	(4 374)	–	–	42 197	2 482 797
6. Defence Intelligence	589 759	–	5 497	4 308	–	–	9 805	599 564
7. General Support	3 341 866	82 154	35 672	(21 305)	22 563	–	119 084	3 460 950
8. Force Employment	1 801 807	–	122 570	94	–	–	122 664	1 924 471
Total	32 024 384	82 154	480 056	–	–	(1 261 338)	(699 128)	31 325 256
Economic classification								
Current payments	20 249 210	–	460 994	27 366	–	–	488 360	20 737 570
Compensation of employees	11 751 857	–	448 300	23 000	–	–	471 300	12 223 157
Goods and services	8 497 353	–	12 694	4 366	–	–	17 060	8 514 413
Transfers and subsidies	11 114 516	–	19 062	(27 366)	–	(1 261 338)	(1 269 642)	9 844 874
Departmental agencies and accounts	10 364 425	–	–	(28 066)	–	(1 261 338)	(1 289 404)	9 075 021
Public corporations and private enterprises	583 846	–	19 062	700	–	–	19 762	603 608
Non-profit institutions	4 402	–	–	–	–	–	–	4 402
Households	161 843	–	–	–	–	–	–	161 843
Payments for capital assets	660 658	82 154	–	–	–	–	82 154	742 812
Buildings and other fixed structures	369 827	82 154	–	–	–	–	82 154	451 981
Machinery and equipment	262 993	–	–	–	–	–	–	262 993
Specialised military assets	27 585	–	–	–	–	–	–	27 585
Software and other intangible assets	253	–	–	–	–	–	–	253
Total	32 024 384	82 154	480 056	–	–	(1 261 338)	(699 128)	31 325 256

Details of adjustments to Estimates of National Expenditure 2009

Roll-overs – R82.154 million

Programme 7: General Support

R82.154 million has been rolled over for upgrading the runway at Waterkloof Air Force Base.

Unforeseeable and unavoidable expenditure – R480.056 million

An additional R380.056 million is allocated for higher salary increases than the main budget provided for.

Programme 1: Administration

R28.006 million

Programme 2: Landward Defence

R154.119 million

Programme 3: Air Defence

R52.498 million

Programme 4: Maritime Defence

R35.123 million

Programme 5: Military Health Support

R46.571 million

Programme 6: Defence Intelligence

R5.497 million

Programme 7: General Support

R35.672 million

Programme 8: Force Employment

R22.57 million for higher salary increases than the main budget provided for.

An additional R100 million is allocated to the South African National Defence Force for the withdrawal of the peace support operation in Burundi.

Virements

Programmes					
1. Administration					
2. Landward Defence					
3. Air Defence					
4. Maritime Defence					
5. Military Health Support					
6. Defence Intelligence					
7. General Support					
8. Force Employment					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 2		(4 000)	Programme 1		4 000
Goods and services	Funds budgeted for services to be provided by the Centre for Conflict Simulation and Cybersim by the SA Army	(4 000)	Goods and services	For services provided by the Centre for Conflict Simulation and Cybersim	4 000
Programme 3		(3 677)	Programme 3		3 677
Departmental agencies and accounts (current)	Reduction on equipment	(3 677)	Goods and services	For operational costs	3 677
Programme 4		(24 389)	Programme 4		24 389
Departmental agencies and accounts (current)	Reduction due to delays in planned capital projects	(24 389)	Goods and services	For maintenance and repairs on naval vessels	24 389
Programme 5		(4 443)	Programme 2		4 443
Goods and services	Funds budgeted for training of military skills development system members by the SA Army	(4 443)	Goods and services	For reimbursing the SA Army for training	4 443
Programme 7		(21 395)	Programme 1		9 104
Current payments			Current payments		
Goods and services	Funds for implementing the policy on incapacity leave and ill-health retirement incorrectly budgeted in the 2009 ENE	(2 525)	Goods and services	Funds for implementing the policy on incapacity leave and ill-health retirement incorrectly budgeted in the 2009 ENE	2 525
	Funds centrally budgeted for phase 1 payments for transaction advisory services for a public private partnership	(16 156)	Goods and services	For transaction advisory services for a new defence training institute	6 579

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 7			Programme 4		5 359
			Goods and services	For transaction advisory services for a new naval headquarters and mess	5 359
			Programme 6		4 218
			Goods and services	For transaction advisory services for a new defence intelligence headquarters	4 218
			Programme 1		1 300
	Funds corporately budgeted for entertainment expenses of senior management system members	(2 014)	Goods and services	For entertainment expenses of senior management system members	1 300
			Programme 2		159
			Goods and services	For entertainment expenses of senior management system members	159
			Programme 3		115
			Goods and services	For entertainment expenses of senior management system members	115
			Programme 4		97
			Goods and services	For entertainment expenses of senior management system members	97
			Programme 5		69
			Goods and services	For entertainment expenses of senior management system members	69
			Programme 6		90
			Goods and services	For entertainment expenses of senior management system members	90
			Programme 7		90
			Goods and services	For entertainment expenses of senior management system members	90
			Programme 8		94
			Goods and services	For entertainment expenses of senior management system members	94
			Programme 4		700
	Reduction on legal costs.	(700)	Public corporations and private enterprises (current)	For the capped leave liability for the Naval Dockyard	700
Programme 8		(23 000)	Programme 8		23 000
Goods and services	Funds for salaries incorrectly budgeted in the 2009 ENE	(23 000)	Compensation of employees	Funds for salaries incorrectly budgeted in the 2009 ENE	23 000
Total		(80 904)			80 904

Function shifts – R22.563 million

Programme 1: Administration

R22.563 million is shifted to programme 7 following the transfer of the procurement function to improve supply chain management.

Other adjustments – (R1.261 billion)

Self-financing expenditure

Departmental revenue of R238.662 million was collected from selling equipment and spares procured through the Special Defence Account. This amount will be used for special defence activities as follows:

Programme 2: Landward Defence

R5.103 million

Programme 3: Air Defence

R231.808 million

Programme 4: Maritime Defence

R1.751 million

Declared savings R1.5 billion

Programme 3: Air Defence

R1 billion has been declared due to delays in the strategic airlift capability (A400M) and R500 million due to exchange rate gains in the strategic defence packages.

Expenditure 2008/09 and preliminary expenditure 2009/10

Programme	2008/09					2009/10		
	Expenditure outcome					Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 08 - Sep 08	Apr 08 - Sep 08 % of adjusted appropriation	Apr 08 - Mar 09	Apr 08 - Mar 09 % of adjusted appropriation	Adjusted appropriation	Apr 09 - Sep 09	Apr 09 - Sep 09 % of adjusted appropriation
1. Administration	2 459 246	1 048 853	42.6	2 480 151	100.9	2 880 637	1 272 700	44.2
2. Landward Defence	7 062 679	3 064 930	43.4	6 958 701	98.5	8 909 095	3 679 937	41.3
3. Air Defence	8 021 291	3 314 229	41.3	8 018 779	100.0	9 056 428	3 516 148	38.8
4. Maritime Defence	1 874 668	803 615	42.9	1 837 191	98.0	2 011 314	905 445	45.0
5. Military Health Support	2 148 179	976 301	45.4	2 176 940	101.3	2 482 797	1 164 420	46.9
6. Defence Intelligence	512 864	81 380	15.9	506 752	98.8	599 564	120 175	20.0
7. General Support	4 036 943	1 599 086	39.6	3 908 862	96.8	3 460 950	1 635 683	47.3
8. Force Employment	1 783 157	783 825	44.0	1 913 910	107.3	1 924 471	902 342	46.9
Total	27 899 027	11 672 219	41.8	27 801 286	99.6	31 325 256	13 196 850	42.1
Economic classification								
Current payments	18 495 322	7 894 064	42.7	17 969 287	97.2	20 737 570	8 982 423	43.3
Compensation of employees	10 908 108	5 067 821	46.5	10 620 019	97.4	12 223 157	5 478 670	44.8
Goods and services	7 587 214	2 812 248	37.1	7 274 262	95.9	8 514 413	3 490 134	41.0
Transactions in financial assets and liabilities	–	13 995	0.0	75 006	0.0	–	13 619	0.0
Transfers and subsidies	8 787 845	3 631 485	41.3	8 833 120	100.5	9 844 874	3 682 969	37.4
Provinces and municipalities	–	–	0.0	13 806	0.0	–	–	0.0
Departmental agencies and accounts	8 096 608	3 152 398	38.9	8 096 608	100.0	9 075 021	3 292 433	36.3
Public corporations and private enterprises	565 753	388 677	68.7	565 754	100.0	603 608	308 317	51.1
Non-profit institutions	4 466	3 358	75.2	4 198	94.0	4 402	3 500	79.5
Households	121 018	87 052	71.9	152 754	126.2	161 843	78 719	48.6
Payments for capital assets	615 860	146 670	23.8	998 879	162.2	742 812	531 458	71.5
Buildings and other fixed structures	286 751	60 252	21.0	476 527	166.2	451 981	357 697	79.1
Machinery and equipment	274 693	85 529	31.1	501 312	182.5	262 993	151 882	57.8
Specialised military assets	53 002	814	1.5	19 735	37.2	27 585	21 807	79.1
Biological and cultivated assets	60	–	0.0	–	0.0	–	11	0.0
Software and other intangible assets	1 354	75	5.5	1 305	96.4	253	61	24.1
Total	27 899 027	11 672 219	41.8	27 801 286	99.6	31 325 256	13 196 850	42.1

Main expenditure trends for the first half of 2009/10

Total expenditure for 2008/09 was 99.6 per cent of the 2008/09 adjusted appropriation. Expenditure in the first six months of 2009/10 was R13.197 billion, or 42.1 per cent of the adjusted appropriation of R31.325 billion for the year as a whole. In comparison, mid-year expenditure in 2008/09 was R11.672 billion, or 41.8 per cent of the 2008/09 adjusted appropriation. Expenditure in the first six months of 2009/10 increased by R1.525 billion or 13.1 per cent, compared to expenditure in the first six months of 2008/09.

The main expenditure increase compared to 2008/09 is due to salary increases, the increase in commodity prices and fast-tracking the upgrading of the runway at Air Force Base Waterkloof.

Departmental receipts

R thousand	2008/09					2009/10			
	Adjusted estimate	Audited outcome			Actual receipts				
		Apr 08 - Sep 08	Apr 08 - Sep 08 % of adjusted estimate	Apr 08 - Mar 09	Apr 08 - Mar 09 % of adjusted estimate	Budget estimate	Adjusted estimate	Apr 09 - Sep 09	Apr 09 - Sep 09 % of adjusted estimate
Departmental receipts	474 728	106 070	22.3	630 126	132.7	582 320	676 749	427 100	63.1
Sales of goods and services produced by department	346 642	92 148	26.6	193 645	55.9	357 041	252 265	115 481	45.8
Transfers received	2 694	675	25.1	290 653	10 788.9	152 775	158 122	81 580	51.6
Fines, penalties and forfeits	1 667	651	39.1	1 058	63.5	1 717	2 547	1 691	66.4
Interest, dividends and rent on land	1 140	570	50.0	1 398	122.6	1 174	1 667	1 079	64.7
Sales of capital assets	92 365	-	-	122 710	132.9	38 486	19 285	-	-
Financial transactions in assets and liabilities	30 220	12 026	39.8	20 662	68.4	31 127	242 863	227 269	93.6
Total	474 728	106 070	22.3	630 126	132.7	582 320	676 749	427 100	63.1

Main departmental revenue trends for the first half of 2009/10

Departmental revenue collection in the first six months of 2009/10 was R427.1 million or 63.1 per cent of the adjusted estimate of R676.7 million for the year as a whole. In comparison, mid-year revenue collection in 2008/09 was R106.1 million, or 22.3 per cent of the 2008/09 adjusted estimate. Departmental revenue collection in the first six months of 2009/10 increased by R321.0 million or 302.7 per cent, compared to revenue in the first six months of 2008/09.

The main revenue increases compared to 2008/09 are due to exchange rate profits and fines imposed on underperforming contractors.

Changes to transfers and subsidies, and conditional grants

Summary of changes to transfers and subsidies

R thousand	Main appropriation	2009/10					Adjusted appropriation	
		Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments		
1. Administration								
Households								
Social benefits								
Current	10 917	-	-	-	(694)	-	(694)	10 223
Severance packages	10 917	-	-	-	(694)	-	(694)	10 223

Summary of changes to transfers and subsidies

R thousand	2009/10							Adjusted appropriation
	Main appropriation	Additional appropriation					Total additional appropriation	
		Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments		
2. Landward Defence								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	1 365 354	-	-	-	-	5 103	5 103	1 370 457
Special defence account: Procurement services	1 365 354	-	-	-	-	5 103	5 103	1 370 457
3. Air Defence								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	6 886 380	-	-	(3 677)	-	(1 268 192)	(1 271 869)	5 614 511
Special defence account: Operating	49 252	-	-	(3 677)	-	-	(3 677)	45 575
Special defence account: Procurement services	3 157 996	-	-	-	-	(768 192)	(768 192)	2 389 804
Special defence account: Strategic defence programme	3 679 132	-	-	-	-	(500 000)	(500 000)	3 179 132
4. Maritime Defence								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	203 256	-	-	(24 389)	-	1 751	(22 638)	180 618
Special defence account: Operating	69 115	-	-	(1 998)	-	-	(1 998)	67 117
Special defence account: Procurement services	134 141	-	-	(22 391)	-	1 751	(20 640)	113 501
Public corporations and private enterprises								
Public corporations								
Other transfers								
Current	101 080	-	3 073	700	-	-	3 773	104 853
Armaments Corporation of South Africa Ltd (Dockyard)	101 080	-	3 073	700	-	-	3 773	104 853
7. General Support								
Public corporations and private enterprises								
Public corporations								
Other transfers								
Current	482 766	-	15 989	-	-	-	15 989	498 755
Armaments Corporation of South Africa Ltd	482 766	-	15 989	-	-	-	15 989	498 755
Households								
Social benefits								
Current	5 251	-	-	-	694	-	694	5 945
Severance packages	5 251	-	-	-	694	-	694	5 945

