

Vote 22

Defence and Military Veterans

Adjusted budget summary

2011/12				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	34 604 965	34 349 087	(255 878)	–
<i>of which:</i>				
Current payments	27 278 357	28 090 710	–	812 353
Transfers and subsidies	6 978 012	5 907 281	(1 070 731)	–
Payments for capital assets	348 596	351 096	–	2 500
Executive authority	Minister of Defence and Military Veterans			
Accounting officer	Secretary for Defence and Military Veterans			
Website address	www.dod.mil.za			

Aim

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

Indicator	Programme	Annual performance		
		Projected for 2011/12 as published in the 2011 ENE	Achieved in the first six months of 2011/12 (April to September)	Changed estimate for 2011/12
As published in the 2011 ENE	Programme linked to the indicator			
Percentage compliance with SADC early warning centre contribution and outcomes	Force Employment	100%	100%	
Percentage compliance with the SADC early standby force agreements and South African pledge	Force Employment	100%	100%	
Number of large scale external operations per year	Force Employment	3	2	
Average number of personnel deployed daily in external operations per year	Force Employment	1 985	2 270	
Number of person days used during internal operations per year	Force Employment	375 000	328 514	
Number of internal operations in support of other government departments per year	Force Employment	4	4	
Number of joint, interdepartmental and military exercises conducted per year	Force Employment	8	2	6
Percentage compliance with UN requirements, rules and regulations for peace missions	Force Employment	100%	100 %	
Total number of defence diplomatic missions per year	Administration	37	38	39
Finalisation of the department's border management strategy	Administration	Strategy approved	In process	
Number of force employment hours flown per year	Air Defence	10 402	6 016	
Number of sea hours on patrol in South African maritime zones per year	Maritime Defence	9 000	7 159	
Number of members in the military skills development system members in the system per year	Landward Defence ¹	11 140	8 441	
Number of active reserves per year	Landward Defence	16 400	11 430	

1. The majority of the Military Skills Development System members are within the Landward Defence programme but some are accommodated within the Air Defence, Maritime Defence and Military Health Support programmes.

Changes to indicators and targets published in the 2011 ENE

Two of the projected joint, interdepartmental and multinational exercises were cancelled by the countries that were to lead the exercises. The projection for 2011/12 has therefore been reduced to 6.

The number of defence diplomatic missions was expected to remain the same. However, 2 additional missions have been opened. The projection for 2011/12 has therefore increased to 39.

Mid-year progress

The performance of the Department of Defence is on track, although some projections may have been exceeded for reasons reflected below.

Although 3 large scale external operations were planned, only 2 were needed. Although not considered to be a large scale operation, 1 additional external operation was conducted in support of the Mozambique government to combat piracy in the Mozambique Channel.

All 4 planned internal operations were conducted mainly in cooperation with the South African Police Service during the local government elections and border safeguarding. Border safeguarding continued through the deployment of 7 sub-units in Limpopo, Mpumalanga, KwaZulu-Natal and Free State. Safety and security support was provided at various events, including search and rescue operations as well as disaster aid operations.

Adjusted Estimates of National Expenditure 2011

Programme	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Administration	3 718 129	–	–	47 669	(47 370)	299	3 718 428
Force Employment	2 241 553	–	81 437	(4 000)	13 022	90 459	2 332 012
Landward Defence	11 763 543	–	–	(530 394)	95 459	(434 935)	11 328 608
Air Defence	6 768 133	–	–	118 000	(530 357)	(412 357)	6 355 776
Maritime Defence	2 500 516	–	–	46 009	18 152	64 161	2 564 677
Military Health Support	3 044 139	–	–	177 591	22 533	200 124	3 244 263
Defence Intelligence	668 988	–	–	(10 155)	2 803	(7 352)	661 636
General Support	3 899 964	–	–	155 280	88 443	243 723	4 143 687
Total	34 604 965	–	81 437	–	(337 315)	(255 878)	34 349 087
Economic classification							
Current payments	27 278 357	–	81 437	533 759	197 157	812 353	28 090 710
Compensation of employees	16 770 748	–	17 520	578 481	188 547	784 548	17 555 296
Goods and services	10 507 609	–	63 917	(44 722)	8 610	27 805	10 535 414
Transfers and subsidies	6 978 012	–	–	(536 259)	(534 472)	(1 070 731)	5 907 281
Departmental agencies and accounts	5 988 296	–	–	(564 274)	(545 757)	(1 110 031)	4 878 265
Public corporations and private enterprises	820 872	–	–	35 100	11 285	46 385	867 257
Non-profit institutions	6 317	–	–	–	–	–	6 317
Households	162 527	–	–	(7 085)	–	(7 085)	155 442
Payments for capital assets	348 596	–	–	2 500	–	2 500	351 096
Buildings and other fixed structures	126 475	–	–	–	–	–	126 475
Machinery and equipment	200 997	–	–	2 500	–	2 500	203 497
Specialised military assets	20 652	–	–	–	–	–	20 652
Software and other intangible assets	472	–	–	–	–	–	472
Total	34 604 965	–	81 437	–	(337 315)	(255 878)	34 349 087

Programme 1: Administration

Subprogramme	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Ministry	55 694	-	-	-	624	624	56 318
Departmental Direction	38 740	-	-	-	394	394	39 134
Policy and Planning	96 699	-	-	(2 000)	801	(1 199)	95 500
Financial Services	266 091	-	-	10 464	2 358	12 822	278 913
Human Resources Support Services	635 355	-	-	23 132	(62 585)	(39 453)	595 902
Legal Services	160 942	-	-	-	1 638	1 638	162 580
Inspection Services	69 759	-	-	-	684	684	70 443
Acquisition Services	54 129	-	-	(1 114)	580	(534)	53 595
Communication Services	29 652	-	-	2 100	218	2 318	31 970
South African National Defence Force Command and Control	105 828	-	-	(413)	5 469	5 056	110 884
Religious Services	9 628	-	-	-	124	124	9 752
Defence Reserve Direction	15 859	-	-	2 100	138	2 238	18 097
Defence Foreign Relations	172 433	-	-	13 400	2 187	15 587	188 020
Office Accommodation	1 961 950	-	-	-	-	-	1 961 950
Military Veterans Management	45 370	-	-	-	-	-	45 370
Total	3 718 129	-	-	47 669	(47 370)	299	3 718 428
Economic classification							
Current payments	3 668 167	-	-	51 222	(46 538)	4 684	3 672 851
Compensation of employees	1 235 176	-	-	61 281	(40 138)	21 143	1 256 319
Goods and services	2 432 991	-	-	(10 059)	(6 400)	(16 459)	2 416 532
Transfers and subsidies	36 440	-	-	(3 553)	(739)	(4 292)	32 148
Departmental agencies and accounts	14 908	-	-	532	168	700	15 608
Non-profit institutions	5 917	-	-	-	-	-	5 917
Households	15 615	-	-	(4 085)	(907)	(4 992)	10 623
Payments for capital assets	13 522	-	-	-	(93)	(93)	13 429
Machinery and equipment	13 522	-	-	-	(93)	(93)	13 429
Total	3 718 129	-	-	47 669	(47 370)	299	3 718 428

Programme 2: Force Employment

Subprogramme	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Strategic Direction	108 383	-	-	-	1 197	1 197	109 580
Operational Direction	261 448	-	-	-	2 571	2 571	264 019
Special Operations	550 834	-	-	-	2 964	2 964	553 798
Regional Security	943 833	-	81 437	(600)	3 380	84 217	1 028 050
Support to the People	341 721	-	-	-	2 910	2 910	344 631
Defence Capability Management	35 334	-	-	(3 400)	-	(3 400)	31 934
Total	2 241 553	-	81 437	(4 000)	13 022	90 459	2 332 012
Economic classification							
Current payments	1 964 020	-	81 437	(4 000)	13 022	90 459	2 054 479
Compensation of employees	1 096 114	-	17 520	-	13 022	30 542	1 126 656
Goods and services	867 906	-	63 917	(4 000)	-	59 917	927 823
Transfers and subsidies	208 268	-	-	-	-	-	208 268
Departmental agencies and accounts	186 867	-	-	-	-	-	186 867
Public corporations and private enterprises	11 673	-	-	-	-	-	11 673
Households	9 728	-	-	-	-	-	9 728
Payments for capital assets	69 265	-	-	-	-	-	69 265
Buildings and other fixed structures	9 421	-	-	-	-	-	9 421
Machinery and equipment	57 424	-	-	-	-	-	57 424
Specialised military assets	2 420	-	-	-	-	-	2 420
Total	2 241 553	-	81 437	(4 000)	13 022	90 459	2 332 012

Programme 3: Landward Defence

Subprogramme	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Strategic Direction	552 513	–	–	621	2 941	3 562	556 075
Infantry Capability	3 543 162	–	–	(225 107)	43 630	(181 477)	3 361 685
Armour Capability	288 892	–	–	3 565	2 813	6 378	295 270
Artillery Capability	467 417	–	–	(88 693)	2 998	(85 695)	381 722
Air Defence Artillery Capability	458 418	–	–	(71 573)	2 163	(69 410)	389 008
Engineering Capability	485 239	–	–	8 446	4 623	13 069	498 308
Operational Intelligence	231 643	–	–	(47 511)	1 477	(46 034)	185 609
Command and Control Capability	122 631	–	–	2 143	1 222	3 365	125 996
Support Capability	4 470 485	–	–	(131 620)	22 891	(108 729)	4 361 756
General Training Capability	312 614	–	–	4 950	2 795	7 745	320 359
Signal Capability	830 529	–	–	14 385	7 906	22 291	852 820
Total	11 763 543	–	–	(530 394)	95 459	(434 935)	11 328 608
Economic classification							
Current payments	9 377 775	–	–	6 716	81 460	88 176	9 465 951
Compensation of employees	7 408 924	–	–	149 655	72 850	222 505	7 631 429
Goods and services	1 968 851	–	–	(142 939)	8 610	(134 329)	1 834 522
Transfers and subsidies	2 331 043	–	–	(537 041)	13 999	(523 042)	1 808 001
Departmental agencies and accounts	2 233 716	–	–	(537 041)	13 999	(523 042)	1 710 674
Public corporations and private enterprises	51 296	–	–	–	–	–	51 296
Households	46 031	–	–	–	–	–	46 031
Payments for capital assets	54 725	–	–	(69)	–	(69)	54 656
Buildings and other fixed structures	110	–	–	–	–	–	110
Machinery and equipment	54 615	–	–	(69)	–	(69)	54 546
Total	11 763 543	–	–	(530 394)	95 459	(434 935)	11 328 608

Programme 4: Air Defence

Subprogramme	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Strategic Direction	14 487	–	–	105	99	204	14 691
Operational Direction	129 896	–	–	–	–	–	129 896
Helicopter Capability	743 639	–	–	1 577	2 292	3 869	747 508
Transport and Maritime Capability	616 914	–	–	92 307	2 041	94 348	711 262
Air Combat Capability	1 894 967	–	–	643	(560 535)	(559 892)	1 335 075
Operational Support and Intelligence Capability	283 512	–	–	1 849	1 740	3 589	287 101
Command and Control Capability	340 804	–	–	1 264	1 367	2 631	343 435
Base Support Capability	1 375 167	–	–	12 714	14 238	26 952	1 402 119
Command Post	49 013	–	–	387	416	803	49 816
Training Capability	680 908	–	–	3 638	3 786	7 424	688 332
Technical Support Services	638 826	–	–	3 516	4 199	7 715	646 541
Total	6 768 133	–	–	118 000	(530 357)	(412 357)	6 355 776

Programme 4: Air Defence (continued)

		2011/12						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments			
Economic classification								
Current payments	4 306 965	–	–	122 696	31 088	153 784	4 460 749	
Compensation of employees	2 456 460	–	–	27 000	31 088	58 088	2 514 548	
Goods and services	1 850 505	–	–	95 696	–	95 696	1 946 201	
Transfers and subsidies	2 446 415	–	–	(4 696)	(561 445)	(566 141)	1 880 274	
Departmental agencies and accounts	2 418 697	–	–	(4 696)	(561 445)	(566 141)	1 852 556	
Public corporations and private enterprises	2 929	–	–	–	–	–	2 929	
Households	24 789	–	–	–	–	–	24 789	
Payments for capital assets	14 753	–	–	–	–	–	14 753	
Buildings and other fixed structures	18	–	–	–	–	–	18	
Machinery and equipment	8 174	–	–	–	–	–	8 174	
Specialised military assets	6 561	–	–	–	–	–	6 561	
Total	6 768 133	–	–	118 000	(530 357)	(412 357)	6 355 776	

Programme 5: Maritime Defence

		2011/12						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments			
Subprogramme								
Maritime Direction	472 175	–	–	12 596	4 597	17 193	489 368	
Maritime Combat Capability	570 938	–	–	(8 304)	4 463	(3 841)	567 097	
Maritime Logistic Support Capability	724 305	–	–	28 733	2 945	31 678	755 983	
Maritime Human Resource and Training Capability	240 597	–	–	2 514	1 922	4 436	245 033	
Base Support Capability	492 501	–	–	10 470	4 225	14 695	507 196	
Total	2 500 516	–	–	46 009	18 152	64 161	2 564 677	
Economic classification								
Current payments	2 065 303	–	–	29 009	14 926	43 935	2 109 238	
Compensation of employees	1 436 000	–	–	19 000	14 926	33 926	1 469 926	
Goods and services	629 303	–	–	10 009	–	10 009	639 312	
Transfers and subsidies	406 524	–	–	12 031	3 226	15 257	421 781	
Departmental agencies and accounts	252 701	–	–	(23 069)	1 521	(21 548)	231 153	
Public corporations and private enterprises	133 750	–	–	35 100	1 705	36 805	170 555	
Households	20 073	–	–	–	–	–	20 073	
Payments for capital assets	28 689	–	–	4 969	–	4 969	33 658	
Buildings and other fixed structures	22 104	–	–	–	–	–	22 104	
Machinery and equipment	5 213	–	–	4 969	–	4 969	10 182	
Specialised military assets	900	–	–	–	–	–	900	
Software and other intangible assets	472	–	–	–	–	–	472	
Total	2 500 516	–	–	46 009	18 152	64 161	2 564 677	

Programme 6: Military Health Support

Subprogramme	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Strategic Direction	220 343	–	–	10 199	1 612	11 811	232 154
Mobile Military Health Support	114 109	–	–	7 743	1 061	8 804	122 913
Area Military Health Service	983 822	–	–	63 235	7 814	71 049	1 054 871
Specialist/Tertiary Health Service	949 462	–	–	60 497	7 572	68 069	1 017 531
Military Health Product Support Capability	183 971	–	–	2 918	400	3 318	187 289
Military Health Maintenance Capability	229 765	–	–	11 525	1 463	12 988	242 753
Military Health Training Capability	362 667	–	–	21 474	2 611	24 085	386 752
Total	3 044 139	–	–	177 591	22 533	200 124	3 244 263
Economic classification							
Current payments	2 968 036	–	–	177 591	22 533	200 124	3 168 160
Compensation of employees	2 066 587	–	–	177 700	22 533	200 233	2 266 820
Goods and services	901 449	–	–	(109)	–	(109)	901 340
Transfers and subsidies	42 522	–	–	–	–	–	42 522
Departmental agencies and accounts	7 135	–	–	–	–	–	7 135
Non-profit institutions	400	–	–	–	–	–	400
Households	34 987	–	–	–	–	–	34 987
Payments for capital assets	33 581	–	–	–	–	–	33 581
Buildings and other fixed structures	90	–	–	–	–	–	90
Machinery and equipment	33 491	–	–	–	–	–	33 491
Total	3 044 139	–	–	177 591	22 533	200 124	3 244 263

Programme 7: Defence Intelligence

Subprogramme	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
R thousand							
Strategic Direction	1 368	–	–	–	–	–	1 368
Operations	408 020	–	–	–	–	–	408 020
Defence Intelligence Support Services	259 600	–	–	(10 155)	2 803	(7 352)	252 248
Total	668 988	–	–	(10 155)	2 803	(7 352)	661 636
Economic classification							
Current payments	255 113	–	–	(8 155)	2 803	(5 352)	249 761
Compensation of employees	235 622	–	–	(8 155)	2 803	(5 352)	230 270
Goods and services	19 491	–	–	–	–	–	19 491
Transfers and subsidies	411 449	–	–	(2 000)	–	(2 000)	409 449
Departmental agencies and accounts	406 696	–	–	–	–	–	406 696
Households	4 753	–	–	(2 000)	–	(2 000)	2 753
Payments for capital assets	2 426	–	–	–	–	–	2 426
Machinery and equipment	2 426	–	–	–	–	–	2 426
Total	668 988	–	–	(10 155)	2 803	(7 352)	661 636

Programme 8: General Support

Subprogramme		2011/12					
R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Joint Logistic Services	1 476 591	-	-	148 600	74 365	222 965	1 699 556
Command and Management Information Systems	959 892	-	-	(156)	682	526	960 418
Military Police	428 655	-	-	-	3 816	3 816	432 471
Technology Development	339 864	-	-	-	-	-	339 864
Departmental Support	694 962	-	-	6 836	9 580	16 416	711 378
Total	3 899 964	-	-	155 280	88 443	243 723	4 143 687
Economic classification							
Current payments	2 672 978	-	-	158 680	77 863	236 543	2 909 521
Compensation of employees	835 865	-	-	152 000	71 463	223 463	1 059 328
Goods and services	1 837 113	-	-	6 680	6 400	13 080	1 850 193
Transfers and subsidies	1 095 351	-	-	(1 000)	10 487	9 487	1 104 838
Departmental agencies and accounts	467 576	-	-	-	-	-	467 576
Public corporations and private enterprises	621 224	-	-	-	9 580	9 580	630 804
Households	6 551	-	-	(1 000)	907	(93)	6 458
Payments for capital assets	131 635	-	-	(2 400)	93	(2 307)	129 328
Buildings and other fixed structures	94 732	-	-	-	-	-	94 732
Machinery and equipment	26 132	-	-	(2 400)	93	(2 307)	23 825
Specialised military assets	10 771	-	-	-	-	-	10 771
Total	3 899 964	-	-	155 280	88 443	243 723	4 143 687

Details of adjustments to Estimates of National Expenditure 2011**Unforeseeable and unavoidable expenditure – R81.437 million**

Programme 2: Force Employment

An additional R81.437 million is allocated to the South African Defence Force for the deployment of members to, in conjunction with the Mozambican Defence Force, counter piracy in the Mozambican Channel.

Virements and shifts

Programmes					
1. Administration					
2. Force Employment					
3. Landward Defence					
4. Air Defence					
5. Maritime Defence					
6. Military Health Support					
7. Defence Intelligence					
8. General Support					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(22 144)	Programme 1		10 110
Goods and services	Reduction on operating budget ¹	(10 110)	Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	10 110
	Funds incorrectly budgeted in this programme for Operation Clean Audit ¹	(6 836)	Programme 8		6 836
	Funds for guard services at Defence Headquarters	(1 113)	Goods and services	For Operation Clean Audit	6 836
	Funds for guard services at Defence Headquarters ¹	(4 085)	Programme 3		1 113
Households			Goods and services	For guard services at Defence Headquarters	1 113
			Programme 1		4 085
			Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	4 085
Percentage of programme budget		0.6%			
Programme 2		(4 000)	Programme 1		4 000
Goods and services	Funds for services to be provided by the Centre for Conflict Simulation	(4 000)	Goods and services	For services provided by the Centre for Conflict Simulation	4 000
Percentage of programme budget		0.2%			
Programme 3		(681 162)	Programme 1		4 552
Goods and services	Reduction on operating budget ¹	(552)	Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	552
	For services provided by the Centre for Conflict Simulation	(4 000)	Goods and services	For services provided by the Centre for Conflict Simulation	4 000
	Reduction on operating budget ¹	(139 500)	Programme 3		139 500
			Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	139 500
Machinery and equipment	Reduction on operating budget ¹	(69)	Programme 1		46 079
			Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African Defence Force salary grading system	69
Departmental agencies and accounts	Funds rescheduled within the Special Defence Account ¹	(45 478)	Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	45 478
	Funds rescheduled within the Special Defence Account ¹	(532)	Departmental agencies and accounts	For increase in transfer payment to the Safety and Security Sectoral Education and Training Authority because of salary adjustments	532
	Funds rescheduled within the Special Defence Account ¹	(27 000)	Programme 4		118 000
	Funds rescheduled within the Special Defence Account ¹	(91 000)	Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	27 000
			Goods and services	For VVIP transport capability	91 000

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
	Funds rescheduled within the Special Defence Account ¹	(148 600)	Programme 8		148 600
			Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	148 600
	Funds rescheduled within the Special Defence Account ¹	(19 000)	Programme 5		46 731
			Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	19 000
	Funds rescheduled within the Special Defence Account	(1 931)	Goods and services	For critical operational requirements	1 931
	Funds rescheduled within the Special Defence Account ¹	(25 800)	Public corporations and private enterprises	For an increase in the transfer payment to ARMSCOR Dockyard	25 800
	Funds rescheduled within the Special Defence Account ¹	(177 700)	Programme 6		177 700
			Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	177 700
Percentage of programme budget		5.8%			
Programme 4		(4 696)	Programme 4		4 696
Departmental agencies and accounts	Funds rescheduled within the Special Defence Account	(4 696)	Goods and services	For training of South African Air Force reserve force pilots	4 696
Percentage of programme budget		0.1%			
Programme 5		(23 791)	Programme 1		722
Goods and services	Reduction on operating budget ¹	(691)	Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	691
Machinery and equipment	Reduction on operating budget ¹	(31)	Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	31
Departmental agencies and accounts	Funds rescheduled within the Special Defence Account	(8 769)	Programme 5		23 069
	Funds rescheduled within the Special Defence Account	(5 000)	Goods and services	For critical operational requirements	8 769
	Funds rescheduled within the Special Defence Account ¹	(9 300)	Machinery and equipment	For critical operational requirements	5 000
			Public corporations and private enterprises	For critical safety, health and environmental requirements by the ARMSCOR Dockyard	9 300
Percentage of programme budget		1.0%			
Programme 6		(109)	Programme 1		109
Goods and services	Reduction on operating budget ¹	(109)	Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	109
Percentage of programme budget		0.0%			
Programme 7		(12 155)	Programme 3		10 155
Compensation of employees	Funds incorrectly budgeted in this programme for guard services ¹	(10 155)	Compensation of employees	For guard services at Fontana Military Base	10 155
Households	Social benefits that will no longer materialise ¹	(2 000)	Programme 7		2 000
			Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	2 000
Percentage of programme budget		1.8%			

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 8		(3 556)	Programme 1		156
Goods and services	Reduction on operating budget ¹	(156)	Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	156
			Programme 8		3 400
Machinery and equipment	Reduction on operating budget ¹	(2 400)	Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	2 400
Households	Social benefits that will no longer materialise ¹	(1 000)	Compensation of employees	For shortfall in compensation of employees due to the implementation of the new South African National Defence Force salary grading system	1 000
Percentage of programme budget		0.1%			
Total		(751 613)			751 613

1. National Treasury approval has been obtained.

Other adjustments – R337.315 million

Adjustments due to significant and unforeseeable economic and financial events

An additional R200 million has been allocated for higher personnel remuneration increases than the main budget provided for, as follows:

Programme 1: Administration

R16.586 million

Programme 2: Force Employment

R13.022 million

Programme 3: Landward Defence

R77.505 million

Programme 4: Air Defence

R31.088 million

Programme 5: Maritime Defence

R16.631 million

Programme 6: Military Health Support

R22.533 million

Programme 7: Defence Intelligence

R2.803 million

Programme 8: General Support

R19.832 million

Self-financing expenditure

Departmental revenue of R62.685 million from selling equipment and spares procured through the Special and General Defence Account has been surrendered to the National Revenue Fund and will be used for defence activities as follows:

Programme 3: Landward Defence

R22.609 million

Programme 4: Air Defence

R38.555 million

Programme 5: Maritime Defence

R1.521 million

Funds shifted within a vote following function shifts within the same vote

Programme 1: Administration

R4.655 million has been received from programme 3 following the shift of the migration of the light workshop troops.

Programme 8: General Support

R68.611 million has been received from programme 1 following the shift of the migration of the service corps.

Declared savings

Programme 4: Air Defence

Savings of R600 million have been declared due to delays in the strategic defence procurement programme.

Expenditure for 2010/11 and preliminary expenditure for 2011/12

Programme	2010/11					2011/12		
	Expenditure outcome					Preliminary expenditure		
	Adjusted	Apr 10 -	% of adjusted	Apr 10 -	% of adjusted	Adjusted	Apr 11 -	% of adjusted
R thousand	appropriation	Sep 10	appropriation	Mar 11	appropriation	appropriation	Sep 11	appropriation
Administration	3 417 212	1 522 420	44.6	3 452 915	101.0	3 718 428	1 847 962	49.7
Force Employment	2 282 196	854 563	37.4	2 265 457	99.3	2 332 012	1 009 509	43.3
Landward Defence	9 009 566	5 078 429	56.4	9 295 568	103.2	11 328 608	5 085 920	44.9
Air Defence	5 536 417	2 162 461	39.1	5 488 936	99.1	6 355 776	2 943 095	46.3
Maritime Defence	2 358 301	1 084 183	46.0	2 349 916	99.6	2 564 677	1 185 398	46.2
Military Health Support	3 049 569	1 449 960	47.5	3 150 114	103.3	3 244 263	1 481 328	45.7
Defence Intelligence	656 613	300 663	45.8	633 853	96.5	661 636	451 267	68.2
General Support	4 132 717	1 810 115	43.8	3 805 612	92.1	4 143 687	1 766 206	42.6
Total	30 442 591	14 262 794	46.9	30 442 371	100.0	34 349 087	15 770 685	45.9
Economic classification								
Current payments	25 752 838	11 778 391	45.7	25 487 801	99.0	28 090 710	12 358 951	44.0
Compensation of employees	16 219 017	7 958 999	49.1	16 597 098	102.3	17 555 296	8 287 332	47.2
Goods and services	9 533 821	3 819 392	40.1	8 890 703	93.3	10 535 414	4 071 619	38.6
Transfers and subsidies	3 939 166	2 197 516	55.8	3 888 017	98.7	5 907 281	3 232 886	54.7
Departmental agencies and accounts	3 073 530	1 603 336	52.2	3 024 728	98.4	4 878 265	2 548 738	52.2
Public corporations and private enterprises	720 467	533 781	74.1	737 510	102.4	867 257	625 010	72.1
Non-profit institutions	4 754	3 000	63.1	5 187	109.1	6 317	4 000	63.3
Households	140 415	57 399	40.9	120 592	85.9	155 442	55 138	35.5

R thousand	2010/11					2011/12		
	Expenditure outcome					Preliminary expenditure		
	Adjusted appropriation	Apr 10 - Sep 10	% of adjusted appropriation	Apr 10 - Mar 11	% of adjusted appropriation	Adjusted appropriation	Apr 11 - Sep 11	% of adjusted appropriation
Economic classification								
Payments for capital assets	750 587	270 779	36.1	899 554	119.8	351 096	162 948	46.4
Buildings and other fixed structures	487 037	156 638	32.2	251 203	51.6	126 475	86 540	68.4
Machinery and equipment	243 574	79 909	32.8	581 388	238.7	203 497	59 655	29.3
Specialised military assets	19 005	34 213	180.0	66 760	351.3	20 652	16 726	81.0
Biological assets	654	19	2.9	71	10.9	–	27	0.0
Software and other intangible assets	317	–	0.0	132	41.6	472	–	0.0
Payments for financial assets	–	16 108	–	166 999	–	–	15 900	–
Total	30 442 591	14 262 794	46.9	30 442 371	100.0	34 349 087	15 770 685	45.9

Main expenditure trends for the first half of 2011/12

Total expenditure for 2010/11 was 100 per cent of the 2010/11 adjusted appropriation. Expenditure in the first six months of 2011/12 was R15.771 billion, or 45.9 per cent of the adjusted appropriation of R34.349 billion for the year as a whole. In comparison, mid-year expenditure in 2010/11 was R14.263 billion, or 46.9 per cent of the 2010/11 adjusted appropriation. Expenditure in the first six months of 2011/12 increased by R1.508 billion or 10.6 per cent, compared to expenditure in the first six months of 2010/11.

The main expenditure increase compared to 2010/11 is due to the higher remuneration increases than the main budget provided for.

Departmental receipts

R thousand	2010/11					2011/12			
	Adjusted estimate	Audited outcome				Actual receipts			
		Apr 10 - Sep 10	Apr 10 - Sep 10 % of adjusted estimate	Apr 10 - Mar 11	Apr 10 - Mar 11 % of adjusted estimate	Budget estimate	Adjusted estimate	Apr 11 - Sep 11	Apr 11 - Sep 11 % of adjusted estimate
Departmental receipts	902 466	454 150	50.3	689 688	76.4	803 542	563 279	259 897	46.1
Sales of goods and services produced by department	281 638	124 836	44.3	255 338	90.7	295 720	261 221	138 192	52.9
Sales of scrap, waste, arms and other used current goods	17 859	5 566	31.2	8 651	48.4	18 752	21 144	16 072	76.0
Transfers received	195 682	161 974	82.8	250 767	128.2	172 353	171 998	86 896	50.5
Fines, penalties and forfeits	3 615	1 904	52.7	4 459	123.3	3 796	11 796	5 754	48.8
Interest, dividends and rent on land	2 473	1 357	54.9	2 628	106.3	2 597	2 597	1 022	39.4
Sales of capital assets	52 684	35 048	66.5	34 878	66.2	55 318	28 500	–	–
Transactions in financial assets and liabilities	348 515	123 465	35.4	132 967	38.2	255 006	66 023	11 961	18.1
Total	902 466	454 150	50.3	689 688	76.4	803 542	563 279	259 897	46.1

Main departmental revenue trends for the first half of 2011/12

Departmental revenue collection in the first six months of 2011/12 was R259.897 million, or 46.1 per cent of the adjusted revenue estimate of R563.279 million for the year as a whole. In comparison, mid-year revenue collection in 2010/11 was R454.150 million, or 50.3 per cent of the 2010/11 adjusted estimate. Departmental revenue collection in the first six months of 2011/12 increased by R194.253 million or 42.8 per cent, compared to revenue in the first six months of 2010/11.

The decrease in revenue compared to 2010/11 is due to a reduction in the UN reimbursement and a decline in the sale of capital assets.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

R thousand	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Administration							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	14 908	–	–	532	168	700	15 608
Safety and Security Sector Education and Training Authority	14 908	–	–	532	168	700	15 608
Households							
Social benefits							
Current	10 868	–	–	(4 085)	(907)	(4 992)	5 876
Employee social benefits	10 868	–	–	(4 085)	(907)	(4 992)	5 876
Landward Defence							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2 233 716	–	–	(537 041)	13 999	(523 042)	1 710 674
Special Defence Account	2 233 716	–	–	(537 041)	13 999	(523 042)	1 710 674
Air Defence							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 209 027	–	–	(4 696)	(561 445)	(566 141)	642 886
Special Defence Account	1 209 027	–	–	(4 696)	(561 445)	(566 141)	642 886
Maritime Defence							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	176 039	–	–	(23 069)	1 521	(21 548)	154 491
Special Defence Account	176 039	–	–	(23 069)	1 521	(21 548)	154 491
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	116 960	–	–	35 100	1 705	36 805	153 765
Armaments Corporation of South Africa Limited	116 960	–	–	35 100	1 705	36 805	153 765
Defence Intelligence							
Households							
Social benefits							

Summary of changes to transfers and subsidies per programme (continued)

R thousand	2011/12						Adjusted appropriation
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Current	4 753	-	-	(2 000)	-	(2 000)	2 753
Employee social benefits	4 753	-	-	(2 000)	-	(2 000)	2 753
General Support							
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	618 094	-	-	-	9 580	9 580	627 674
Armaments Corporation of South Africa Limited	618 094	-	-	-	9 580	9 580	627 674
Households							
Social benefits							
Current	6 551	-	-	(1 000)	907	(93)	6 458
Employee social benefits	6 551	-	-	(1 000)	907	(93)	6 458