

Vote 21

Defence

Amount to be appropriated	R18 414 380 000
Statutory appropriations	-
Responsible Minister	Minister of Defence
Administering Department	Department of Defence
Accounting Officer	Secretary for Defence

Aim

The aim of the Department of Defence is to defend and protect South Africa, its territorial integrity, and its people, in accordance with the Constitution and international law regulating the use of force.

Key objectives and programmes

The objectives of the Department of Defence are:

- To defend South Africa, according to international law, against any aggression or threat of aggression that endangers its stability
- To deploy forces to enhance security internally or externally following government decisions
- To provide support to the population or government departments in operations other than war

The Department's main functions are to provide and maintain defence capabilities and to deliver services in terms of defence commitments made by Government, both internally and externally, whenever members of the South African National Defence Force (SANDF) are utilised. The Department collaborates with a range of government, regional, and international players to ensure that these objectives are met.

There are nine budget programmes through which the Department pursues its objectives:

- *Administration* deals with the overall management of the Department.
- *Landward Defence, Air Defence* and *Maritime Defence* provide and maintain capabilities for defending and protecting the country.
- *Military Health Support* provides and maintains medical combat support, as well as medical services to members of the Department and their dependants.
- *Defence Intelligence* provides military intelligence and counter-intelligence capabilities.
- *Joint Support* provides generic supplies and services to various components of the Department.
- *Command and Control* provides and maintains an operational command and control capability for the deployment of combat forces, and maintains a Special Forces capability.
- *Special Defence Account* provides for the acquisition of defence equipment, including in the strategic arms procurement programme.

Strategic overview and key policy developments: 1998/99 – 2004/05

Over the past year the SANDF provided a diverse range of services to South Africa and other African nations, including: operations to combat crime in cooperation with the South African Police Service (SAPS); patrolling the country's borders and rural areas; providing aid to other government departments (especially the departments of Health and Agriculture); and fulfilling international obligations during peace support operations in the Democratic Republic of the Congo (DRC), Burundi, and the Horn of Africa.

The Defence Review, which followed the 1996 White Paper on National Defence, developed a Force Design for the SANDF. The review, and the resulting structures of the Department, are being revisited in the light of projected medium-term resource constraints. A new Force Design and Force Structure will be presented early in 2002, and, if approved, will be implemented in 2004.

It is envisaged that the Department's rightsizing process will continue beyond 2004/05. Although it is possible that some units may have to be closed, personnel will, as far as possible, be redeployed to other units. The SANDF has developed the training capacity to re-skill personnel who may be transferred to other government departments or who may become redundant. In the meantime, the Department has reprioritised activities, taking into account the maintenance of personnel, defence capabilities and capacities, operational readiness, preparation for defence contingencies, the execution of operational tasks, commitments, and contractual obligations.

After a decade of declining investment in South Africa's defence capability, and in the light of the 1996 Defence Review, Government has embarked on a 12-year strategic arms procurement programme. It includes the purchase of 4 naval corvettes, 3 submarines, 30 light utility helicopters, 24 trainer aircraft and 28 fighter aircraft, at a total cost in 1999 prices of US\$4,8 billion (R30,3 billion). The Defence Vote includes the full costs of these purchases, including provision for inflation-related price escalation and projected exchange rate movements. Currently, total cash outlays are projected to amount to R52,7 billion, with annual payments reaching a peak of R7,7 billion in 2005/06. Projected annual commitments are summarised below:

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	
R million	2 639	4 047	6 331	7 199	7 194	7 704	
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	Total
R million	5 960	4 491	3 502	1 314	1 182	1 160	52 723

The National Treasury has taken up loan facilities associated with the foreign supplies in the procurement programme, as these were available on favourable terms guaranteed by foreign export credit agencies. The costs of these loans are included in the provision for state debt costs.

The passing of the Defence Bill, already introduced in Parliament, will greatly alleviate problems arising from the misalignment of the present Act, drafted in 1957, with the Constitution.

Expenditure estimates

Table 21.1: Defence

Programme	Expenditure outcome					Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted	Revised			
R thousand	1998/99	1999/00	2000/01	2001/02		2002/03	2003/04	2004/05
1 Administration	347 747	535 107	463 552	542 571	542 571	538 377	556 957	583 712
2 Landward Defence	3 556 895	3 290 091	3 105 074	3 483 344	3 483 344	3 477 335	3 560 232	3 649 113
3 Air Defence	1 900 584	1 962 936	1 947 211	1 945 823	1 945 823	2 018 664	2 080 721	2 155 417
4 Maritime Defence	804 684	844 986	881 859	929 468	929 468	979 668	1 039 027	1 097 004
5 Military Health Support	939 579	928 996	971 952	1 095 152	1 095 152	1 144 939	1 184 072	1 237 547
6 Defence Intelligence	130 457	148 228	127 088	151 175	151 175	149 184	150 568	161 471
7 Joint Support	1 210 518	1 128 263	1 551 301	1 668 823	1 668 823	1 942 782	2 012 674	2 086 799
8 Command and Control	46 605	37 321	162 770	406 519	406 519	537 974	269 773	235 795
9 Special Defence Account	1 624 295	1 841 339	4 721 284	5 830 075	5 830 075	7 625 457	8 484 514	8 676 187
Total	10 561 364	10 717 267	13 932 091	16 052 950	16 052 950	18 414 380	19 338 538	19 883 045
Change to 2001 Budget Estimate				249 860	249 860	1 579 564	1 440 830	

Economic classification

Current	10 365 651	10 677 841	13 899 833	15 982 124	15 982 124	18 360 764	19 282 777	19 816 132
Personnel	5 754 892	5 725 487	5 838 901	6 182 349	6 182 349	6 341 056	6 368 980	6 536 130
Transfer payments	1 774 761	2 005 897	4 903 311	6 041 389	6 041 389	7 843 126	8 712 007	8 913 432
Other current	2 835 998	2 946 457	3 157 621	3 758 386	3 758 386	4 176 582	4 201 790	4 366 570
Capital	195 713	39 426	32 258	70 826	70 826	53 616	55 761	66 913
Transfer payments	–	–	–	–	–	–	–	–
Acquisition of capital assets	195 713	39 426	32 258	70 826	70 826	53 616	55 761	66 913
Total	10 561 364	10 717 267	13 932 091	16 052 950	16 052 950	18 414 380	19 338 538	19 883 045

Standard items of expenditure

Personnel	5 754 892	5 725 487	5 838 901	6 182 349	6 182 349	6 341 056	6 368 980	6 536 130
Administrative	306 094	353 235	385 369	502 860	502 860	581 726	502 373	507 030
Inventories	659 561	709 116	729 799	979 150	979 150	1 089 834	1 164 379	1 228 864
Equipment	167 205	217 091	241 747	271 829	271 829	318 937	319 968	319 245
Land and buildings	1 796	2 146	2 065	2 705	2 705	5 882	6 306	5 628
Professional and special services	1 808 024	1 608 883	1 750 797	2 063 851	2 063 851	2 222 969	2 253 648	2 361 839
Transfer payments	1 774 761	2 005 897	4 903 311	6 041 389	6 041 389	7 843 126	8 712 007	8 913 432
Miscellaneous	89 031	95 412	80 102	8 817	8 817	10 850	10 877	10 877
Total	10 561 364	10 717 267	13 932 091	16 052 950	16 052 950	18 414 380	19 338 538	19 883 045

Expenditure trends

In terms of its programme structure and the allocation of resources, the Defence Vote has changed significantly since the 2001 Budget. These changes include the creation of the *Defence Intelligence* and *Command and Control* programmes. In addition, several subprogrammes have been shifted between the main programmes to streamline the structure. For instance, the various personnel services of the arms of the SANDF were consolidated under *Administration*, and certain information and communications procurement and management functions were transferred to and consolidated in *Joint Support*.

The Vote will have grown by an average of 11,1 per cent per year between 1998/99 and 2004/05, with much of the growth occurring between 1999/00 and 2000/01 when expenditure on the strategic arms procurement programme began. Indeed, by far the fastest growing budget throughout the

period is the *Special Defence Account*. Annual growth for *Landward Defence*, *Air Defence* and *Maritime Defence* is projected to average 1,6 per cent a year.

The considerable growth of *Command and Control* off a low base reflects the establishment of the Regional Joint Task Force headquarters, with consolidated expenditure previously incurred by each of the different arms of the SANDF. In addition, Special Operations was shifted from *Landward Defence*.

The Vote is dominated by spending on personnel and the acquisition of equipment. The former is projected to consume an average of 33,4 per cent of the Vote over the next three years, while current transfer payments, which include the strategic arms procurement programme administered by Armscor, are projected to consume 44,2 per cent of the Vote over the medium term.

Departmental receipts

During 2002/03, it is expected that about R241 million will be received in income and miscellaneous receipts. Income is derived from the sale of old and obsolete equipment, the rental of state quarters to married personnel, and the board and lodging of single personnel. Approximately R85 million will be from the sale of military equipment through Armscor.

The implementation of a revised disposal plan to reduce old and obsolete equipment will ensure better financial planning, and the possibility of the Department's retaining the income from the sale of equipment is being explored with the National Treasury.

Table 21.2: Departmental receipts

	Revenue outcome			Adjusted appropriation	Medium-term revenue estimate		
	Audited	Audited	Preliminary outcome		2002/03	2003/04	2004/05
R thousand	1998/99	1999/00	2000/01	2001/02			
Non-tax revenue	185 292	181 725	146 570	189 069	237 433	201 031	164 871
Property income	86 599	82 294	77 742	94 459	98 239	102 169	106 255
Sales of goods and services	28 053	19 682	13 511	56 012	99 052	57 115	15 199
Fines, penalties and forfeits	1 026	866	1 425	1 426	1 483	1 542	1 604
Miscellaneous	69 614	78 883	53 892	37 172	38 659	40 205	41 813
Transactions in non-financial assets (capital revenue)	5 092	2 017	1 326	1 326	1 380	1 435	1 492
Financial transactions (recovery of loans and advances)	8 769	4 930	2 067	2 068	2 151	2 237	2 326
Total departmental receipts	199 153	188 672	149 963	192 463	240 964	204 703	168 689

Programme 1: Administration

Administration provides for the overall management of the Department. It covers the formulation of defence policy and the provision of political, strategic, and departmental direction, as well as command and control. It also provides planning, finance, personnel, legal, inspection, acquisition, religious, and corporate communication services to the Department, as well as providing for military attachés in South Africa's overseas missions.

Expenditure estimates

Table 21.3: Administration

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Minister ¹	475	498	598	646	685	722	759
Deputy Minister ²	386	405	486	525	557	587	616
Political Direction	4 109	9 866	9 235	13 114	9 592	9 847	10 469
Departmental Direction	1 903	4 124	4 479	3 903	5 052	5 265	5 492
Policy and Planning	12 367	26 797	21 344	38 656	38 997	40 632	42 235
Financial Services	70 087	151 874	128 585	145 585	146 423	149 449	151 963
HR Support Services	166 305	169 699	173 162	176 696	180 302	187 574	197 730
Legal Services	24 281	52 616	48 172	51 624	58 713	60 772	65 367
Inspection Services	8 432	18 273	13 708	17 667	19 360	20 930	23 295
Acquisition Services	17 294	36 617	10 826	39 736	14 260	14 324	16 432
Corporate Communications	7 681	16 646	15 161	17 186	18 385	19 622	20 591
SANDF Command and Control	2 004	4 344	3 972	5 850	7 102	7 365	7 781
Religious Services	1 582	3 428	3 128	3 310	3 262	3 493	3 701
Part-time Component	3 337	7 230	6 680	4 927	6 297	6 460	6 795
Foreign Relations	27 504	32 690	24 016	23 146	29 390	29 915	30 486
Total	347 747	535 107	463 552	542 571	538 377	556 957	583 712
Change to 2001 Budget Estimate				139 963	139 771	144 976	

¹ Payable as from 1 April 2001. Salary: R516 812. Car allowance: R129 203.

² Payable as from 1 April 2001. Salary: R420 057. Car allowance: R105 015.

Economic classification

	347 747	535 107	463 552	542 571	538 377	556 957	583 712
Current							
Personnel	278 812	401 385	365 987	396 857	409 243	426 391	446 896
Transfer payments	–	–	–	50	–	–	–
Other current	68 935	133 722	97 565	145 664	129 134	130 566	136 816
Capital							
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	–	–	–	–	–	–	–
Total	347 747	535 107	463 552	542 571	538 377	556 957	583 712

Standard items of expenditure

Personnel	278 812	401 385	365 987	396 857	409 243	426 391	446 896
Administrative	32 998	61 585	40 296	60 764	61 538	62 655	67 317
Inventories	9 797	19 886	15 971	18 049	16 437	15 726	16 627
Equipment	8 001	17 803	13 660	23 550	16 692	15 351	16 098
Land and buildings	244	528	428	514	703	853	1 003
Professional and special services	15 728	29 224	23 409	42 532	33 414	35 604	35 394
Transfer payments	–	–	–	50	–	–	–
Miscellaneous	2 167	4 696	3 801	255	350	377	377
Total	347 747	535 107	463 552	542 571	538 377	556 957	583 712

Policy developments

Restructuring initiatives to improve management in the Department led to the centralisation of financial, and human resources support; and legal, inspection, acquisition, and corporate communications services under *Administration* in 1999/00.

The departmental planning process has been streamlined, and refocused on outputs rather than inputs, to meet government requirements. From 2002, the Chief of the SANDF's Force Preparedness Schedule and Short-Term Force Employment Plan (STFEP) will specify the nature and levels of preparedness required of SANDF forces.

Expenditure trends

Spending on *Administration* increases by an annual average of 2,5 per cent from 2001/02 to 2004/05, compared to 16,0 per cent between 1998/99 and 2001/02. Slower growth is projected over the medium term as the benefits of restructuring are realised.

Much of the growth in the programme's budget is explained by the consolidation of previously fragmented functions, and by the need to provide for the additional tasks of the Chief of the SANDF. In addition, new policies on promotions for legal practitioners – required to attract and retain skills – have necessitated some increased expenditure.

Programme 2: Landward Defence

Landward Defence provides and maintains landward defence capabilities, providing strategic and operational direction to the South African Army. It establishes, maintains and prepares combat capabilities, operational intelligence, tactical command and control, operational and tactical logistical support, and landward defence training. Furthermore, it provides for the deployment of the Army, as ordered by the Chief of Joint Operations, for internal or external operations.

Expenditure estimates

Table 21.4: Landward Defence

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Strategic Direction	427 118	391 679	482 013	475 559	182 470	133 254	155 282
Infantry Capability	1 678 262	1 567 329	1 258 593	1 397 735	1 513 547	1 519 727	1 531 282
Armour Capability	82 404	75 566	70 575	85 942	105 720	114 272	121 358
Artillery Capability	65 253	59 838	55 923	81 674	92 800	99 435	103 245
Anti Aircraft Capability	39 227	35 972	32 672	54 855	66 968	61 908	87 195
Engineering Capability	202 867	186 035	168 785	145 277	143 433	152 646	156 612
Operational Intelligence	28 213	25 872	23 021	45 332	51 881	56 612	59 277
Command and Control Capability	289 427	265 413	279 514	27 390	32 399	37 724	37 700
Support Capability	348 321	319 422	415 244	992 855	1 093 247	1 175 454	1 169 558
General Training Capability	142 779	130 932	112 111	117 518	137 120	148 563	163 935
Defence Commitments	253 024	232 033	206 623	59 207	57 750	60 637	63 669
Total	3 556 895	3 290 091	3 105 074	3 483 344	3 477 335	3 560 232	3 649 113
Change to 2001 Budget Estimate				(126 699)	(402 277)	(342 772)	

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate			
	Audited	Audited	Preliminary		2001/02	2002/03	2003/04	2004/05
	1998/99	1999/00	outcome 2000/01					
Economic classification								
Current	3 556 895	3 290 091	3 105 074	3 483 344	3 477 335	3 560 232	3 649 113	
Personnel	2 886 205	2 657 686	2 454 882	2 483 999	2 398 533	2 361 042	2 349 982	
Transfer payments	-	-	-	-	-	-	-	
Other current	670 690	632 405	650 192	999 345	1 078 802	1 199 190	1 299 131	
Capital	-	-	-	-	-	-	-	
Transfer payments	-	-	-	-	-	-	-	
Acquisition of capital assets	-	-	-	-	-	-	-	
Total	3 556 895	3 290 091	3 105 074	3 483 344	3 477 335	3 560 232	3 649 113	

Standard items of expenditure

Personnel	2 886 205	2 657 686	2 454 882	2 483 999	2 398 533	2 361 042	2 349 982
Administrative	104 957	83 027	118 981	125 834	113 961	127 548	143 202
Inventories	258 718	247 780	260 791	370 070	449 482	516 495	548 608
Equipment	17 065	17 363	21 273	91 751	63 390	71 676	60 773
Land and buildings	5	4	4	148	71	80	117
Professional and special services	253 834	252 037	218 035	411 533	451 898	483 391	546 431
Transfer payments	-	-	-	-	-	-	-
Miscellaneous	36 111	32 194	31 108	9	-	-	-
Total	3 556 895	3 290 091	3 105 074	3 483 344	3 477 335	3 560 232	3 649 113

Policy developments

The Army provides landward defence capabilities as ordered in the Force Preparedness Schedule and the STFEP. This includes ongoing support to SAPS to control high risk border segments and ensure security in priority areas, and deployments on peace support missions in the DRC, Burundi, and the Horn of Africa. Further restructuring of the Army will take place once the revised Force Design and Force Structure have been approved.

Given budget constraints, as well as the fact that the Army is not included in the strategic arms procurement programme, the focus is on the maintenance and repair of equipment in the artillery, armour, anti-aircraft, and operational intelligence environments.

The decrease in the programme budget relative to that projected in 2001, is a result of shifting certain functions to *Administration* and *Joint Support*.

Expenditure trends

Landward Defence is projected to spend an average of 18,5 per cent of the total Vote over the medium term. For the period 1998/99 to 2001/02, spending on the programme declined by an average of 0,7 per cent a year, but is projected to increase by an average of 1,6 per cent a year from 2001/02 to 2004/05.

The decline in personnel spending over the medium term reflects the fact that the bulk of members who took up the voluntary severance packages on offer were from the Army.

Key outputs, indicators and targets

Landward Defence

Subprogramme	Output	Output measure/ indicator	Target
Infantry Capability	Infantry capabilities and commitments	44 infantry battalions 183 Army Territorial Reserve commandos	Maintain landward defence capabilities to respond to contingencies as they arise Deployment for border control and support to SAPS at a rate specified in the STFEP, including 19 full-time force companies and 23 Reserve Force platoons
Armour Capability	Armour capabilities and commitments	8 armoured regiments	
Artillery Capability	Artillery capabilities and commitments	8 artillery regiments	
Anti-Aircraft Capability	Anti-aircraft capabilities and commitments	5 air defence artillery regiments	
Engineering Capability	Engineering capabilities and commitments	6 engineer regiments	
Command and Control Capability	Tactical command and control capabilities and commitments	2 brigade headquarters and 20 group headquarters	
Operational Intelligence	Operational intelligence capabilities and commitments	1 operational intelligence regiment	
Support Capability	Second line support and ceremonial capabilities and commitments	13 general support bases 2 (second line support) maintenance units 2 (second line support) workshops 1 ceremonial guard battalion 4 military bands Support and ceremonial services as per service agreements with clients	
Defence Commitments	Landward defence capabilities for defence commitments	Landward defence commitments (internal and external) as specified in the STFEP	To provide the services required in terms of commitments

The Army has maintained a deployment of 19 full time Force Companies and 23 Reserve Force platoons in support of SAPS and for border control.

Programme 3: Air Defence

Air Defence provides and maintains air defence capabilities, providing strategic and operational direction to the South African Air Force. It establishes, maintains and prepares capabilities in: air combat and reconnaissance; helicopter; and transport and maritime. It also provides operational and tactical logistical support; air base support facilities; tactical command and control; operational intelligence; the functional training of technical and operational personnel; and the developmental training of all personnel.

Expenditure estimates

Table 21.5: Air Defence

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited 1998/99	Audited 1999/00	Preliminary outcome 2000/01	Adjusted appropriation 2001/02	2002/03	2003/04	2004/05
R thousand							
Strategic Direction	4 862	5 022	44 562	59 416	4 574	5 280	5 568
Operational Direction	120 482	125 706	235 286	351 813	55 253	42 184	43 621
Helicopter Capability	210 993	217 878	146 469	191 442	221 825	235 705	247 000
Transport and Maritime Capability	226 182	228 134	89 491	142 859	164 698	169 793	180 156
Air Combat and Reconnaissance	217 409	227 686	164 856	216 900	236 074	251 466	258 613
Operational Support and Intelligence Capability	90 704	93 680	63 206	87 297	103 112	112 527	115 210
Command and Control Capability	137 943	144 856	168 717	170 436	127 078	135 840	138 453
Base Support Capability	522 368	541 883	684 716	478 446	445 453	445 744	455 347
Command Post	24 696	25 755	21 501	1 926	22 435	23 489	24 623
Training Capability	210 032	219 372	176 234	210 407	226 416	242 529	254 734
Technical Support Services	134 913	132 964	152 173	34 881	411 746	416 164	432 092
Total	1 900 584	1 962 936	1 947 211	1 945 823	2 018 664	2 080 721	2 155 417
Change to 2001 Budget Estimate				(1 725)	(28 312)	(9 986)	

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate			
	Audited	Audited	Preliminary		2001/02	2002/03	2003/04	2004/05
	1998/99	1999/00	outcome 2000/01					
Economic classification								
Current	1 900 584	1 962 936	1 947 211	1 945 823	2 018 664	2 080 721	2 155 417	
Personnel	876 479	910 571	899 279	918 540	965 490	963 373	993 059	
Transfer payments	-	-	-	-	-	-	-	
Other current	1 024 105	1 052 365	1 047 932	1 027 283	1 053 174	1 117 348	1 162 358	
Capital	-	-	-	-	-	-	-	
Transfer payments	-	-	-	-	-	-	-	
Acquisition of capital assets	-	-	-	-	-	-	-	
Total	1 900 584	1 962 936	1 947 211	1 945 823	2 018 664	2 080 721	2 155 417	

Standard items of expenditure

Personnel	876 479	910 571	899 279	918 540	965 490	963 373	993 059
Administrative	52 273	86 070	81 476	80 298	75 941	76 515	78 637
Inventories	152 441	203 750	192 874	167 937	220 735	220 428	230 656
Equipment	52 022	64 057	62 380	46 607	54 806	60 539	61 755
Land and buildings	10	11	10	-	-	-	-
Professional and special services	751 363	687 121	700 442	732 424	701 692	759 866	791 310
Transfer payments	-	-	-	-	-	-	-
Miscellaneous	15 996	11 356	10 750	17	-	-	-
Total	1 900 584	1 962 936	1 947 211	1 945 823	2 018 664	2 080 721	2 155 417

Policy developments

Air Defence provides air defence capabilities in terms of the Force Preparedness Schedule and the STFEP. Further restructuring of the Air Force will only take place once the revised Force Design and Force Structure have been approved.

In 2002, the Air Force will continue to prepare to put the new inter-continental aircraft into service to meet the needs of the Presidency. It will also prepare air and ground crews to put the new air defence and air support weapons systems being acquired in the strategic arms procurement programme into service, whilst meeting its ongoing operational commitments to SAPS and peace support operations. However, the number of flying hours the programme can produce has declined, and, to prepare for the introduction into service of the Gripen, Hawk, and Augusta aircraft, priority has been given to ensuring that the combat and helicopter capabilities are available.

Expenditure trends

The temporary increase in Strategic Direction and Operational Direction during 2000/01 and 2001/02 was to give effect to the medium-term Air Force Plan, which required the closure of bases, aircraft systems, and support systems. Personnel and other current expenditure dominate *Air Defence*, with personnel comprising an average of 46,7 per cent of the total over the medium term, and other current expenditure the rest.

The programme accounts for an average of 12,9 per cent of the Department's budget and shows growth averaging 1,7 per cent a year over the medium term.

Over the medium term, funds have been provided in Technical Support Services for the migration of Air Supply Units from the Air Combat and Reconnaissance, Training Capability, Helicopter Capability, and Transport and Maritime Capability subprogrammes. Similarly, funds have been provided under the Command Post subprogramme for the function shift of the Forward Air Command Posts from Command and Control Capability.

Key outputs, indicators and targets

Air Defence

Subprogramme	Output	Output measure/ indicator	Target
Helicopter Capability	Helicopter capabilities for commitments	6 helicopter squadrons Helicopter commitments (internal and external)	44 aircraft producing 5 560 force preparation hours and 5 264 force employment hours
Transport and Maritime Capability	Transport and maritime capabilities for commitments	3 transport squadrons 1 maritime squadron 1 VIP squadron	27 aircraft producing 8 224 force preparation hours and 6 568 force employment hours
Air Combat and Reconnaissance	Air combat and reconnaissance capabilities for commitments	1 combat squadron and 1 combat training squadron 1 Electronic Warfare and In-Flight Refuelling squadron Air combat and reconnaissance commitments	Cheetah: 13 aircraft and 1 800 flying hours Impala: 14 aircraft and 2 500 flying hours
Operational Support and Intelligence Capability	Operational support and intelligence capabilities for commitments	Operational intelligence as required Counter-intelligence as required	Tactical image exploration centre Mission-ready security squadrons Tactical security squadron
Command and Control Capability	Command and control capabilities for commitments	6 fully staffed Forward Air Command Posts 4 fully staffed Air Operational Teams	Mission and air traffic controllers Maintain continuous capacity for interception for 30 days Continuous support to bases Continuous availability of in-flight and ground systems
Base Support Capability	Base support required for commitments	7 bases 3 Air Force stations	24-hour fire and rescue service Support as per service agreements

The Air Force had 54 mission-ready aircraft and 44 mission-ready helicopters in 2001/02, and has been taking the necessary steps to prepare to receive and use the equipment being procured through the strategic arms procurement programme.

Programme 4: Maritime Defence

Maritime Defence provides and maintains maritime defence capabilities, providing strategic and operational direction to the South African Navy. It establishes, maintains, and prepares combat elements such as a surface combat, submarine combat, and mine counter-measures capability. It also provides operational and tactical logistic support capabilities, naval base support facilities, general maritime training capabilities, and a maritime reserve force capability.

Expenditure estimates

Table 21.6: Maritime Defence

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Maritime Direction	157 150	164 129	153 959	134 915	344 418	377 865	410 224
Maritime Combat Capability	157 900	165 680	169 456	143 292	100 673	111 157	115 072
Maritime Logistic Support Capability	213 783	225 198	254 772	293 749	170 975	175 645	184 596
Maritime Training Capability	103 429	108 173	104 090	157 867	131 176	136 130	141 609
Base Support Capability	159 705	168 475	185 264	188 723	218 391	223 980	230 736
Maritime Reserve Capability	12 717	13 331	14 318	10 922	14 035	14 250	14 767
Total	804 684	844 986	881 859	929 468	979 668	1 039 027	1 097 004
Change to 2001 Budget Estimate				(15 735)	(12 059)	(21 133)	

R thousand	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted	2002/03	2003/04	2004/05
	1998/99	1999/00	outcome	appropriation			
			2000/01	2001/02			
Economic classification							
Current	804 684	844 986	881 859	929 468	979 668	1 039 027	1 097 004
Personnel	592 669	622 352	648 936	651 633	630 201	652 392	683 267
Transfer payments	-	-	-	-	-	-	-
Other current	212 015	222 634	232 923	277 835	349 467	386 635	413 737
Capital	-	-	-	-	-	-	-
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	-	-	-	-	-	-	-
Total	804 684	844 986	881 859	929 468	979 668	1 039 027	1 097 004

Standard items of expenditure

Personnel	592 669	622 352	648 936	651 633	630 201	652 392	683 267
Administrative	27 700	29 088	30 432	34 175	42 084	42 219	42 201
Inventories	58 420	61 346	64 181	82 046	105 203	135 131	162 270
Equipment	19 038	23 125	24 194	44 631	48 407	53 647	53 595
Land and buildings	-	-	-	-	-	-	-
Professional and special services	97 991	101 330	106 013	116 983	153 773	155 638	155 671
Transfer payments	-	-	-	-	-	-	-
Miscellaneous	8 866	7 745	8 103	-	-	-	-
Total	804 684	844 986	881 859	929 468	979 668	1 039 027	1 097 004

Policy developments

The Navy provides maritime defence capabilities as ordered by the Chief of the SANDF in the Force Preparedness Schedule and the STFEP, including support to SAPS and other departments.

The Navy is focusing its activities on the retention of those core maritime skills and capabilities that will be required to receive successfully the vessels being acquired by the strategic arms procurement programme. At the same time the Navy will deliver the operational outputs required from them in the form of hours spent at sea.

Expenditure trends

Maritime Defence is projected to account for 5,4 per cent of the Vote over the medium term. Spending on the programme increases by an average of 5,3 per cent a year between 1998/99 and 2004/05, enabling the Navy to provide slightly more sea hours, but does not provide for increased maintenance or the refitting of vessels.

The reprioritised baseline amounts for each subprogramme are due to the restructuring of the Navy to ensure that subprogrammes are aligned with departmental policy.

Key outputs, indicators and targets

Maritime Defence

Subprogramme	Output	Output measure/indicator	Target
Subprogrammes combine to deliver common outputs	Maritime defence capabilities and commitments Maritime defence commitments (internal and external) as specified in the STFEP	4 strike craft	To maintain maritime defence capabilities and provide services in terms of commitments ordered by the Chief of the SANDF, including: – 18 972 force preparation hours – 15 635 force employment hours
		2 submarines	
		2 combat support ships	
		2 minesweepers	
		2 mine-hunters	
		1 diving support ship	
		1 hydrographic survey ship	
		12 harbour patrol boats	
		3 inshore patrol boats	
		1 operational diving team	
7 Reserve Force units			

The Navy is preparing itself for the integration of the equipment being acquired through the strategic arms procurement programme.

Programme 5: Military Health Support

Military Health Support provides and maintains medical support in combat conditions, as well as essential medical services for members of the Department and their dependants. The South African Military Health Service maintains military health facilities, including specialist facilities such as the institutes for maritime and aviation medicine, and the Military Psychology Institute. Various support functions – including appropriate medical training – are also provided, as is medical support to the Presidency. The Service provides support to the departments of Health and Agriculture when required.

Expenditure estimates

Table 21.7: Military Health Support

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Strategic Direction	91 226	90 198	96 494	148 408	123 226	127 663	139 310
Military Health Support	29 169	28 840	16 934	33 430	44 296	45 545	46 903
Area Military Health Service	324 515	320 861	345 782	353 850	395 377	406 570	418 745
Specialist Health Service	380 568	376 282	378 347	435 295	466 833	485 538	509 892
Product Support Capability	47 817	47 279	62 307	55 210	36 366	37 361	38 442
Base Support Capability	11 279	11 151	10 525	12 605	6 534	6 568	6 605
Military Health Training	55 005	54 385	61 563	56 354	72 307	74 827	77 650
Total	939 579	928 996	971 952	1 095 152	1 144 939	1 184 072	1 237 547
Change to 2001 Budget Estimate				125	7 415	(7 324)	

Economic classification

	939 579	928 996	971 952	1 095 152	1 144 939	1 184 072	1 237 547
Current							
Personnel	652 918	645 564	674 921	749 528	750 564	783 062	822 303
Transfer payments	–	–	2 497	2 497	–	–	–
Other current	286 661	283 432	294 534	343 127	394 375	401 010	415 244
Capital	–	–	–	–	–	–	–
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	–	–	–	–	–	–	–
Total	939 579	928 996	971 952	1 095 152	1 144 939	1 184 072	1 237 547

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate			
	Audited	Audited	Preliminary outcome		2001/02	2002/03	2003/04	2004/05
	1998/99	1999/00	2000/01					
Standard items of expenditure								
Personnel	652 918	645 564	674 921	749 528	750 564	783 062	822 303	
Administrative	21 131	20 893	21 896	33 096	40 876	40 876	43 876	
Inventories	136 096	134 563	138 522	172 251	190 545	194 845	198 909	
Equipment	28 924	33 542	35 151	44 478	55 468	58 303	65 473	
Land and buildings	–	–	–	–	1 300	1 300	1 300	
Professional and special services	89 742	86 259	90 398	93 302	106 186	105 686	105 686	
Transfer payments	–	–	2 497	2 497	–	–	–	
Miscellaneous	10 768	8 175	8 567	–	–	–	–	
Total	939 579	928 996	971 952	1 095 152	1 144 939	1 184 072	1 237 547	

Policy developments

There is a marked increase in the number of requests from other departments and the provinces for assistance in providing medical care and support, and the Department has instituted procedures to recover some costs from the departments and provinces concerned.

In terms of national HIV/Aids policies, the Department does not discriminate against members who have contracted the virus. This has led to changes in the mix of spending on care and support, but has not increased the rate of growth of expenditure.

Expenditure trends

Spending on *Military Health Support* increases by an average of 4,2 per cent a year between 2001/02 and 2004/05, compared to 5,2 per cent a year from 1998/99 to 2001/02. Despite this declining rate of budget growth, the South African Military Health Service will continue to provide an acceptable medical service.

The increase to Military Health Support over the medium term is due to the establishment of the General Support Base, Thaba Tshwane North. The other changes in the Base Support Capability and Military Health Training subprogrammes result from restructuring, and additional funds, to be used exclusively for HIV/Aids in the Department, have been allocated.

Key outputs, indicators and targets

Military Health Support

Subprogramme	Output	Output measure/ indicator	Target
Subprogrammes combine to provide common outputs	Military health capabilities and commitments as required	3 Medical Battalion groups	± 144 000 in-patient days
		Specialists in chemical and biological warfare	± 1 120 000 consultations
		Military health commitments (internal and external) as specified in the STFEP	± 320 000 patients
		Military health support as per service agreements with clients	Deployed members in support of operations as ordered

The South African Military Health Service provides a medical service to a patient population of approximately 320 000 patients, including those engaged in commitments in the DRC and Burundi. A medical officer is also deployed during foreign visits in support of dignitaries, such as the President.

Programme 6: Defence Intelligence

Defence Intelligence provides defence intelligence and counter-intelligence capabilities and services as ordered by the Chief of the SANDF. It also provides defence counter-intelligence for operational security and for personnel vetting. Components funded through *Defence Intelligence* work with the wider South African intelligence community in combating threats.

Expenditure estimates

Table 21.8: Defence Intelligence

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Strategic Direction	103 480	118 518	102 502	114 230	118 871	118 019	127 751
Defence Intelligence Services	11 855	13 577	10 338	12 649	12 583	13 938	14 345
Defence Counter Intelligence Services	5 894	6 751	5 865	6 036	4 620	5 080	5 769
Foreign Military Relations	4 250	3 680	3 680	3 500	1 858	1 858	1 858
Defence Intelligence Support Services	3 616	4 141	3 603	13 297	8 705	9 674	9 627
Defence Intelligence Training	1 362	1 561	1 100	1 463	2 547	1 999	2 121
Total	130 457	148 228	127 088	151 175	149 184	150 568	161 471
Change to 2001 Budget Estimate				(13 145)	(20 918)	(24 778)	

Economic classification

	130 457	148 228	127 088	151 175	149 184	150 568	161 471
Current							
Personnel	94 942	108 206	91 854	112 080	116 184	115 271	124 963
Transfer payments	-	-	-	-	-	-	-
Other current	35 515	40 022	35 234	39 095	33 000	35 297	36 508
Capital							
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	-	-	-	-	-	-	-
Total	130 457	148 228	127 088	151 175	149 184	150 568	161 471

Standard items of expenditure

Personnel	94 942	108 206	91 854	112 080	116 184	115 271	124 963
Administrative	20 336	23 285	19 940	12 607	10 008	10 280	10 729
Inventories	2 955	3 324	2 941	3 872	4 490	4 694	4 777
Equipment	1 463	1 779	2 309	9 804	6 389	6 744	6 588
Land and buildings	-	-	-	-	-	-	-
Professional and special services	9 134	9 771	8 488	12 812	12 113	13 579	14 414
Transfer payments	-	-	-	-	-	-	-
Miscellaneous	1 627	1 863	1 556	-	-	-	-
Total	130 457	148 228	127 088	151 175	149 184	150 568	161 471

Policy developments

The function of providing military attaché offices abroad, as well as the budget for this, will be shifted from this programme to *Administration* during 2002/03.

Expenditure trends

Defence Intelligence is a small component of the Vote, accounting for less than 1,0 per cent of the total over the medium term. Spending on the programme is expected to increase by an average of 2,2

per cent a year between 2001/02 and 2004/05, as against an increase of 5,0 per cent a year over the previous three-year period.

Key outputs, indicators and targets

Defence Intelligence

Subprogramme	Output	Output measure/ indicator	Target
Subprogrammes combine to provide common outputs	Defence intelligence and counter-intelligence capabilities and commitments as required	Defence intelligence capabilities and commitments as specified in the Force Preparedness Schedule	Not for general publication
	Defence intelligence support to the SANDF as ordered	Defence intelligence support as per service agreements with clients	Not for general publication

Programme 7: Joint Support

Joint Support provides and maintains a centralised infrastructure for the provision of common supplies and services in support of all defence objectives, providing common logistical services, facilities, capital works, commodities, management information systems, and telecommunication services. It also provides joint training, military policing, and military testing capabilities. It assists defence-related organisations such as Armscor, the Reserve Force Council, the South African First Aid League, St Johns Ambulance Brigade, the Sector Education and Training Authority, and the Medical Fund for Retired Members. It includes the temporary provision of vocational training, as well as integration evaluation and training services.

Expenditure estimates

Table 21.9: Joint Support

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Joint Support Management	38 736	41 562	73 842	98 730	105 479	116 843	130 867
Joint Logistic Services	339 151	193 328	255 996	277 934	330 475	355 889	380 757
Command and Management Information Services	419 757	450 378	596 109	648 345	744 849	760 424	776 735
Military Policing	112 129	120 309	166 665	170 575	196 903	204 671	192 815
Service Corps	32 408	34 772	46 769	49 473	46 031	47 915	51 298
Acquisition Services	1 320	1 417	24 261	3 670	23 530	24 662	24 645
Joint Training	97 633	104 756	127 708	161 613	150 549	151 325	157 868
Assistance	621	666	890	2 890	890	890	890
Departmental Support	163 705	175 648	253 939	255 593	332 223	338 202	370 924
British Military Advisory and Training	5 058	5 427	5 122	–	11 853	11 853	–
Total	1 210 518	1 128 263	1 551 301	1 668 823	1 942 782	2 012 674	2 086 799
Change to 2001 Budget Estimate				40 769	318 275	267 945	
Economic classification							
Current	1 014 805	1 088 837	1 519 043	1 597 997	1 889 166	1 956 913	2 019 886
Personnel	339 185	354 129	585 016	673 205	873 459	887 676	930 220
Transfer payments	150 466	164 558	179 530	208 767	217 669	227 493	237 245
Other current	525 154	570 150	754 497	716 025	798 038	841 744	852 421
Capital	195 713	39 426	32 258	70 826	53 616	55 761	66 913
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	195 713	39 426	32 258	70 826	53 616	55 761	66 913
Total	1 210 518	1 128 263	1 551 301	1 668 823	1 942 782	2 012 674	2 086 799

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary		2002/03	2003/04	2004/05
	1998/99	1999/00	outcome 2000/01				
Standard items of expenditure							
Personnel	339 185	354 129	585 016	673 205	873 459	887 676	930 220
Administrative	43 508	46 682	62 979	87 380	101 047	103 141	102 681
Inventories	38 073	35 688	51 361	128 710	52 909	55 371	54 964
Equipment	39 584	58 566	79 011	(3 768)	46 634	47 296	48 701
Land and buildings	1 537	1 603	1 544	2 043	3 808	4 073	3 208
Professional and special services	585 703	438 554	576 716	563 950	636 756	677 124	699 280
Transfer payments	150 466	164 558	179 530	208 767	217 669	227 493	237 245
Miscellaneous	12 462	28 483	15 144	8 536	10 500	10 500	10 500
Total	1 210 518	1 128 263	1 551 301	1 668 823	1 942 782	2 012 674	2 086 799

Policy developments

Joint Support provides certain transversal capabilities as ordered by the Chief of the SANDF in the Force Preparedness Schedule and the STFEP. The creation of the programme reflects the restructuring of the Department to focus on its core business. The consolidation of activities led to the shifting of Joint Logistical Services and Command and Management Information Services from *Administration* to *Joint Support*.

Expenditure trends

The programme is projected to account for an average of 10,5 per cent of the Vote over the medium term. Spending on the programme increases by an annual average of 11,3 per cent between 1998/99 and 2001/02, compared to 7,7 per cent a year over the medium term. This is due to the gradual movement of personnel and equipment from other programmes to *Joint Support*.

An increased reprioritised baseline amount over the medium term for Command and Management Information Services flows from the centralisation of the command and management information satellites within this subprogramme. These functions were previously located in the various services making up the SANDF. From 2002/03, funds that were in *Landward Defence* and *Air Defence* are accounted for in *Joint Support*.

The medium-term allocation to the British Military Advisory and Training Team increases in 2002/03 with the signing of a new Memorandum of Understanding between the South African and British governments. No further provision is made for this activity after 2004/05.

The increase in Acquisition Services is because test facilities were incorrectly budgeted for under *Administration* in 2001/02 and have been moved to *Joint Support*. The declining budget for Assistance reflects decreased financial aid to defence related organisations.

Key outputs, indicators and targets

Joint Support

Subprogramme	Output	Output measure/indicator	Target
Various logistics management subprogrammes	Joint support capabilities and commitments	2 logistics support units	±R700 million reduction in stock levels
		Joint support commitments	
		Joint support services as per service agreements	Joint support to missions as specified in the STFEP

Subprogramme	Output	Output measure/indicator	Target
Military Policing	Enforcement of military discipline	1 military police company	5 150 military police dossiers Decline in criminality Support to commitments
Service Corps and Joint Training	Training	Number of courses and trainees	2 416 trainees 276 courses presented

Programme 8: Command and Control

Command and Control provides strategic and operational direction for the deployment of combat elements, and exercises command and control over all defence operations through permanent Regional Joint Task Force headquarters for internal missions and temporary Joint Task Force headquarters for external missions. It also provides and maintains a special operations capability.

Expenditure estimates

Table 21.10: Command and Control

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Command and Control	27 634	19 924	87 531	128 585	110 061	108 076	114 150
Special Operations	18 971	17 397	75 239	97 934	113 913	115 497	121 645
Ordered Operations							
United Nations Peace Mission in the Democratic Republic of the Congo	-	-	-	50 000	44 000	46 200	-
Protection Support Detachment in Burundi	-	-	-	130 000	270 000	-	-
Total	46 605	37 321	162 770	406 519	537 974	269 773	235 795
Change to 2001 Budget Estimate				205 753	334 640	49 217	

Economic classification

	46 605	37 321	162 770	406 519	537 974	269 773	235 795
Current							
Personnel	33 682	25 594	118 026	196 507	197 382	179 773	185 440
Transfer payments	-	-	-	-	-	-	-
Other current	12 923	11 727	44 744	210 012	340 592	90 000	50 355
Capital							
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	-	-	-	-	-	-	-
Total	46 605	37 321	162 770	406 519	537 974	269 773	235 795

Standard items of expenditure

Personnel	33 682	25 594	118 026	196 507	197 382	179 773	185 440
Administrative	3 191	2 605	9 369	68 706	136 271	39 139	18 387
Inventories	3 061	2 779	3 158	36 215	50 033	21 689	12 053
Equipment	1 108	856	3 769	14 776	27 151	6 412	6 262
Land and buildings	-	-	79	-	-	-	-
Professional and special services	4 529	4 587	27 296	90 315	127 137	22 760	13 653
Transfer payments	-	-	-	-	-	-	-
Miscellaneous	1 034	900	1 073	-	-	-	-
Total	46 605	37 321	162 770	406 519	537 974	269 773	235 795

Policy developments

Ordered Operations was established to reflect the involvement of South African forces in peace support operations in Africa. The budgeted amount in this subprogramme is for the deployment of members of the SANDF in the DRC (Operation MONUC) and in Burundi.

Expenditure trends

Command and Control is a relatively small programme. Spending increases by an average of 105,8 per cent between 1998/99 and 2001/02 due to the establishment of the Regional Joint Task Force headquarters, the shift of the Special Operations from *Landward Defence*, the start of Operation MONUC, and the protection service rendered in Burundi. The budget decreases after 2002/03, in the expectation that DRC and Burundi operations will end before 2004/05.

Key outputs, indicators and targets

Command and Control

Subprogramme	Output	Output measure/indicator	Target
Command and Control	Command and control over all defence operations	1 Joint headquarters	3 border control/support to SAPS
		5 Regional Joint Task Force headquarters	3 combined exercises
		Task Force headquarters as required	4 peace support operations
Special Operations	Special Forces capabilities and commitments	1 Special Forces brigade Special Forces commitments	Not for general publication
Ordered Operations (a) MONUC	1 contingency support headquarters Special services capabilities (medical, cargo handling, crash rescue, and fire-fighting) as required in the Memorandum of Understanding (between the SANDF and the UN)	Compliance with Memorandum of Understanding	365 days support to United Nations mission in the Democratic Republic of the Congo

Programme 9: Special Defence Account

The *Special Defence Account* augments the account which was established, in terms of the Defence Special Account Act (6 of 1974) for financing special defence activities and purchases. The programme provides for the acquisition of defence equipment and strategic armaments, the maintenance of required defence capabilities, and the financing of sensitive defence activities.

Expenditure estimates

Table 21.11: Special Defence Account

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary	outcome		2002/03	2003/04	2004/05
R thousand	1998/99	1999/00	2000/01		2001/02			
Procurement Services	1 412 659	1 601 423	1 505 934		1 394 338	1 055 632	1 037 244	1 239 296
Strategic Defence Procurement	–	–	2 899 200		4 223 384	6 330 900	7 198 591	7 194 099
Operating Services	141 197	160 064	283 230		172 299	189 313	194 135	185 404
Intelligence Related	70 439	79 852	32 920		40 054	49 612	54 544	57 388
Total	1 624 295	1 841 339	4 721 284		5 830 075	7 625 457	8 484 514	8 676 187
Change to 2001 Budget Estimate					20 554	1 243 029	1 384 685	

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate			
	Audited	Audited	Preliminary outcome		2001/02	2002/03	2003/04	2004/05
	1998/99	1999/00	2000/01					
Economic classification								
Current	1 624 295	1 841 339	4 721 284	5 830 075	7 625 457	8 484 514	8 676 187	
Personnel	-	-	-	-	-	-	-	
Transfer payments	1 624 295	1 841 339	4 721 284	5 830 075	7 625 457	8 484 514	8 676 187	
Other current	-	-	-	-	-	-	-	
Capital	-	-	-	-	-	-	-	
Transfer payments	-	-	-	-	-	-	-	
Acquisition of capital assets	-	-	-	-	-	-	-	
Total	1 624 295	1 841 339	4 721 284	5 830 075	7 625 457	8 484 514	8 676 187	

Standard items of expenditure

Personnel	-	-	-	-	-	-	-
Administrative	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Land and buildings	-	-	-	-	-	-	-
Professional and special services	-	-	-	-	-	-	-
Transfer payments	1 624 295	1 841 339	4 721 284	5 830 075	7 625 457	8 484 514	8 676 187
Miscellaneous	-	-	-	-	-	-	-
Total	1 624 295	1 841 339	4 721 284	5 830 075	7 625 457	8 484 514	8 676 187

Policy developments

The strategic arms procurement programme was approved by Cabinet to ensure that obsolete military equipment would be replaced. Some controversies regarding the programme were reported in the media. A joint investigation by the Auditor-General, the Public Protector and the National Director of Public Prosecution into these matters found that there was no evidence of any improper or unlawful conduct by Government and that there are no grounds to suggest that the Government's contracting position is flawed.

Expenditure trends

The *Special Defence Account* is projected to consume an average of 43 per cent of the Vote over the medium term. It funds the acquisition of special defence equipment, strategic armaments, as well as sensitive activities, thereby maintaining approved defence capabilities. There is no personnel expenditure associated with the programme.

The decline in the budgeted amount for Procurement Services reflects the redirection of some funds towards Strategic Defence Procurement to defray increased costs related to exchange rate fluctuations and the procurement of an inter-continental aircraft.

Key outputs, indicators and targets

Special Defence Account

Subprogramme	Output	Output measure/indicator	Target
Procurement Services and Strategic Defence Procurement	Provision of efficient procurement services to obtain defence equipment	Timely delivery of equipment according to specification	Not for general publication
Operating Services	Provision and maintenance of the main equipment within the operating capabilities	Timely maintenance of equipment according to specification	Not for general publication

Trading accounts

With the approval of the National Treasury, the trading account for Medical Stock was closed. Defence operates no other accounts.

Public entities reporting to the Minister

Armaments Corporation of South Africa

The primary function of the Armaments Corporation of South Africa (Armcor) is to acquire defence products, mainly for the SANDF, and to co-manage, with the SANDF, the development of technologies for future weapon systems and products. It also manages the disposal of excess, forfeited, redundant, or surplus defence material for the SANDF and the subsidiary companies which directly support defence technology and acquisition strategies.

Armcor's secondary functions include providing tender board functions, acting as procurement secretariat, providing financial, quality and asset management services, and providing legal services, project security, and arms control compliance assurance.

The net value of Armcor's assets of R376,3 million on 31 March 2001 was slightly higher than the previous year's R373,8 million. Investments and cash form a substantial part of the assets, and are reserved to finance specific future obligations such as the redemption of stock, replacement of capital equipment, and marketing and promotion activities.

The Armcor group has eight subsidiaries:

- The Institute for Maritime Technology (Pty) Ltd aims to satisfy strategic needs for techno-military support, products, and services, and to establish applicable technology and systems to further the interests of the SANDF. The Defence Research Centre (Pty) Ltd was recently spun off from this business.
- Gerotek Test Facilities (Pty) Ltd is a global leader in vehicle testing and related services, such as product testing, consultancy, and armour development.
- Alkantpan (Pty) Ltd offers an all-purpose weapons and ammunition test range, compiles specifications, and analyses test data.
- Military Sales and Services (Pty) Ltd provides services such as freight clearing and forwarding, travel arrangements, and business development to Armcor and others in the defence industry.
- Protechnik Laboratories (Pty) Ltd conducts research and development in the field of chemical defence, such as the protection of personnel working in chemically hazardous environments.
- Hazmat Protective Systems (Pty) Ltd manufactures and markets protective equipment for personnel for use in chemical or biological warfare, as well as industrial respirators and breathing equipment.
- Gennan Systems (Pty) Ltd supports decision-makers in the acquisition, operation, and phasing out of systems by rendering engineering and management services.
- Defence Research Centre (Pty) Ltd provides decision support services to the defence industry on a strategic, operational, and technical level.

The activities of Armscor are mainly financed by an annual transfer payment from the Department of Defence, interest received on investments, the hiring out some of their buildings, commission from stock sales, and income from subsidiaries.

Armscor is currently listed as a Schedule 2 major public entity in terms of the Public Finance Management Act (1 of 1999). Actual and prospective changes to its powers and functions mean that an investigation has been initiated into whether it should be re-listed as a Schedule 3 Part A national public entity.

Castle Control Board

Although the Castle of the Cape of Good Hope is currently the responsibility of the Minister of Defence, it is envisaged that in the near future it will become the responsibility of the Minister of Arts and Culture. The Department of Defence does not make any financial contribution towards the Castle of the Cape of Good Hope.

Annexure

Vote 21: Defence

Table 21.12: Summary of expenditure trends and estimates per programme

Table 21.13: Summary of expenditure trends and estimates per economic classification

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Table 21.15: Summary of transfers and subsidies per programme

Table 21.16: Summary of personnel numbers and costs

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Table 21.12: Summary of expenditure trends and estimates per programme

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 2000/01	Other adjustments	Adjusted appropriation		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02			2002/03			2003/04	2004/05		
R thousand													
1 Administration	347 747	535 107	463 552	532 626	-	9 945	542 571	542 571	538 377	-	538 377	556 957	583 712
2 Landward Defence	3 556 895	3 290 091	3 105 074	3 502 170	-	(18 826)	3 483 344	3 483 344	3 477 335	-	3 477 335	3 560 232	3 649 113
3 Air Defence	1 900 584	1 962 936	1 947 211	1 947 548	-	(1 725)	1 945 823	1 945 823	2 018 664	-	2 018 664	2 080 721	2 155 417
4 Maritime Defence	804 684	844 986	881 859	945 203	-	(15 735)	929 468	929 468	979 668	-	979 668	1 039 027	1 097 004
5 Military Health Support	939 579	928 996	971 952	1 095 027	2 497	(2 372)	1 095 152	1 095 152	1 144 939	-	1 144 939	1 184 072	1 237 547
6 Defence Intelligence	130 457	148 228	127 088	142 175	-	9 000	151 175	151 175	149 184	-	149 184	150 568	161 471
7 Joint Support	1 210 518	1 128 263	1 551 301	1 628 054	21 809	18 960	1 668 823	1 668 823	1 889 166	53 616	1 942 782	2 012 674	2 086 799
8 Command and Control	46 605	37 321	162 770	200 766	-	205 753	406 519	406 519	537 974	-	537 974	269 773	235 795
9 Special Defence Account	1 624 295	1 841 339	4 721 284	5 809 521	-	20 554	5 830 075	5 830 075	7 625 457	-	7 625 457	8 484 514	8 676 187
Total	10 561 364	10 717 267	13 932 091	15 803 090	24 306	225 554	16 052 950	16 052 950	18 360 764	53 616	18 414 380	19 338 538	19 883 045
Change to 2001 Budget Estimate							249 860	249 860			1 579 564	1 440 830	

Table 21.13: Summary of expenditure trends and estimates per economic classification

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 2000/01	Other adjustments	Adjusted appropriation		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02			2002/03			2003/04	2004/05		
Current	10 365 651	10 677 841	13 899 833	15 751 536	5 034	225 554	15 982 124	15 982 124	18 360 764	-	18 360 764	19 282 777	19 816 132
Personnel	5 754 892	5 725 487	5 838 901	6 140 060	-	42 289	6 182 349	6 182 349	6 341 056	-	6 341 056	6 368 980	6 536 130
Salaries and wages	3 989 369	3 938 611	3 994 880	4 252 657	-	137 184	4 389 841	4 389 841	4 424 586	-	4 424 586	4 005 614	3 885 971
Other	1 765 523	1 786 876	1 844 021	1 887 403	-	(94 895)	1 792 508	1 792 508	1 916 470	-	1 916 470	2 363 366	2 650 159
Transfer payments	1 774 761	2 005 897	4 903 311	6 012 685	5 034	23 670	6 041 389	6 041 389	7 843 126	-	7 843 126	8 712 007	8 913 432
Subsidies to business enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
Other levels of government	-	-	-	-	-	-	-	-	-	-	-	-	-
social security funds	-	-	-	-	-	-	-	-	-	-	-	-	-
universities and technikons	-	-	-	-	-	-	-	-	-	-	-	-	-
extra-budgetary institutions	1 774 761	2 005 897	4 903 311	6 012 685	5 034	23 670	6 041 389	6 041 389	7 843 126	-	7 843 126	8 712 007	8 913 432
provincial government	-	-	-	-	-	-	-	-	-	-	-	-	-
local government	-	-	-	-	-	-	-	-	-	-	-	-	-
Households and non-profit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreign countries and international credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	2 835 998	2 946 457	3 157 621	3 598 791	-	159 595	3 758 386	3 758 386	4 176 582	-	4 176 582	4 201 790	4 366 570
Capital	195 713	39 426	32 258	51 554	19 272	-	70 826	70 826	-	53 616	53 616	55 761	66 913
Transfer payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other levels of government	-	-	-	-	-	-	-	-	-	-	-	-	-
Other capital transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Movable capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Motor vehicles (transport)	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment - Computers	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment - Other office equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed capital	195 713	39 426	32 258	51 554	19 272	-	70 826	70 826	-	53 616	53 616	55 761	66 913
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	195 713	39 426	32 258	51 554	19 272	-	70 826	70 826	-	53 616	53 616	55 761	66 913
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	10 561 364	10 717 267	13 932 091	15 803 090	24 306	225 554	16 052 950	16 052 950	18 360 764	53 616	18 414 380	19 338 538	19 883 045

Table 21.14: Summary of expenditure trends and estimates per standard item

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 2000/01	Other adjustments	Adjusted appropriation		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02			2002/03			2003/04	2004/05		
R thousand													
Personnel	5 754 892	5 725 487	5 838 901	6 140 060	–	42 289	6 182 349	6 182 349	6 341 056	–	6 341 056	6 368 980	6 536 130
Administrative	306 094	353 235	385 369	435 354	–	67 506	502 860	502 860	581 726	–	581 726	502 373	507 030
Inventories	659 561	709 116	729 799	947 775	–	31 375	979 150	979 150	1 089 834	–	1 089 834	1 164 379	1 228 864
Equipment	167 205	217 091	241 747	263 538	–	8 291	271 829	271 829	318 937	–	318 937	319 968	319 245
Land and buildings	1 796	2 146	2 065	2 705	–	–	2 705	2 705	5 882	–	5 882	6 306	5 628
Professional and special services	1 808 024	1 608 883	1 750 797	1 994 653	19 272	49 926	2 063 851	2 063 851	2 169 353	53 616	2 222 969	2 253 648	2 361 839
Transfer payments	1 774 761	2 005 897	4 903 311	6 012 685	5 034	23 670	6 041 389	6 041 389	7 843 126	–	7 843 126	8 712 007	8 913 432
Miscellaneous	89 031	95 412	80 102	6 320	–	2 497	8 817	8 817	10 850	–	10 850	10 877	10 877
Total	10 561 364	10 717 267	13 932 091	15 803 090	24 306	225 554	16 052 950	16 052 950	18 360 764	53 616	18 414 380	19 338 538	19 883 045

Table 21.15: Summary of transfers and subsidies per programme

	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome	2001/02		Current	Capital	Total	2003/04	2004/05
	1998/99	1999/00	2000/01			2002/03				
R thousand										
1 Administration	-	-	-	50	-	-	-	-	-	
International Committee of the Red Cross	-	-	-	50	-	-	-	-	-	
5 Military Health Support	-	-	2 497	2 497	-	-	-	-	-	
Trading Account for Medical Stock	-	-	2 497	2 497	-	-	-	-	-	
7 Joint Support	150 466	164 558	179 530	208 767	217 669	-	217 669	227 493	237 245	
Departmental Support										
Armaments Corporation of South Africa	149 369	163 000	176 590	194 875	209 441	-	209 441	219 635	229 098	
SA Red Cross Society	57	-	70	-	-	-	-	-	-	
St Johns Ambulance Brigade	42	42	95	95	95	-	95	95	95	
International Committee of the Red Cross	50	50	50	-	-	-	-	-	-	
SA First-Aid League	35	35	95	95	95	-	95	95	95	
Medical Fund	211	352	700	700	700	-	700	700	700	
SA Shooting Union	30	30	30	30	-	-	-	-	-	
Part Time Force Council	672	1 049	1 900	1 900	1 938	-	1 938	1 977	2 066	
Defence, Intelligence, Diplomacy and Trade Education and Training Authority (DIDTETA)	-	-	-	11 072	5 400	-	5 400	4 991	5 191	
9 Special Defence Account	1 624 295	1 841 339	4 721 284	5 830 075	7 625 457	-	7 625 457	8 484 514	8 676 187	
Special Defence Account	1 624 295	1 841 339	4 721 284	5 830 075	7 625 457	-	7 625 457	8 484 514	8 676 187	
Total	1 774 761	2 005 897	4 903 311	6 041 389	7 843 126	-	7 843 126	8 712 007	8 913 432	

Table 21.16: Summary of personnel numbers and costs¹

Personnel numbers	1998/99	1999/00	2000/01	2001/02	2002/03
1 Administration	1 538	2 660	1 876	2 174	1 752
2 Landward Defence	58 989	49 964	40 813	38 646	33 739
3 Air Defence	13 046	12 116	10 932	10 979	10 406
4 Maritime Defence	8 125	8 288	8 203	7 821	6 827
5 Military Health Support	8 114	8 114	8 114	7 739	7 162
6 Defence Intelligence	919	850	979	835	870
7 Joint Support	5 560	8 189	9 833	9 147	11 938
8 Command and Control	–	153	2 040	1 383	1 376
Total	96 291	90 334	82 790	78 724	74 070
Total personnel cost (R thousand)	5 754 892	5 725 487	5 838 901	6 182 349	6 341 056
Unit cost (R thousand)	59.8	63.4	70.5	78.5	85.6

¹ Full-time equivalent

Table 21.17: Summary of expenditure on training

	Expenditure outcome		Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Preliminary outcome		2002/03	2003/04	2004/05
	1999/00	2000/01	2001/02			
R thousand						
1 Administration	2 369	2 618	5 450	5 390	5 501	5 673
2 Landward Defence	6 075	9 867	10 464	12 270	14 438	15 272
3 Air Defence	10 900	11 366	24 451	21 434	21 344	22 247
4 Maritime Defence	5 376	4 232	5 376	8 974	8 974	8 974
5 Military Health Support	3 014	2 546	2 139	3 254	3 254	6 254
6 Defence Intelligence	622	901	686	392	413	435
7 Joint Support	3 458	9 464	6 321	4 155	4 331	4 407
8 Command and Control	42	70	195	263	273	285
Total	31 856	41 064	55 082	56 132	58 528	63 547

Table 21.18: Summary of information and communications technology expenditure

R thousand	Adjusted	Medium-term expenditure estimate			
	appropriation	2001/02	2002/03	2003/04	2004/05
1 Administration	-	13 045	13 245	12 510	
Technology	-	3 496	4 478	3 500	
Hardware	-	2 518	3 920	2 863	
Software and licences	-	608	429	456	
Audio-visual equipment	-	370	129	181	
Systems	-	-	-	-	
IT services	-	9 549	8 767	9 010	
Consulting	-	8 645	7 975	8 183	
Outsourcing	-	904	792	827	
2 Landward Defence	-	36 780	38 325	38 663	
Technology	-	7 446	7 534	6 335	
Hardware	-	2 799	2 918	3 287	
Software and licences	-	121	143	157	
Audio-visual equipment	-	4 526	4 473	2 891	
Systems	-	-	-	-	
IT services	-	29 334	30 791	32 328	
Consulting	-	-	-	-	
Outsourcing	-	29 334	30 791	32 328	
3 Air Defence	-	38 652	40 295	45 643	
Technology	-	12 783	14 166	19 235	
Hardware	-	5 176	1 520	1 561	
Software and licences	-	169	199	211	
Audio-visual equipment	-	7 438	12 447	17 463	
Systems	-	-	-	-	
IT services	-	25 869	26 129	26 408	
Consulting	-	-	-	-	
Outsourcing	-	25 869	26 129	26 408	

R thousand	Adjusted	Medium-term expenditure estimate			
	appropriation	2001/02	2002/03	2003/04	2004/05
4 Maritime Defence	-	7 626	8 606	8 606	
Technology	-	6 017	5 997	5 997	
Hardware	-	5 391	5 371	5 371	
Software and licences	-	156	156	156	
Audio-visual equipment	-	470	470	470	
Systems	-	-	-	-	
IT services	-	1 609	2 609	2 609	
Consulting	-	-	-	-	
Outsourcing	-	1 609	2 609	2 609	
5 Military Health Support	-	2 450	2 450	2 450	
Technology	-	2 450	2 450	2 450	
Hardware	-	1 949	1 949	1 949	
Software and licences	-	51	51	51	
Audio-visual equipment	-	450	450	450	
Systems	-	-	-	-	
IT services	-	-	-	-	
Consulting	-	-	-	-	
Outsourcing	-	-	-	-	
6 Defence Intelligence	-	4 564	5 462	6 007	
Technology	-	2 133	2 311	2 321	
Hardware	-	1 365	1 690	1 690	
Software and licences	-	564	519	521	
Audio-visual equipment	-	204	102	110	
Systems	-	-	-	-	
IT services	-	2 431	3 151	3 686	
Consulting	-	1 707	2 157	2 557	
Outsourcing	-	724	994	1 129	

R thousand	Adjusted	Medium-term expenditure estimate		
	appropriation	2002/03	2003/04	2004/05
	2001/02			
7 Joint Support	-	396 417	407 605	409 632
Technology	-	47 356	48 311	50 264
Hardware	-	4 374	4 960	5 746
Software and licences	-	41 963	42 580	43 674
Audio-visual equipment	-	1 019	771	844
Systems	-	-	-	-
IT services	-	349 061	359 294	359 368
Consulting	-	57 844	61 706	60 291
Outsourcing	-	291 217	297 588	299 077
8 Command and Control	-	3 857	3 022	2 788
Technology	-	1 553	970	980
Hardware	-	1 241	847	825
Software and licences	-	56	40	40
Audio-visual equipment	-	256	83	115
Systems	-	-	-	-
IT services	-	2 304	2 052	1 808
Consulting	-	-	-	-
Outsourcing	-	2 304	2 052	1 808
Total	-	503 391	519 010	526 299