

Vote 21

Defence and Military Veterans

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	3 247.1	3 193.9	34.2	19.0	3 617.2	3 991.7
Force Employment	1 908.9	1 700.8	145.4	62.7	1 997.1	2 086.3
Landward Defence	9 982.9	7 409.3	2 519.2	54.4	10 431.2	11 062.1
Air Defence	6 059.1	3 713.8	2 287.7	57.7	7 910.5	8 361.9
Maritime Defence	2 179.8	1 706.5	421.2	52.1	2 320.0	2 574.2
Military Health Support	2 770.2	2 685.1	35.8	49.3	2 961.3	3 201.3
Defence Intelligence	631.1	226.6	401.1	3.4	666.0	698.9
General Support	3 936.2	2 462.9	985.8	487.5	4 028.1	4 410.1
Total expenditure estimates	30 715.3	23 099.0	6 830.1	786.2	33 931.4	36 386.5
Executive authority	Minister of Defence and Military Veterans					
Accounting officer	Secretary for Defence and Military Veterans					
Website address	www.dod.mil.za					

The Estimates of National Expenditure booklets for individual votes are available on www.treasury.gov.za. They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.

Aim

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

The establishment of the Department of Military Veterans was proclaimed in Government Gazette number 32844, dated 28 December 2009. The department will be responsible for the overall management and administration of military veterans' affairs including, but not limited to, developing legislation, policy, programmes, benefits and services that facilitate the transition from active service to civilian life. Allocations of R20 million in 2010/11, R30 million in 2011/12 and R30 million in 2012/13 have been made for this department. These allocations are reflected in the *Human Resource Support Services* subprogramme under the *Administration* programme.

Programme purposes

Programme 1: Administration

Purpose: Develop policy, manage and administer the department.

Programme 2: Force Employment

Purpose: Provide and employ defence capabilities, including an operational capability to successfully conduct all operations as well as joint, interdepartmental and multinational military exercises.

Programme 3: Landward Defence

Purpose: Provide prepared and supported landward defence capabilities for the defence and protection of South Africa.

Programme 4: Air Defence

Purpose: Provide prepared and supported air defence capabilities for the defence and protection of South Africa.

Programme 5: Maritime Defence

Purpose: Provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.

Programme 6: Military Health Support

Purpose: Provide prepared and supported health capabilities and services for the defence and protection of South Africa.

Programme 7: Defence Intelligence

Purpose: Provide a defence intelligence and counter intelligence capability.

Programme 8: General Support

Purpose: Provide general support capabilities and services to the department.

Strategic overview: 2006/07 – 2012/13

The main objective of the Department of Defence and Military Veterans is to defend and protect South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force. The Department of Defence and Military Veterans continues to provide support to the United Nations (UN) and African Union (AU) initiatives aimed at promoting peace, stability and security in Africa. It is foreseen that the South African National Defence Force's continued responsibility for borderline control may extend beyond July 2010, as is currently scheduled.

Strategic and operational priorities

To ensure a defence force that is capable of defending South Africa at any time, the department will give effect to the one force, core force and growth force concepts with an appropriate balance between regular members, reserve members, personnel appointed in terms of the Public Service Act (1994) and members from the military skills development system to rejuvenate both the regular and reserve forces. Over the medium term, 106 500 reserve members could be called up and through the military skills development system the department aims to equip 11 140 young South Africans annually with basic military skills.

Current peace support operations in Africa

Security, peace and stability in the region and the continent are promoted not only through peace support operations, but also through humanitarian assistance and disaster relief, and post-conflict reconstruction and training. The South African National Defence Force prepares capabilities, which include land, air, maritime and military health support, annually to support UN and AU peace support operations, by ensuring the deployment and support of an average of 2 102 members per day over the MTEF period. Current deployments are mainly in the Democratic Republic of the Congo and Sudan. The deployment in Burundi was terminated at the end of June 2009, with a small contingent remaining to see to the back loading of equipment to South Africa.

Internal deployment

For internal deployment, the South African National Defence Force is prepared to support government departments in five distinct operations over the MTEF period, in terms of border safeguarding, safety and security, disaster aid and relief, search and rescue and the 2010 FIFA World Cup.

Joint, interdepartmental and multinational exercises are critical for force readiness and 24 exercises are planned to take place over the MTEF period.

Focus over the short, medium and long term

In the short term (one year), the key defence policy is to prepare, maintain and employ current defence capabilities. Medium term objectives are to create an affordable and sustainable force structure and rightsize and rejuvenate its human resources. The long term focus (10 years), is on attaining the optimal level of competencies, technology and force structure to defend and protect South Africa and its territorial integrity.

Savings and cost effective service delivery

Over the period 2008/09 to 2012/13, the Department of Defence and Military Veterans' baseline has been reduced, with efficiency savings of R23.1 million in 2008/09, R499.6 million in 2009/10, R3.2 billion in 2010/11, R2.2 billion in 2011/12 and R2.1 billion in 2012/13, amounting to a total reduction of R8 billion over the 5-year period. Included in the total reduction is a saving of R4.5 billion due to the cancellation of the Airbus A400M aircraft contract.

Significant effort has been gone into implementing cost containment measures throughout the department without compromising existing, new and expanding frontline defence services. These include: limiting overseas visits and travel; limiting the replacement of sedan vehicles; limiting the transferring of personnel between geographical areas; reducing the procurement of books, pamphlets, newspapers and magazines; curtailing the procurement of office furniture; not renewing non-essential internet subscriptions; and reassessing the allocation for performance incentives.

Over the MTEF period, the baseline efficiency savings are focused on rephrasing and rescheduling armament acquisition to match a realistic acquisition plan. Efforts are also being made to save even further on administrative expenditure and the procurement of goods and services.

Selected performance indicators**Table 21.1 Defence and Military Veterans**

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total number of active reserves	Landward Defence	13 050	12 583	19 763	24 400	31 500	35 500	39 500
Number of external operations per year	Force Employment	14	11	9	12	12	12	12
Average number of personnel deployed daily in external operations	Force Employment	4 810	2 698	2 931	3 024	2 102	2 102	2 102
Number of internal operations in support of other government departments per year	Force Employment	3	3	6	5	5	4	4
Number of person days used during internal operations	Force Employment	–	515 516	231 608	156 381	515 516	208 609	208 609
Number of joint, interdepartmental and military exercises conducted per year	Force Employment	16	10	10	9	9	7	8
Number of military skills development members in the system per year	Landward Defence	4 710	4 677	6 736	8 833	11 140	11 140	11 140

Table 21.1 Defence and Military Veterans (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of flying hours in support of operations per year	Air Defence	9 788	12 271	11 099	9 500	9 500	9 500	9 500
Number of sea hours on patrol in South African maritime zones per year	Maritime Defence	9 949	9 648	8 236	11 000	10 000	9 000	9 000
Number of health care activities per year*	Military Health Support	–	–	–	2 400 000	2 400 000	2 400 000	2 400 000

*The performance indicator was changed to provide an overview of the South African Military Health Service performance in terms of the number of health care activities, which include health assessments and medical support services in the 88 geographic health care facilities, 3 military hospitals and the military health institutes as well as to national and international dignitaries and during internal and external operations.

Expenditure estimates

Table 21.2 Defence and Military Veterans

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	2 012.3	2 153.9	2 480.2	2 880.6	2 880.6	3 247.1	3 617.2	3 991.7
2. Force Employment	1 508.0	1 581.2	1 913.9	1 924.5	1 924.5	1 908.9	1 997.1	2 086.3
3. Landward Defence	6 422.4	7 128.0	7 487.2	8 909.1	8 909.1	9 982.9	10 431.2	11 062.1
4. Air Defence	7 261.7	7 314.8	8 018.8	9 056.4	8 056.4	6 059.1	7 910.5	8 361.9
5. Maritime Defence	2 643.1	2 396.7	1 837.2	2 011.3	2 011.3	2 179.8	2 320.0	2 574.2
6. Military Health Support	1 705.2	1 877.7	2 176.9	2 482.8	2 482.8	2 770.2	2 961.3	3 201.3
7. Defence Intelligence	353.6	461.1	506.8	599.6	599.6	631.1	666.0	698.9
8. General Support	1 911.4	2 266.8	3 380.4	3 461.0	3 461.0	3 936.2	4 028.1	4 410.1
Total	23 817.6	25 180.1	27 801.3	31 325.3	30 325.3	30 715.3	33 931.4	36 386.5
Change to 2009 Budget estimate				(699.1)	(1 699.1)	(1 674.0)	(487.3)	120.6
Economic classification								
Current payments	14 482.5	15 723.3	17 894.3	20 737.6	20 737.6	23 099.0	24 858.9	26 725.3
Compensation of employees	9 037.6	9 735.9	10 620.0	12 223.2	12 223.2	13 450.4	14 630.1	15 686.9
Goods and services	5 444.9	5 987.4	7 274.3	8 514.4	8 514.4	9 648.6	10 228.8	11 038.3
of which:								
Computer services	537.4	610.7	782.6	948.2	948.2	971.4	1 037.2	1 080.8
Contractors	2 090.2	2 295.2	2 405.9	3 181.8	3 181.8	3 844.0	4 109.9	4 552.7
Inventory: Food and food supplies	287.3	315.1	575.2	491.5	491.5	559.5	645.1	698.6
Property payments	301.4	317.1	359.4	456.7	456.7	505.5	576.3	656.4
Transfers and subsidies	8 882.8	8 926.9	8 833.1	9 844.9	8 844.9	6 830.1	8 616.5	8 815.7
Provinces and municipalities	4.0	36.7	13.8	–	–	–	–	–
Departmental agencies and accounts	8 288.5	8 243.4	8 096.6	9 075.0	8 075.0	5 968.6	7 748.5	7 927.5
Public corporations and private enterprises	396.3	473.8	565.8	603.6	603.6	721.2	735.6	768.5
Non-profit institutions	2.8	2.9	4.2	4.4	4.4	4.8	5.0	5.2
Payments for capital assets	434.3	497.7	998.9	742.8	742.8	786.2	455.9	845.6
Buildings and other fixed structures	49.2	93.4	476.5	452.0	452.0	484.3	171.6	252.8
Machinery and equipment	383.8	395.9	521.0	263.0	263.0	281.9	259.4	470.2
Specialised military assets	–	–	–	27.6	27.6	19.6	24.5	122.0
Biological assets	–	–	–	–	–	0.1	0.1	0.1
Software and other intangible assets	1.3	8.4	1.3	0.3	0.3	0.3	0.3	0.3
Payments for financial assets	18.0	32.2	75.0	–	–	–	–	–
Total	23 817.6	25 180.1	27 801.3	31 325.3	30 325.3	30 715.3	33 931.4	36 386.5

Expenditure trends

Between 2006/07 and 2009/10, defence expenditure increased from R23.8 billion to R31.3 billion, at an average annual rate of 9.6 per cent. Over the medium term, expenditure is expected to increase to R36.4 billion, at an average annual rate of 5.1 per cent. Savings from the cancellation of the A400M aircraft contract carry through during the medium term. The increase over the latter part of the MTEF period is due to: the salary adjustments for government employees, additional allocations for the South African Defence Force's new remuneration system, the military skills development system, landward defence modernisation and the establishment of an office for the management of military veterans affairs. The decrease in spending

in the *Maritime Defence* programme in 2008/09 is due to the finalisation of the frigate and submarine strategic defence procurement projects.

Landward Defence becomes the dominant programme within the Department of Defence and Military Veterans over the MTEF period as a result of the cancellation of the A400M aircraft contract. The programme uses 30.5 per cent of the department's total budget. The *Air Defence* programme takes up 23.1 per cent, and the *General Support* and *Administration* programmes take up 12 and 10.3 per cent of the total budget. Expenditure in the *Administration* programme is expected to increase by 12.7 per cent, 11.4 per cent and 10.4 per cent in each year of the medium term due to the inclusion of the defence office accommodation portfolio of R1.8 billion in 2010/11 in this programme. The increase in expenditure in the *General Support* programme is equally large due to the inclusion in the programme of the facilities maintenance and repair programme, the capital works programme, and the upgrade of the Air Force Base Waterkloof runway. The higher than average increases in spending in the *Landward Defence*, *Maritime Defence* and *Military Health Support* programmes over the MTEF period are due to the additional allocations received for landward defence renewal, provision for the replacement of operational ambulances, and initiating programmes to acquire a hydrographic vessel and off-shore patrol vessels.

Expenditure in compensation of employees of R13.4 billion or 43.8 per cent of the total budget in 2010/11 remains the largest expenditure item in the budget. Expenditure on goods and services, and transfer payments amount to 31.4 per cent and 22.2 per cent in 2010/11. These percentages remain relatively stable over the medium term. R28 million was spent on the use of consultants on large projects in 2008/09 and R24 million will be spent in 2009/10. These consultants were mostly used to assist the department with clearing up audit qualifications, completing organisation and work study reports, supporting the department's information warfare assistance programme, and completing the defence update and defence strategy for 2010.

The department's human resource strategy to rejuvenate the South African National Defence Force resulted in 25 811 youths participating in the youth initiative between 2003/04 and 2009/10. 7 450 are still serving in the military skills development system, 12 707 have translated to the regular force and 5 654 have separated from the department. Over the MTEF period, the department intends to grow the military skills development system further to aid youth development and rejuvenation by taking on 11 022 military skills development system members. Compensation of employees in the department's baseline increased by 9.6 per cent from 2006/07 (R100 million) to 2009/10 (R200 million) and is expected to increase further over the medium term to support the military skills development system. Further adjustments of R50 million in 2010/11, R70 million in 2011/12 and R100 million in 2012/13 are expected.

The department's establishment was 77 516 in 2006/07, 74 843 in 2007/08 and 74 594 in 2008/09. The establishment as at 30 September 2009 was 74 542. Over the MTEF period, funded posts are expected to be 78 094, 79 519 and 81 217.

The department's human resource budget increased from R9 billion in 2006/07 to R12.2 billion in 2009/10, at an average annual rate of 10.6 per cent. Over the medium term, it is expected to increase to R15.7 billion, at an average annual rate of 8.7 per cent due to salary increases and addition personnel.

The minister has appointed an interim national force defence service commission in 2009 to investigate, advise and make recommendations regarding the service conditions and service benefits of regular force members to attract and retain skills in the department. The department's new remuneration strategy, which aims to introduce a dispensation that will ensure fair, equitable and competitive remuneration structures for all South African National Defence Force members, has been approved. The 2010 Budget allocates R600 million, R730 million and R850 million over the medium term to implement the provisions of the new remuneration system.

Infrastructure spending

In 2008/09, the department continued to fund 36 capital works building projects. The bulk of the funds were spent on upgrading military health facilities, installing fire detection and protection systems, making structural changes to buildings to accommodate disabled members, upgrading kitchens, building an urban training facility, and improving security at different buildings throughout the country. In consultation with the national Department of Public Works, the department continues with the repair and maintenance programme at the military hospitals in Pretoria and Cape Town, the Air Force Base Waterkloof in Pretoria, 4 SA Infantry Battalion in Middelburg, and 35 Engineer Support Regiment in Dunnottar. Over the medium

term, the programme is extended to eventually include the repair and maintenance of 33 bases and 52 capital works projects. Over the MTEF period, R908.6 million has been allocated to capital works projects and R2.3 billion to the repair and maintenance programme. The rebuilding of the runway at the Air Force Base Waterkloof progressed satisfactorily, with final expenditure of R350 million expected to take place in 2010/11.

Departmental receipts

Departmental receipts are mainly from the sale of redundant or obsolete equipment and defence matériel, the rental of accommodation to personnel, and board and lodging. The reason for the fluctuations in real departmental receipts, specifically financial transactions in assets and liabilities, is due to the unpredictable nature of reimbursements for peace support operations. Revenue collection projections are also hampered by the unpredictable nature of the potential buyers for South African National Defence Force equipment, and by international treaties, protocols and licence agreements. Between 2009/10 and 2012/13, revenue is expected to increase from R676.7 million to R756.9 million, at an average annual rate of 3.8 per cent.

Table 21.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	492 792	551 855	629 390	676 749	676 749	702 466	729 158	756 867
Sales of goods and services produced by department	111 723	165 148	165 268	252 265	174 989	181 638	188 540	195 705
Sales of scrap, waste, arms and other used current goods	58 040	7 336	28 285	–	17 205	17 859	18 537	19 242
Transfers received	–	–	290 653	158 122	188 518	195 682	203 118	210 836
Fines, penalties and forfeits	2 272	1 157	1 058	2 547	3 483	3 615	3 753	3 895
Interest, dividends and rent on land	813	1 710	1 398	1 667	2 382	2 473	2 566	2 664
Sales of capital assets	5 749	128 913	122 066	19 285	50 755	52 684	54 686	56 764
Transactions in financial assets and liabilities	314 195	247 591	20 662	242 863	239 417	248 515	257 958	267 761
Total	492 792	551 855	629 390	676 749	676 749	702 466	729 158	756 867

Programme 1: Administration

Expenditure estimates

Table 21.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	0.9	1.0	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.7	0.8	0.8	1.4	1.5	1.6	1.7
Ministerial Direction	15.0	15.7	19.1	16.9	17.2	20.5	21.8
Departmental Direction	13.9	16.4	16.2	24.8	26.1	27.3	28.5
Policy and Planning	114.7	100.7	58.8	77.9	88.4	91.3	95.7
Financial Services	165.9	179.6	186.3	227.1	237.0	253.5	265.3
Human Resources Support Services	482.2	414.6	498.8	516.3	588.5	636.6	663.1
Legal Services	81.5	86.2	110.8	137.6	152.1	158.0	165.0
Inspection Services	35.9	38.4	48.1	52.3	55.9	60.9	64.0
Acquisition Services	41.1	50.7	52.9	47.0	47.5	52.9	55.3
Communication Services	19.4	21.9	23.7	25.8	27.3	30.1	31.7
South African National Defence Force Command and Control	7.1	29.1	68.0	72.5	84.4	82.4	84.7
Religious Services	5.4	5.5	7.2	5.9	8.4	9.5	10.3
Defence Reserve Direction	9.9	7.8	10.2	13.5	14.5	15.7	16.6
Defence Foreign Relations	77.4	103.0	143.8	123.8	134.3	148.3	155.5
Office Accommodation	941.3	1 082.7	1 234.4	1 536.2	1 762.3	2 026.6	2 330.6
Total	2 012.3	2 153.9	2 480.2	2 880.6	3 247.1	3 617.2	3 991.7
Change to 2009 Budget estimate				19.8	105.0	111.9	184.9

¹ From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this, only salary and car allowance are included. Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

Table 21.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	1 949.1	2 079.0	2 400.4	2 835.8	3 193.9	3 569.1	3 948.7
Compensation of employees	703.9	773.7	851.7	953.0	1 074.2	1 155.8	1 213.6
Goods and services	1 245.1	1 305.3	1 548.7	1 882.9	2 119.7	2 413.3	2 735.1
<i>of which:</i>							
<i>Computer services</i>	67.4	70.7	55.3	97.1	81.1	92.1	99.4
<i>Contractors</i>	626.5	656.8	758.7	948.3	1 127.1	1 299.6	1 482.6
<i>Inventory: Food and food supplies</i>	8.0	8.3	10.8	12.0	15.6	16.5	17.0
<i>Property payments</i>	280.8	294.4	332.2	424.4	466.4	535.6	615.2
Transfers and subsidies	32.8	42.2	34.2	23.1	34.2	31.9	26.4
Provinces and municipalities	0.3	5.0	0.6	–	–	–	–
Departmental agencies and accounts	7.7	7.7	8.8	8.9	9.1	12.0	15.2
Non-profit institutions	2.5	–	3.9	4.0	4.2	4.4	4.6
Households	22.3	29.5	20.9	10.2	20.9	15.5	6.6
Payments for capital assets	18.8	25.7	34.4	21.7	19.0	16.2	16.7
Machinery and equipment	18.7	25.7	34.4	21.7	19.0	16.2	16.7
Software and other intangible assets	0.1	0.0	–	–	0.0	0.0	0.0
Payments for financial assets	11.6	6.9	11.1	–	–	–	–
Total	2 012.3	2 153.9	2 480.2	2 880.6	3 247.1	3 617.2	3 991.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	7.7	7.7	8.8	8.9	9.1	12.0	15.2
Safety and Security Sector Education and Training Authority	7.7	7.7	8.8	8.9	9.1	12.0	15.2
Non-profit institutions							
Current	2.5	–	3.9	4.0	4.2	4.4	4.6
Reserve Force Council	2.5	–	3.9	4.0	4.2	4.4	4.6

Expenditure trends

Expenditure increased from R2 billion in 2006/07 to R4 billion in 2012/13, at an average annual rate of 12.1 per cent. The high percentage increase in this programme is the result of the *Office Accommodation* subprogramme, in which expenditure increases at an average annual rate of 14.9 per cent. This also explains the strong growth in goods and services at an average annual rate of 13.3 per cent over the MTEF period. Expenditure on consultants on large projects amounted to R7 million for 2008/09 and R4 million for 2009/10, most of which was used by the Defence Institute, which assisted the department with the defence update and the defence strategy 2030.

The increase of 14 per cent in expenditure in the *Human Resource Support Services* subprogramme in 2010/11 is due to additional allocations for the establishment of a management capability for military veterans' affairs, funding the activities of the interim national defence force service commission and funding the training of military skills development system members at the Military Academy. The additional allocations of R20 million in 2010/11, R30 million in 2011/12 and R30 million in 2012/13 for the Department of Military Veterans is hosted in the *Human Resource Support Services* subprogramme. The increase of 10.5 per cent in the *Legal Services* subprogramme in 2010/11 is due to the implementation of the occupational specific dispensation for legal practitioners. The *Policy and Planning* and *South African National Defence Force Command and Control* subprogrammes increases in 2010/11 are mainly due to provisions for members that will be retiring and staffing of structures, especially at the defence headquarters unit. The decrease of 11.1 per cent in 2009/10 and 1 per cent in 2010/11 in the *Acquisition Services* subprogramme is due to the migration of the 2 central procurement centres from the defence materiel division to the logistics division.

Programme 2: Force Employment

- *Strategic Direction* formulates and controls strategies, policies and plans for the employment of forces. Funding is based on the cost of operating a joint operations division headquarters.
- *Operational Direction* provides operational direction to joint and multinational task forces and joint tactical headquarters through an operational level headquarters. Funding is distributed according to the cost of operating one operational and nine tactical headquarters.
- *Special Operations* provides and employs a special operations capability within the approved special forces mandate for the South African National Defence Force. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of special forces operations, force preparation exercises and training courses.
- *Regional Security* provides for the deployment of forces in support of South Africa's commitment to regional, continental and global security. Funding is distributed according to the number, size and duration of deployments, and systems and equipment operating and maintenance requirements.
- *Support to the People* provides for the internal deployment of forces in support of the South African Police Service and other government departments. Funding is distributed according to the number, size and duration of deployments, and systems and equipment operating and maintenance requirement.
- *Defence Capability Management* provides for the planning and control of joint, interdepartmental and multinational military force preparation exercises, the development of the joint force employment command and control plan and capability development management. Funding is distributed according to the needs for exercise control equipment for joint, interdepartmental and multinational military exercises and contractual obligations for the development of joint force employment command and control plans, and capability development.

Objectives and measures

- Provide and manage defence capabilities, including an operational capability, to conduct operations and joint, interdepartmental and multinational military exercises by:
 - providing and employing special operations capability in line with national requirements
 - conducting an average of 12 external peace missions per year in accordance with requirements to promote peace and security
 - conducting 21 joint, interdepartmental and multinational military force preparation exercises over the next 3 years (excluding Special Forces and multinational air transport exercises)
 - conducting an average of 4 missions per year in support of other government departments and complying with international obligations.

Service delivery focus

In 2008/09, approximately 2 900 members, including 255 reserves, were deployed daily in 6 peace support operations in the Democratic Republic of the Congo, Burundi, Ethiopia and Eritrea, Sudan, Uganda, Southern Sudan and Nepal, and to 3 general military assistance operations in the Democratic Republic of the Congo, the Central African Republic and Uganda. The UN Security Council extended the mandate of the UN peace building office in Burundi until 31 December 2009, resulting in South African forces being deployed longer than planned. In 2008/09, the Ugandan government was assisted with the demolition of 368 tons of unserviceable and redundant ammunition. In general, the shortage of specialist technical staff and support negatively affected operations in all the missions. To address this, the South African Army is currently training members in the Technical Services Corps, Ordnance Services Corps and the South African Catering Corps, and is recruiting members from within the army, thus creating the opportunity for a second career and also addressing the shortage of specialists.

In the first half of 2009/10, an average of 2 680 members per day, including reserves, were deployed to conduct regional security. The South African National Defence Force's involvement in Burundi was terminated at the end of June 2009; however, a small contingent will remain behind until all equipment is back loaded to South Africa. The AU mission in northern Uganda-Southern Sudan and the UN mission in

Nepal were concluded in 2009. The assistance operation in the Central African Republic will terminate in February 2010.

An average of 195 South African National Defence Force members were deployed in the first half of 2009/10 in cooperation with the South African Police Service along the South Africa-Zimbabwe border. The South African National Defence Force played a major role in safety and security support during the 2009 FIFA Confederations Cup and is preparing to play a similar role during the 2010 FIFA World Cup. It also successfully hosted and participated in the SADC exercise to test the intervention capability of the Southern Africa standby brigade at the South African Army Combat Training Centre in September 2009.

Nationally, 501 South African National Defence Force members were deployed during the 2009 elections in cooperation with the South African Police Service. Some of these members also acted as electoral officials for the Electoral Commission in Mpumalanga. The South African National Defence Force, in cooperation with the South African Police Service, participated in maintaining safety and security in anti-crime operations in KwaZulu-Natal in the run up to the 2009 elections.

From April to September 2009, successful internal search and rescue and disaster aid relief actions were executed in support of other government departments, including the search for a missing vessel in distress in East London, rescue and medical evacuation of civilians in mountains, rescuing seamen from a bulk carrier that ran aground, and supporting the National Sea Rescue Institute in Port Elizabeth. In 2008, the South African National Defence Force cooperated with the South African Police Service during specific events such as the SADC Heads of State Summit, and with combating attacks against foreign nationals.

Expenditure estimates

Table 21.5 Force Employment

Subprogramme	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million							
Strategic Direction	101.1	50.8	56.5	69.9	80.7	91.0	96.2
Operational Direction	99.1	160.2	144.0	186.7	217.5	232.0	247.2
Special Operations	321.2	343.5	373.2	410.8	446.6	471.0	505.4
Regional Security	135.4	29.1	1 092.2	219.8	1 031.2	1 087.9	1 133.5
United Nations Peace Mission in the Democratic Republic of the Congo	273.5	325.3	–	552.9	–	–	–
Protection Support Detachment in Burundi	202.7	223.3	–	–	–	–	–
Special Advice Team to the Democratic Republic of the Congo	–	–	–	12.9	–	–	–
Military Observers	1.1	1.6	–	–	–	–	–
African Union/United Nations Mission in Sudan	195.2	143.3	–	292.8	–	–	–
Support to the People	163.4	293.2	234.7	158.3	113.9	95.3	83.5
Defence Capability Management	15.5	10.8	13.3	20.4	19.0	19.9	20.5
Total	1 508.0	1 581.2	1 913.9	1 924.5	1 908.9	1 997.1	2 086.3
Change to 2009 Budget estimate				(6 824.8)	(7 593.7)	(7 991.7)	8.9
Economic classification							
Current payments	1 282.9	1 405.6	1 661.6	1 699.0	1 700.8	1 782.7	1 856.2
Compensation of employees	632.8	689.1	741.2	866.3	776.2	849.4	895.2
Goods and services	650.1	716.5	920.4	832.7	924.7	933.3	961.1
<i>of which:</i>							
Computer services	2.8	3.0	1.6	3.7	3.8	3.6	3.8
Contractors	247.9	273.2	142.0	280.8	358.4	345.8	334.5
Inventory: Food and food supplies	29.6	32.6	94.2	52.4	35.6	33.0	36.1
Property payments	0.9	1.0	0.2	1.2	1.1	0.5	0.5
Transfers and subsidies	148.9	120.6	160.2	170.6	145.4	149.1	159.8
Provinces and municipalities	0.1	1.3	0.6	–	–	–	–
Departmental agencies and accounts	139.4	111.8	152.1	156.8	129.4	131.7	142.8
Public corporations and private enterprises	–	–	–	–	4.0	4.4	4.8
Households	9.4	7.5	7.6	13.8	12.0	13.0	12.2

Table 21.5 Force Employment (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Payments for capital assets	76.2	54.9	60.6	54.8	62.7	65.4	70.3
Buildings and other fixed structures	-	1.8	0.7	1.1	12.6	13.0	13.5
Machinery and equipment	76.2	53.2	60.0	53.4	47.8	50.0	53.6
Specialised military assets	-	-	-	0.3	2.4	2.4	3.1
Payments for financial assets	0.0	0.0	31.5	-	-	-	-
Total	1 508.0	1 581.2	1 913.9	1 924.5	1 908.9	1 997.1	2 086.3
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	139.4	111.8	152.1	156.8	129.4	131.7	142.8
Special Defence Account	139.4	111.8	152.1	156.8	129.4	131.7	142.8
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	-	-	-	-	4.0	4.4	4.8
Armaments Corporation of South Africa	-	-	-	-	4.0	4.4	4.8

Expenditure trends

The *Force Employment* programme accounts for 6.2 per cent of the department's total expenditure. Expenditure in this programme increase from R1.5 billion in 2006/07 to R2.1 billion in 2012/13, at an average annual rate of 5.6 per cent. The increase of 16.5 per cent in 2010/11 in the *Operational Direction* subprogramme is due to the staffing of operational structures. The decrease of 6.8 per cent in the *Defence Capability Management* subprogramme from 2009/10 to 2010/11 is due to the non-recurrent expenditure in this subprogramme in 2009/10 for the Southern Africa standby brigade exercise.

Over the MTEF period, expenditure will focus on the strategic and operational direction for the programme. This includes: planning and control of joint, interdepartmental and multinational exercises; peace support operations; general military assistance and support to other government departments; and the provision of a special forces capability.

Programme 3: Landward Defence

- *Strategic Direction* directs, orchestrates and controls the South African Army in achieving its mission to provide prepared and supported landward capabilities for the defence and protection of South Africa. Funding is based on the cost of operating the landward defence headquarters and managing centralised funds for scarce commodities and specialist services.
- *Infantry Capability* provides combat ready infantry capabilities through training, preparing, exercising and supporting mechanised, motorised and airborne infantry units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Armour Capability* provides combat ready armour capabilities through training, preparing, exercising and supporting tank and armoured car units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Artillery Capability* provides combat ready artillery capabilities through training, preparing, exercising and supporting composite and light artillery units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.

- *Air Defence Artillery Capability* provides combat ready air defence artillery capabilities through training, preparing, exercising and supporting air defence artillery units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Engineering Capability* provides combat ready engineering capabilities to ensure mobility and establish infrastructure during exercises and deployments, through training, preparing, exercising and supporting field and construction engineer units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Operational Intelligence* provides combat ready operational intelligence capabilities to enable successful planning and execution of operations, through training, preparing, exercising and supporting intelligence units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Command and Control Capability* provides combat ready tactical command and control capabilities for integrated forces during force preparation and force employment. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Support Capability* provides first and second line support capabilities to units and bases and ensures support to deployed combat units through training, preparing, exercising and supporting of first and second line maintenance units and workshops. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, the number of force preparation exercises and training courses, and product systems requirements.
- *General Training Capability* provides general training capabilities through basic military training, junior leader training, common landward training and command and management training at the Training Depot (and decentralised units), the South African Army Gymnasium, the combat training centre and the South African Army College. Funding is distributed according to the number and size of units, equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Signal Capability* provides combat ready signal capabilities to ensure command, control and communications during exercises and deployments, through training, preparing, exercising and supporting signal units. Funding is distributed according to the number and size of units, systems and equipment operations and maintenance requirements, and the number of force preparation exercises and training courses.

Objectives and measures

- Defend and protect South Africa and its territory by:
 - providing 3 infantry battalions a year sustained for external deployment, 1 airborne battalion as Chief of the South African National Defence Reaction Force, 1 multi-role battalion for internal safety and security, 1 battalion in support of internal security operations, and 4 battalions involved in exercises
 - exercising 1 tank regiment and 1 armoured car regiment with 1 squadron for internal deployment per year
 - exercising 1 composite artillery regiment and 1 light (airborne) artillery battery, and having 1 light artillery battery in reserve and 1 battery for internal deployment per year
 - exercising 1 air defence artillery regiment and 1 light (airborne) air defence artillery battery, and having 1 light air defence artillery battery as part of the mobile capability and 1 battery for internal deployment per year
 - providing 3 sustained composite engineer squadrons for external deployment, 1 composite engineer squadron for internal reserve, and exercising 1 light (airborne) engineer squadron per year
 - providing 2 signal regiments per year for external deployment, internal reserve and involvement in exercises.

Service delivery focus

In 2008/09, the South African Army provided 4 199 members for peace support operations and 393 members were utilised internally in cooperation with the South African Police Service. Of the 4 199 members, 179 were instructors who provided post-conflict reconstruction training in the Democratic Republic of the Congo and the Central African Republic. The army qualified 17 685 learners (including 91 members from other defence forces) at its centres of excellence. 30 South African Army members were trained as hand to hand combat instructors for the 2009 military skills development system intake. 79 personnel deployed in terms of the Public Service Act (1994) from various South African army units underwent training, 366 members received adult based education and training and Grade 12 qualifications. 474 members were trained in writing unit standards, 18 on the design and development of standards, and 20 were qualified as education, training and development practitioners. 22 members qualified in basic explosive ordnance and 24 as chemical, biological and radiological instructors.

In the first half of 2009/10, the South African Army provided 2 781 members for external deployments in Sudan, Burundi, Uganda and 1 580 members for internal deployments in cooperation with the South African Police Service, and trained and qualified 6 115 members (including 63 members from other defence forces) during the presentation of 205 courses at the South African Army centres of excellence. South African Army units also provided 366 members with adult basic education and training, including the massified induction programme. 304 members underwent training as part of the Department of Defence and Military Veterans works regiment. About 2 439 South African Army members participated in exercise Golfinho. As part of the technology renewal initiative, phases 1 and 2 of the local area network and wide area network upgrade have been completed in 7 South African Army units, including army headquarters.

In 2009, the South African Army provided language courses in Portuguese, French and Kiswahili to members deployed externally and to those who participated in the Southern Africa standby brigade exercise. The South African Army successfully conducted the Seboka and Young Eagle (airborne) exercises for military skills development in February, October and November 2009, and interdepartmental exercises Shield 1, 2 and 4 in preparation for the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup. In accordance with the bilateral agreement between South Africa and the Central African Republic, 13 courses were presented from January to November 2009, 5 training teams and 113 trainers were provided and 28 Central African Republic members attended formal courses at South African Army training institutions.

Expenditure estimates

Table 21.6 Landward Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Strategic Direction	122.0	178.8	258.9	829.4	342.8	379.6	362.6
Infantry Capability	2 066.1	2 230.1	2 508.7	2 860.3	3 042.2	3 252.7	3 267.2
Armour Capability	371.6	348.1	230.3	241.3	249.9	259.6	275.7
Artillery Capability	528.3	485.6	343.8	308.2	273.5	382.8	405.8
Air Defence Artillery Capability	219.1	262.4	303.8	384.5	633.5	409.0	366.6
Engineering Capability	211.9	243.7	284.9	327.0	436.9	449.7	480.2
Operational Intelligence	79.7	133.5	197.0	281.4	241.2	175.3	181.4
Command and Control Capability	75.6	78.1	86.7	97.6	111.8	118.2	125.1
Support Capability	2 120.1	2 492.3	2 525.1	2 776.3	3 666.2	4 041.4	4 596.3
General Training Capability	154.0	177.8	219.5	263.5	325.4	340.9	362.7
Signal Capability	474.0	497.7	528.5	539.4	659.7	622.2	638.5
Total	6 422.4	7 128.0	7 487.2	8 909.1	9 982.9	10 431.2	11 062.1
Change to 2009 Budget estimate				(1 362.9)	1 097.7	1 028.9	573.8

Table 21.6 Landward Defence (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	4 664.4	4 951.9	5 316.6	6 498.8	7 409.3	7 833.4	8 429.9
Compensation of employees	3 898.3	4 113.0	4 253.6	5 113.0	5 674.7	6 074.9	6 597.8
Goods and services	766.1	838.8	1 063.0	1 385.7	1 734.7	1 758.5	1 832.0
<i>of which:</i>							
Computer services	49.4	54.1	88.5	92.4	99.6	101.0	107.2
Contractors	162.5	177.9	148.1	303.9	245.8	284.1	294.2
Inventory: Food and food supplies	140.3	153.6	297.1	262.3	332.5	440.3	499.3
Property payments	2.4	2.6	3.3	4.4	6.3	6.9	7.0
Transfers and subsidies	1 689.3	2 125.3	2 077.1	2 372.8	2 519.2	2 536.7	2 371.4
Provinces and municipalities	1.5	11.6	6.1	–	–	–	–
Departmental agencies and accounts	1 643.7	2 065.9	2 018.3	2 286.9	2 439.0	2 453.7	2 288.7
Public corporations and private enterprises	–	–	–	–	39.0	41.8	41.8
Households	44.0	47.8	52.7	85.8	41.2	41.3	41.0
Payments for capital assets	64.5	47.4	83.8	37.6	54.4	61.1	260.9
Buildings and other fixed structures	–	–	–	–	0.1	–	0.1
Machinery and equipment	64.5	47.4	83.6	36.6	54.2	61.0	260.8
Specialised military assets	–	–	–	1.0	0.1	0.0	0.0
Software and other intangible assets	0.0	0.0	0.2	–	0.0	0.0	0.0
Payments for financial assets	4.2	3.4	9.7	–	–	–	–
Total	6 422.4	7 128.0	7 487.2	8 909.1	9 982.9	10 431.2	11 062.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 643.7	2 065.9	2 018.3	2 286.9	2 439.0	2 453.7	2 288.7
Special Defence Account	1 643.7	2 065.9	2 018.3	2 286.9	2 439.0	2 453.7	2 288.7
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	–	–	–	39.0	41.8	41.8
Armaments Corporation of South Africa	–	–	–	–	39.0	41.8	41.8

Expenditure trends

The 11.5 per cent increase in the programme from 2006/07 to 2009/10 is due to additional allocations for the implementation of the military skills development system, the procurement of critical ammunition, the maintenance and repair of operational vehicles, the rejuvenation of the conventional reserves and the establishment of a works regiment.

The *Landward Defence* programme accounts for 29.2 per cent of the department's total expenditure, in which expenditure increases from R6.4 billion in 2006/07 to R11.1 billion in 2012/13, at an average annual rate of 9.5 per cent. This is mainly due to additional funding for: increases in the military skills development system intake; increased maintenance requirements of the South African Army's ageing operational vehicle fleet; initiation of landward defence equipment renewal projects; and the procurement of critical ammunition. Expenditure on consultants on large projects amounted to R5 million in 2008/09 and R6 million in 2009/10. Consultants were used mostly to complete organisation and work study reports required for organisational restructuring, and for advice with regard to business architecture and business renewal services.

The decrease of 58.7 per cent in expenditure in the *Strategic Direction* subprogramme and the increase of 32.1 per cent in spending in the *Support Capability* subprogramme in 2010/11 are due to the procurement of centralised or depot items such as rations, fuel, vehicle spares, ammunition and furniture through the *Support Capability* subprogramme.

The 64.8 per cent increase in expenditure in the *Air Defence Artillery Capability* subprogramme in 2010/11 is due to the delivery milestones of the shoulder launched air defence artillery system and mobile ground to

air missile system programmes. The 33.6 per cent increase in expenditure in the *Engineering Capability* subprogramme in 2010/11 is due to the establishment of 3 additional squadrons, namely a light airborne engineering squadron, a maintenance squadron and a construction squadron. The 22.3 per cent increase in spending in the *Signal Capability* subprogramme in 2010/11 and 5.7 per cent decrease thereafter is due to the finalisation of the installation of the communication system on the rooikat armoured car and ratel infantry combat vehicle.

Over the MTEF period, spending will focus on providing forces for internal and external deployments according to government requirements. The South African Army will continue to prepare its forces to comply with military strategic objectives and facilitate individual formal training to ensure career progress. Assets will be maintained and managed within budget to support deployments and force preparation. The South African Army will renew its capabilities according to government imperatives and national strategic objectives.

Programme 4: Air Defence

- *Strategic Direction* provides strategic direction to the programme by formulating and controlling strategies, policies and plans via the air force office to prepare and provide the capabilities required by the Chief of the South African National Defence Force. Funding is based on the cost of operating the air defence headquarters.
- *Operational Direction* provides operational direction to the programme by means of an air command. Funding is based on the cost of operating the air command.
- *Helicopter Capability* provides and sustains operationally ready light utility helicopters, medium transport helicopters and combat support helicopters, crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Transport and Maritime Capability* provides and sustains operationally ready transport and maritime aircraft, crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Air Combat Capability* provides and sustains operationally ready advanced light fighter aircraft, crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Operational Support and Intelligence Capability* prepares, develops, provides and supports protection support, intelligence systems and counter intelligence support to the South African Air Force through protection squadrons, intelligence subsystems and air force unique intelligence training. Funding is distributed according to the number and size of squadrons, systems and equipment operating and maintenance requirements, and training courses.
- *Command and Control Capability* supplies and maintains operationally ready command and control elements in support of air battle space operations. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and of force preparation exercises and training courses.
- *Base Support Capability* provides air base infrastructure facilities to squadrons and resident units on bases, including maintenance of all relevant systems and personnel, to support flying operations. Funding is distributed according to the number and size of air force bases and units, systems and equipment operating and maintenance requirements, and the number of training courses.
- *Command Post* renders command and control over all missions flown. Funding is distributed according to the number and size of command posts and deployments, and readiness and aircraft chartering requirements.
- *Training Capability* provides for the general education, training and development of South African Air Force personnel. Funding is distributed according to the number and size of units, systems and

equipment operations and maintenance requirements, and the number of force preparation exercises and training courses.

- *Technical Support Services* establishes, maintains and prepares optimised technical and tactical logistic support capabilities to provide support to system groups and manages air service units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and contracted human resources and product system requirements.

Objectives and measures

- Defend and protect South Africa and its airspace by providing:
 - 4 helicopter squadrons and 1 combat support squadron per year
 - 3 medium transport squadrons (including one VIP squadron), 1 maritime and transport squadron, 1 light transport squadron and 9 reserve squadrons at the required readiness levels per year
 - 1 air combat squadron per year
 - a 24-hour air command and control capability.

Service delivery focus

In 2008/09, 35 241 flying hours were recorded, of which 11 099 were force employment hours in support of operations. These operations included cooperation with the South African Police Service for border control and after the attacks on foreign nationals in 2008. In the same year, humanitarian operations involved fire fighting operations in 5 provinces and search and rescue flights were conducted for missing aircraft. In November 2008, the South African Air Force assisted with flood relief in Western Cape, evacuating 62 persons and delivering 2 tons of relief aid. In 2009, flights were conducted in Eastern Cape to assist local municipalities with drought relief. In 2009, 1 213 hours of external support flights to the Democratic Republic of the Congo, Burundi, Sudan and the Central African Republic took place. In 2008/09, helicopters were deployed at Kamina in the Democratic Republic of the Congo (435 hours) and 110 protection service personnel were deployed to Burundi in support of government initiatives. South African Air Force reserves generated 15.2 per cent of the force employment flying hours, in support of the South African National Defence Force's one force core growth strategy. South African Air Force support for government initiatives included local and international exercises with the South African Army, the South African Navy, the South African Police Service, the Singaporean Defence Force, the navies of Brazil, Argentina, Uruguay, the United States, and the Namibian Air Force, and provided casualty evacuation standby services for the British Army held at the South African Army Combat Training Centre at Lohatla. The South African Air Force hosted the 2008 Africa aerospace and defence exhibition in Cape Town.

In the first half of 2009/10, the South African Air Force's commitments to the 2009 FIFA Confederations Cup were honoured, offering an opportunity for it to gain experience in preparation for the 2010 FIFA World Cup. Aircraft flew a total of 459 hours, 3 interceptions were done by Hawk and Astra aircraft to permit civilian aircraft to fly within the designated airspace, 18 106 authorisations were requested and 5 381 pilots were screened. In preparation for the 2010 FIFA World Cup, the South African Air Force scheduled 6 air defence exercises at different venues between July 2008 and April 2010. The fourth in this series was conducted in Nelspruit in August 2009 and 2 more are planned. In April 2009, the South African Air Force assisted the Electoral Commission by flying personnel and ballot papers to election sites during elections. Humanitarian operations included medical and casualty evacuation flights, fire fighting operations, and search and rescue flights, including the rescue of 20 civilians off a bulk carrier in July 2009. The South African Air Force participated in the Southern Africa standby brigade exercise held in the Lohatla and Walvis Bay areas in September 2009.

Expenditure estimates

Table 21.7 Air Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Strategic Direction	12.5	11.7	12.5	15.3	15.6	18.8	17.8
Operational Direction	139.7	169.5	170.7	73.4	90.8	92.4	106.8
Helicopter Capability	1 490.7	1 232.1	1 166.5	824.0	928.3	840.1	740.4
Transport and Maritime Capability	715.8	851.7	1 723.9	2 664.4	438.8	1 455.6	1 944.8
Air Combat Capability	3 085.4	3 133.7	2 919.9	3 032.8	1 756.5	2 338.0	2 607.3
Operational Support and Intelligence Capability	121.6	143.4	146.1	213.3	211.8	304.2	287.3
Command and Control Capability	191.6	200.1	203.0	210.8	258.4	302.4	257.2
Base Support Capability	779.8	783.2	926.1	1 100.7	1 163.8	1 245.8	1 308.3
Command Post	65.4	32.1	41.7	31.1	40.0	44.4	46.5
Training Capability	200.3	237.7	258.6	392.4	552.1	661.9	406.8
Technical Support Services	458.9	519.7	449.6	498.5	603.0	606.7	638.9
Total	7 261.7	7 314.8	8 018.8	9 056.4	6 059.1	7 910.5	8 361.9
Change to 2009 Budget estimate				7 088.1	3 956.9	5 765.4	(1 510.6)
Economic classification							
Current payments	2 448.8	2 690.3	3 009.9	3 406.9	3 713.8	3 957.7	4 155.2
Compensation of employees	1 376.0	1 502.3	1 636.8	1 825.4	2 035.9	2 227.8	2 360.5
Goods and services	1 072.8	1 187.9	1 373.1	1 581.5	1 677.9	1 729.9	1 794.6
<i>of which:</i>							
Computer services	33.6	37.2	19.4	49.4	40.7	35.6	32.8
Contractors	468.1	518.3	669.7	688.2	814.4	841.8	860.9
Inventory: Food and food supplies	43.9	48.6	49.6	64.5	51.0	29.9	13.6
Property payments	1.5	1.7	1.9	2.3	2.2	2.3	2.4
Transfers and subsidies	4 767.2	4 567.9	4 955.7	5 628.6	2 287.7	3 927.4	4 181.0
Provinces and municipalities	0.6	6.3	1.8	–	–	–	–
Departmental agencies and accounts	4 729.6	4 537.9	4 924.0	5 614.5	2 272.2	3 916.2	4 173.1
Public corporations and private enterprises	–	–	–	–	2.1	–	–
Households	37.0	23.8	29.8	14.1	13.4	11.1	7.9
Payments for capital assets	44.2	56.3	52.5	20.9	57.7	25.4	25.8
Buildings and other fixed structures	–	–	0.1	–	–	–	–
Machinery and equipment	43.8	55.7	52.1	15.7	53.1	20.6	23.3
Specialised military assets	–	–	–	5.2	4.6	4.7	2.5
Software and other intangible assets	0.4	0.7	0.2	–	–	–	–
Payments for financial assets	1.5	0.2	0.7	–	–	–	–
Total	7 261.7	7 314.8	8 018.8	9 056.4	6 059.1	7 910.5	8 361.9
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4 729.6	4 537.9	4 924.0	5 614.5	2 272.2	3 916.2	4 173.1
Special Defence Account	1 391.5	1 676.5	2 265.7	2 435.4	1 153.7	2 727.5	3 279.6
Special Defence Account	3 338.1	2 861.4	2 658.4	3 179.1	1 118.4	1 188.8	893.4
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	–	–	–	2.1	–	–
Armaments Corporation of South Africa	–	–	–	–	2.1	–	–

Expenditure trends

The *Air Defence* programme accounts for 26.2 per cent of the department's total expenditure, and increased from R7.3 billion in 2006/07 to R9.1 billion in 2009/10 at an average annual rate of 7.6 per cent and then decreases to R8.4 billion in 2012/13 at an average annual rate of 2.6 per cent. The decrease over the MTEF period is due to the termination of the A400M strategic airlift procurement project and the finalisation of the delivery milestones of the hawk lead in fighter trainer aircraft. This is also evident in the sharp decrease of

42.1 per cent in the *Air Combat Capability* subprogramme in 2010/11 and the decrease of 83.5 per cent in the *Transport and Maritime Capability* subprogramme in 2010/11.

The decrease of 3.5 per cent in expenditure in the *Helicopter Capability* subprogramme over the MTEF period is due to the completion of the maritime helicopter and light utility helicopter projects. The increases of 40.7 per cent and 22.6 per cent in 2010/11 in the *Training Capability* and the *Command and Control Capability* subprogrammes are due to the upgrade of the Pilatus PC7 Mk11 Astra trainer aircraft, and radar and ground navigation systems.

Over the MTEF period, spending in the *Air Defence* programme will focus on creating and restoring capacity and capabilities to supply prepared forces and support these forces once deployed. To create air systems capacity, the spending focus is on integrating new systems to ensure sustainability. To ensure the sustainability of human resources, the spending focus is on developing and maintaining skills and retaining scarce skills.

Programme 5: Maritime Defence

- *Maritime Direction* provides strategic direction to the programme by formulating and controlling strategies, policies, plans and advice to prepare and provide the maritime capabilities required for the defence and protection of South Africa. Funding is distributed based on the cost of operating the naval headquarters.
- *Maritime Combat Capability* provides mission ready and supported maritime combat capabilities in accordance with the approved force design of the Department of Defence and Military Veterans. Funding is distributed according to the number and size of units, the number of maritime combat force preparation exercises and the number of force employment operations executed.
- *Maritime Logistic Support Capability* sustains the availability of the force structure elements in the naval force design to ensure compliance with ordered operational commitments. Funding is distributed according to the number and size of units, utilisation and maintenance of support systems and equipment and the provision of product systems.
- *Maritime Human Resources and Training Capability* ensures that maritime combat capability requirements are met in terms of qualified personnel for regular and reserve members. Funding is distributed according to the number and size of units, utilisation and maintenance of training equipment and the number of courses presented.
- *Base Support Capability* provides a general base support capability to ships and submarines, shore units and other identified clients to ensure that the fleet complies with specified operational readiness levels. Funding is distributed according to the size of the naval base, utilisation and maintenance of the harbour, maintenance of naval infrastructure and naval base support systems and equipment.

Objectives and measures

- Defend and protect South Africa and its maritime zones by providing:
 - a surface combat capability of 4 frigates, 1 combat support vessel, 3 offshore patrol vessels, 3 inshore patrol vessels and a maritime reaction squadron in each annual operational cycle
 - a sub-surface combat capability of 3 submarines in each annual operational cycle
 - 2 mine countermeasures systems in each annual operational cycle to ensure safe access to South African harbours and where mine clearance may be required
 - an ongoing hydrographic survey capability to ensure safe navigation in charting areas and to meet international obligations.

Service delivery focus

In 2008/09, 8 236 sea hours on patrol in South African maritime zones were recorded. The South African Navy provided 50 members in support of various peace missions in Africa, the majority forming part of the peace support operation in Burundi. Training assistance was provided as part of the initiative to the Central

African Republic. The South African Navy participated in preparatory planning and relevant exercises in support of the 2010 FIFA World Cup. Naval deployments in cooperation with the South African Police Service helped enforce state authority and protect marine resources along the South African coast. The South African Navy took command of its third and last type 209 submarine. 8 multinational naval exercises were conducted with the Indian, Brazilian, Uruguayan and Argentinean navies. 12 South African Navy vessels participated in the presidential fleet review in September 2008 to honour former president Mbeki, who was then the Commander in Chief of the South African National Defence Force. On 4 occasions, the South African Navy was deployed abroad, the most notable involving a frigate deployment to China and 5 other countries.

In the first half of 2009/10, the South African Navy hosted the third Sea Power for Africa symposium in Cape, which explored effective maritime governance for Africa. 33 African countries and 12 observer countries attended the symposium. The South African Navy complied with its pledges to the SADC brigade and participated in various planning phases and executed the Southern Africa standby brigade exercise in September 2009.

Expenditure estimates

Table 21.8 Maritime Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Maritime Direction	276.0	273.9	298.8	380.3	374.5	445.2	477.4
Maritime Combat Capability	1 705.2	1 160.7	473.5	514.2	500.0	523.6	523.8
Maritime Logistic Support Capability	190.7	409.5	476.5	465.6	564.5	591.0	728.2
Maritime Human Resource and Training Capability	134.8	144.3	158.6	225.5	238.7	257.9	237.0
Base Support Capability	336.4	408.4	429.8	425.8	502.1	502.4	607.8
Total	2 643.1	2 396.7	1 837.2	2 011.3	2 179.8	2 320.0	2 574.2
Change to 2009 Budget estimate				(429.3)	(426.1)	(471.8)	321.9
Economic classification							
Current payments	1 268.1	1 327.5	1 363.0	1 595.1	1 706.5	1 858.9	1 958.0
Compensation of employees	880.8	916.4	855.1	1 031.7	1 096.1	1 201.9	1 321.6
Goods and services	387.2	411.0	507.9	563.4	610.4	657.0	636.4
<i>of which:</i>							
Computer services	18.6	19.7	26.3	26.5	35.4	37.0	37.4
Contractors	92.1	97.8	144.9	155.7	188.4	208.6	193.2
Inventory: Food and food supplies	36.6	38.9	54.8	52.2	53.2	60.2	65.2
Property payments	5.7	6.0	8.9	8.1	15.7	16.0	14.6
Transfers and subsidies	1 339.0	1 034.4	386.5	377.1	421.2	410.3	562.2
Provinces and municipalities	0.3	11.7	0.3	–	–	–	–
Departmental agencies and accounts	1 316.9	948.2	255.5	249.5	259.2	265.6	417.7
Public corporations and private enterprises	–	58.5	117.7	104.9	139.0	121.7	121.5
Households	21.7	16.0	13.0	22.7	23.0	23.0	23.0
Payments for capital assets	35.8	33.8	87.5	39.1	52.1	50.8	54.0
Buildings and other fixed structures	–	13.7	41.1	22.3	31.5	32.7	33.9
Machinery and equipment	35.1	20.0	46.4	13.0	19.3	17.9	19.1
Specialised military assets	–	–	–	3.6	1.2	–	0.9
Software and other intangible assets	0.7	0.1	–	0.2	0.2	0.2	0.2
Payments for financial assets	0.3	1.0	0.2	–	–	–	–
Total	2 643.1	2 396.7	1 837.2	2 011.3	2 179.8	2 320.0	2 574.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 316.9	948.2	255.5	249.5	259.2	265.6	417.7
Special Defence Account	118.8	195.4	147.3	180.6	158.6	220.3	417.7
Special Defence Account	1 198.1	752.8	108.2	68.9	100.6	45.3	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	58.5	117.7	104.9	139.0	121.7	121.5
Armaments Corporation of South Africa	–	58.5	117.7	104.9	139.0	121.7	121.5

Expenditure trends

The *Maritime Defence* programme accounts for 7.8 per cent of the department's total expenditure. Expenditure in this programme decreases from R2.6 billion in 2006/07 to R2.2 billion in 2010/11 at an average annual rate of 4.7 per cent, due to the commissioning of the frigates and submarines between 2006 and 2009. The decrease in spending in the *Maritime Combat Capability* subprogramme between 2006/07 and 2009/10, at an average annual rate of 32.9 per cent was due to the finalisation of the frigate, submarine strategic procurement programmes between 2009/10 to 2011/12 as well as the underwater range projects.

The increases of 23.2 per cent and 21 per cent in 2012/13 in expenditure in the *Maritime Logistic Support Capability* and *Base Support Capability* subprogrammes are due to the planned acquisition of hydrographic vessels, and the planned recruitment and staffing of personnel with scarce skills such as divers, technicians and engineers.

Over the MTEF period, spending in the *Maritime Defence* programme will focus on the preparation and maintenance of the approved force structure elements (deployable assets) and the associated force structure (supporting elements), including the associated human resources at the required readiness levels, to meet maritime defence commitments in a sustained manner. It will also focus on finalising all activities for the full acceptance and integration of the strategic defence package frigates, helicopters and submarines. The South African Navy's naval capabilities will continue to be prepared for government peace support operations and engagements in Africa.

Programme 6: Military Health Support

- *Strategic Direction* formulates strategy, policies and plans, and gives advice from the surgeon-general's office to prepare and provide the capabilities required by the Chief of the South African National Defence Force. Funding is based on the cost of operating the military health service headquarters.
- *Mobile Military Health Support* provides health support elements for deployed and contingency forces. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation activities.
- *Area Military Health Service* provides a comprehensive, self supporting, multidisciplinary geographic military health service through a formation headquarters, commanding and controlling nine area military health units to ensure a healthy military community. Funding is distributed according to the number and size of units and health care facilities, systems and equipment operating and maintenance requirements, the number and type of patient health services rendered, and the number of force preparation activities.
- *Specialist/Tertiary Health Service* provides a specialist health service to develop and maintain tertiary military health capabilities within the parameters of relevant legislation as contained in the South African Military Health Service strategy. Funding is distributed according to the number and size of military hospitals and specialist units, systems and equipment operating and maintenance requirements, the number of and type of patient health services rendered as well as force preparation activities.
- *Military Health Product Support Capability* provides for: warehousing pharmaceuticals, sundries, military health mobilisation equipment and unique stock; procuring unique military health products, materials and services; and an asset management service, military health product systems and cooperative common military health logistics. Funding is distributed according to the number and size of units, the use of military health products, equipment and consumables, and the requirements for maintaining strategic military health reserves.
- *Military Health Maintenance Capability* provides general base support services to identified South African Military Health Service units to sustain and maintain the approved force design and structure. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements.
- *Military Health Training Capability* provides a military health training service to develop and maintain military health training capabilities within the parameters of relevant legislation and policies. Funding is distributed according to the training inputs of the sub-units, equipment operating and maintenance

requirements, the number of force preparation exercises, and training courses presented to SADC countries.

Objectives and measures

- Provide prepared and supported health capabilities and services by providing:
 - a health support capability of 5 medical battalion groups per year, including 1 specialist medical battalion group, for deployed and contingency forces
 - a comprehensive multidisciplinary health service to a projected patient population of 230 000 members per year.

Service delivery focus

In 2008/09, 554 034 patients were treated by means of 973 800 health care activities at the 88 health care facilities countrywide. 332 500 health care activities took place in military hospitals by means of outpatient consultations and 23 587 patients were treated as inpatients at these hospitals. Health care practitioners supported all external and internal military operations and 1 Military Hospital provided a level 4 facility as required by the UN. The number of learners on planned courses was 4 096.

Progress was made in implementing master plans, such as the logistic and technology master plan, to address the priority risks in the South African Military Health Service. In 2008/09, the process of replacing obsolete equipment, vehicles and ambulances resulted in procuring and converting 35 ambulances, 56 mass transportation vehicles, 10 panel vans and 60 other vehicles. Another 58 ambulances will be converted in 2009/10. The implementation of the facility master plan resulted in maintaining and repairing 3 military hospitals, approval to build a new medical depot in Pretoria, and registering the upgrade of the facilities of the military health training formation as a project with the Department of Public Works. As part of the health service's focus on repairing and upgrading priority health facilities in 2008/09, 3 outdated health informatics systems were replaced.

The strategic decision to train more military skills development system members as emergency care technicians in 2009 increased the health service's capacity by approximately 230 members and members will be used during the 2010 FIFA World Cup to be included thereafter in the reserves as a contribution to the core growth one force concept. The chemical, biological and radiation defence capability for the 2010 FIFA World Cup was developed according to the plan made by the Department of Health and the South African Military Health service and training to members and external stakeholders is being conducted. The health service continued developing its capacity in disaster and humanitarian relief for the 2010 FIFA World Cup and beyond and is prepared to provide personnel for casualty decontamination and detection teams. Decontamination and isolation systems and equipment were procured in 2009/10.

In 2009/10, 584 978 health care activities and 38 218 health assessments took place in the 88 health care facilities countrywide, and 386 049 health care activities took place in military hospitals and specialist facilities. 32 488 health care activities took place in the specialist maritime environment and 6 753 activities in the specialist aviation environment. 1 320 national and international dignitary medical support and health activities took place. 2 963 learners attended planned courses. During the national strike of doctors in provincial hospitals in 2009, health care practitioners were supported by the health service providing health care to national departments such as the Department of Health, and in all external and internal military operations. The health service was appointed as the leader in rendering emergency services during the labour action of the doctors in several provincial hospitals in 2009.

In 2009, the South African Military Health Service embarked on a project to microdot and fit tracking systems in all vehicles.

Expenditure estimates

Table 21.9 Military Health Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Strategic Direction	88.4	119.0	149.6	194.7	181.5	203.6	232.9
Mobile Military Health Support	64.7	77.8	66.8	81.7	119.1	148.3	146.1
Area Military Health Service	632.9	678.6	733.3	796.5	886.8	925.1	938.9
Specialist / Tertiary Health Service	585.7	649.1	715.6	835.5	877.3	929.9	985.3
Military Health Product Support Capability	109.3	103.6	135.9	220.1	210.4	237.6	353.5
Military Health Maintenance Capability	120.8	114.5	222.7	136.6	192.9	189.8	197.8
Military Health Training Capability	103.5	135.2	152.9	217.7	302.2	326.9	346.7
Total	1 705.2	1 877.7	2 176.9	2 482.8	2 770.2	2 961.3	3 201.3
Change to 2009 Budget estimate				1 893.0	2 157.3	2 314.5	269.9
Economic classification							
Current payments	1 592.3	1 791.5	2 027.5	2 417.1	2 685.1	2 818.1	2 889.7
Compensation of employees	1 063.0	1 194.1	1 377.1	1 607.0	1 798.2	1 916.6	1 999.3
Goods and services	529.3	597.4	650.4	810.1	886.9	901.5	890.4
<i>of which:</i>							
Computer services	54.0	61.0	37.3	86.0	36.8	57.0	61.1
Contractors	149.3	168.5	188.4	205.2	365.8	331.2	276.9
Inventory: Food and food supplies	19.5	22.0	35.0	31.0	50.1	42.5	43.5
Property payments	9.8	11.0	12.4	15.5	13.1	14.2	15.9
Transfers and subsidies	25.0	15.2	15.4	9.2	35.8	57.8	50.2
Provinces and municipalities	0.5	0.3	1.7	–	–	–	–
Departmental agencies and accounts	0.9	1.1	1.5	1.8	24.7	46.8	39.2
Non-profit institutions	0.3	–	0.3	0.4	0.6	0.6	0.6
Households	23.3	13.8	12.0	7.0	10.5	10.4	10.4
Payments for capital assets	87.6	69.3	121.9	56.5	49.3	85.4	261.4
Buildings and other fixed structures	–	0.8	0.2	0.1	0.1	31.4	106.1
Machinery and equipment	87.6	68.5	121.6	56.4	48.5	50.3	54.5
Specialised military assets	–	–	–	–	0.6	3.6	100.6
Biological assets	–	–	–	–	0.1	0.1	0.1
Software and other intangible assets	0.1	–	0.2	0.0	0.1	0.1	0.1
Payments for financial assets	0.2	1.7	12.1	–	–	–	–
Total	1 705.2	1 877.7	2 176.9	2 482.8	2 770.2	2 961.3	3 201.3
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	0.9	1.1	1.5	1.8	24.7	46.8	39.2
Special Defence Account	0.9	1.1	1.5	1.8	24.7	46.8	39.2

Expenditure trends

The *Military Health Support* programme accounts for 8.1 per cent of the department's total expenditure, which increases from R1.7 billion in 2006/07 to R3.2 billion in 2012/13, at an average annual rate of 11.1 per cent. This is mainly due to the additional allocations of up to R190 million in 2010/11 for the military skills development system programme and landward renewal, and R100 million from 2012/13 for the replacement of operational ambulances. The increase in this programme from 2006/07 to 2009/10 is due to additional provisions for the procurement of pharmaceuticals, additional health care responsibility for military skills development system members, the implementation of scarce skills and rural allowances for health professionals, improvements to the health informatics system, antiretroviral rollout and sustaining the presidential health team. Expenditure on consultants on large projects amounted to R4 million for 2008/09 and R9 million for 2009/10, most of which was used for completing organisation and work study reports required for organisational restructuring, and for transactional advisors on a possible public private partnership to secure hospital beds in major centres at a reduced cost.

The average annual increase of 21.4 per cent in spending in the *Mobile Military Health Support* subprogramme over the MTEF period is due to the initiation of a defence against chemical and biological warfare project and the aero medical and specialist training facility project. The 41.1 per cent increase in spending in the *Military Health Maintenance Capability* subprogramme from 2009/10 to 2010/11 is based on the planned reactivation of the military health technical support capabilities through regular and reserve members. The increase of 38.8 per cent in the *Military Health Training Capability* subprogramme between 2009/10 and 2010/11 is due to the additional allocation for the military skills development system.

Over the MTEF period, spending in the *Military Health Support* programme will focus on the improvement of health service delivery to contribute to the readiness of the South African National Defence Force. The South African Military Health Service will focus on programmes to address operational support capabilities, and tertiary/specialist and base orientated capabilities. The South African Military Health Service will be prioritised: acquiring 4 field hospitals, developing the landward vehicle projects to provide the necessary operational ambulance and health support vehicles; renewing main medical equipment for operational and base orientated infrastructure; procuring integrated air medical evaluation and training system; and renewing health facilities to render a world class military health service to patients. The prioritisation will be done according to the need and availability of funding.

Programme 7: Defence Intelligence

- *Strategic Direction* provides defence intelligence policy, doctrine and intelligence advice to support the department's decision making and policy formulation processes. Funding is based on the cost of operating the defence intelligence headquarters.
- *Operations* provides timely defence prediction, intelligence and counterintelligence capabilities and services. Funding is distributed according to the number and size of intelligence offices, systems and equipment operating and maintenance requirements, and the number of intelligence products produced.
- *Defence Intelligence Support Services* provides human resource, logistic, planning, security, labour relations, and training and information support services to the defence intelligence community. Funding is distributed according to the number and size of units and offices, equipment operations and maintenance requirements, and the number of force preparation exercises and training courses.

Objectives and measures

- The detail of the output of *Defence Intelligence* is classified and not available to the public.

Service delivery focus

In 2008/09, the division remained involved in peace processes in Africa in support of the South African government's peace initiatives, both by providing intelligence on the current security situation and by being directly involved in peace talks. The department's involvement in reform processes centred on training military intelligence personnel of various countries, both in South Africa and abroad. In 2008/09, the division conducted a number of intelligence exchange meetings with intelligence services around the world. These exchanges confirmed intelligence assessments on global issues and strengthened relations between the department and its strategic partners. On a regional level, the division participated in forums and processes in which common issues of security and governance were discussed. The division's support to and participation in the national intelligence coordinating committee elicited positive feedback from the coordinator for intelligence. Intelligence functionaries have been deployed to the department's external missions in Burundi, the Central African Republic, the Democratic Republic of the Congo and Sudan. Regular intelligence updates were provided to the joint operations division in 2008/09 and mission visits were conducted where there was interaction with the deployed members to align intelligence related issues.

In the first half of 2009/10, a close relationship with the division's clients was promoted through liaison with the joint standing committee on intelligence and the national intelligence coordinating committee. Specific intelligence requirements of the national intelligence coordinating committee and the scrutiny committee of the national conventional arms control committee such as the SADC defence subcommittee and the SADC defence intelligence standing committee were addressed. Intelligence support was provided on an ongoing

basis when necessary to interdepartmental structures to provide stability programmes at major national events such as the 2010 FIFA World Cup as well as border related operations. The division formed part of several discussions that assisted in the Burundi peace process and mediation efforts to resolve the political and security developments in Madagascar. The division played a major role in drafting the SADC regional defence estimate that was accepted in the first half of 2009/10 at the defence intelligence standing committee in Namibia. Six Namibian defence force members were trained in South Africa. Successful intelligence exchange visits were conducted with both African and European countries and meetings were held with Lesotho and Namibia.

Expenditure estimates

Table 21.10 Defence Intelligence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Strategic Direction	1.2	1.3	1.3	1.5	1.5	1.5	1.5
Operations	206.9	301.4	334.1	393.0	398.1	413.9	431.3
Defence Intelligence Support Services	145.4	158.4	171.4	205.0	231.5	250.5	266.0
Total	353.6	461.1	506.8	599.6	631.1	666.0	698.9
Change to 2009 Budget estimate				(2 742.3)	(3 045.2)	(3 294.1)	19.8
Economic classification							
Current payments	147.4	158.0	169.1	205.2	226.6	248.1	261.5
Compensation of employees	138.0	147.0	149.9	176.2	204.4	222.7	237.5
Goods and services	9.4	11.0	19.2	29.0	22.2	25.4	24.0
<i>of which:</i>							
Contractors	1.3	1.5	2.1	3.5	2.1	2.1	2.1
Inventory: Food and food supplies	0.9	1.0	2.3	1.5	1.4	1.4	1.4
Property payments	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Transfers and subsidies	203.1	302.4	337.0	393.7	401.1	414.8	432.9
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	201.0	296.2	332.4	391.5	396.8	412.7	430.1
Households	2.0	6.2	4.6	2.2	4.3	2.1	2.8
Payments for capital assets	3.1	0.7	0.6	0.6	3.4	3.1	4.5
Machinery and equipment	3.1	0.7	0.6	0.6	3.4	3.1	4.5
Total	353.6	461.1	506.8	599.6	631.1	666.0	698.9
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	201.0	296.2	332.4	391.5	396.8	412.7	430.1
Special Defence Account	201.0	296.2	332.4	391.5	396.8	412.7	430.1

Expenditure trends

The *Defence Intelligence* programme accounts for 1.9 per cent of the department's total expenditure. Spending increases from R353.6 million in 2006/07 to R698.9 million in 2012/13, at an average annual rate of 12 per cent, due to the planned investment in and development of a strategic information collection capability.

Over the MTEF period, spending in the *Defence Intelligence* programme will continue to focus on the provision of strategic and operation intelligence and counterintelligence to support the ministry, department activities and the government.

Programme 8: General Support

- *Joint Logistic Services* provides logistic services to the department. Funding is distributed according to the number and size of units, use and warehousing requirements for ammunition, main equipment and stores, the defence facility repair and maintenance programme, and the number of training courses.
- *Command and Management Information Systems* provides command and management information systems and related services to the department. Funding is distributed according to the number and size of mainframe systems, the communication infrastructure operated by the department, and maintenance and upgrading requirements.
- *Military Police* provides a military policing capability to the department. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Technology Development* provides for establishing and sustaining selected science and technology capabilities in the defence industry. Funding is distributed according to the requirements for strategically essential research about sensors, signal processing, protection, chemical biological defence and information warfare and security.
- *Departmental Support* provides for the payment of corporate departmental obligations such as transfer payments to public entities, legal fees, external audits, public private partnership transaction advisors and bank charges. Funding is distributed according to the service level agreement and memoranda of understanding with the public entity, expected interaction with the auditor-general and state attorney, historical banking costs and public private partnership expectations.
- *British Peace Support and Training Team* provides for the personnel from the United Kingdom Department of Defence, which provides services to the South African National Defence Force. Funding is distributed based on the memorandum of understanding with the United Kingdom.

Objectives and measures

- Provide general support capabilities and services by:
 - repairing and maintaining the department's infrastructure at 33 bases over the next 3 years (13 in 2010/11, 9 in 2011/12 and 11 in 2012/13) and executing the capital works programme through 52 projects (7 in 2010/11, 24 in 2011/12 and 21 in 2012/13)
 - providing appropriate, ready and sustained materiel, facilities, movement and logistic services focusing on supply chain and life cycle management to enable force preparation and employment.
- Provide the department with key information and communication systems by:
 - ensuring that the mainframe service is available 98 per cent of the time and the wide area network 95 per cent of the time
 - providing information and communication systems solutions in accordance with the defence enterprise information systems master plan according to programme and project milestones and associated deliverables.
- Reduce the number of new criminal cases under investigation by the military police by 10 per cent per year, by sustaining 1 provost company for deployment, 4 regional headquarters, 22 area offices and 22 detachments for investigations and crime prevention, and 2 military correctional facilities.

Service delivery focus

In 2008/09, the Council for Scientific and Industrial Research provided technical support in creating an enabling environment for the department's mandated facilities management functions. Progress was also made in researching and formulating a new policy that will align the department with National Treasury's asset management guidelines on accrual accounting, resulting in a draft strategy that covers life cycle and supply chain management. Initial progress was made in converting chapters from National Treasury applicable to the Department of Defence and Military Veterans. However, only 63.5 per cent was achieved for the serviceability of material due to the lack of accountability, focus and discipline, limited technical

support, the diversity of deployed equipment and the resultant high skill level required, as well as the difficulty in optimising the supply of spares supply.

The implementation of the first phase of the defence enterprise information systems master plan in the Department of Defence and Military Veterans was an achievement that enabled a global view of overall ICT requirements, including funds utilised.

The rollout of the Oracle time and labour electronic time keeping system between January and March 2008/09 is complete and initial reports from the system indicated the possibility of reporting against budget, thus providing the department with the capability to mitigate risks and vulnerability on its own forces' mobile devices and enable it to explore opposing forces' mobile devices. Over the medium term, the department will develop and maintain information warfare capability to deal with challenges presented in the information age. In 2008/09, 256 military police members were deployed in external operations on a daily basis. In the same year, 1 722 criminal and disciplinary cases involving personnel and equipment were finalised and 2 594 new cases were reported. Outstanding cases at the end of 2007/08 reduced by 733 from 7 838 to 6 116 and 927 crime prevention operations were conducted throughout the country in 2008/09.

In the first half of 2009/10, the logistic intervention and repositioning programme started developing a single, comprehensive, rigorous and tailorable logistics process for the department. This process is set to end by 2016/17. The repair work on 5 bases continued according to the repair and maintenance programme and 17 bases were added to the maintenance programme, with a call for tenders in 2009/10. A strategic facilities implementation plan is currently being developed and executed, which includes the strategic footprint and user asset management plans in accordance with legislation to deliver appropriate functional accommodation in support of the readiness requirements of a credible force.

In the second half of 2008/09, improvement was noted on the availability of data and telephone services as a result of upgrading certain obsolete information and communications technology equipment. The availability of the department's wide area network was at core 99.5 per cent and at access 97.8 per cent, higher than the target of 98 per cent published in the department's strategic business plan. The interoperability development environment was created in the first quarter of 2009/10 to provide a platform on which information systems can be tested and integrated into the battle space system where 72 military police members are deployed externally on a daily bases. From April to September 2009, 176 deliberate crime prevention operations had been conducted throughout the country and 185 military skills development system members are undergoing functional training at the military police school. 4 999 cases have been investigated by the military police and 581 new cases were reported. By the end of September 2009, the backlog had been reduced by 1 540 cases, from 6 116 to 4 576.

Expenditure estimates

Table 21.11 General Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Joint Logistic Services	458.9	651.2	1 432.6	1 469.8	1 758.4	1 557.1	1 906.6
Command and Management Information Systems	574.1	641.6	875.8	825.7	852.8	1 014.0	1 079.5
Military Police	230.7	248.8	291.2	310.2	343.4	384.4	394.5
Technology Development	184.9	235.7	258.8	258.2	357.8	391.2	300.1
Departmental Support	457.1	489.5	511.2	589.5	615.9	673.0	720.7
British Peace Support and Training Team	5.6	–	10.7	7.6	7.9	8.4	8.8
Total	1 911.4	2 266.8	3 380.4	3 461.0	3 936.2	4 028.1	4 410.1
Change to 2009 Budget estimate				1 659.1	2 074.2	2 049.6	252.0

Table 21.11 General Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	1 129.5	1 319.5	1 946.2	2 079.6	2 462.9	2 790.9	3 226.1
Compensation of employees	344.7	400.2	754.6	650.5	790.8	980.9	1 061.4
Goods and services	784.8	919.3	1 191.7	1 429.1	1 672.1	1 810.0	2 164.7
of which:							
Computer services	311.6	365.0	554.3	593.1	674.0	710.9	739.1
Contractors	342.5	401.2	352.0	596.4	742.0	796.7	1 108.2
Inventory: Food and food supplies	8.6	10.1	31.4	15.6	20.2	21.3	22.5
Property payments	0.3	0.4	0.4	0.7	0.6	0.7	0.7
Transfers and subsidies	677.6	718.8	866.9	869.8	985.8	1 088.6	1 031.9
Provinces and municipalities	0.5	0.6	2.7	–	–	–	–
Departmental agencies and accounts	249.2	274.6	404.0	365.1	438.3	509.8	420.9
Public corporations and private enterprises	396.3	415.3	448.1	498.8	537.1	567.9	600.4
Non-profit institutions	–	2.9	–	–	–	–	–
Households	31.6	25.4	12.1	5.9	10.3	11.0	10.6
Payments for capital assets	104.1	209.6	557.5	511.6	487.5	148.5	152.1
Buildings and other fixed structures	49.2	77.1	434.4	428.5	440.0	94.5	99.3
Machinery and equipment	54.9	124.8	122.4	65.6	36.6	40.3	37.9
Specialised military assets	–	–	–	17.5	10.9	13.7	14.9
Software and other intangible assets	0.0	7.7	0.7	–	–	–	–
Payments for financial assets	0.1	18.9	9.8	–	–	–	–
Total	1 911.4	2 266.8	3 380.4	3 461.0	3 936.2	4 028.1	4 410.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	249.2	274.6	404.0	365.1	438.3	509.8	420.9
Special Defence Account	249.2	274.6	404.0	365.1	438.3	509.8	420.9
Current	396.3	415.3	448.1	498.8	537.1	567.9	600.4
Armaments Corporation of South Africa	396.3	415.3	448.1	498.8	537.1	567.9	600.4
Non-profit institutions							
Current	–	2.9	–	–	–	–	–
South African First Aid League	–	2.9	–	–	–	–	–

Expenditure trends

The *General Support* programme accounts for 11 per cent of the department's total expenditure, which increases from R1.9 billion in 2006/07 to R4.4 billion in 2012/13, at an average annual rate of 15 per cent. The increase of 19.6 per cent in 2010/11 in spending in the *Joint Logistic Services* subprogramme, which is responsible for most of the expenditure in the programme, is due to the additional allocation related to upgrading the runways and hardstands of Air Force Base Waterkloof. In 2012/13, expenditure in this subprogramme increased by 22.4 per cent due to the additional allocation received for the repair and maintenance of defence infrastructure and facilities. Expenditure in the *Technology Development* subprogramme increased at an average annual rate of 38.6 per cent between 2009/10 to 2010/11 due to an investment in the test and evaluation capability, electronic research and development, and missile technology research and development. The increase of 18.9 per cent in expenditure in the *Command and Management Information Services* subprogramme in 2011/12 is due to a provision for research and development of new generation telecommunication systems. Expenditure on consultants on large projects amounted to R12 million for 2008/09 and R35 million for 2009/10. Most of this expenditure has been used to pay consultants who assisted the department in cleaning up audit qualifications, designed and implemented internal controls, and trained defence members in compliance management, risk management and the auditing of financial statements. R7 million was also used in 2008/09 to develop and support an information warfare assistance programme, a collaboration between the department and the Council for Scientific and Industrial Research, and to execute an environmental impact assessment at the ammunition depot and school.

Over the MTEF period, spending in the *General Support* programme will focus on finalising the upgrade of the Waterkloof Air Force Base, maintaining and repairing defence facilities, maintaining and enhancing command and management information systems and conducting crime prevention.

Public entity

Armaments Corporation of South Africa

Strategic overview: 2006/07 – 2012/13

The Armaments Corporation of South Africa derives its mandate from the Armscor Act (2003), which states that the objectives of the corporation are to meet the defence matériel requirements of the Department of Defence and Military Veterans effectively, efficiently and economically. The corporation conducts research, development and analysis, and testing and evaluation. As the procurement agency for the Department of Defence and Military Veterans, the corporation maintains a tender and contracting process, and provides quality, legal, financial and security management services as well as arms control compliance administration and IT capacity.

The Armaments Corporation of South Africa disposes of matériel in accordance with the regulatory framework, and supports and maintains the facilities that are identified as strategic by the Department of Defence and Military Veterans. The corporation also makes acquisitions for the South African Police Service and other government departments with security mandates, with the approval of the Minister of Defence and Military Veterans. The corporation's Defence Institute provides specialised services to the Department of Defence and Military Veterans in support of its research and development, and testing and evaluation requirements.

The Armaments Corporation of South Africa's two key priorities over the MTEF period are: acquiring defence matériel for the South African National Defence Force and contracting through life support for in-service equipment; and managing the Simon's Town dockyard and the management of the Defence Institute.

Savings and cost effective service delivery

Personnel costs are the main contributor (74 per cent) to total operating expenditure. Following an evaluation, certain activities have been restructured with the focus on the workload and ensuring the most effective utilisation of existing resources. In addition, the 2010/11 budget only provides for critical existing vacancies to be filled.

Selected performance indicators

Table 21.12 Armaments Corporation of South Africa

Indicator	Performance/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Contracts placed as a percentage of confirmed commitments from the Department of Defence and Military Veterans	Capital defence matériel acquisition	74.8% (R3.3bn)	99.8% (R4.4bn)	99.9% (R583m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Capital defence matériel acquisition	53.3% (R2.2bn)	75.3% (R3.4bn)	86.2% (R3.51m)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence and Military Veterans	Strategic defence acquisition	95.6% (R5.8bn)	99.6% (R5.0bn)	99.9% (R73m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Strategic defence acquisition	89.9% (R5.3bn)	69.9% (R3.5m)	98.3% (R4.6m)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence and Military Veterans	System support acquisition and procurement	94.4% (R1.5bn)	96.9% (R2.0bn)	99.6% (R7.0m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	System support acquisition and procurement	89.5% (R1.4bn)	84.1% (R1.8bn)	95.6% (R2.1m)	90%	90%	90%	90%

Table 21.12 Armaments Corporation of South Africa (continued)

Indicator	Performance/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
DIP credits awarded in terms of contractually agreed milestones	Management of defence industrial participation	R2.2bn	R1.4bn	R1.08bn	R600m	R511m	R575m	R177m
Amount spent on execution of activities within approved budget*	Management of defence technology, research, test and evaluation requirements of the Department of Defence and Military Veterans	R31m profit	R4.6m loss	R9m loss	–	–	–	–
Execution of activities as a percentage of planned activities*	Management of defence technology, research, test and evaluation requirements of the Department of Defence and Military Veterans	–	–	–	90%	90%	90%	90%
Percentage of the corporation's operating budget to be spent on the corporation's approved BEE companies	BEE	66.6% (R29m)	59.4% (R22m)	66.6% (R25m)	65%	65%	65%	65%
Percentage of the department's and the general defence account's spending to be spent on the corporation's approved BEE companies	BEE	21% (R257m)	26.3% (R307m)	27.6% (R391m)	35%	35%	35%	35%
Percentage of the corporation's business' discretionary cost of sales spending to be spent on the corporation's approved BEE companies	BEE	45.6%	48.1% (R57m)	34.4% (R27m)	50%	50%	50%	50%
Percentage of the corporation's dockyard's discretionary cost of sales spending to be spent on the corporation's approved BEE companies**	BEE	–	–	–	50%	50%	50%	50%
Percentage of external appointees who are black	Human resources	95% (57)	90.9% (73)	92.9% (91)	81%	82%	82%	82%
Percentage of external appointees in the technical functional groups who are women	Human resources	12% (2)	20% (6)	19.2% (10)	21%	22%	22%	22%
Percentage of external appointees in the non-technical groups who are women	Human resources	81% (26)	63.8% (33)	65.2% (30)	65%	65%	65%	65%
Percentage of employees in the supervisory levels and above who are women	Human resources	28% (186)	29.1% (198)	30.1% (210)	30%	31%	32%	32%
Number of trainees on the talent development programme per year	Human resources	8	15	17	12	12	12	12
Number of students granted bursaries per year	Human resources	5	4	7	6	6	6	6

* Target was adjusted in current year to reflect activities as percentage of planned activities

** New target set for current year

Service delivery focus

The corporation's 3-year integrated corporate and business plan defines 7 key performance indicators. The first 5 are directly linked to the corporation's functions as defined in the Armaments Corporation of South Africa, Limited Act (2003). The other indicators deal with the corporation's BEE initiative, which is in support of the Broad Based Black Economic Empowerment Act (2003) and the transformation of the corporation to reflect the demographics of the country.

The corporation's initiatives to refocus its resources towards adding more technical value in the relevant integrated project teams are progressing well. Strict baseline management and more formalised requirements reviews of all acquisition projects are also delivering positive results. Detailed measurements of executing these services are reported on a quarterly basis.

Expenditure estimates

Table 21.13 Armaments Corporation of South Africa: Activity information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Management of defence matériel acquisition	368.8	365.8	408.9	478.9	524.0	557.3	590.5
Quality Assurance	43.5	47.9	51.9	71.1	73.5	77.9	82.6
Tender Management	2.3	2.3	2.6	2.5	2.8	3.0	3.1
Defence Industrial Participation	2.8	2.8	3.0	3.5	3.7	3.9	4.2
Logistics Matériel and Support	–	–	1 369.4	582.2	590.6	626.0	663.6
Other activities	1 213.5	1 068.1	328.3	375.8	438.6	441.1	466.1
Total expense	1 630.9	1 486.8	2 164.1	1 514.0	1 633.1	1 709.2	1 810.2

Table 21.14 Armaments Corporation of South Africa: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	1 292.6	1 057.0	1 636.3	856.1	850.4	905.3	957.9
Sale of goods and services other than capital assets of which:	1 260.7	1 015.6	1 592.1	790.9	788.0	847.0	902.0
<i>Services rendered</i>	1 260.7	1 015.6	1 592.1	790.9	788.0	847.0	902.0
<i>Other non-tax revenue</i>	32.0	41.4	44.2	65.2	62.3	58.2	56.0
Transfers received	396.3	473.8	565.8	603.6	721.2	735.6	768.5
Total revenue	1 688.9	1 530.8	2 202.0	1 459.7	1 571.6	1 640.9	1 726.4
Expenses							
Current expense	1 630.9	1 486.8	2 164.1	1 514.0	1 633.1	1 709.2	1 810.2
Compensation of employees	335.6	373.9	519.4	587.1	636.5	666.8	706.8
Goods and services	1 278.8	1 092.5	1 619.9	900.2	967.9	1 012.1	1 071.5
Depreciation	16.6	20.5	24.8	26.7	28.7	30.2	31.8
Total expenses	1 630.9	1 486.8	2 164.1	1 514.0	1 633.1	1 709.2	1 810.2
Surplus / (Deficit)	58.0	44.0	37.9	(54.3)	(61.6)	(68.3)	(83.7)
Statement of financial position							
Carrying value of assets	198.1	203.5	215.1	215.2	214.4	213.7	213.1
of which: <i>Acquisition of assets</i>	20.7	28.0	37.2	26.9	27.9	29.5	31.3
Inventory	2.4	6.8	6.1	6.4	6.8	7.2	7.6
Receivables and prepayments	174.8	183.6	298.2	298.4	296.2	309.8	324.2
Cash and cash equivalents	288.0	312.5	336.2	285.2	229.4	163.7	82.5
Total assets	663.2	706.4	855.6	805.3	746.8	694.3	627.5
Accumulated surplus/deficit	470.6	514.6	552.6	498.3	436.7	368.4	284.7
Trade and other payables	170.3	92.1	223.1	223.1	221.1	231.7	243.0
Provisions	22.2	99.7	79.9	83.9	88.9	94.2	99.8
Total equity and liabilities	663.2	706.4	855.6	805.3	746.8	694.3	627.5

Expenditure trends

The Armaments Corporation of South Africa's operating expenses are largely funded by a transfer payment from the Department of Defence and Military Veterans. Together with interest earned on the payment, these funds are used to finance operating expenditure.

As the corporation's total revenue is not sufficient to cover its expenditure, the shortfall therefore has to be funded from its existing reserves. The balance at 31 March 2011 is approximately R362 million. Although this situation can be accommodated in the short term, agreement will have to be reached with the Department of Defence and Military Veterans on the funding level for services required. The large decrease in sales by

market establishments from 2006/07 to 2009/10 is due to the activities of Armscor Logistics, which is responsible for import and export of defence matériel. The strategic defence package resulted in a significant increase in its activities, but is nearing completion and thus not sustainable in future forecasts. The growth in expenditure in compensation of employees, at an average annual rate of 20.5 per cent from 2006/07 to 2009/10, can largely be attributed to the personnel implications of the transfer of the naval dockyard at Simon's Town to the corporation in September 2007. The fixed capital requirements of subsidiaries are financed from own income generated and additional funding from the Department of Defence and Military Veterans. All reserves are considered to be non-distributable. The full share capital and reserves are required for the total net capital requirements of the group. Cash is therefore retained to meet future commitments and is therefore not available for the distribution of dividends.

Additional tables

Table 21.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	2 482.7	2 459.2	2 480.2	2 860.8	19.8	2 880.6	2 880.6
2. Force Employment	7 588.6	7 062.7	1 913.9	1 801.8	122.7	1 924.5	1 924.5
3. Landward Defence	9 026.6	8 021.3	7 487.2	8 749.3	159.8	8 909.1	8 909.1
4. Air Defence	1 825.4	1 874.7	8 018.8	10 272.0	(1 215.6)	9 056.4	8 056.4
5. Maritime Defence	2 119.1	2 148.2	1 837.2	1 968.3	43.0	2 011.3	2 011.3
6. Military Health Support	515.4	512.9	2 176.9	2 440.6	42.2	2 482.8	2 482.8
7. Defence Intelligence	3 015.4	4 036.9	506.8	589.8	9.8	599.6	599.6
8. General Support	1 659.9	1 783.2	3 380.4	3 341.9	119.1	3 461.0	3 461.0
Total	28 233.2	27 899.0	27 801.3	32 024.4	(699.1)	31 325.3	30 325.3
Economic classification							
Current payments	18 050.9	18 495.3	17 894.3	20 249.2	488.4	20 737.6	20 737.6
Compensation of employees	10 687.3	10 908.1	10 620.0	11 751.9	471.3	12 223.2	12 223.2
Goods and services	7 363.6	7 587.2	7 274.3	8 497.4	17.1	8 514.4	8 514.4
Transfers and subsidies	9 760.6	8 787.8	8 833.1	11 114.5	(1 269.6)	9 844.9	8 844.9
Provinces and municipalities	–	–	13.8	–	–	–	–
Departmental agencies and accounts	9 105.0	8 096.6	8 096.6	10 364.4	(1 289.4)	9 075.0	8 075.0
Public corporations and private enterprises	530.6	565.8	565.8	583.8	19.8	603.6	603.6
Non-profit institutions	4.0	4.5	4.2	4.4	–	4.4	4.4
Households	121.0	121.0	152.8	161.8	–	161.8	161.8
Payments for capital assets	421.7	615.9	998.9	660.7	82.2	742.8	742.8
Buildings and other fixed structures	112.1	286.7	476.5	369.8	82.2	452.0	452.0
Machinery and equipment	308.1	327.7	521.0	263.0	–	263.0	263.0
Specialised military assets	–	–	–	27.6	–	27.6	27.6
Biological assets	0.1	0.1	–	–	–	–	–
Software and other intangible assets	1.4	1.4	1.3	0.3	–	0.3	0.3
Payments for financial assets	–	–	75.0	–	–	–	–
Total	28 233.2	27 899.0	27 801.3	32 024.4	(699.1)	31 325.3	30 325.3

Table 21.B Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	97 964	77 289	–	77 516	74 843	74 594	74 542	78 094	79 519	81 217
Salary level 1 – 6	68 391	55 965	–	54 317	51 884	51 761	52 278	55 478	56 660	57 269
Salary level 7 – 10	27 394	19 455	–	21 382	21 051	20 948	20 457	20 671	20 906	21 981
Salary level 11 – 12	1 792	1 539	–	1 514	1 583	1 566	1 486	1 559	1 568	1 574
Salary level 13 – 16	387	330	–	304	325	320	321	386	385	393
Administration	5 222	4 050	–	2 846	3 697	3 367	3 808	3 960	3 956	3 922
Salary level 1 – 6	1 989	1 560	–	1 298	1 686	1 535	1 643	1 749	1 739	1 698
Salary level 7 – 10	2 523	1 936	–	1 199	1 558	1 419	1 640	1 657	1 655	1 660
Salary level 11 – 12	592	445	–	276	358	326	415	418	427	429
Salary level 13 – 16	118	109	–	73	95	87	110	136	135	135

Table 21.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Force Employment	51 409	39 772	–	36 783	34 022	33 442	37 318	40 279	41 563	43 374
Salary level 1 – 6	42 760	32 676	–	30 086	27 828	27 353	30 088	32 935	33 949	34 762
Salary level 7 – 10	8 458	6 888	–	6 488	6 001	5 899	7 028	7 150	7 420	8 418
Salary level 11 – 12	155	170	–	175	162	159	165	158	158	158
Salary level 13 – 16	36	38	–	34	31	31	37	36	36	36
Landward Defence	14 113	10 986	–	10 589	10 603	10 621	10 709	11 262	11 445	11 748
Salary level 1 – 6	8 665	7 335	–	6 661	6 669	6 681	6 856	7 551	7 845	8 219
Salary level 7 – 10	5 250	3 493	–	3 736	3 741	3 748	3 691	3 543	3 432	3 361
Salary level 11 – 12	170	132	–	167	167	167	137	143	143	143
Salary level 13 – 16	28	26	–	25	26	26	25	25	25	25
Air Defence	8 972	6 969	–	6 492	6 232	6 708	7 009	6 641	6 399	6 121
Salary level 1 – 6	6 193	4 799	–	4 436	4 259	4 730	5 058	4 394	4 079	3 623
Salary level 7 – 10	2 648	2 068	–	1 938	1 860	1 866	1 844	2 115	2 188	2 356
Salary level 11 – 12	103	84	–	99	95	95	89	115	115	117
Salary level 13 – 16	28	18	–	18	18	17	18	17	17	25
Maritime Defence	9 050	8 850	–	7 699	8 025	8 126	8 380	8 871	8 955	8 905
Salary level 1 – 6	3 665	5 827	–	4 010	4 179	4 232	4 395	4 881	4 976	4 961
Salary level 7 – 10	4 698	2 442	–	3 171	3 305	3 346	3 431	3 359	3 348	3 311
Salary level 11 – 12	563	490	–	437	456	462	473	510	510	512
Salary level 13 – 16	124	91	–	82	85	86	81	121	121	121
Military Health Support	1 022	731	–	654	648	826	715	752	778	803
Salary level 1 – 6	192	136	–	151	150	191	177	154	177	187
Salary level 7 – 10	760	525	–	438	434	553	473	529	532	547
Salary level 11 – 12	53	53	–	50	49	63	49	52	52	52
Salary level 13 – 16	17	17	–	15	15	19	16	17	17	17
Defence Intelligence	5 768	4 128	–	11 004	9 931	9 795	4 889	4 473	4 531	4 444
Salary level 1 – 6	3 624	2 744	–	6 958	6 279	6 193	3 239	2 854	2 912	2 825
Salary level 7 – 10	2 036	1 284	–	3 756	3 390	3 343	1 545	1 507	1 507	1 507
Salary level 11 – 12	89	87	–	248	224	221	89	95	95	95
Salary level 13 – 16	19	13	–	42	38	38	16	17	17	17
General Support	2 408	1 803	–	1 449	1 685	1 709	1 714	1 856	1 892	1 900
Salary level 1 – 6	1 303	888	–	717	834	846	822	960	983	994
Salary level 7 – 10	1 021	819	–	656	763	774	805	811	824	821
Salary level 11 – 12	67	78	–	61	71	72	69	68	68	68
Salary level 13 – 16	17	18	–	15	17	17	18	17	17	17

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. As at 30 September 2009.

Table 21.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	9 037.6	9 735.9	10 620.0	12 223.2	13 450.4	14 630.1	15 686.9
Training expenditure (R million)	85.6	87.4	117.7	113.6	145.6	151.0	167.0
Training as percentage of compensation	0.9%	0.9%	1.1%	0.9%	1.1%	1.0%	1.1%

Table 21.D Summary of departmental public private partnership (PPP) projects

Project description: R million	Project annual unitary fee at time of contract	Budgeted expenditure 2009/10	Medium-term expenditure estimate		
			2010/11	2011/12	2012/13
Projects in preparation, registered in terms of Treasury Regulation 16¹	–	–	2.3	2.5	2.8
PPP unitary charge	–	–	–	–	–
Advisory fees	–	–	2.3	2.5	2.8
Total	–	–	2.3	2.5	2.8

1. Only projects that have received Treasury Approval: 1

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Comprehensive Healthcare service to member for their legal dependants as well as beneficiaries of the fund for the SA Military Health Service in the DOD
Brief description	The identification and procurement of referral services in eight regional centres in South Africa through a PPP
Date PPP agreement was signed	No PPP agreement signed yet, must enter the procurement phase.
Duration of PPP agreement	If it is successful it will be for 10 years
Escalation index for unitary fee	No unitary fee to be paid only service fee with a discount.
Net Present Value of all payment obligations discounted at appropriate duration government bond yield	There will be none.
Variations / amendments to PPP agreement	N/A
Cost implications of variations / amendments	N/A
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	N/A

Table 21.F Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12	2012/13
R million											
Departmental infrastructure											
Rebuilding of runway at Waterkloof air force base	Aircraft landing facility	Construction	1 153.4	-	8.1	313.2	430.0	350.0	52.1	-	-
Construction of living accommodation	Member accommodation	Various	157.0	49.2	70.8	52.1	-	-	-	-	74.2
Upgrading of medical health facilities	Functional medical facilities	Construction	174.9	-	-	70.0	-	37.5	20.0	6.1	-
Construction of boat park	More efficient operations	Construction	120.6	-	-	-	-	31.6	15.5	-	-
Construction of training facilities	More efficient operations	Various	76.4	-	-	-	-	3.8	-	-	-
Construction of medical depot	Medical distribution point	Identification	537.0	-	-	-	-	0.1	31.4	106.1	-
Construction and upgrading of medical health facilities	Functional medical facilities	Construction	41.0	-	-	-	-	5.0	2.1	-	-
Upgrading of infrastructure for disabled members	Accessibility for disabled members	Various	10.0	-	-	-	-	0.2	0.2	2.2	-
Upgrading of kitchens	Improved food preparation	Various	7.2	-	-	-	-	-	-	-	-
Erection of fences, burglar bars and security gates	Safety and security	Various	9.1	-	-	-	-	-	-	-	2.2
Construction of ammunition storage facility	Safe ammunition storage	Construction	22.3	-	-	-	-	8.3	1.1	-	-
Construction of training facilities	More efficient operations	Various	15.2	-	-	-	-	3.7	3.2	1.5	-
Construction and upgrading of runway, roads, security fences and water and electrical supply	Provision of civil infrastructure	Various	57.0	-	-	-	-	-	-	-	9.1
Construction of office accommodation	Administration support	Various	53.0	-	-	-	-	-	0.3	2.6	-
Construction of ordnance hangars	Safe storage of ordnance	Identification	24.0	-	-	-	-	-	-	-	1.5
Construction of accommodation and training facilities	Accommodation and training	Various	-	-	14.5	41.1	22.0	31.5	32.7	33.9	-
Procurement of containers	Storage of ammunition	Various	-	-	-	-	-	12.6	13.0	13.6	-

Table 21.F Summary of expenditure on infrastructure (continued)

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Maintenance										
Repair and maintenance of infrastructure	Improved facilities	Construction	881.1	-	-	-	-	127.4	0.9	-
Repair and maintenance of infrastructure	Improved facilities	Tender	1 648.5	-	-	-	-	488.1	605.7	375.9
Repair and maintenance of infrastructure	Improved facilities	Design	101.7	-	-	-	-	-	-	61.0
Repair and maintenance of infrastructure	Improved facilities	Identification	1 520.8	-	-	-	-	21.0	63.0	528.6
Total			6 610.3	49.2	93.4	476.5	452.0	1 120.7	841.1	1 218.3

Table 21.G Summary of allocations to the special defence account per programme

Programme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Force Employment	139 424	111 779	152 090	156 811	129 354	131 687	142 762
Landward Defence	1 643 710	2 065 911	2 018 299	2 286 917	2 438 966	2 453 685	2 288 653
Air Defence	4 729 585	4 537 887	4 924 012	5 614 508	2 272 161	3 916 235	4 173 072
Maritime Defence	1 316 941	948 223	255 532	249 498	259 214	265 631	417 694
Military Health Support	885	1 100	1 500	1 771	24 700	46 754	39 192
Defence Intelligence	201 037	296 207	332 413	391 540	396 779	412 721	430 064
General Support	249 156	274 604	403 962	365 073	438 288	509 807	420 872
Total	8 280 738	8 235 711	8 087 808	9 066 118	5 959 462	7 736 520	7 912 309