

Estimates of Public Expenditure

2009

Defence

**National Treasury
Republic of South Africa**



ISBN: 978-2-621-38384-3

RP: 01/2009

The *Estimates of Public Expenditure 2009* booklet for each vote is compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision. In certain instances, factual or numerical errors or inaccuracies published in the main Estimates of National Expenditure 2009 have been corrected in this version. In this version, more comprehensive coverage of transfers, public entities and lower level institutional information is provided where applicable. The “information contained in each chapter” section of the main Estimates of National Expenditure 2009 provides details on the content and structure of the discussion on each vote.

Published by the National Treasury

To obtain copies please contact:

Communications Directorate
National Treasury
Private Bag X115
Pretoria
0001
South Africa
Tel: +27 12 315 5518
Fax: +27 12 315 5126

The *Estimates of National Expenditure 2009* as well as the *Estimates of Public Expenditure 2009* booklets are also available on www.treasury.gov.za

Printed by FormeSet Printers Cape (Pty) Ltd

Contents

Budget summary	1
Aim	1
Programme purposes.....	1
Strategic overview: 2005/06 – 2011/12.....	2
Selected performance and operations indicators.....	3
Expenditure estimates.....	3
Expenditure trends	5
Departmental receipts	5
Programme 1: Administration.....	6
Programme 2: Landward Defence	8
Programme 3: Air Defence.....	12
Programme 4: Maritime Defence	15
Programme 5: Military Health Support.....	18
Programme 6: Defence Intelligence.....	21
Programme 7: General Support.....	23
Programme 8: Force Employment	27
Additional tables.....	34

Vote 19

Defence

Budget summary

R thousand	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	2 860 790	2 815 210	23 819	21 761	3 142 128	3 505 220
Landward Defence	8 749 271	6 344 045	2 367 661	37 565	9 502 567	9 988 817
Air Defence	10 272 007	3 350 638	6 900 464	20 905	8 885 148	9 402 353
Maritime Defence	1 968 284	1 533 231	395 944	39 109	2 102 241	2 145 103
Military Health Support	2 440 600	2 374 881	9 188	56 531	2 605 947	2 791 788
Defence Intelligence	589 759	195 431	393 706	622	612 906	646 766
General Support	3 341 866	2 059 431	853 090	429 345	3 676 391	3 960 102
Force Employment	1 801 807	1 576 343	170 644	54 820	1 861 976	1 978 475
Total expenditure estimates	32 024 384	20 249 210	11 114 516	660 658	32 389 304	34 418 624
Executive authority	Minister of Defence					
Accounting officer	Secretary for Defence					
Website address	www.dod.mil.za					

Aim

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

Programme purposes

Programme 1: Administration

Purpose: Develop policy, and manage and administer the department.

Programme 2: Landward Defence

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

Programme 3: Air Defence

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

Programme 4: Maritime Defence

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

Programme 5: Military Health Support

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

Programme 6: Defence Intelligence

Purpose: Provide a defence intelligence and counter intelligence capability.

Programme 7: General Support

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

Programme 8: Force Employment

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

Strategic overview: 2005/06 – 2011/12

The main objective of the Department of Defence 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 also continues to provide support to United Nations (UN) and African Union (AU) initiatives aimed at promoting peace, stability and security in Africa and the Southern African Development Community (SADC).

Strategic and operational priorities

A resourced and flexible defence force

The core growth one force concept of ensuring that regular and reserve forces constitute an integrated defence force aims to ensure that the South African National Defence Force is designed to provide a core nucleus of capabilities that can be expanded and developed when required by government. To ensure a defence force that is capable of defending South Africa at any time, 77 400 reserve members will be called up over the MTEF period. Through the two-year military skills development system, the department aims to equip 24 565 young South Africans with basic military skills.

Current peace support operations in Africa

The South African National Defence Force, which includes land, air, maritime defence and military health support, is currently deployed in UN and AU peace support operations, mainly in the Democratic Republic of the Congo, Burundi and Sudan. 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, support for government initiatives, and post-conflict reconstruction and training. The South African National Defence Force prepares capabilities annually to support these operations, by ensuring the deployment and support of an average of 3 024 members per day over the MTEF period.

Internal deployment

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

Twenty-four joint, interdepartmental and multinational military exercises are planned to take place over the MTEF period. These exercises are critical for force readiness.

Relevant legislation

The growing threat of global terrorism has necessitated a review of the Regulation of Foreign Military Assistance Act (1998). Amendments to the Prohibition of Mercenary Activities and Regulation of Certain Activities in a Country of Armed Conflict Act (2006) will regulate how private security and military entities of South African origin operate in these countries experiencing armed conflict.

Focus over the short, medium and long term

The key defence policy in the short term (1 year) is to prepare, maintain and employ current defence capabilities. In the medium term (3 years), policy development is aimed at creating an affordable and sustainable force structure and rightsizing and rejuvenating its human resources. In the long term (10 years), the focus is on attaining the optimal level of competencies, technology and force structure to defend and protect South Africa and its territorial integrity.

Selected performance and operations indicators

Table 19.1 Defence

Indicator	Programme	Past			Current ¹ 2008/09	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Total number of defence diplomatic missions	Administration	24	31	32	37	37	37	37
Number of external operations each year	Force Employment	10	14	11	9	12 ¹	12	12
Average number of personnel deployed daily in external operations	Force Employment	3 022	4 810	2 698	2 729	3 024	3 024	3 024
Number of internal operations in support of other government departments each year	Force Employment	8	3	3	4	5	5	4
Number of person days used during internal operations	Force Employment	–	–	515 516	208 609	156 381	308 782 ²	60 000 ³
Number of flying hours in support of operations each year	Air Defence	11 484	9 788	12 271	10 500	9 500	9 500	9 500
Number of sea hours on patrol in South African maritime zones each year	Maritime Defence	7 390	9 949	9 648	10 478	11 000	11 000	11 000
Number of health interventions or actions per 100 000 members each year	Military Health Support	13.7	13.6	13.8	14	14	14	14
Number of joint, interdepartmental and multinational exercises conducted each year	Force Employment ⁴	9	16	10	10	9	9	6
Number of military skills development system members trained each year	Landward Defence	4 308	4 710	4 677	7 359	8 833	8 858	6 874
Total number of active reserves	Administration	17 340	13 050	12 583	23 600	24 200	25 600	27 600
Number of students graduating from the Military Academy with a bachelor's degree each year	Administration	40	44	38	45	45	45	45
Number of members professionally developed at senior departmental training institutions each year	Administration	167	185	184	189	189	189	189

1. Four medium to large scale peace support operations, four small scale peace support operations, and four small scale general military assistance operations

2. Increase due to support for the 2010 FIFA World Cup

3. Decrease due to the reduced support to the South African Police Service

4. Force Employment is responsible for planning joint, interdepartmental and multinational exercises. Landward Defence, Air Defence, Maritime Defence and Military Health Support are primarily responsible for the budgeting.

Expenditure estimates

Table 19.2 Defence

Programme	Audited outcome			Adjusted appropriation 2008/09	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08			2009/10	2010/11	2011/12
R thousand								
1. Administration	1 869 536	2 012 251	2 153 864	2 515 038	2 515 038	2 860 790	3 142 128	3 505 220
2. Landward Defence	5 603 817	6 422 398	7 128 036	7 859 032	7 839 032	8 749 271	9 502 567	9 988 817
3. Air Defence	7 924 729	7 261 703	7 314 782	8 041 384	8 041 384	10 272 007	8 885 148	9 402 353
4. Maritime Defence	3 019 797	2 643 090	2 396 650	1 890 444	1 890 444	1 968 284	2 102 241	2 145 103
5. Military Health Support	1 557 221	1 705 244	1 877 742	2 148 179	2 128 179	2 440 600	2 605 947	2 791 788
6. Defence Intelligence	219 457	353 566	461 066	518 415	518 415	589 759	612 906	646 766
7. General Support	1 710 539	1 911 355	2 266 788	3 118 554	3 018 554	3 341 866	3 676 391	3 960 102
8. Force Employment	1 605 445	1 507 977	1 581 185	1 807 981	1 797 981	1 801 807	1 861 976	1 978 475
Total	23 510 541	23 817 584	25 180 113	27 899 027	27 749 027	32 024 384	32 389 304	34 418 624
Change to 2008 Budget estimate				(334 128)	(484 128)	2 163 817	188 831	187 236

Table 19.2 Defence (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
Economic classification								
Current payments	13 382 070	14 500 470	15 755 504	18 495 321	18 375 321	20 249 210	21 772 538	23 979 638
Compensation of employees	8 196 352	9 037 595	9 735 905	10 908 108	10 908 108	11 751 857	12 309 372	13 145 882
Goods and services	5 085 610	5 444 918	5 987 370	7 587 213	7 467 213	8 497 353	9 463 166	10 833 756
<i>of which:</i>								
Administrative fees	4 775	5 281	5 769	7 647	7 647	8 759	8 985	9 326
Advertising	3 302	3 502	3 738	4 523	4 523	5 369	4 652	4 792
Assets less than R5 000	79 662	86 269	95 017	116 197	116 197	143 803	188 978	195 946
Audit costs: External	19 656	23 407	27 417	41 312	41 312	46 286	48 600	51 030
Communication	50 795	54 433	59 774	72 894	72 894	87 958	90 022	93 650
Computer services	469 961	537 399	610 725	843 776	843 776	948 177	989 398	1 026 412
Consultants and professional services:	106 404	115 353	128 840	170 625	170 625	189 266	187 387	212 634
Business and advisory services								
Consultants and professional services:	12 053	12 972	14 090	17 250	17 250	21 450	23 926	26 703
Infrastructure and planning								
Consultants and professional services:	10 085	11 726	13 236	14 749	14 749	18 666	21 612	21 933
Laboratory service								
Consultants and professional services:	3 212	3 825	4 480	6 750	6 750	7 563	7 941	8 338
Legal costs								
Contractors	1 960 655	2 090 154	2 295 190	2 862 091	2 742 091	3 185 870	3 762 106	4 007 689
Agency and support / outsourced services	215 886	220 522	243 148	285 692	285 692	300 038	295 094	321 887
Entertainment	10 242	11 365	12 445	16 187	16 187	20 549	20 292	21 097
Inventory: Food and food supplies	267 205	287 263	315 073	386 718	386 718	478 813	553 766	598 893
Inventory: Fuel, oil and gas	350 134	364 266	398 768	610 932	610 932	548 712	643 174	1 498 550
Inventory: Learner and teacher support material	8 540	8 778	9 664	11 642	11 642	13 960	13 992	14 449
Inventory: Materials and supplies	126 302	134 419	147 585	178 873	178 873	220 972	223 172	233 326
Inventory: Medical supplies	143 858	166 365	187 644	204 719	204 719	263 522	273 556	248 445
Inventory: Military stores	21 848	22 844	24 731	58 630	58 630	34 049	54 273	42 199
Inventory: Other consumables	79 853	85 224	93 887	111 648	111 648	134 929	150 857	149 917
Inventory: Stationery and printing	47 270	50 924	55 825	68 057	68 057	83 637	87 429	93 169
Lease payments	321 155	330 279	356 756	452 977	452 977	473 549	496 915	530 704
Owned and leasehold property expenditure	281 531	301 424	317 146	336 320	336 320	456 728	500 849	571 337
Travel and subsistence	292 580	306 700	335 681	395 916	395 916	475 845	467 505	484 476
Training and development	84 165	90 017	98 842	117 655	117 655	137 768	143 403	161 289
Operating expenditure	97 010	101 002	110 898	167 252	167 252	158 323	170 921	171 436
Venues and facilities	17 471	19 205	21 001	26 181	26 181	32 792	34 361	34 129
Financial transactions in assets and liabilities	100 108	17 957	32 229	–	–	–	–	–
Transfers and subsidies	9 715 850	8 882 838	8 926 890	8 787 848	8 787 848	11 114 516	10 061 645	9 725 585
Provinces and municipalities	15 144	3 967	36 710	–	–	–	–	–
Departmental agencies and accounts	9 265 943	8 288 459	8 243 440	8 096 608	8 096 608	10 364 425	9 273 501	8 907 443
Public corporations and private enterprises	359 515	396 286	473 826	565 754	565 754	583 846	616 411	646 086
Households	72 456	191 374	170 036	121 020	121 020	161 843	167 159	167 286
Payments for capital assets	412 621	434 276	497 719	615 858	585 858	660 658	555 121	713 401
Buildings and other fixed structures	73 884	49 173	93 357	286 736	286 736	369 827	265 250	429 256
Machinery and equipment	336 173	383 820	395 937	327 707	297 707	262 993	261 274	254 336
Biological and cultivated assets	–	–	–	60	60	–	–	–
Software and other intangible assets	2 564	1 283	8 425	1 355	1 355	253	276	296
Specialised military assets	–	–	–	–	–	27 585	28 321	29 513
Total	23 510 541	23 817 584	25 180 113	27 899 027	27 749 027	32 024 384	32 389 304	34 418 624

Expenditure trends

Between 2005/06 and 2008/09, expenditure increased from R23.5 billion to R27.9 billion at an average annual rate of 5.9 per cent. Over the medium term, expenditure is estimated to increase to R34.4 billion in 2011/12, at an average annual rate of 7.3 per cent. These increases are due to the inflation related adjustments on operating expenditure, the annual salary increases of government employees, and the procurement of the Gripen advanced light fighter aircraft and the A400M strategic airlift capability.

The *Air Defence* programme dominates expenditure over the MTEF period, consuming 32.1 per cent of the department's total budget in 2009/10, because of the procurement of the Gripen aircraft and the A400M strategic airlift capability. In 2009/10, the *Landward Defence* programme takes up 27.3 per cent of the total budget, while the other two big programmes, *General Support* and *Military Health Support*, take up 10.4 per cent and 7.6 per cent. By 2011/12, the composition of the department's budget changes to 31.2 per cent for *Landward Defence*, 29.4 per cent for *Air Defence*, 12.4 per cent for *General Support*, and 8.7 per cent for *Military Health Support*. The change over the medium term is due to: the initiation of some *Landward Defence* equipment renewal projects; increases in the provision for the military skills development system; increases for the repair and maintenance of defence infrastructure and facilities, including the runways and hardstands at Air Force Base Waterkloof; and increases in the provision for ongoing training of reserves.

Expenditure in the *Administration* programme, which is dominated by the departmental property management portfolio, grew at an average annual rate of 10.4 per cent between 2005/06 and 2008/09 and is expected to grow at an average annual rate of 11.7 per cent over the medium term due to increased accommodation charges.

Compensation of employees is the largest expenditure item in the budget, amounting to R11.8 billion, or 36.7 per cent of the total budget in 2009/10. Transfers and subsidies amounts to R11.1 billion, or 34.7 per cent of total expenditure in 2009/10. Goods and services amounts to R8.5 billion, or 26.5 per cent of total expenditure in 2009/10. Over the medium term, compensation of employees increases to 38.2 per cent, goods and services to 31.5 per cent, and transfers and subsidies to 28.3 per cent. The projected 3.3 per cent decrease in transfers and subsidies is the strategic defence procurement programme which will be completed in 2011/12, and the strategic airlift capability, which will be gradually completed over the medium term.

Infrastructure spending

In 2008/09, the department funded 78 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 cash offices. In consultation with the Department of Public Works, the department continued 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 Squadron in Dunnottar. Over the medium term, the programme will be extended to include other defence facilities.

Savings and reprioritisation

Over the MTEF period, savings of R372.2 million, R427.2 million and R470.1 million have been identified in goods and services, transfers to public entities, and capital investment. The largest reduction is in goods and services: R293 million (2009/10), R326.3 million (2010/11) and R373.6 million (2011/12). Capital investment is reduced by R75.1 million (2009/10), R94.6 million (2010/11) and R89.9 million (2011/12). The balance is made up of smaller transfers to the Armaments Corporation of South Africa and the Safety and Security Sector and Education Training Authority.

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. In 2005/06, the reimbursements from the UN were reclassified from sales of goods and services to financial transactions in assets and liabilities. In 2006/07, they were classified back to sales of goods and services, which explains the decrease and increase under the relevant receipt types. The reason for the fluctuations in real departmental receipts, specifically

financial transactions in assets and liabilities, is that reimbursement for peace support operations are unpredictable.

Table 19.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Departmental receipts	729 136	492 792	551 855	474 728	672 782	582 320	595 289	608 648
Sales of goods and services produced by department	95 202	111 723	165 148	317 235	287 235	326 752	336 555	346 651
Sales of scrap, waste, arms and other used current goods	137 642	58 040	7 336	29 407	29 407	30 289	31 197	32 133
Transfers received	–	–	–	2 694	230 748	152 775	152 858	152 944
Fines, penalties and forfeits	2 448	2 272	1 157	1 667	1 667	1 717	1 769	1 822
Interest, dividends and rent on land	337	813	1 710	1 140	1 140	1 174	1 209	1 246
Sales of capital assets	–	5 749	128 913	92 365	92 365	38 486	39 641	40 830
Financial transactions in assets and liabilities	493 507	314 195	247 591	30 220	30 220	31 127	32 060	33 022
Total	729 136	492 792	551 855	474 728	672 782	582 320	595 289	608 648

Programme 1: Administration

Expenditure estimates

Table 19.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Minister ¹	843	887	938	1 612	1 709	1 811	1 913
Deputy Minister ¹	685	721	762	1 328	1 407	1 492	1 575
Ministerial Direction	12 856	14 967	15 717	18 014	16 136	18 194	21 885
Departmental Direction	10 435	13 941	16 350	20 327	24 420	25 498	27 460
Policy and Planning	107 461	114 700	100 650	131 027	76 749	82 279	86 816
Financial Services	155 831	165 875	179 644	208 784	221 747	229 417	243 654
Human Resources Support Services	476 100	482 177	414 564	467 739	491 710	508 975	547 418
Legal Services	73 839	81 539	86 166	107 257	134 285	139 711	150 896
Inspection Services	36 900	35 905	38 407	48 394	51 097	53 162	56 504
Acquisition Services	39 472	41 083	50 674	60 050	67 843	70 288	73 248
Communication Services	17 910	19 433	21 929	24 141	25 217	26 218	29 152
South African National Defence Force Command and Control	6 125	7 097	29 146	63 261	70 854	73 111	74 981
Religious Services	4 518	5 377	5 501	5 233	5 768	5 688	6 537
Defence Reserve Direction	11 434	9 877	7 779	11 595	13 156	13 069	13 851
Defence Foreign Relations	69 432	77 354	102 969	109 159	122 500	130 924	142 695
Property Management	845 695	941 318	1 082 668	1 237 117	1 536 192	1 762 291	2 026 635
Total	1 869 536	2 012 251	2 153 864	2 515 038	2 860 790	3 142 128	3 505 220
Change to 2008 Budget estimate				88 108	118 982	119 165	94 797

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 19.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	1 830 987	1 960 712	2 085 940	2 478 252	2 815 210	3 096 119	3 459 196
Compensation of employees	648 949	703 946	773 737	902 063	945 089	995 812	1 056 130
Goods and services	1 165 533	1 245 130	1 305 291	1 576 189	1 870 121	2 100 307	2 403 066
<i>of which:</i>							
Administrative fees	3 103	3 315	3 475	4 250	4 949	4 993	5 143
Advertising	2 254	2 408	2 525	3 088	3 639	2 916	2 967
Assets less than R5 000	3 580	3 824	4 009	4 903	5 753	4 849	5 038
Communication	7 629	8 150	8 543	10 449	12 310	12 797	13 795
Computer services	63 086	67 394	70 650	86 408	97 059	99 277	107 675
Consultants and professional services:	14 494	15 484	16 232	23 853	20 433	21 035	22 654
Business and advisory services							
Contractors	586 474	626 525	656 797	803 288	946 775	1 112 171	1 277 408
Agency and support / outsourced services	7 952	8 495	8 905	10 892	12 020	11 478	10 906
Entertainment	1 731	1 849	1 939	2 371	2 795	2 994	3 069
Inventory: Food and food supplies	7 453	7 962	8 347	10 209	12 026	10 253	10 362
Inventory: Fuel, oil and gas	5 761	6 155	6 452	18 739	9 294	9 502	30 836
Inventory: Learner and teacher support material	1 211	1 294	1 357	1 659	1 955	1 910	1 932
Inventory: Materials and supplies	948	1 012	1 061	1 298	1 529	1 431	1 449
Inventory: Medical supplies	5	5	6	7	9	9	9
Inventory: Military stores	193	206	216	264	311	314	317
Inventory: Other consumables	3 275	3 501	3 669	4 485	5 284	4 792	4 997
Inventory: Stationery and printing	7 642	8 164	8 559	10 468	12 322	12 251	12 564
Lease payments	127 579	136 292	142 877	174 744	204 610	225 962	259 318
Owned and leasehold property expenditure	262 846	280 796	294 363	310 018	424 415	466 032	535 029
Travel and subsistence	39 112	41 783	43 802	53 571	62 038	64 892	67 481
Training and development	7 007	7 485	7 847	9 597	11 277	10 200	10 157
Operating expenditure	9 698	10 361	10 861	28 204	15 369	16 559	16 183
Venues and facilities	2 500	2 670	2 799	3 424	3 949	3 690	3 777
Financial transactions in assets and liabilities	16 505	11 636	6 912	-	-	-	-
Transfers and subsidies	20 533	32 772	42 216	23 464	23 819	25 274	25 445
Provinces and municipalities	1 090	286	4 976	-	-	-	-
Departmental agencies and accounts	7 102	7 720	7 729	8 800	8 900	9 200	9 660
Non-profit institutions	2 477	2 500	-	3 886	4 002	4 174	4 370
Households	9 864	22 266	29 511	10 778	10 917	11 900	11 415
Payments for capital assets	18 016	18 767	25 708	13 322	21 761	20 735	20 579
Machinery and equipment	17 982	18 670	25 698	13 077	21 761	20 735	20 579
Software and other intangible assets	34	97	10	245	-	-	-
Total	1 869 536	2 012 251	2 153 864	2 515 038	2 860 790	3 142 128	3 505 220

Table 19.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	1 090	286	4 976	-	-	-	-
Regional Services Council levies	1 090	286	4 976	-	-	-	-
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	7 102	7 720	7 729	8 800	8 900	9 200	9 660
Safety and Security Sector Education and Training Authority	7 102	7 720	7 729	8 800	8 900	9 200	9 660
Non-profit institutions							
Current	2 477	2 500	-	3 886	4 002	4 174	4 370
Reserve Force Council	2 477	2 500	-	3 886	4 002	4 174	4 370
Households							
Social benefits							
Current	9 864	22 266	29 511	10 778	10 917	11 900	11 415
Severance packages	9 864	22 266	29 511	10 778	10 917	11 900	11 415

Expenditure trends

Expenditure in the *Administration* programme increased at an average annual rate of 10.4 per cent between 2005/06 and 2008/09, from R1.9 billion to R2.5 billion. It is expected to increase at an average annual rate of 11.7 per cent over the MTEF period to reach R3.5 billion in 2011/12.

The largest subprogramme is *Property Management*, with expenditure increasing from R845.7 million in 2005/06 to R2 billion in 2011/12, at an average annual rate of 15.7 per cent, due to additional allocations for accommodation charges. This also explains the average annual increase of 12.8 per cent in goods and services over the seven-year period.

Other subprogrammes that show relatively large average annual increases over the medium term are *Legal Services* (12.1 per cent) and *Defence Foreign Relations* (9.3 per cent), due to the implementation of an occupation specific dispensation for legal practitioners, a new foreign service dispensation, and the expansion of foreign defence representation by establishing more military attaché offices.

The 310.7 per cent increase in the *SANDF Command and Control* subprogramme in 2007/08 was due to the transfer of the defence headquarters unit from the *General Support* programme to this subprogramme.

Programme 2: 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 maintaining 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 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 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 for external deployment, 1 air landed battalion and 2 multi-role battalions in reserve, and 4 battalions involved in exercises
 - exercising 1 tank regiment and 1 armoured car regiment a year
 - exercising 1 composite artillery regiment and 1 light (parachute) artillery battery, and having 1 light artillery battery in reserve a year
 - exercising 1 air defence artillery regiment and 1 light (parachute) air defence artillery battery, and having 1 light air defence artillery battery in reserve a year

- providing 3 engineer squadrons for external deployment, 1 composite engineer squadron for internal deployment and 1 composite engineer squadron for internal reserve, and exercising 1 light (parachute) engineer squadron a year
- providing 2 signal regiments a year for external deployment, internal reserve and involvement in exercises.

Service delivery and spending focus

In 2007/08, the South African Army provided approximately 4 200 members for 9 external operations in Burundi, the Democratic Republic of the Congo, Sudan, Eritrea, Uganda and Mozambique. Training assistance was provided to Democratic Republic of the Congo and Central African Republic forces and 4 exercises in support of foreign force training were conducted. Approximately 3 000 members (24 regular and 6 reserve companies) were deployed in 3 internal operations focusing on rural safeguarding and borderline control. 62 regular and reserve platoons (1 909 members) provided support to the Department of Health during the public service strikes. To modernise landward equipment, 12 MK2 main battle tanks and 13 ZT3 missile systems were commissioned. Basic military training was provided to 2 120 military skills development system members as part of force preparation.

In the first half of 2008/09, forces and individual specialists were provided for 6 external and 2 internal operations. Instructors were provided for training missions in the Democratic Republic of the Congo and the Central African Republic. In service to bilateral commitments, the South African Army provided training to members from the Rwanda, Kenya, Swaziland and Zimbabwe defence forces, among others. Basic military training was provided to 1 627 military skills development system members, which culminated in the joint force preparation exercise in October and November 2008. South African Army training institutions trained 5 213 members, and 200 members began works regiment training in July 2008.

Over the MTEF period, *Landward Defence* spending will provide for forces for internal and external deployments according to government requirements, as confirmed by the department's strategic guidelines. 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.

Expenditure estimates

Table 19.5 Landward Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Strategic Direction	131 454	122 043	178 755	242 114	819 312	892 121	1 003 065
Infantry Capability	1 713 940	2 066 129	2 230 134	2 415 505	2 807 111	2 785 365	3 131 399
Armour Capability	344 390	371 593	348 110	216 233	235 173	222 598	239 551
Artillery Capability	293 281	528 259	485 626	309 038	302 587	369 759	314 469
Air Defence Artillery Capability	404 713	219 076	262 401	303 140	380 148	461 421	279 404
Engineering Capability	180 521	211 862	243 723	242 953	318 320	330 472	329 942
Operational Intelligence	78 276	79 730	133 463	199 415	277 648	143 519	154 342
Command and Control Capability	59 719	75 582	78 131	78 666	94 919	99 929	104 120
Support Capability	1 808 813	2 120 127	2 492 263	3 139 546	2 732 508	3 395 595	3 607 831
General Training Capability	137 308	154 024	177 759	189 867	256 673	258 408	272 476
Signal Capability	451 402	473 973	497 671	522 555	524 872	543 380	552 218
Total	5 603 817	6 422 398	7 128 036	7 859 032	8 749 271	9 502 567	9 988 817
Change to 2008 Budget estimate				1 066 795	1 019 783	999 425	937 443

Table 19.5 Landward Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	4 011 899	4 668 587	4 955 322	5 773 815	6 344 045	6 705 997	7 374 246
Compensation of employees	3 303 584	3 898 292	4 113 039	4 648 445	4 958 901	5 141 156	5 341 234
Goods and services	688 140	766 122	838 834	1 125 370	1 385 144	1 564 841	2 033 012
<i>of which:</i>							
Advertising	138	153	168	218	287	289	301
Assets less than R5 000	31 218	34 755	38 054	49 444	65 000	102 849	105 366
Communication	10 734	11 951	13 085	17 002	22 352	22 956	24 105
Computer services	44 355	49 381	54 067	70 251	92 359	99 769	101 281
Consultants and professional services: Business and advisory services	7 438	8 281	9 067	11 781	15 489	17 871	19 594
Consultants and professional services: Infrastructure and planning	5 751	6 403	7 010	9 109	11 975	13 041	15 167
Contractors	145 922	162 458	177 877	231 120	303 851	344 582	376 174
Agency and support / outsourced services	20 476	22 797	24 961	32 432	7 627	7 513	19 604
Entertainment	7 282	8 107	8 876	11 534	15 163	14 554	15 131
Inventory: Food and food supplies	125 987	140 264	153 576	199 546	262 343	318 120	369 250
Inventory: Fuel, oil and gas	67 085	74 687	81 775	125 642	139 684	149 527	497 200
Inventory: Learner and teacher support material	848	944	1 033	1 343	1 765	1 502	1 488
Inventory: Materials and supplies	55 876	62 208	68 112	88 501	116 351	113 738	119 727
Inventory: Medical supplies	22	24	26	34	45	40	34
Inventory: Military stores	2 161	2 406	2 634	3 423	4 500	19 000	5 006
Inventory: Other consumables	14 721	16 391	17 950	23 319	30 658	34 535	36 612
Inventory: Stationery and printing	14 553	16 202	17 740	23 050	30 298	31 734	34 906
Lease payments	5 469	6 089	6 667	8 662	11 388	12 050	12 398
Owned and leasehold property expenditure	2 112	2 351	2 574	3 345	4 397	4 752	4 937
Travel and subsistence	63 930	71 175	77 930	101 256	132 911	131 444	137 120
Training and development	34 164	38 035	41 645	50 111	58 622	59 302	74 651
Operating expenditure	19 474	21 681	23 738	50 904	40 550	46 781	45 044
Venues and facilities	8 424	9 379	10 269	13 343	17 529	18 892	17 916
Financial transactions in assets and liabilities	20 175	4 173	3 449	–	–	–	–
Transfers and subsidies	1 567 639	1 689 278	2 125 278	2 041 147	2 367 661	2 762 089	2 574 834
Provinces and municipalities	5 881	1 535	11 576	–	–	–	–
Departmental agencies and accounts	1 538 567	1 643 711	2 065 911	2 018 299	2 281 814	2 672 760	2 485 297
Households	23 191	44 032	47 791	22 848	85 847	89 329	89 537
Payments for capital assets	24 279	64 533	47 436	44 070	37 565	34 481	39 737
Machinery and equipment	24 217	64 509	47 430	43 577	36 565	33 481	38 737
Software and other intangible assets	62	24	6	493	–	–	–
Specialised military assets	–	–	–	–	1 000	1 000	1 000
Total	5 603 817	6 422 398	7 128 036	7 859 032	8 749 271	9 502 567	9 988 817
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	5 881	1 535	11 576	–	–	–	–
Regional Services Council levies	5 881	1 535	11 576	–	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 538 567	1 643 711	2 065 911	2 018 299	2 281 814	2 672 760	2 485 297
Special defence account: Equipment procurement	1 073 482	1 208 869	1 249 466	1 203 008	1 365 354	1 296 866	1 003 974
Special defence account: Operating services	465 085	434 842	816 445	815 291	916 460	1 375 894	1 481 323
Households							
Social benefits							
Current	23 191	44 032	47 791	22 848	85 847	89 329	89 537
Severance packages	23 191	44 032	47 791	22 848	85 847	89 329	89 537

Expenditure trends

The *Landward Defence* programme accounts for an average of 27.7 per cent of the department's total expenditure, which increases from R5.6 billion in 2005/06 to R10 billion in 2011/12 at an average annual rate of 10.1 per cent. This is mainly due to additional funding for: increasing the number of military skills development system members; financing the increased maintenance requirements of the South African Army's ageing operational vehicle fleet; initiating landward defence equipment renewal projects; procuring critical ammunition; and establishing a works regiment.

The projected 31 per cent increase in the *Engineering Capability* subprogramme in 2009/10 is due to the delivery milestones of the recovery vehicle and minefield breaching programmes. The 22.2 per cent increase in the *Artillery Capability* subprogramme in 2010/11 is due to the delivery milestones of the G6 mobile cannon upgrade programme and the light artillery capability programme. The projected increase of 24.3 per cent in the *Support Capability* subprogramme in 2010/11 is due to the migration of the signal formation and the Wonderboom and Garrison support bases from the command and management information systems and logistics divisions back to the South African Army.

The decreases of 37.9 per cent and 36.4 per cent in the *Armour Capability* and *Artillery Capability* subprogrammes in 2008/09 are because the main battle tank upgrade programme and the artillery target location and fire control systems were finalised in 2007/08. The projected 39.4 per cent decrease in the *Air Defence Artillery Capability* subprogramme is due to the finalisation of the new generation, man portable, ground to air missile programme in 2010/11.

The *Operational Intelligence* subprogramme peaks over 2008/09 and 2009/10 due to the acquisition of a mobile intelligence processing system. The projected 24.3 per cent increase in the *Support Capability* subprogramme in 2010/11 is due to the development and acquisition of a mass field feeding system and an operational supply product support system.

The increases of 15.4 per cent in 2007/08 and 35.2 per cent in 2009/10 in the *General Training Capability* subprogramme are due to increased provisions for the military skills development system and the establishment of a works regiment. The substantial increase of 238.4 per cent in the *Strategic Direction* subprogramme in 2009/10 is for two annual military exercises, Seboka (military skills development system integration) and Young Eagle (military skills development system airborne).

The average annual increase of 8.6 per cent in payments for capital assets between 2005/06 and 2011/12 is due to the replacement of obsolete vehicles, diesel engines, hand tool sets, parachutes and small craft, as well as the South African Army's efforts to improve its technical service capability.

Programme 3: Air Defence

- *Strategic Direction* provides strategic direction to the *Air Defence* programme by formulating and controlling strategies, policies and plans via the air force office to prepare and provide the capabilities required by 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 *Air Defence* 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 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 specialised intelligence training. Funding is distributed according to the number and size of squadrons, systems and equipment operating and maintenance requirements, and the number of 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 the number of force preparation exercises and training courses.
- *Base Support Capability* provides air base infrastructure facilities to squadrons and resident units on bases, including the 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 manage 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 a year
 - 3 medium transport squadrons, 1 maritime and transport squadron, 1 light transport squadron and 9 reserve squadrons at the required readiness levels a year
 - 1 air combat squadron a year
 - a 24-hour air command and control capability.

Service delivery and spending focus

In 2007/08, 36 716 flying hours were recorded, of which 12 271 were force employment hours in support of joint operations. The South African Air Force flew 2 280 hours in support of deployments in Mozambique (assistance during floods and munitions clearing up), Comoros (election support and support to deployed South African Police Service members) and the Central African Republic (military assistance and training). The Air Force reserves generated 8.5 per cent of the force employment flying hours, in support of the department's one force core growth strategy. South African Air Force support for government initiatives also included local and international exercises with the South African army, navy and police, the United States navy and the German air force. The integration and operationalisation of the strategic defence package aircraft continued.

In the first half of 2008/09, the South African Air Force rescued 9 people from a burning complex in Pretoria and supported fire fighting operations in Eastern Cape, Limpopo, North West and Free State. The Africa Aerospace and Defence Exhibition 2008 was hosted by the South African Air Force. The Gripen aircraft was officially accepted at this event.

Over the MTEF period, *Air Defence* spending 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.

Expenditure estimates

Table 19.6 Air Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Strategic Direction	12 186	12 467	11 667	12 075	14 862	16 588	19 857
Operational Direction	157 125	139 692	169 527	85 226	69 692	91 574	88 392
Helicopter Capability	1 357 960	1 490 673	1 232 116	1 194 019	823 473	1 042 146	844 256
Transport and Maritime Capability	236 478	715 763	851 677	1 636 175	2 662 440	3 059 494	3 210 545
Air Combat Capability	4 501 991	3 085 400	3 133 659	2 990 429	4 299 909	2 039 980	1 945 929
Operational Support and Intelligence Capability	142 951	121 632	143 421	162 810	209 018	255 887	569 012
Command and Control Capability	179 961	191 637	200 067	223 130	208 178	256 677	281 986
Base Support Capability	710 865	779 802	783 237	923 142	1 074 279	1 073 081	1 193 946
Command Post	40 523	65 360	32 068	26 720	30 223	30 802	32 271
Training Capability	190 553	200 343	237 675	287 617	385 566	500 702	666 653
Technical Support Services	394 136	458 934	519 668	500 041	494 367	518 217	549 506
Total	7 924 729	7 261 703	7 314 782	8 041 384	10 272 007	8 885 148	9 402 353
Change to 2008 Budget estimate				(965 130)	1 922 882	(27 606)	(92 289)

Economic classification

	2 449 023	2 450 288	2 690 522	3 075 860	3 350 638	3 594 104	4 190 382
Current payments							
Compensation of employees	1 362 284	1 375 982	1 502 345	1 643 498	1 772 929	1 856 830	1 956 676
Goods and services	1 086 018	1 072 842	1 187 937	1 432 362	1 577 709	1 737 274	2 233 706
of which:							
Advertising	430	425	470	545	624	604	645
Assets less than R5 000	11 004	10 871	12 037	13 950	15 982	24 356	25 870
Audit costs: External	3	3	3	3	4	4	4
Communication	5 396	5 331	5 903	6 841	7 838	8 277	8 845
Computer services	34 034	33 621	37 228	43 145	49 433	51 926	51 817
Consultants and professional services: Business and advisory services	28 497	28 151	31 171	36 125	41 390	41 637	38 728
Consultants and professional services: Infrastructure and planning	1 683	1 663	1 841	2 134	2 445	3 266	3 574
Contractors	473 809	468 061	518 274	600 650	688 179	754 877	792 486
Agency and support / outsourced services	151 237	149 402	165 430	191 724	219 663	230 654	244 247
Entertainment	126	124	138	159	183	217	271
Inventory: Food and food supplies	44 401	43 862	48 567	56 287	64 489	65 691	63 514
Inventory: Fuel, oil and gas	163 538	161 554	178 886	262 930	237 529	292 099	734 190
Inventory: Learner and teacher support material	4 606	4 550	5 038	5 839	6 690	6 934	7 292
Inventory: Materials and supplies	12 320	12 170	13 476	15 618	17 894	17 545	18 648
Inventory: Medical supplies	1	1	1	2	2	2	2
Inventory: Military stores	5 261	5 197	5 755	6 670	7 642	8 061	8 550
Inventory: Other consumables	20 085	19 842	21 971	25 462	29 173	37 079	32 658
Inventory: Stationery and printing	8 285	8 185	9 063	10 503	12 034	12 420	13 555
Lease payments	12 933	12 776	14 147	16 395	19 117	19 966	21 348
Owned and leasehold property expenditure	1 560	1 541	1 706	1 978	2 266	2 327	2 457
Travel and subsistence	36 509	36 066	39 936	46 283	53 028	53 674	57 406
Training and development	22 551	22 277	24 667	28 588	32 753	34 375	35 773
Operating expenditure	47 263	46 689	51 698	59 915	68 646	70 499	70 941
Venues and facilities	486	480	531	616	705	784	885
Financial transactions in assets and liabilities	721	1 464	240	–	–	–	–
Transfers and subsidies	5 439 070	4 767 226	4 567 936	4 942 488	6 900 464	5 267 572	5 186 411
Provinces and municipalities	2 293	597	6 251	–	–	–	–
Departmental agencies and accounts	5 427 917	4 729 585	4 537 887	4 924 012	6 886 380	5 252 892	5 172 190
Households	8 860	37 044	23 798	18 476	14 084	14 680	14 221
Payments for capital assets	36 636	44 189	56 324	23 036	20 905	23 472	25 560
Machinery and equipment	34 931	43 801	55 664	23 022	15 661	17 987	19 828
Software and other intangible assets	1 705	388	660	14	–	–	–
Specialised military assets	–	–	–	–	5 244	5 485	5 732
Total	7 924 729	7 261 703	7 314 782	8 041 384	10 272 007	8 885 148	9 402 353

Table 19.6 Air Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	2 293	597	6 251	-	-	-	-
Regional Services Council levies	2 293	597	6 251	-	-	-	-
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	5 427 917	4 729 585	4 537 887	4 924 012	6 886 380	5 252 892	5 172 190
Special defence account: Operating services	20 094	30 295	28 379	5 691	49 252	7 746	14 249
Special defence account: Equipment procurement	632 502	1 361 160	1 648 140	2 259 966	3 157 996	3 574 200	3 854 252
Special defence account: Strategic defence programme	4 775 321	3 338 130	2 861 368	2 658 355	3 679 132	1 670 946	1 303 689
Households							
Social benefits							
Current	8 860	37 044	23 798	18 476	14 084	14 680	14 221
Severance packages	8 860	37 044	23 798	18 476	14 084	14 680	14 221

Expenditure trends

The *Air Defence* programme accounts for an average 29.7 per cent of the department's total expenditure, and increases from R7.9 billion in 2005/06 to R9.4 billion in 2011/12 at an average annual rate of 2.9 per cent. The projected decrease of 13.5 per cent in total spending in 2010/11 is due to production and delivery milestones in the strategic airlift capability and light fighter aircraft procurement project, which peaks in 2009/10. This also explains the sharp decrease of 52.6 per cent in the *Air Combat Capability* subprogramme in 2010/11.

The *Helicopter Capability* subprogramme declined at an average annual rate of 4.2 per cent between 2005/06, from R1.4 billion to R1.2 billion. It is expected to decline further at an average annual rate of 10.9 per cent over the medium term to reach R844.3 million in 2011/12. These decreases are due to the finalisation of the maritime helicopter and light utility helicopter projects in 2009/10 and 2010/11.

The average annual increases over the medium term of 32.3 per cent in the *Training Capability* subprogramme, 8.1 per cent in the *Command and Control Capability* subprogramme, and 51.8 per cent in the *Operational Support and Intelligence Capability* subprogramme are due to the upgrade of the Pilatus PC7 Mk11 Astra trainer aircraft and radar and ground navigation systems, and the replacement of fire fighting vehicles.

Programme 4: Maritime Defence

- *Maritime Direction* provides strategic direction to the *Maritime Defence* 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 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. 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.
- *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, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.

- *Maritime 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, systems and equipments operations and maintenance requirements, and the number of force preparation exercises and training courses.
- *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, systems and equipment operating and maintenance requirements, and the number of training courses.

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 an international obligation.

Service delivery and spending focus

In 2007/08, the South African Navy provided forces in support of peace initiatives in Sudan and to the UN missions in the Democratic Republic of the Congo and Burundi. Training assistance was provided as part of the initiative to the Central African Republic. Preparatory exercises in support of the 2010 FIFA World Cup, including joint exercises to monitor the movement of air traffic, were conducted. Naval deployments in cooperation with the South African Police Service helped to enforce state authority and protect marine resources in the western and southern Cape. Exercises were conducted with the navies of Brazil, France, Germany, Ghana, Kenya, the Netherlands, Tanzania and the United States of America to improve interoperability with modern and well established navies. Exercise Amazolo established the credible performance of the South African Navy with the North Atlantic Treaty Organisation task group. Exercise Good Hope III enabled the South African Navy to test its frigate doctrine, tactics and interoperability with the German navy and air force.

In the first half of 2008/09, the South African Navy took command of its third and last Type 209 submarine, the SAS QUEEN MODJAJI I. 2 multinational naval exercises were conducted: one with the Indian and Brazilian navies, and one with the Uruguayan, Brazilian and Argentinean navies. 12 South African Navy vessels participated in the presidential fleet review in September 2008.

Over the MTEF period, *Maritime Defence* spending 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 will continue to develop naval capabilities for government peace support operations and engagements in Africa.

Expenditure estimates

Table 19.7 Maritime Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Maritime Direction	288 962	276 042	273 880	362 210	365 456	403 958	492 916
Maritime Combat Capability	2 127 300	1 705 189	1 160 666	476 583	529 062	568 011	485 717
Maritime Logistic Support Capability	175 039	190 718	409 450	489 820	436 947	450 829	474 950
Maritime Training Capability	108 442	134 779	144 294	168 483	219 887	207 545	192 434
Base Support Capability	320 054	336 362	408 360	393 348	416 932	471 898	499 086
Total	3 019 797	2 643 090	2 396 650	1 890 444	1 968 284	2 102 241	2 145 103
Change to 2008 Budget estimate				80 814	(40 824)	97 052	34 621

Table 19.7 Maritime Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	1 171 676	1 268 365	1 328 428	1 467 727	1 533 231	1 626 519	1 739 881
Compensation of employees	805 721	880 841	916 434	969 258	999 673	1 057 115	1 158 232
Goods and services	365 602	387 212	411 035	498 469	533 558	569 404	581 649
<i>of which:</i>							
Advertising	127	135	143	165	192	206	220
Assets less than R5 000	8 655	9 167	9 731	11 225	13 067	14 250	15 510
Communication	7 104	7 524	7 987	9 213	10 725	11 069	11 412
Computer services	17 547	18 584	19 728	22 757	26 491	14 850	15 704
Consultants and professional services: Business and advisory services	9 751	10 327	10 963	12 646	14 721	15 508	16 258
Consultants and professional services: Infrastructure and planning	4 115	4 358	4 626	5 336	6 212	6 793	7 128
Contractors	86 988	92 130	97 798	112 817	131 328	133 824	135 676
Agency and support / outsourced services	15 718	16 647	17 671	20 384	23 729	5 759	5 791
Inventory: Food and food supplies	34 574	36 618	38 870	44 840	52 197	59 250	60 089
Inventory: Fuel, oil and gas	84 518	89 514	95 021	133 926	109 255	138 883	132 237
Inventory: Learner and teacher support material	331	351	372	430	500	521	537
Inventory: Materials and supplies	14 238	15 080	16 008	18 466	21 496	27 606	29 371
Inventory: Medical supplies	2	2	2	3	3	3	3
Inventory: Military stores	11 400	12 074	12 817	14 785	17 211	22 565	23 865
Inventory: Other consumables	14 047	14 874	15 789	18 216	21 204	25 764	27 777
Inventory: Stationery and printing	4 079	4 320	4 586	5 290	6 156	6 550	6 913
Lease payments	6 048	6 406	6 800	7 844	9 131	10 896	12 731
Owned and leasehold property expenditure	5 347	5 663	6 012	6 935	8 073	8 734	9 749
Travel and subsistence	25 961	27 496	29 187	33 670	39 145	36 264	38 140
Training and development	6 193	6 559	6 963	8 032	9 350	13 310	14 086
Operating expenditure	6 601	6 991	7 422	8 561	9 966	13 239	14 727
Venues and facilities	2 258	2 392	2 539	2 928	3 406	3 560	3 725
Financial transactions in assets and liabilities	353	312	959	–	–	–	–
Transfers and subsidies	1 813 991	1 338 956	1 034 445	403 319	395 944	403 117	328 945
Provinces and municipalities	1 133	288	11 705	–	–	–	–
Departmental agencies and accounts	1 804 750	1 316 941	948 223	255 532	272 136	268 309	188 509
Public corporations and private enterprises	–	–	58 526	117 657	101 080	111 441	117 013
Households	8 108	21 727	15 991	30 130	22 728	23 367	23 423
Payments for capital assets	34 130	35 769	33 777	19 398	39 109	72 605	76 277
Buildings and other fixed structures	–	–	13 717	–	22 270	54 378	57 206
Machinery and equipment	33 458	35 074	19 990	19 125	13 022	14 777	15 586
Software and other intangible assets	672	695	70	273	247	270	290
Specialised military assets	–	–	–	–	3 570	3 180	3 195
Total	3 019 797	2 643 090	2 396 650	1 890 444	1 968 284	2 102 241	2 145 103
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	1 133	288	11 705	–	–	–	–
Regional Services Council levies	1 133	288	11 705	–	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 804 750	1 316 941	948 223	255 532	272 136	268 309	188 509
Special defence account: Operating services	50 311	30 899	53 624	46 309	69 115	56 111	38 957
Special defence account: Equipment procurement	100 291	87 923	141 798	101 004	134 141	160 624	125 805
Special defence account: Strategic defence programme	1 654 148	1 198 119	752 801	108 219	68 880	51 574	23 747

Table 19.7 Maritime Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	-	-	58 526	117 657	101 080	111 441	117 013
Armaments Corporation of South Africa: Dockyard	-	-	58 526	117 657	101 080	111 441	117 013
Households							
Social benefits							
Current	8 108	21 727	15 991	30 130	22 728	23 367	23 423
Severance packages	8 108	21 727	15 991	30 130	22 728	23 367	23 423

Expenditure trends

The *Maritime Defence* programme accounts for an average 8.1 per cent of the department's total expenditure. Programme expenditure decreases from R3 billion in 2005/06 to R2.1 billion in 2011/12, at an average annual rate of 5.5 per cent, mainly due to the commissioning of the frigates and submarines in the first half of the seven-year period. This also explains the decreases of 19.8 per cent in 2006/07, 31.9 per cent in 2007/08 and 58.9 per cent in 2008/09 in the *Maritime Combat Capability* subprogramme.

The increase of 114.7 per cent in the *Maritime Logistics Support Capability* subprogramme between 2006/07 and 2007/08 was because items with a logistical function under the *Maritime Combat Capability* subprogramme were shifted to the *Maritime Logistics Support Capability* subprogramme. The projected 22 per cent increase in the *Maritime Direction* subprogramme in 2011/12 is based on the South African Navy's staffing targets over the MTEF period to recruit Public Service Act (1994) personnel for combat, technical, diving and submarines functions.

Transfers and subsidies took up an average of 51.3 per cent of programme expenditure between 2005/06 and 2008/09 due to the procurement of the frigates and submarines as part of the strategic defence procurement programme. The projected average annual increase of 57.8 per cent in payments for capital assets over the medium term makes provision for investment in the sea mine detection capability for use during the 2010 FIFA World Cup and the upgrade of existing training facilities at SAS SALDANHA to cater for the increased military skills development system intake.

Programme 5: 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 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, and the number of force preparation exercises.
- *Specialist/Tertiary Health Service* provides a specialist health service to develop and maintain tertiary military health capabilities within the parameters of the 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 and type of patient health services, and the number of force preparation exercises.

- *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.
- *Base Support Capability* provides general base support services to identified South African Medical Health 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 the 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, and the number of 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 military health service which provides a comprehensive multidisciplinary health service to a projected patient population of 230 000 members per year.

Service delivery and spending focus

In 2007/08, the South African Military Health Service provided support to the Department of Health during the public service strike. Training capabilities were increased and facilities such as the military hospitals upgraded, resulting in less inpatients being referred or admitted to non-military facilities. The renewal of the ambulance fleet over three years began, as well as the renewal of all main medical equipment in the 3 military hospitals. 254 336 patients were seen in 725 343 consultations in the nine provinces, and 24 383 inpatients were seen in 313 061 consultations in the military hospitals and specialist facilities. South African Military Health Service health care professionals were deployed in all South African National Defence Force external and internal military operations. 1 Military Hospital provided a level 4 facility as required by the United Nations.

In the first half of 2008/09, various initiatives were implemented to train and retain health professionals. By the end of September 2008, 11 523 inpatients had been treated. The increased demands for health care, assessments and medical support in the provinces were met, with a total of 335 755 patients treated by the end of September 2008. A successful joint chemical, biological and radiation defence exercise was conducted in preparation for the 2010 FIFA World Cup. A memorandum of collaboration between the departments of defence and health aims to improve the availability and accessibility of health services for approved patients of the department, augment scarce health professionals, and allow for controlled referrals of patients from both departments. The court order stemming from the court case on HIV management in the Department of Defence has necessitated policy changes. An international workshop in Mexico in September 2008, with identified SADC and other countries, academic experts and leading stakeholders, provided input for a revised HIV and AIDS policy.

Over the MTEF period, *Military Health Support* spending will focus on contributing to force preparation to improve the readiness of the South African National Defence Force. Health is an imperative for government, and the South African Military Health Service is mandated to act as the health service provider for soldiers and their dependants, as well as approved clientele such as principals, VIPs and other dignitaries, and vulnerable groups such as military veterans. Over the MTEF period, the health service will direct spending towards improving health care services. Projects will focus on improving operational support capabilities, and tertiary, specialist and geographic or base orientated capabilities. The training capability will be improved to ensure

competency in health care human resources. The service will develop its disaster management capability and its capability to assist in a national crisis.

Expenditure estimates

Table 19.8 Military Health Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Strategic Direction	81 251	88 394	118 964	154 286	191 332	186 681	190 752
Mobile Military Health Support	56 882	64 743	77 788	73 578	79 668	117 004	146 654
Area Military Health Service	585 098	632 928	678 600	699 265	779 374	822 847	859 713
Specialist / Tertiary Health Service	561 851	585 653	649 101	769 261	820 896	866 594	888 922
Military Health Product Support Capability	91 550	109 263	103 562	151 974	219 132	226 171	237 992
Base Support Capability	85 663	120 774	114 532	132 774	132 700	138 365	212 164
Military Health Training Capability	94 926	103 489	135 195	167 041	217 498	248 285	255 591
Total	1 557 221	1 705 244	1 877 742	2 148 179	2 440 600	2 605 947	2 791 788
Change to 2008 Budget estimate				29 034	(5 985)	(3 102)	29 462
Economic classification							
Current payments	1 489 685	1 592 591	1 793 278	2 051 327	2 374 881	2 512 899	2 672 959
Compensation of employees	1 032 892	1 063 049	1 194 111	1 389 650	1 560 441	1 647 209	1 806 641
Goods and services	455 225	529 295	597 437	661 677	814 440	865 690	866 318
<i>of which:</i>							
Advertising	170	197	223	248	314	314	314
Assets less than R5 000	10 946	12 727	14 366	16 008	20 259	20 374	20 756
Communication	4 986	5 797	6 544	7 292	9 228	9 793	10 225
Computer services	46 455	54 014	60 968	67 938	85 979	87 571	89 756
Consultants and professional services: Business and advisory services	3 454	4 016	4 533	5 051	6 392	6 405	6 417
Consultants and professional services: Infrastructure and planning	274	319	360	401	508	515	522
Consultants and professional services: Laboratory service	10 085	11 726	13 236	14 749	18 666	21 612	21 933
Contractors	128 421	149 317	168 540	187 806	209 600	237 570	246 736
Agency and support / outsourced services	13 836	16 087	18 158	20 234	25 607	27 945	29 125
Entertainment	124	144	163	182	230	235	237
Inventory: Food and food supplies	16 753	19 479	21 987	24 501	31 007	32 915	33 294
Inventory: Fuel, oil and gas	12 443	14 467	16 330	18 197	23 029	22 890	31 301
Inventory: Learner and teacher support material	679	790	891	993	1 257	1 317	1 349
Inventory: Materials and supplies	3 139	3 650	4 120	4 591	5 810	5 972	6 115
Inventory: Medical supplies	138 589	161 139	181 884	198 621	256 499	266 550	241 445
Inventory: Military stores	454	528	596	665	841	869	904
Inventory: Other consumables	14 188	16 497	18 618	20 746	26 256	26 563	26 770
Inventory: Stationery and printing	6 604	7 678	8 667	9 655	12 222	12 665	12 974
Lease payments	4 103	4 771	5 385	6 001	7 594	7 991	8 212
Owned and leasehold property expenditure	8 399	9 765	11 022	12 282	15 544	16 925	17 718
Travel and subsistence	15 816	18 389	20 757	23 130	29 269	29 966	31 108
Training and development	6 183	7 189	8 115	9 043	11 442	11 399	11 414
Operating expenditure	6 812	7 921	8 940	9 962	12 608	12 793	12 888
Venues and facilities	2 312	2 688	3 034	3 381	4 279	4 541	4 805
Financial transactions in assets and liabilities	1 568	247	1 730	-	-	-	-
Transfers and subsidies	10 085	25 022	15 182	14 489	9 188	32 818	54 979
Provinces and municipalities	2 010	537	281	-	-	-	-
Departmental agencies and accounts	-	885	1 100	1 500	1 771	24 463	46 565
Non-profit institutions	315	252	-	580	400	400	400
Households	7 760	23 348	13 801	12 409	7 017	7 955	8 014
Payments for capital assets	57 451	87 631	69 282	82 363	56 531	60 230	63 850
Buildings and other fixed structures	-	-	754	129	130	138	142
Machinery and equipment	57 451	87 563	68 528	81 844	56 395	60 086	63 702
Biological and cultivated assets	-	-	-	60	-	-	-
Software and other intangible assets	-	68	-	330	6	6	6
Total	1 557 221	1 705 244	1 877 742	2 148 179	2 440 600	2 605 947	2 791 788

Table 19.8 Military Health Support (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	2 010	537	281	-	-	-	-
Regional Services Council levies	2 010	537	281	-	-	-	-
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	-	885	1 100	1 500	1 771	24 463	46 565
Special defence account: Equipment procurement	-	885	1 100	1 500	800	23 455	45 511
Special defence account: Intelligence related	-	-	-	-	971	1 008	1 054
Non-profit institutions							
Current	315	252	-	580	400	400	400
St Johns Ambulance Brigade	40	40	-	360	400	400	400
Regular Force Medical Continuation Fund	275	212	-	220	-	-	-
Households							
Social benefits							
Current	7 760	23 348	13 801	12 409	7 017	7 955	8 014
Severance packages	7 760	23 348	13 801	12 409	7 017	7 955	8 014

Expenditure trends

The *Military Health Support* programme accounts for an average 7.6 per cent of the department's total budget. Spending increases from R1.6 billion in 2005/06 to R2.8 billion in 2011/12, at an average annual rate of 10.2 per cent. This is mainly due to the higher than average increase in the remuneration of health professionals, the rollout of antiretrovirals, and increased military skills development system intakes.

The projected average annual increase of 25.8 per cent in the *Mobile Military Health Support* subprogramme and 16.1 per cent in the *Military Health Product Support Capability* subprogramme over the MTEF period is due to the start of the defence against chemical and biological warfare project, the planned building of a new military health depot, and the improvement and maintenance of the health informatics system.

The increase of 30.2 per cent in the *Military Health Training Capability* subprogramme between 2008/09 and 2009/10 is due to the provision of additional funding for the military skills development system. The projected increase of 53.3 per cent in the *Base Support Capability* subprogramme in 2011/12 is for the planned reactivation of military health technical support capabilities through regular and reserve members.

The provision for the defence against chemical and biological warfare project is included in the projected average annual increase of 56 per cent in transfers and subsidies over the medium term. The average annual increases of 9.1 per cent and 9.4 per cent in compensation of employees and goods and services over the medium term are due to additional allocations for the military skills development system and the procurement of medical consumables.

Programme 6: Defence Intelligence

- *Strategic Direction* provides defence intelligence policy, doctrine and intelligence advice to support the department's decision making and policy formulating 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, logistics, 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 and spending focus

In 2007/08, critical advice and support were provided during the peace processes in the Democratic Republic of the Congo, Burundi, Côte d'Ivoire, and Sudan. The department assisted with training Democratic Republic of the Congo armed forces in military intelligence. The department worked closely with the joint operations division to plan operations in support of other government departments, especially for borderline security and major events, as well as to update the African battle space analysis. Intelligence training opportunities were provided for participants from Africa. In September 2007, a foreign intelligence course was presented at the South African Defence Intelligence College, attended by 24 participants from 17 countries. Support was provided to the SADC intelligence course conducted in Tanzania.

In the first half of 2008/09, integrated intelligence in the national intelligence coordinating committee environment was promoted by the participation of department members in 10 integrated departmental task teams. The department continued its involvement in post-conflict reconstruction and training projects with its training of the Democratic Republic of the Congo intelligence service and peacekeeping operations and initiatives in the Democratic Republic of the Congo and Burundi. Members of the department contributed to the Zimbabwean and Angolan elections processes as observers.

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

Expenditure estimates

Table 19.9 Defence Intelligence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Strategic Direction	130	1 232	1 276	1 334	1 484	1 499	1 514
Operations	46 955	206 910	301 439	336 219	393 031	411 576	431 714
Defence Intelligence Support Services	172 372	145 424	158 351	180 862	195 244	199 831	213 538
Total	219 457	353 566	461 066	518 415	589 759	612 906	646 766
Change to 2008 Budget estimate				8 565	10 072	4 444	4 948
Economic classification							
Current payments	141 716	147 370	157 957	182 702	195 431	202 181	216 149
Compensation of employees	131 390	137 987	146 990	164 243	170 713	177 624	188 675
Goods and services	10 314	9 381	10 967	18 459	24 718	24 557	27 474
<i>of which:</i>							
Advertising	32	29	34	56	81	81	82
Assets less than R5 000	467	424	496	807	1 155	663	671
Communication	764	695	813	1 321	1 895	1 913	1 932
Computer services	5	4	5	8	12	12	12
Contractors	1 396	1 270	1 485	2 414	3 462	2 649	2 744
Agency and support / outsourced services	21	19	23	37	53	54	54
Inventory: Food and food supplies	939	854	999	1 624	1 477	2 386	2 425

Table 19.9 Defence Intelligence (continued)

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	appropriation	2009/10	2010/11	2011/12
R thousand				2008/09			
Economic classification							
Current payments	141 716	147 370	157 957	182 702	195 431	202 181	216 149
<i>Inventory: Fuel, oil and gas</i>	766	696	814	1 953	1 898	1 820	4 427
<i>Inventory: Learner and teacher support material</i>	437	397	464	755	1 084	1 094	1 105
<i>Inventory: Materials and supplies</i>	376	342	399	649	931	940	949
<i>Inventory: Other consumables</i>	501	458	532	867	1 241	1 253	1 265
<i>Inventory: Stationery and printing</i>	535	487	569	925	1 327	1 339	1 353
<i>Lease payments</i>	376	342	400	650	932	1 446	1 460
<i>Owned and leasehold property expenditure</i>	50	45	53	86	123	125	126
<i>Travel and subsistence</i>	2 484	2 259	2 641	4 293	6 157	6 217	6 279
<i>Training and development</i>	739	672	786	1 277	1 832	1 850	1 869
<i>Operating expenditure</i>	211	192	225	365	524	175	176
<i>Venues and facilities</i>	215	196	229	372	534	540	545
Financial transactions in assets and liabilities	12	2	–	–	–	–	–
Transfers and subsidies	73 522	203 064	302 436	335 014	393 706	410 070	429 939
Provinces and municipalities	227	63	13	–	–	–	–
Departmental agencies and accounts	70 346	201 037	296 207	332 413	391 540	410 070	429 939
Households	2 949	1 964	6 216	2 601	2 166	–	–
Payments for capital assets	4 219	3 132	673	699	622	655	678
Machinery and equipment	4 219	3 132	673	699	622	655	678
Total	219 457	353 566	461 066	518 415	589 759	612 906	646 766
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	227	63	13	–	–	–	–
Regional Services Council levies	227	63	13	–	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	70 346	201 037	296 207	332 413	391 540	410 070	429 939
Special defence account	30 726	–	–	–	–	–	–
Special defence account: Intelligence related	39 620	201 037	74 814	76 913	391 540	410 070	429 939
Special defence account: Operating services	–	–	221 393	255 500	–	–	–
Households							
Social benefits							
Current	2 949	1 964	6 216	2 601	2 166	–	–
Severance packages	2 949	1 964	6 216	2 601	2 166	–	–

Expenditure trends

The *Defence Intelligence* programme increases from R219.5 million in 2005/06 to an expected R646.8 million in 2011/12, at an average annual rate of 19.7 per cent. The high average increase is due to the planned investment in and development of a strategic information collection capability in the *Operations* subprogramme.

Programme 7: 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 Services* provides command and management information 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 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 who provide services to the SANDF. Funding is distributed based on the memorandum of understanding with the United Kingdom.

Objectives and measures

- Provide general support capabilities and services by:
 - ensuring 90 per cent serviceability of deployed equipment by providing a joint logistic operational support group
 - repairing and maintaining the department's infrastructure at 33 bases over the next 3 years (12 in 2009/10, 9 in 2010/11 and 12 in 2011/12).
- 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, as per the programme and project milestones and associated deliverables.
- Reduce the number of new criminal cases under investigation by the military police by 5 per cent a year by sustaining 1 provost company for deployment, 22 area offices and 22 detachments for investigations and crime prevention, and 2 military correctional facilities.

Service delivery and spending focus

In 2007/08, a logistics intervention and repositioning programme was established to address critical logistical issues in the South African National Defence Force. Good progress was made with repairs at 3 Military Hospital, 4 SA Infantry Battalion, Air Force Base Waterkloof and 35 Engineer Support Regiment. These multi-year projects will continue into the next financial year as scheduled. The upgrading of the runway at Waterkloof was a major project in 2007/08. The department successfully supported 11 peace support operations and 10 joint and multinational exercises. A simulation exercise tested the disaster recovery plan for the corporate information and communication systems. 1 454 learners received training at the School of Signals. 136 military skills development system members entered the division during the year and an increased number of reserve members were used as part of building the one force concept. 86 military police members were deployed in external operations. 3 548 criminal and disciplinary cases involving Department of Defence personnel or equipment were successfully finalised. 2 815 new cases were reported. The number of outstanding cases at the end of 2007/08 was reduced by 733, from 7 521 to 6 788. 668 crime prevention operations were conducted throughout the country. A safeguarding board and the nodal point on anti-criminality were

established. Service and division nodal points were subsequently established to provide monthly crime management information and reports to the safeguarding board.

In the first half of 2008/09, portfolio management software was implemented during the rollout of the defence enterprise information systems master plan. The department's wide area network capacity was increased by more than 200 per cent. The number of military police members deployed externally increased to 127. 629 deliberate crime prevention operations were conducted throughout the country. 135 military skills development system members from the January 2008 intake are busy with functional training at the military police school and will have been accommodated in the military police division by the end of 2008. Thus far, 1 632 cases have been investigated by the military police and 1 364 new cases reported. By the end of September 2008, the backlog was reduced by 268 cases.

Over the MTEF period, *General Support* spending will focus on: facilities management (primarily repair and maintenance and capital works and property management) and managing and maintaining logistic information systems; maintaining and supporting existing information and communication systems (ordered commitments), renewing the department's information communication systems, and sustaining the division's core capability, including human resources; providing specialist advice to the department on anti-criminality matters and the protection and security of departmental assets, preparing and providing military police members for operations, and providing military police functions to the department; and providing for the personnel from the United Kingdom Department of Defence who provide services to the South African National Defence Force.

Expenditure estimates

Table 19.10 General Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Joint Logistic Services	378 092	458 897	651 235	1 190 873	1 353 724	1 449 843	1 709 699
Command and Management Information Services	484 502	574 070	641 625	829 029	824 462	929 463	951 578
Military Police	217 803	230 684	248 772	287 779	303 025	315 181	332 303
Technology Development	225 083	184 941	235 676	259 348	258 193	350 103	334 219
Departmental Support	395 488	457 139	489 480	544 421	594 908	623 870	623 953
British Peace Support and Training Team	9 571	5 624	–	7 104	7 554	7 931	8 350
Total	1 710 539	1 911 355	2 266 788	3 118 554	3 341 866	3 676 391	3 960 102
Change to 2008 Budget estimate				(815 192)	(895 402)	(1 010 636)	(835 266)
Economic classification							
Current payments	944 596	1 129 625	1 338 418	1 875 923	2 059 431	2 377 411	2 548 173
Compensation of employees	285 408	344 696	400 185	444 274	610 670	650 335	738 039
Goods and services	659 061	784 849	919 325	1 431 649	1 448 761	1 727 076	1 810 134
<i>of which:</i>							
<i>Administrative fees</i>	1 549	1 844	2 160	3 255	3 647	3 829	4 020
<i>Advertising</i>	31	36	43	64	72	74	86
<i>Assets less than R5 000</i>	4 148	4 940	5 786	8 719	9 765	10 231	10 765
<i>Audit costs: External</i>	19 653	23 404	27 414	41 309	46 282	48 596	51 026
<i>Communication</i>	4 638	5 523	6 469	9 749	10 922	11 296	12 058
<i>Computer services</i>	261 691	311 637	365 033	550 048	593 138	632 026	656 390
<i>Consultants and professional services: Business and advisory services</i>	33 547	39 950	46 795	70 513	78 741	78 962	101 197
<i>Consultants and professional services: Infrastructure and planning</i>	4	5	6	9	10	11	12
<i>Consultants and professional services: Legal costs</i>	3 212	3 825	4 480	6 750	7 563	7 941	8 338
<i>Contractors</i>	287 620	342 515	401 201	635 143	598 925	833 522	858 725
<i>Agency and support / outsourced services</i>	2 442	2 908	3 407	5 133	5 751	6 036	6 384
<i>Entertainment</i>	855	1 018	1 193	1 798	2 014	2 115	2 221
<i>Inventory: Food and food supplies</i>	7 239	8 621	10 098	15 215	15 580	16 164	17 243
<i>Inventory: Fuel, oil and gas</i>	6 555	7 806	9 143	29 550	15 436	15 219	18 703
<i>Inventory: Learner and teacher support material</i>	137	163	191	287	322	328	338
<i>Inventory: Materials and supplies</i>	4 464	5 316	6 227	9 383	10 512	9 447	10 064

Table 19.10 General Support (continued)

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Economic classification							
Current payments	944 596	1 129 625	1 338 418	1 875 923	2 059 431	2 377 411	2 548 173
<i>Inventory: Military stores</i>	371	442	518	780	874	794	884
<i>Inventory: Other consumables</i>	3 684	4 389	5 139	7 748	8 680	7 695	6 497
<i>Inventory: Stationery and printing</i>	1 826	2 174	2 547	3 838	4 298	5 266	5 463
<i>Lease payments</i>	1 853	2 207	2 585	3 895	4 364	4 643	4 947
<i>Owned and leasehold property expenditure</i>	286	340	399	601	673	710	751
<i>Travel and subsistence</i>	8 508	10 132	11 867	17 882	20 016	20 493	21 768
<i>Training and development</i>	2 684	3 196	3 744	5 641	6 318	6 594	6 766
<i>Operating expenditure</i>	1 385	1 649	1 932	2 911	3 261	3 559	3 911
<i>Venues and facilities</i>	679	809	948	1 428	1 597	1 525	1 577
Financial transactions in assets and liabilities	127	80	18 908	–	–	–	–
Transfers and subsidies	636 506	677 632	718 784	864 054	853 090	1 007 737	968 860
Provinces and municipalities	2 100	549	569	–	–	–	–
Departmental agencies and accounts	266 953	249 156	274 604	403 962	365 073	496 155	433 340
Public corporations and private enterprises	359 515	396 286	415 300	448 097	482 766	504 970	529 073
Non-profit institutions	–	–	2 878	–	–	–	–
Households	7 938	31 641	25 433	11 995	5 251	6 612	6 447
Payments for capital assets	129 437	104 098	209 586	378 577	429 345	291 243	443 069
Buildings and other fixed structures	73 884	49 173	77 105	286 249	346 297	210 088	371 261
Machinery and equipment	55 496	54 914	124 802	92 328	65 552	62 774	52 497
Software and other intangible assets	57	11	7 679	–	–	–	–
Specialised military assets	–	–	–	–	17 496	18 381	19 311
Total	1 710 539	1 911 355	2 266 788	3 118 554	3 341 866	3 676 391	3 960 102
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	2 100	549	569	–	–	–	–
Regional Services Council levies	2 100	549	569	–	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	266 953	249 156	274 604	403 962	365 073	496 155	433 340
Special defence account: Operating services	34 390	59 424	33 828	45 116	46 757	38 783	34 547
Special defence account: Intelligence related	100	100	100	500	500	524	556
Special defence account: Equipment procurement	232 463	189 632	240 676	358 346	317 816	456 848	398 237
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	359 515	396 286	415 300	448 097	482 766	504 970	529 073
Armaments Corporation of South Africa	359 515	396 286	415 300	448 097	482 766	504 970	529 073
Non-profit institutions							
Current	–	–	2 878	–	–	–	–
SA First Aid League	–	–	2 878	–	–	–	–
Households							
Social benefits							
Current	7 938	31 641	25 433	11 995	5 251	6 612	6 447
Severance packages	7 938	31 641	25 433	11 995	5 251	6 612	6 447

Expenditure trends

The *General Support* programme comprises an average 10 per cent of the department's total expenditure. Spending increases from R1.7 billion in 2005/06 to R4 billion in 2011/12, at an average annual rate of 15 per cent.

The *Joint Logistics Services* subprogramme, responsible for the largest portion of expenditure in this programme, is expected to increase at an average annual rate of 12.8 per cent over the MTEF period, mainly due to additional allocations for the repair and maintenance of defence infrastructure and facilities, as well as the upgrading of runways and hardstands at the Air Force Base Waterkloof. These additional allocations also explain the substantial average annual increases in goods and services and payments for capital assets of 18.3 per cent and 22.8 per cent over the seven-year period.

The increase of 9.3 per cent in the *Departmental Support* subprogramme in 2009/10 is due to additional provisions for public private partnership transactional advisors and for chartering aircraft. The projected increase of 35.6 per cent in the *Technology Development* subprogramme in 2010/11 is due to investment in the test and evaluation capability, and electronic and missile technology research and development.

Programme 8: Force Employment

- *Strategic Direction* formulates and controls strategies, policies and plans for the employment of forces. Funding is based on the cost of operating the joint operations headquarters.
- *Operational Direction* provides operational direction to joint, interdepartmental and multinational task forces and joint tactical headquarters through the operational level headquarters. Funding is distributed according to the number and size of tactical headquarters and the number of joint, interdepartmental and multinational military exercises.
- *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 requirements.
- *Defence Capability Management* provides for the planning and control of joint, interdepartmental and multinational military force preparation exercises. Funding is distributed according to the needs of exercise control equipment for joint, interdepartmental and multinational military exercises and contractual obligations for the development of joint force employment command and control plans, as well as capability development.

Objectives and measures

- Provide and manage defence capabilities, including an operational capability, to conduct operations and joint 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 24 joint, interdepartmental and multinational military force preparation exercises over the next 3 years (excluding Special Force exercises)
 - undertaking missions in support of other government departments, and complying with international obligations.

Service delivery and spending focus

In 2007/08, the South African National Defence Force successfully employed mission trained forces in terms of South Africa's safety and security policies and international obligations. Approximately 3 000 members, including reserves, were employed in 6 peace support and 6 general military assistance operations in the Democratic Republic of the Congo, Sudan, Burundi, Ethiopia and Eritrea, Uganda, the Central African Republic, Comoros and Mozambique. For the first time, the South African National Defence Force deployed personnel outside Africa, when 5 military observers supported the United Nations Mission in Nepal. The South African National Defence Force continued supporting the Democratic Republic of the Congo armed forces with the integration process, and by the end of March 2008, 164 729 Congolese combatants had completed the identification and registration process. The South African National Defence Force deployed personnel to the Democratic Republic of the Congo to assist with training and post-conflict reconstruction. Central African Republic soldiers also received training in South Africa. Humanitarian assistance was provided to Mozambique during the floods, and technical assistance following their ammunition depot disaster. The Ugandan government was assisted with the disposal of 280 tons of munitions.

Internally, 3 missions in support of other government departments were conducted. 5 094 South African National Defence Force members were deployed to support the Department of Health at 89 installations across the country. In support of the police, the emphasis was on borderline control and rural safeguarding operations. The phased handover from the South African National Defence Force to the South African Police Service of borderline control and rural safeguarding continued, with the international borders with Mozambique and Swaziland handed over, resulting in a reduction of internally deployed South African Defence Force levels. The department adopted a holistic, joint, interdepartmental and multinational force preparation approach. 1 interdepartmental and 9 multinational exercises took place.

In the first half of 2008/09, an average of 2 729 members per day were deployed in 9 peace support operations in Burundi, the Central African Republic, the Democratic Republic of the Congo, Ethiopia and Eritrea, Nepal, Sudan and Uganda. 368 tons of unserviceable and redundant ammunition and ordnance were destroyed in Uganda. On average, 575 members were deployed per day in internal operations in support of the South African Police Service and other government departments. All requests in terms of borderline protection were complied with. South African Air Force fire fighting operations took place in Eastern Cape, Limpopo, North West and Free State. The South African Military Health Service continued with the deployment of 6 operational emergency care practitioners to 2 Mpumalanga provincial hospitals. 9 joint, interdepartmental and multinational exercises took place.

Over the MTEF period, *Force Employment* spending will focus on strategic and operational direction for the force employment programme. This includes planning and control of joint, interdepartmental and multinational exercises, relating to peace support operations and general military assistance and support to other government departments, as well as the provision of a special forces capability.

Expenditure estimates

Table 19.11 Force Employment

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Strategic Direction	90 293	101 053	50 792	65 734	68 236	72 869	80 701
Operational Direction	87 259	99 079	160 203	159 211	182 137	192 935	211 922
Special Operations	314 510	321 188	343 536	382 010	404 259	408 860	460 000
Regional Security	–	135 355	29 111	134 484	110 392	187 161	180 883
UN Peace Mission in the Democratic Republic of Congo	366 303	273 494	325 288	440 662	552 943	544 835	593 885
Protection Support Detachment in Burundi	330 296	202 701	223 293	207 081	–	–	–
Special Advice Team to the FARDC	–	–	–	–	12 897	13 477	–
Military Observers	723	1 101	1 613	197 661	–	–	–
African Union / United Nations Mission in Sudan	54 443	195 170	143 337	59 042	292 843	264 836	283 456
Support to the People	355 018	163 378	293 199	147 315	157 723	155 855	145 624
Defence Capability Management	6 600	15 458	10 813	14 781	20 377	21 148	22 004
Total	1 605 445	1 507 977	1 581 185	1 807 981	1 801 807	1 861 976	1 978 475
Change to 2008 Budget estimate				172 878	34 309	10 089	13 520

Table 19.11 Force Employment (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	1 342 488	1 282 932	1 405 639	1 589 715	1 576 343	1 657 308	1 778 652
Compensation of employees	626 124	632 802	689 064	746 677	733 441	783 291	900 255
Goods and services	655 717	650 087	716 544	843 038	842 902	874 017	878 397
<i>of which:</i>							
Administrative fees	123	122	134	142	163	163	163
Advertising	120	119	132	139	160	168	177
Assets less than R5 000	9 644	9 561	10 538	11 141	12 822	11 406	11 970
Communication	9 544	9 462	10 430	11 027	12 688	11 921	11 278
Computer services	2 788	2 764	3 046	3 221	3 706	3 967	3 777
Consultants and professional services: Business and advisory services	9 223	9 144	10 079	10 656	12 100	5 969	7 786
Consultants and professional services: Infrastructure and planning	226	224	247	261	300	300	300
Contractors	250 025	247 878	273 218	288 853	303 750	342 911	317 740
Agency and support / outsourced services	4 204	4 167	4 593	4 856	5 588	5 655	5 776
Entertainment	124	123	136	143	164	177	168
Inventory: Food and food supplies	29 859	29 603	32 629	34 496	39 694	48 987	42 716
Inventory: Fuel, oil and gas	9 468	9 387	10 347	19 995	12 587	13 234	49 656
Inventory: Learner and teacher support material	291	289	318	336	387	386	408
Inventory: Materials and supplies	34 941	34 641	38 182	40 367	46 449	46 493	47 003
Inventory: Medical supplies	5 239	5 194	5 725	6 052	6 964	6 952	6 952
Inventory: Military stores	2 008	1 991	2 195	32 043	2 670	2 670	2 673
Inventory: Other consumables	9 352	9 272	10 219	10 805	12 433	13 176	13 341
Inventory: Stationery and printing	3 746	3 714	4 094	4 328	4 980	5 204	5 441
Lease payments	162 794	161 396	177 895	234 786	216 413	213 961	210 290
Owned and leasehold property expenditure	931	923	1 017	1 075	1 237	1 244	570
Travel and subsistence	100 260	99 400	109 561	115 831	133 281	124 555	125 174
Training and development	4 644	4 604	5 075	5 366	6 174	6 373	6 573
Operating expenditure	5 566	5 518	6 082	6 430	7 399	7 316	7 566
Venues and facilities	597	591	652	689	793	829	899
Financial transactions in assets and liabilities	60 647	43	31	-	-	-	-
Transfers and subsidies	154 504	148 888	120 613	163 873	170 644	152 968	156 172
Provinces and municipalities	410	112	1 339	-	-	-	-
Departmental agencies and accounts	150 308	139 424	111 779	152 090	156 811	139 652	141 943
Households	3 786	9 352	7 495	11 783	13 833	13 316	14 229
Payments for capital assets	108 453	76 157	54 933	54 393	54 820	51 700	43 651
Buildings and other fixed structures	-	-	1 781	358	1 130	646	647
Machinery and equipment	108 419	76 157	53 152	54 035	53 415	50 779	42 729
Software and other intangible assets	34	-	-	-	-	-	-
Specialised military assets	-	-	-	-	275	275	275
Total	1 605 445	1 507 977	1 581 185	1 807 981	1 801 807	1 861 976	1 978 475
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	410	112	1 339	-	-	-	-
Regional Services Council levies	410	112	1 339	-	-	-	-

Table 19.11 Force Employment (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	150 308	139 424	111 779	152 090	156 811	139 652	141 943
Special defence account: Intelligence related	4 930	5 830	6 630	6 630	7 680	7 740	7 880
Special defence account: Operating services	29 406	34 734	67 610	81 700	119 893	125 870	133 638
Special Defence Account: Equipment procurement	115 972	98 860	37 539	63 760	29 238	6 042	425
Households							
Social benefits							
Current	3 786	9 352	7 495	11 783	13 833	13 316	14 229
Severance packages	3 786	9 352	7 495	11 783	13 833	13 316	14 229

Expenditure trends

Expenditure in the *Force Employment* programme increases at an average annual rate of 3.5 per cent, rising from R1.6 billion in 2005/06 to an expected R2 billion in 2011/12. The *Regional Security* subprogramme remains the dominant subprogramme, consuming an average 52.4 per cent of the programme budget. It increases from R751.8 million in 2005/06 to R1.1 billion in 2011/12, mainly due to increased peace support missions in Africa.

The projected average annual increases of 10 per cent in the *Operational Direction* subprogramme and 6.4 per cent in the *Special Operations* subprogramme over the MTEF period are due to staffing operational structures, developing and procuring highly specialised equipment and ammunition, providing for fuel, and implementing an incentive scheme to attract and retain special forces operators.

Spending in the *Support to the People* subprogramme decreased at an average annual rate of 25.4 per cent between 2005/06 and 2008/09, and is expected to decrease by a further average annual rate of 0.4 per cent over the medium term due to the planned reduction in support to the South African Police Service.

The average annual increase of 5 per cent in goods and services over the seven-year period is due to the relatively high cost of fuel and rations.

Public entities

Armaments Corporation of South Africa

Strategic overview: 2005/06 – 2011/12

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 effectively, efficiently and economically. Other responsibilities include carrying out research related to defence technology, development and analysis, and test and evaluation activities. As the procurement agency for the Department of Defence, the corporation maintains a tender and contracting process, and provides related quality, legal, financial and security management services, as well as arms control compliance administration and related 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. The corporation also undertakes acquisitions for the South African Police Service and other government departments with security mandates, with the approval of the Minister of Defence.

The Armaments Corporation of South Africa's key priorities over the MTEF period are:

- optimally meeting the requirements of the Department of Defence for defence materiel and services
- managing defence industrial participation obligations emanating from acquisitions abroad
- managing the Department of Defence's technology, research, test and evaluation requirements.

Selected performance and operations indicators

Table 19.12 Armaments Corporation of South Africa

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Percentage of allocation used on contracts placed on capital defence materiel acquisition	112%	95%	100%	90%	90%	90%	90%
Percentage of allocation used on contracts placed on strategic defence acquisition	72%	96%	100%	90%	90%	90%	90%
Percentage of allocation used on contracts placed on system support acquisition and procurement	96%	94%	97%	90%	90%	90%	90%

Service delivery and spending focus

The strategic defence procurement programme was concluded in December 1999. Significant progress on each of the procurement projects was made in 2007/08.

Expenditure estimates

Table 19.13 Armaments Corporation of South Africa: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Statement of financial position							
Carrying value of assets	194 651	198 087	203 529	210 958	217 936	220 642	225 005
<i>of which: Acquisition of assets</i>	14 790	20 722	28 029	27 829	29 778	27 006	27 263
Inventory	2 972	2 356	6 760	7 010	7 310	7 810	8 310
Receivables and prepayments	147 760	174 776	183 607	158 607	136 607	139 607	144 607
Cash and cash equivalents	268 472	287 977	312 509	299 530	258 352	199 446	132 783
Total assets	613 855	663 196	706 405	676 105	620 205	567 505	510 705
Accumulated surplus / deficit	412 657	470 630	514 631	511 331	446 931	386 231	320 931
Trade and other payables	180 419	170 343	92 062	95 061	100 061	105 061	110 061
Provisions	20 779	22 223	99 712	69 713	73 213	76 213	79 713
Total equity and liabilities	613 855	663 196	706 405	676 105	620 205	567 505	510 705

Expenditure trends

The Armaments Corporation of South Africa's operating funds are largely funded by a transfer payment from the Department of Defence. Together with interest earned on the payment, these funds are used to finance operating expenditure. The fixed capital requirements of subsidiaries are financed from own income generated and additional funding from the department, if required. 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.

Castle Control Board

Strategic overview: 2005/06 - 2011/12

The mandate of the Castle Control Board is derived from the Castle Management Act (1993).

The strategic objectives of the board are to preserve and protect the military and cultural heritage of the Castle of Good Hope, to optimise its tourism potential, and to maximise public access to the parts of the castle that are not used by the Department of Defence.

The Minister of Defence is the executive authority, and two military personnel are appointed to the board. No grants are received from any state department. Funds are generated from entrance fees, donations, catering

services and the hiring out of premises and venues to the public. Military personnel are seconded to the board to manage and operate the castle. Over the past ten years, the number of personnel seconded by the Department of Defence has declined, necessitating the funding of their replacements by the board. Currently, the board has 11 staff employed by the Department of Defence and 7 employed by the board. Although the national Department of Public Works is responsible for the maintenance and restoration of the castle, the Castle Control Board has supplemented certain emergency repair and maintenance costs since 2003/04.

Apart from the extensive maintenance and upgrading of facilities, the board continues to diversify its services, with a view to attracting tourists. Some of the recent attractions and services include the Frontier War display, the Anglo-Zulu War display, horse and carriage tours, audio guides, and guided tours in English, Xhosa and Afrikaans. Besides the regular activities at the castle, it also hosts other commemorative celebrations.

Selected performance and operations indicators

Table 19.14 Castle Control Board

Indicator	Activity / Objective / Programme / Project	Past			Current 2008/09	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Amount of ticket sales each year	Marketing	R1.2m	R1.3m	R1.3m	R1.4m	R1.6m	R2.5m	R2.7m
Amount of venue rentals each year	Tennants: Films and fashion shoots	R639 000	R782 000	R803 000	R860 000	R1.2m	R1.4m	R1.4m
Amount received for special events each year	Military tattoo	–	–	R65 000	R130 000	R170 000	R300 000	R400 000

Service delivery and spending focus

The number of visitors to the castle increased from 129 080 in 2007 to 135 948 in 2008, an annual increase of 5.3 per cent. In 2007/08, revenue generated from ticket sales and special events was R1.3 million and R65 000, respectively. Venue rentals increased from R782 000 in 2006/07 to R803 000 in 2007/08.

The Castle of Good Hope was host to the successful opening of the Timbuktu exhibition in May 2008. In November 2008, the castle staged the Cape Town Military Tattoo, which was hosted by the Western Cape office of the reserve force. An annual military tattoo will be staged up to 2010, during the 2010 FIFA World Cup. Extensive day-to-day maintenance and repairs work was carried out in 2008/09.

Expenditure estimates

Table 19.15 Castle Control Board: Financial information

R thousand Statement of financial performance	Audited outcome			Revised estimate 2008/09	Medium-term estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	2 040	2 401	2 816	3 501	4 528	5 344	5 826
Sale of goods and services other than capital assets of which:	1 845	2 137	2 317	2 527	3 628	4 418	4 772
<i>Sales by market establishments</i>	1 845	2 137	2 317	2 527	3 628	4 418	4 772
<i>Other non-tax revenue</i>	195	264	499	974	900	926	1 054
Total revenue	2 040	2 401	2 816	3 501	4 528	5 344	5 826
Expenses							
Current expense	986	891	945	1 375	2 258	3 353	3 686
Compensation of employees	236	252	265	277	1 066	1 923	2 115
Goods and services	742	627	667	1 078	1 167	1 400	1 540
Depreciation	8	12	13	20	25	30	31
Transfers and subsidies	5	–	–	–	–	–	–
Total expenses	991	891	945	1 375	2 258	3 353	3 686
Surplus / (Deficit)	1 049	1 510	1 871	2 126	2 270	1 991	2 139

Table 19.15 Castle Control Board: Financial information (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Statement of financial position							
Carrying value of assets	505	520	1 196	1 236	1 293	1 348	1 408
<i>of which: Acquisition of assets</i>	63	27	53	60	82	85	91
Inventory	66	53	40	35	40	45	50
Receivables and prepayments	128	30	10	20	50	60	65
Cash and cash equivalents	3 828	5 426	7 298	9 385	11 578	13 504	15 578
Total assets	4 527	6 029	8 544	10 676	12 961	14 957	17 101
Accumulated surplus / deficit	4 512	6 023	7 894	10 020	12 290	14 281	16 420
Capital and reserves	–	–	636	636	636	636	636
Trade and other payables	15	6	14	20	35	40	45
Total equity and liabilities	4 527	6 029	8 544	10 676	12 961	14 957	17 101

Expenditure trends

Expenditure increases at an average annual rate of 24.5 per cent between 2005/06 and 2011/12, rising from R991 000 to R3.7 million. Between 2008/09 and 2011/12, expenditure is set to increase at a substantial average annual rate of 38.9 per cent, compared to 11.5 per cent between 2005/06 and 2008/09. This is mainly to cater for the completion of the Frontier War displays. It is also to cover the increase in salaries and wages and accounting fees arising from the appointment of an audit committee, chief executive officer, and the preparation of annual financial statements and estimates of national expenditure for compliance and auditing purposes.

The Castle Control Board has made provision for planned maintenance to the Castle of Good Hope. This increase over the MTEF period is evident under goods and services. The 24 per cent growth in accumulated surplus and the 26.4 per cent growth in cash and cash equivalents over the seven-year period are because the uncertainty of seconding military personnel in future makes it necessary to have sufficient accumulated funds, and as a public entity there are limits as to where surplus funds can be invested, hence the increase in cash and cash equivalents. In addition, there have been increases in venue rental for functions and film and fashion shoots has been curbed and controlled.

Additional tables

Table 19.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 thousand	2007/08		2007/08	2008/09			2008/09
1. Administration	2 143 312	2 046 217	2 153 864	2 482 722	32 316	2 515 038	2 515 038
2. Landward Defence	6 221 327	6 435 830	7 128 036	7 588 590	270 442	7 859 032	7 839 032
3. Air Defence	7 964 899	8 000 932	7 314 782	9 026 607	(985 223)	8 041 384	8 041 384
4. Maritime Defence	2 336 538	2 351 993	2 396 650	1 825 406	65 038	1 890 444	1 890 444
5. Military Health Support	1 832 821	1 845 754	1 877 742	2 119 145	29 034	2 148 179	2 128 179
6. Defence Intelligence	458 308	402 193	461 066	515 401	3 014	518 415	518 415
7. General Support	3 382 143	3 573 481	2 266 788	3 015 357	103 197	3 118 554	3 018 554
8. Force Employment	1 582 907	1 635 385	1 581 185	1 659 927	148 054	1 807 981	1 797 981
Total	25 922 255	26 291 785	25 180 113	28 233 155	(334 128)	27 899 027	27 749 027
Economic classification							
Current payments	15 930 305	16 102 914	15 755 504	18 050 911	444 410	18 495 321	18 375 321
Compensation of employees	9 474 248	9 726 694	9 735 905	10 687 269	220 839	10 908 108	10 908 108
Goods and services	6 456 057	6 376 220	5 987 370	7 363 642	223 571	7 587 213	7 467 213
Financial transactions in assets and liabilities	–	–	32 229	–	–	–	–
Transfers and subsidies	9 607 150	9 653 984	8 926 890	9 760 579	(972 731)	8 787 848	8 787 848
Provinces and municipalities	–	–	36 710	–	–	–	–
Departmental agencies and accounts	9 019 934	9 087 651	8 243 440	9 104 979	(1 008 371)	8 096 608	8 096 608
Public corporations and private enterprises	488 314	467 427	473 826	530 624	35 130	565 754	565 754
Non-profit institutions	3 432	3 432	2 878	3 956	510	4 466	4 466
Households	95 470	95 474	170 036	121 020	–	121 020	121 020
Payments for capital assets	384 800	534 887	497 719	421 665	194 193	615 858	585 858
Buildings and other fixed structures	78 109	218 116	93 357	112 143	174 593	286 736	286 736
Machinery and equipment	305 831	308 713	395 937	308 107	19 600	327 707	297 707
Cultivated assets	–	–	–	60	–	60	60
Software and intangible assets	860	8 058	8 425	1 355	–	1 355	1 355
Total	25 922 255	26 291 785	25 180 113	28 233 155	(334 128)	27 899 027	27 749 027

Table 19.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Permanent and full time contract employees							
Compensation (R thousand)	8 068 718	8 868 037	9 531 599	10 733 054	11 518 625	12 098 605	12 890 688
Unit cost (R thousand)	113	111	122	144	149	156	170
Personnel numbers (head count)	71 705	79 925	78 243	74 494	77 291	77 516	75 750
Part time and temporary contract employees							
Compensation (R thousand)	127 634	169 558	204 306	175 054	233 232	210 767	255 194
Total for department							
Compensation (R thousand)	8 196 352	9 037 595	9 735 905	10 908 108	11 751 857	12 309 372	13 145 882
Unit cost (R thousand)	114	113	124	146	152	159	174
Personnel numbers (head count)	71 705	79 925	78 243	74 494	77 291	77 516	75 750

Table 19.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R thousand)	8 196 352	9 037 595	9 735 905	10 908 108	11 751 857	12 309 372	13 145 882
Training expenditure (R thousand)	71 069	85 647	87 447	117 655	113 621	122 668	127 924
Training as percentage of compensation	0.9%	0.9%	0.9%	1.1%	1.0%	1.0%	1.0%

Table 19.D Summary of allocations to the special defence account per programme

Programme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand							
Landward Defence	1 538 567	1 643 711	2 065 911	2 018 299	2 281 814	2 672 760	2 485 297
Air Defence	5 427 917	4 729 585	4 537 887	4 924 012	6 886 379	5 252 892	5 172 190
Maritime Defence	1 804 750	1 316 941	948 223	255 532	272 136	268 309	188 509
Military Health Support	–	885	1 100	1 500	1 771	24 463	46 565
Defence Intelligence	70 346	201 037	296 207	332 413	391 540	410 070	429 939
General Support	266 953	249 156	274 604	403 962	365 073	496 156	433 340
Force Employment	150 308	139 424	111 779	152 090	156 811	139 652	141 943
Total	9 258 841	8 280 739	8 235 711	8 087 808	10 355 524	9 264 302	8 897 783

Table 19.E Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate				
						2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	
R thousand													
Foreign In cash													
The Netherlands	Improvement of the Democratic Republic of the Congo integration centres	Force Employment	-	Goods and services	Construction of integration centres	31 250	-	-	-	-	-	-	-
African Renaissance Fund	Support of the electoral process in the Democratic Republic of the Congo	Force Employment	-	Goods and services	Provision of election support	7 500	-	-	-	-	-	-	-
United Kingdom	Support to Burundi: Operation Curriculum	Force Employment	-	Goods and services	Aircraft chartering expenditure	-	-	21 000	100 000	-	-	-	-
In kind													
United Kingdom	Destruction of small arms, primarily in external peace support operations	Force Employment	-	Goods and services	Support to destroy small arms	314	-	-	-	-	-	-	-
United States of America	Aircrew simulator training and C130 aircraft spares	Air Defence	-	Goods and services	59 members received training	5 800	2 857	1 000	-	-	-	-	-
United States of America	BK117 helicopter engines	Air Defence	-	Goods and services	Helicopter engines procured	5 400	-	-	-	-	-	-	-
United States of America	AIDS awareness promotion	Military Health Support	-	Goods and services	Provision of antiretroviral drugs and laboratory services	9 696	587	-	-	-	-	-	-
President's Emergency Plan for AIDS Relief, United States of America	AIDS awareness promotion	Military Health Support	-	Goods and services	Education outreach on HIV and AIDS	5 945	2 805	136 717	-	-	-	-	-
National Institute of Health, United States of America	AIDS awareness promotion	Military Health Support	-	Goods and services	Phase I: 6 049 patients treated Phase II: 1 700 patients treated	19 674	-	61 710	-	-	-	-	-
Department for International Development, United Kingdom	AIDS awareness promotion	Military Health Support	-	Goods and services	Capacity building for health care professionals in antiretroviral treatment	600	96	-	-	-	-	-	-
Germany	Technical training assistance for the service corps	Administration	-	Goods and services	Building of a fixed accommodation structure for learners at the Centre for Advanced Training	1 685	-	-	-	-	-	-	-
Henry Jackson Foundation, United States of America	Establish clinical research capability	Military Health Support	-	Goods and services	6 clinics established Phase I: 5 162 patients treated Phase II: 1 461 patients treated	-	37 233	-	-	-	-	-	-

Table 19.E Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2008/09	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
In kind												
Germany	Evaluation and assistance with training and onboard procedures on the new frigates	Maritime Defence	-	Goods and services	Operational sea training and evaluation for strategic defence packages	-	180	-	-	-	-	-
United Kingdom	Evaluation and assistance with training and onboard procedures on the new frigates	Maritime Defence	-	Goods and services	86 members trained	-	92	-	-	-	-	-
African Contingency Operations Training Assistance, United States of America	Donation of a mobile peacekeeping training simulation capability	Force Employment	-	Goods and services	Provided pre-mission training to personnel deployed in peacekeeping missions	-	2 100	-	-	-	-	-
United States European Command	Expenses incurred by Africa and European countries participating in the multinational exercise held in South Africa	Force Employment	-	Goods and services	The exercise was conducted successfully and the United States of America paid all accounts as contracted	-	605	-	-	-	-	-
France	Command and control training course	Force Employment	-	Goods and services	1 member attended a course	-	-	138	-	-	-	-
Sweden	Peace operations training course	Force Employment	-	Goods and services	1 member attended a course	-	-	39	-	-	-	-
United States of America	Leadership training	Administration	-	Goods and services	2 members attended a course	-	-	73	-	-	-	-
United States of America	Aviation safety training	Air Defence	-	Goods and services	1 member attended a course	-	-	144	-	-	-	-
United States of America	Senior non-commissioned officer development training	Administration	-	Goods and services	1 member attended a course	-	-	112	-	-	-	-
Department for International Development, United Kingdom	Capacity building: Antiretroviral training	Military Health Support	-	Goods and services	50 members attended courses	-	-	938	-	-	-	-
Total			-			87 864	46 555	221 871	100 000			

Table 19.F Summary of expenditure on infrastructure

R thousand	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
	Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)										
	Repair and maintenance of infrastructure	Military bases	Improvement of military facilities	Identification	1 088 451	-	-	-	-	172 373	515 875
	Repair and maintenance of infrastructure	Runway	Improvement of military facilities	Construction	1 126 000	117 658	330 000	486 250	412 000	328 000	-
	Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)										
	Repair and maintenance of infrastructure	Military bases and hospitals	Improvement of military facilities	Construction	673 746	-	-	70 000	207 725	249 704	64 246
	Repair and maintenance of infrastructure	Military bases	Improvement of military facilities	Planning	439 867	-	-	-	218 929	214 384	89 391
	Construction / upgrading of medical health facilities	Hospitals and sickbays	Functional medical facilities	Construction	245 975	-	-	-	34 031	23 940	30 441
	Small projects or programmes (costing less than R50 million per annum)										
	Construction / upgrading of office accommodation	Office buildings	Administrative support to members of the Department of Defence	Construction	9 564	73 884	47 832	76 571	81 800	1 175	3 900
	Upgrading of kitchens	Kitchens	Food preparation	Construction	11 497	-	-	-	-	1 083	-
	Construction of boat facilities	Workshop and storage facility	Efficient operations	Construction	106 508	-	-	-	-	27 252	42 690
	Installation of burglar bars and security gates	Security	Safety and security	Construction	3 475	-	-	-	-	573	770
	Construction of ammunition storage facility	Store	Storage of ordnance	Planning	16 479	-	-	-	-	8 333	3 648
	Construction of training facilities	Training	Efficient operations	Construction	72 264	-	-	-	-	12 356	4 286
	Construction of living accommodation	Living	Administrative support to members of the Department of Defence	Identification	62 000	-	-	-	-	720	10 792
	Construction of Roads, security fences and water Supply	Roads and water supply	Administrative support to members of the Department of Defence	Construction	52 379	-	-	-	-	216	-
	Total				3 908 205	191 542	97 832	406 571	638 050	924 393	764 039

