

Vote 20

Defence

R thousand	2007/08 To be appropriated	2008/09	2009/10
MTEF allocations			
Administration	1 934 669	2 054 175	2 345 774
Landward Defence	4 215 453	4 507 860	4 851 545
Air Defence	2 651 180	2 871 355	3 175 552
Maritime Defence	1 388 315	1 488 024	1 671 187
Military Health Support	1 831 201	2 000 621	2 278 324
Defence Intelligence	162 101	164 594	181 915
Joint Support	3 256 665	3 612 147	3 845 067
Force Employment	1 471 128	1 546 515	1 725 310
Special Defence Account	9 011 543	9 771 063	8 557 096
Total	25 922 255	28 016 354	28 631 770
Direct charges against the National Revenue Fund	–	–	–
Total expenditure estimates	25 922 255	28 016 354	28 631 770
Economic classification			
Current payments	15 930 305	17 222 080	19 016 672
Transfers and subsidies	9 607 151	10 370 172	9 167 376
Payments for capital assets	384 799	424 102	447 722
Total expenditure estimates	25 922 255	28 016 354	28 631 770
Executive authority	Minister of Defence		
Accounting officer	Secretary for Defence		

Aim

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

Programme purposes

Programme 1: Administration

Conduct the policy development, management and administration of the department.

Programme 2: Landward Defence

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

Programme 3: Air Defence

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

Programme 4: Maritime Defence

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

Programme 5: Military Health Support

Provide prepared and supported medical combat support elements and other services.

Programme 6: Defence Intelligence

Provide a defence intelligence and counter-intelligence capability.

Programme 7: Joint Support

Provide joint support capabilities and services to the department.

Programme 8: Force Employment

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

Programme 9: Special Defence Account

Provide for special defence activities and purchases.

Strategic overview: 2003/04 – 2009/10

The Department of Defence carries out its mandate of defending and protecting South Africa in accordance with the Constitution and the principles of international law. It has the following military strategic objectives:

- improving and maintaining comprehensive defence capabilities
- promoting peace, security and stability in the region and in Africa
- supporting the people of South Africa.

Key policy developments and legislative changes

The changed environment and increasing requirements placed on the department to provide forces for peace and humanitarian missions necessitated updating the White Paper on Defence (1996) and the Defence Review (1998). The process culminated in the 2006 Defence Update, which redefines the level of capabilities required within the force design to comply with current and expected involvement in peace missions. The department plays a key partnering role in promoting peace, security and stability in Africa, and therefore pursues a multinational and multilateral approach in its defence posture.

The growing threat of global terrorism necessitated a review of the Regulation of Foreign Military Assistance Act (1998). The Prohibition of Mercenary Activities and Regulation of Certain Activities in a Country of Armed Conflict Bill will regulate the manner in which private security and military entities of South African origin operate in such countries.

A comprehensive study on the organisational structure required to improve the productivity, affordability and sustainability of the department's operations has been concluded. The recommendation to amalgamate the military legal service division and other legal sections of the secretariat into a single defence legal service division has been implemented. A full set of recommendations is awaiting ministerial approval. Implementation will result in further sharing of staff between the Secretary for Defence and the Chief of the South African National Defence Force (SANDF) within the *Administration* programme, as well as major changes to the *Joint Support* programme.

Outcomes

Peace, stability and security in Africa

Defence will continue to engage with its regional counterparts in Africa by focusing on the security-related objectives of the African Union (AU) and the New Partnership for Africa's Development (NEPAD). The department is establishing new defence attaché (DA) missions in seven countries in Africa, the Middle East and the EU in 2006/07 and two other countries in 2007/08. Still being designed and developed are: the Southern African Development Community (SADC) mutual defence pact (an agreement signed by all member states that an attack against any member state will be considered a threat to regional peace and security and will therefore be met by collective action); the African Standby Force; and continental and regional early warning centres. The SANDF continues to participate in peace support operations in the Democratic Republic of the Congo (DRC), Burundi, Côte d'Ivoire and Sudan, and is expected to contribute to post-conflict reconstruction activities. Military observers and staff officers continue to serve at United Nations (UN) missions in Eritrea, Ethiopia/Somalia and Liberia. The deployment of more than 3 000 members in external peace support missions, which is more than three times the number planned for in the 1998 Defence Review, will continue over the medium term.

Human capital development in the defence force and in South Africa

The department's human resource management strategy is directed at youth empowerment, thus enhancing the operational readiness of the SANDF and contributing to employment opportunities for the youth and to scarce skills development. The department sponsored youth foundation training programme (YFTP) and the military skills development system (MSDS) are pivotal to this initiative and contribute to the objectives of Accelerated Shared Growth Initiative for South Africa (ASGISA).

Currently, 43 per cent of all regular force privates are in the required age bracket of 18-24 years, compared to 7 per cent in 2002. Defence needs to expand the YFTP to 500 learners a year and the MSDS to 10 000 new recruits a year to ensure a continuous throughput of suitably qualified young soldiers until the rejuvenation requirements of both the regular and reserve forces have been met. Developing this capacity requires that the department, in conjunction with public-private partners, creates re-skilling and alternative employment opportunities for almost 10 000 SANDF members who have reached the end of their soldier careers. A works regiment is being conceptualised to re-skill and employ members to do infrastructure maintenance and post-conflict reconstruction duties, among others.

The outflow of skilled technical personnel and engineers from the South African Air Force (SAAF) continues to lead to a reduction in the experience levels at units and squadrons. An incentive scheme to mitigate this loss was introduced in June 2006 and is being adjusted regularly as required.

Modernised defence force

The *Landward Defence* and *Military Health Support* programmes remain the priority focus for modernising the force over the medium to longer term. Delivery of the weapon systems acquired through the strategic armaments procurement programme is on track. Four frigates will be commissioned into the SA Navy by the end of 2007. They will be fully operational once the maritime helicopters have been delivered and integrated. The first of 3 submarines, 12 of 30 light utility helicopters and 11 of 24 trainer aircraft are already in service and 1 submarine, 12 light utility helicopters and 8 trainer aircraft will follow during 2007/08.

Expenditure estimates

Table 20.1 Defence

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07		2007/08	2008/09	2009/10
R thousand								
1. Administration	1 258 020	1 436 168	1 630 148	1 759 512	1 759 512	1 934 669	2 054 175	2 345 774
2. Landward Defence	3 150 985	3 340 039	3 431 788	4 061 047	4 061 047	4 215 453	4 507 860	4 851 545
3. Air Defence	2 176 210	2 242 812	2 479 455	2 504 488	2 504 488	2 651 180	2 871 355	3 175 552
4. Maritime Defence	1 025 679	1 097 975	1 201 419	1 319 173	1 319 173	1 388 315	1 488 024	1 671 187
5. Military Health Support	1 354 674	1 320 428	1 556 906	1 683 822	1 683 822	1 831 201	2 000 621	2 278 324
6. Defence Intelligence	133 907	135 789	144 316	143 662	143 662	162 101	164 594	181 915
7. Joint Support	2 098 244	2 340 896	2 373 978	2 740 317	2 713 717	3 256 665	3 612 147	3 845 067
8. Force Employment	1 291 195	1 242 236	1 433 692	1 410 145	1 410 145	1 471 128	1 546 515	1 725 310
9. Special Defence Account	8 015 772	7 045 000	9 258 839	8 280 738	8 280 738	9 011 543	9 771 063	8 557 096
Total	20 504 686	20 201 343	23 510 541	23 902 904	23 876 304	25 922 255	28 016 354	28 631 770
Change to 2006 Budget estimate				72 799	46 199	1 256 479	2 282 600	
Economic classification								
Current payments	11 647 930	12 363 974	13 382 073	14 912 947	14 912 947	15 930 305	17 222 080	19 016 672
Compensation of employees	7 192 733	7 722 601	8 196 352	9 085 985	9 085 985	9 474 247	9 952 787	10 525 924
Goods and services	4 430 044	4 606 531	5 085 613	5 826 962	5 826 962	6 456 058	7 269 293	8 490 748
<i>of which:</i>								
Communication	108 880	97 230	80 718	96 302	96 302	91 732	95 668	100 136
Computer services	430 363	600 735	492 375	670 818	670 818	739 592	803 293	819 777
Consultants, contractors and special services	111 602	128 916	144 819	153 422	153 422	339 062	345 182	914 146
Inventory	937 734	862 272	991 902	1 224 559	1 224 559	1 225 060	1 384 086	1 606 455
Maintenance, repairs and running costs	1 221 915	1 251 388	1 523 747	1 853 363	1 853 363	2 222 927	2 770 678	3 069 459
Operating leases	150 355	166 215	192 202	199 768	199 768	372 193	347 995	360 807
Travel and subsistence	497 022	590 135	640 547	543 975	543 975	426 096	432 778	455 134
Financial transactions in assets and liabilities	25 153	34 842	100 108	–	–	–	–	–
Transfers and subsidies	8 291 648	7 352 675	9 715 847	8 691 707	8 691 707	9 607 151	10 370 172	9 167 376
Provinces and municipalities	14 234	14 855	15 144	3 699	3 699	–	–	–
Departmental agencies and accounts	8 021 549	7 050 886	9 265 940	8 288 671	8 288 671	9 019 934	9 779 878	8 565 999
Public corporations and private enterprises	249 635	284 097	359 515	396 286	396 286	488 314	512 393	537 276
Non-profit institutions	6 230	2 837	2 792	3 051	3 051	3 432	3 576	3 726
Households	–	–	72 456	–	–	95 471	74 325	60 375
Payments for capital assets	565 108	484 694	412 621	298 250	271 650	384 799	424 102	447 722
Buildings and other fixed structures	43 672	79 638	73 884	74 097	47 497	78 109	81 656	85 739
Machinery and equipment	521 347	405 056	336 173	222 598	222 598	305 830	341 639	361 145
Cultivated assets	89	–	–	–	–	–	–	–
Software and other intangible assets	–	–	2 564	1 555	1 555	860	807	838
Total	20 504 686	20 201 343	23 510 541	23 902 904	23 876 304	25 922 255	28 016 354	28 631 770

Expenditure trends

Between 2003/04 and 2006/07, expenditure increased from R20,5 billion to R23,9 billion, at an average annual rate of 5,2 per cent. Over the MTEF period, expenditure is estimated to increase to R28,6 billion at an average annual rate of 6,2 per cent. This higher than average increase is mainly due to the additional allocations for a strategic airlift capability and foreign exchange rate adjustments on the strategic defence procurement programme. If the allocations to the strategic defence procurement programme are excluded, the department's budget will grow at an average annual rate of 11,9 per cent over the MTEF period.

The *Special Defence Account* programme remains the largest programme in 2007/08, consuming 34,8 per cent of the department's total expenditure. *Landward Defence* consumes 16,3 per cent, *Joint Support* 12,6 per cent

and *Air Defence* 10,2 per cent. In 2009/10, these allocations will change to 29,9 per cent for the *Special Defence Account*, 16,9 per cent for *Landward Defence*, 13,4 per cent for *Joint Support* and 11,1 per cent for *Air Defence*. Although the strategic defence procurement programme is nearing completion and expenditure has started decreasing, anticipated expenditure on a strategic airlift capability will result in large initial increases in the *Special Defence Account* programme and a gradual decrease from 2009/10 onwards.

Transfers and subsidies is the largest item on the vote, totalling R9,6 billion, or 37,1 per cent, in 2007/08. Of this, R9 billion is transferred to the *Special Defence Account*. The second largest item on the vote is compensation of employees, totalling R9,4 billion, or 36,5 per cent of total expenditure in 2007/08. Goods and services accounts for R6,4 billion, or 24,9 per cent of total expenditure. Over the medium term, the allocation for compensation of employees remains constant at 36,7 per cent of total expenditure, while goods and services increases to 26,3 per cent, and transfers and subsidies decreases to 35,5 per cent. The increase in the allocation for goods and services is mainly due to additional allocations for the military skills development system, general modernisation, improved remuneration of health professionals, and procurement of strategic munitions in 2009/10. The decrease in the allocation for transfers and subsidies is due to the gradual completion of the strategic defence procurement programme and the anticipated stabilisation of exchange rates in the last year of the MTEF period.

Infrastructure spending

In 2005/06, the department funded 48 capital works building programmes. R144 million was spent on upgrading the military hospital in Bloemfontein, building office accommodation in Simon's Town, upgrading living accommodation in Heidelberg, and building military health facilities in Lohatla. An additional R40 million was spent on upgrading military messes, installing fire prevention and alarm systems, constructing an air control tower, upgrading sewerage systems, and replacing security fences. The Department of Defence, in consultation with the Department of Public Works, also initiated a new repairs and maintenance programme to address the backlog in the maintenance of state facilities used by the department. Repairs and maintenance to military hospitals in Pretoria and Cape Town, the Waterkloof Air Force base in Pretoria and the 4 SA Infantry Battalion base in Middelburg, will be conducted in 2007.

The capital works programme for 2006/07 includes 35 projects. The bulk of the funds is spent on building military health facilities, installing fire protection systems, upgrading aircraft parking and storage areas, and building naval workshops.

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.

Table 20.2 Departmental receipts

R thousand	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Departmental receipts	468 453	465 742	729 136	493 249	503 534	505 353	515 421
Sales of goods and services produced by department	185 524	278 527	95 152	326 891	332 176	332 469	339 118
Sales of scrap, waste and other used current goods	232 423	144 495	137 642	123 103	128 103	129 629	132 222
Fines, penalties and forfeits	6 618	2 122	2 448	2 564	2 564	2 564	2 564
Interest, dividends and rent on land	833	398	337	398	398	398	418
Financial transactions in assets and liabilities	43 055	40 200	493 557	40 293	40 293	40 293	41 099
Total	468 453	465 742	729 136	493 249	503 534	505 353	515 421

Programme 1: Administration

Administration conducts the overall management of the department, including strategy and policy-making, and provides centralised support.

The following subprogrammes have been renamed: *Political Direction* to *Ministerial Direction*, *Corporate Communication* to *Communication Services* and *Reserve Component* to *Defence Reserve Direction*. The *Acquisition Services* subprogramme has been moved from the *Joint Support* programme to the *Administration* programme.

Expenditure estimates

Table 20.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Minister ¹	745	791	843	885	938	985	1 034
Deputy Minister ²	606	643	685	719	762	801	841
Ministerial Direction	12 565	10 660	12 856	12 773	13 354	14 193	20 236
Departmental Direction	12 502	12 534	10 435	13 063	16 694	17 373	18 742
Policy and Planning	54 880	54 538	56 115	75 008	74 793	79 015	85 785
Financial Services	159 536	170 618	155 831	184 157	194 067	204 315	223 523
Human Resources Support Services	131 051	152 154	294 729	197 084	208 319	216 191	235 096
Legal Services	60 165	66 565	73 565	83 044	87 573	92 296	101 154
Inspection Services	27 723	39 050	36 900	43 070	45 204	47 337	51 597
Acquisition Services	32 498	37 477	39 472	41 256	43 862	45 586	50 304
Communication Services	17 981	20 342	17 910	21 631	22 589	23 499	25 507
South African National Defence Force Command and Control	6 619	6 281	6 125	6 820	7 106	7 444	8 078
Religious Services	2 618	4 153	4 518	4 507	4 708	4 920	5 340
Defence Reserve Direction	8 243	9 518	8 957	10 452	10 995	11 494	12 521
Defence Foreign Relations	51 586	60 313	65 512	65 642	74 197	82 229	90 743
Property Management	678 702	790 531	845 695	999 401	1 129 508	1 206 497	1 415 273
Total	1 258 020	1 436 168	1 630 148	1 759 512	1 934 669	2 054 175	2 345 774
Change to 2006 Budget estimate				363	7 810	13 463	

1. Payable as from 1 April 2006. Salary: R707 956. Car allowance: R176 988.

2. Payable as from 1 April 2006. Salary: R575 410. Car allowance: R143 852.

Economic classification

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Current payments	1 249 773	1 427 172	1 606 584	1 748 992	1 906 414	2 033 595	2 326 134
Compensation of employees	402 956	463 965	580 600	548 561	567 984	603 948	636 881
Goods and services	838 858	947 478	1 009 479	1 200 431	1 338 430	1 429 647	1 689 253
<i>of which:</i>							
Communication	6 823	7 116	6 888	8 342	9 205	9 818	10 473
Computer services	1 261	1 110	54 238	72 535	77 621	77 026	77 549
Consultants, contractors and special services	13 392	4 235	5 825	12 331	11 639	15 275	117 964
Inventory	15 316	15 580	16 417	15 536	15 109	16 722	17 489
Maintenance, repairs and running costs	331 957	410 416	436 196	532 632	622 330	665 290	711 111
Operating leases	120 140	134 096	150 533	157 228	168 521	181 536	192 708
Travel and subsistence	37 110	32 558	29 202	41 000	40 334	43 819	47 317
Financial transactions in assets and liabilities	7 959	15 729	16 505	–	–	–	–
Transfers and subsidies	848	867	9 005	215	20 446	13 816	12 189
Provinces and municipalities	848	825	877	215	–	–	–
Non-profit institutions	–	42	–	–	–	–	–
Households	–	–	8 128	–	20 446	13 816	12 189
Payments for capital assets	7 399	8 129	14 559	10 305	7 809	6 764	7 451
Machinery and equipment	7 399	8 129	14 531	10 263	7 766	6 720	7 406
Software and other intangible assets	–	–	28	42	43	44	45
Total	1 258 020	1 436 168	1 630 148	1 759 512	1 934 669	2 054 175	2 345 774

Table 20.3 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Details of major transfers and subsidies:							
Households							
Social benefits							
Current	-	-	8 128	-	20 446	13 816	12 189
Severance packages	-	-	8 128	-	20 446	13 816	12 189

Expenditure trends

Expenditure increases at an average annual rate of 11 per cent between 2003/04 and 2009/10, rising from R1,3 billion to R2,3 billion. The new *Property Management* subprogramme, a result of the devolution of funds from the Department of Public Works, has doubled the *Administration* programme's proportion of the department's total expenditure. Expenditure related to property management is estimated to increase at an average annual rate of 12,3 per cent, from R999,4 million in 2006/07 to R1,4 billion in 2009/10.

The *Departmental Direction* subprogramme will increase by 27,8 per cent from 2006/07 to 2007/08, due to the relocation of the conventional arms control inspectorate from the *Policy and Planning* subprogramme. The *Defence Foreign Relations* subprogramme will increase by 11,4 per cent from 2006/07 to 2009/10, due to South Africa's increased representation abroad through its defence attaché missions.

Programme 2: Landward Defence

The *Landward Defence* programme provides landward defence capabilities for South Africa in the areas covered by its 10 subprogrammes:

- *Strategic Direction* directs, orchestrates and controls the SA Army in the achievement of its mission.
- *Infantry Capability* provides the infantry capability of the programme.
- *Armour Capability* provides the armour capability of the programme.
- *Artillery Capability* provides the artillery capability of the programme.
- *Air Defence Artillery Capability* provides the air defence artillery capability of the programme.
- *Engineering Capability* provides the engineering capability of the programme.
- *Operational Intelligence* provides the operational intelligence capability of the programme.
- *Command and Control Capability* provides a tactical command and control capability for higher order user systems (a combined force for deployment purposes), force preparation and employment for the programme.
- *Support Capability* provides operational level command and control for the support capability of the programme.
- *General Training Capability* provides operational level command and control for the general training capability of the programme.

Expenditure estimates

Table 20.4 Landward Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Strategic Direction	94 504	138 630	131 454	124 415	172 539	199 761	194 931
Infantry Capability	1 154 568	1 419 334	1 407 563	1 521 124	1 568 745	1 653 232	1 764 696
Armour Capability	117 205	124 270	126 416	141 760	146 132	169 306	194 907
Artillery Capability	92 688	102 930	105 944	125 022	140 786	168 249	192 118
Air Defence Artillery Capability	75 631	82 285	85 689	94 022	104 717	118 623	133 655
Engineering Capability	164 554	178 496	180 521	233 487	231 614	270 343	307 049
Operational Intelligence	53 196	59 896	60 421	77 641	83 095	90 889	103 865
Command and Control Capability	41 344	38 904	56 981	61 967	65 282	69 542	76 685
Support Capability	1 246 223	1 045 717	1 139 491	1 478 903	1 415 428	1 534 493	1 625 285
<i>of which:</i>							
Maintenance of facilities	31 146	25 059	25 160	21 112	19 557	24 364	23 088
General Training Capability	111 072	149 577	137 308	202 706	287 115	233 422	258 354
Total	3 150 985	3 340 039	3 431 788	4 061 047	4 215 453	4 507 860	4 851 545
Change to 2006 Budget estimate				5 472	(79 949)	(93 064)	

Economic classification

Current payments	3 093 295	3 326 010	3 378 437	4 052 477	4 189 776	4 448 130	4 812 043
Compensation of employees	2 570 031	2 710 697	2 800 756	3 238 044	3 411 555	3 570 128	3 778 389
Goods and services	516 657	603 503	557 506	814 433	778 221	878 002	1 033 654
<i>of which:</i>							
Communication	46 233	38 520	20 608	21 387	17 445	17 693	18 718
Computer services	41 034	44 930	46 830	68 908	70 573	70 537	69 961
Consultants, contractors and special services	7 298	13 464	10 158	9 694	15 708	14 954	134 820
Inventory	141 770	145 412	211 571	325 335	300 032	325 830	365 030
Maintenance, repairs and running costs	118 350	106 953	81 793	199 428	117 901	172 957	226 599
Operating leases	6 663	6 464	9 989	7 894	9 301	9 324	9 727
Travel and subsistence	64 639	60 682	76 159	74 298	82 289	83 123	89 432
Financial transactions in assets and liabilities	6 607	11 810	20 175	–	–	–	–
Transfers and subsidies	6 452	6 012	29 072	1 441	2 640	2 670	2 701
Provinces and municipalities	6 452	5 962	5 881	1 441	–	–	–
Non-profit institutions	–	50	–	–	–	–	–
Households	–	–	23 191	–	2 640	2 670	2 701
Payments for capital assets	51 238	8 017	24 279	7 129	23 037	57 060	36 801
Machinery and equipment	51 149	8 017	24 217	7 083	22 806	56 883	36 607
Cultivated assets	89	–	–	–	–	–	–
Software and other intangible assets	–	–	62	46	231	177	194
Total	3 150 985	3 340 039	3 431 788	4 061 047	4 215 453	4 507 860	4 851 545

Details of major transfers and subsidies:

Households							
Social benefits							
Current	–	–	23 191	–	2 640	2 670	2 701
Severance packages	–	–	23 191	–	2 640	2 670	2 701

Expenditure trends

The *Landward Defence* programme accounts for, on average, 16,6 per cent of the department's total projected budget over the medium-term, with an average annual growth of 6,1 per cent. This is largely due to additional

allocations for appointing more military skills development system members and the modernisation of the department's operational vehicle fleet.

The substantial increase of 41,6 per cent in the *General Training Capability* subprogramme in 2007/08 is mainly due to the expansion of the SA Army's conventional reserves training, as well as the increased MSDS member intake. The increases of 12,6 per cent and 11,4 per cent in the *Artillery* and *Air Defence Artillery Capability* subprogrammes, from 2006/07 to 2007/08, are mainly due to the commissioning of new generation artillery equipment.

Service delivery objectives and indicators

Recent outputs

In 2005/06, the SA Army provided combat ready forces for the SANDF's missions. Internally, 11 regular force companies and 23 reserve force platoons supported the South African Police Service (SAPS) in border patrols, and in crime combating and rural safeguarding operations. 1 848 regular force members and 805 reserve force members were deployed. Reserve force members were also deployed for the duration of the local government elections. Externally, forces were provided for AU and UN missions and as military observers in Ethiopia/Eritrea and the Côte d'Ivoire. A team also assisted the DRC with the integration of their forces, and troops were provided to support the Comoros during its national election.

Most of the readiness requirements and force preparedness levels were achieved as planned for 2005/06. The SA Army participated in five military training exercises in which the standard of force preparation and interoperability ability were tested. 3 500 MSDS members received regimental training; 11 junior leader courses were presented to 1 300 learners; 8 combat training courses were presented to 360 learners; and 2 command and staff courses were presented to 140 learners.

Selected medium-term output targets

Landward Defence

Measurable objective: Defend and protect South Africa by providing prepared and supported landward combat forces, services and facilities that meet government's requirements.

Subprogramme*	Output	Measure/indicator	Target
Infantry Capability	Combat ready infantry units	Number of prepared infantry units	11 battalions Leader group training
Armour Capability	Combat ready armoured units	Number of prepared armoured units	2 regiments Leader group training
Artillery Capability	Combat ready artillery units	Number of prepared artillery units	1 regiment Leader group training
Air Defence Artillery Capability	Combat ready air defence artillery units	Number of prepared air defence artillery units	1 regiment Leader group training
Engineering Capability	Combat ready engineering units	Number of prepared engineering units	4 regiments Leader group training
Operational Intelligence	Combat ready operational intelligence units	Number of prepared operational intelligence units	3 regiments Leader group training
General Training Capability	Trained and skilled SA Army personnel	Number of members trained and skilled in 2007/08	4 655, including 1 800 new MSDS members

*The subprogrammes *Strategic Direction*, *Command and Control Capability* and *Support Capability* are not listed because they are administrative and their outputs are not tangible.

Programme 3: Air Defence

The *Air Defence* programme provides air defence capabilities for South Africa, in the areas covered by its 11 subprogrammes:

- *Strategic Direction* formulates and controls strategies, policies and plans via the Air Force Office to prepare and provide the capabilities required by the chief of the SANDF.

- *Operational Direction* provides operational direction by means of an air command.
- *Helicopter Capability* provides operationally ready light utility helicopters, medium transport helicopters and combat support helicopters.
- *Transport and Maritime Capability* provides operationally ready transport and maritime aircraft.
- *Air Combat Capability* provides and sustains operationally ready advanced light fighter aircraft, light fighter training aircraft, long range transport aircraft, in-flight refuelling aircraft and electronic warfare aircraft.
- *Operational Support and Intelligence Capability* provides intelligence systems and counterintelligence support to the South African Air Force (SAAF) through protection squadrons, intelligence subsystems and air force-unique intelligence training.
- *Command and Control Capability* supplies operationally ready command and control elements in support of airspace operations.
- *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.
- *Command Post* provides command and control over all missions flown.
- *Training Capability* provides for the general education, training and development of SAAF personnel.
- *Technical Support Services* provides optimised technical and tactical logistic support for air service units and support system groups.

Expenditure estimates

Table 20.5 Air Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Strategic Direction	6 244	5 816	12 186	12 983	11 502	12 098	24 287
Operational Direction	68 891	27 612	157 125	43 184	73 938	135 357	162 383
Helicopter Capability	204 400	268 139	305 791	280 000	288 837	356 537	387 150
Transport and Maritime Capability	148 342	204 823	194 415	220 453	229 250	242 534	265 333
Air Combat Capability	234 296	199 945	239 009	230 269	238 621	232 061	285 150
Operational Support and Intelligence Capability	102 955	103 029	109 172	116 459	114 496	120 293	132 803
Command and Control Capability	129 325	144 442	147 248	151 613	145 634	153 866	171 009
Base Support Capability	593 501	537 833	710 751	760 760	830 973	872 378	918 948
<i>of which:</i>							
<i>Maintenance of facilities</i>	4 431	4 645	3 462	4 856	4 561	4 762	4 966
Command Post	35 704	35 413	40 523	24 496	24 838	26 399	28 936
Training Capability	169 121	226 580	169 635	212 325	221 597	231 401	263 671
Technical Support Services	483 431	489 180	393 600	451 946	471 494	488 431	535 882
Total	2 176 210	2 242 812	2 479 455	2 504 488	2 651 180	2 871 355	3 175 552
Change to 2006 Budget estimate				–	(4 880)	(11 468)	

Economic classification

Current payments	1 938 707	1 990 102	2 431 666	2 480 941	2 620 438	2 839 700	3 148 468
Compensation of employees	1 119 041	1 183 607	1 240 066	1 319 202	1 419 919	1 484 287	1 565 056
Goods and services	815 599	803 772	1 190 879	1 161 739	1 200 519	1 355 413	1 583 412
<i>of which:</i>							
<i>Communication</i>	10 760	8 143	8 117	10 858	9 940	10 522	11 136
<i>Computer services</i>	30 347	30 423	28 189	30 795	31 900	33 764	35 477
<i>Consultants, contractors and special services</i>	11 718	11 804	11 244	14 614	218 787	225 784	326 768
<i>Inventory</i>	137 993	140 884	210 472	207 797	262 312	319 015	393 038
<i>Maintenance, repairs and running costs</i>	496 469	481 445	699 844	746 460	514 378	587 795	628 457
<i>Operating leases</i>	5 006	5 108	5 845	5 952	6 710	7 247	7 532
<i>Travel and subsistence</i>	50 466	56 685	51 128	78 897	78 850	85 560	91 589
Financial transactions in assets and liabilities	4 067	2 723	721	–	–	–	–

Table 20.5 Air Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Transfers and subsidies	1 544	2 277	11 153	385	10 340	9 796	4 945
Provinces and municipalities	1 544	2 277	2 293	385	–	–	–
Households	–	–	8 860	–	10 340	9 796	4 945
Payments for capital assets	235 959	250 433	36 636	23 162	20 402	21 859	22 139
Machinery and equipment	235 959	250 433	34 931	23 162	20 402	21 829	22 109
Software and other intangible assets	–	–	1 705	–	–	30	30
Total	2 176 210	2 242 812	2 479 455	2 504 488	2 651 180	2 871 355	3 175 552

Details of major transfers and subsidies:

Households							
Social benefits							
Current	–	–	8 860	–	10 340	9 796	4 945
Severance packages	–	–	8 860	–	10 340	9 796	4 945

Expenditure trends

Expenditure increases from R2,2 billion to R3,2 billion between 2003/04 and 2009/10, an average annual increase of 6,5 per cent.

The *Base Support Capability* subprogramme, the largest of the subprogrammes and accounting for 31,3 per cent of the programme's total expenditure in 2007/08, increases at an average annual rate of 6,5 per cent over the MTEF period. This increase will allow for the improvement and maintenance of system integrity at bases and to prepare infrastructure and trained personnel for accepting and integrating new training and fighter aircraft into the SAAF. This is also evident in the average annual increase of 10,9 per cent in goods and services over the medium term.

The substantial increases in the *Strategic Direction* and *Operational Direction* subprogrammes over the medium term are due to the acceptance and integration of light utility helicopters and Hawk training aircraft.

Service delivery objectives and indicators**Recent outputs**

Against a target of 37 009 flying hours for 2005/06, the SAAF flew 35 790 hours, of which 11 484 were directly supporting force employment objectives. More than 1 700 hours were flown to support the deployments in Burundi, the DRC and Sudan, and further hours were flown to support other international operations. 2 173 hours were flown to support the SAPS during border control and crime prevention operations.

Most of the readiness requirements and force preparedness levels were achieved as planned for 2005/06.

8 002 members successfully completed training courses in skills such as navigation, survival, hospitality, fire-fighting and protection, and 26 out of 42 learners qualified as pilots. There are currently 843 MSDS members in the SAAF. The current plan is to recruit at least another 419 MSDS members in 2007.

Selected medium-term output targets**Air Defence**

Measurable objective: Defend and protect South Africa by providing prepared and supported air combat forces, services and facilities that meet government's requirements.

Subprogramme*	Output	Measure/Indicator	Target
Helicopter Capability	Mission ready helicopter squadrons	Total flying hours	11 880 flying hours

Subprogramme*	Output	Measure/Indicator	Target
Transport and Maritime Capability	Mission ready transport, VIP transport, maritime and reserve squadrons	Total flying hours	19 960 flying hours
Air Combat Capability	Mission ready advanced light fighter aircraft, light fighter training aircraft, long range transport aircraft, in-flight refuelling aircraft and electronic warfare aircraft	Total flying hours	4 400 flying hours
Operational Support and Intelligence Capability	Mission ready protection squadrons	Number of units	13 units
Training Capability	Trained and skilled SAAF personnel	Number of members trained in 2007/08	10 949 members

*The subprogrammes Strategic Direction, Operational Direction, Command and Control Capability, Base Support Capability, Command Post and Technical Support Services are not listed because they are administrative and their outputs are not tangible.

Programme 4: Maritime Defence

The *Maritime Defence* programme provides maritime defence capabilities for South Africa, in the areas covered by its five subprogrammes:

- *Maritime Direction* provides strategic direction by formulating and controlling strategies, policies, plans and advice to prepare and provide the maritime capabilities required by the chief of the SANDF.
- *Maritime Combat Capability* provides prepared and supported maritime combat capabilities in accordance with the approved department force design.
- *Maritime Logistic Support Capability* provides a maritime logistic support capability to the force and complies with ordered operational commitments.
- *Maritime Training Capability* ensures that maritime combat capability requirements are met by providing trained full-time and reserve personnel.
- *Base Support Capability* provides a general base support capability in support of the fleet, ships, shore units and other identified clients.

Expenditure estimates

Table 20.6 Maritime Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Maritime Direction	221 498	214 566	288 962	333 199	364 636	393 333	471 550
Maritime Combat Capability	294 109	281 544	322 550	418 240	198 277	221 731	226 237
of which:							
<i>Hydrographic services</i>	11 188	14 065	13 216	11 241	12 343	12 691	12 821
Maritime Logistic Support Capability	149 679	167 900	175 039	171 580	375 393	381 471	429 073
Maritime Training Capability	90 000	140 169	108 442	98 219	106 630	131 032	145 227
Base Support Capability	270 393	293 796	306 426	297 935	343 379	360 457	399 100
of which:							
<i>Maintenance of facilities</i>	5 743	4 281	4 063	2 337	6 170	6 673	7 176
Total	1 025 679	1 097 975	1 201 419	1 319 173	1 388 315	1 488 024	1 671 187
Change to 2006 Budget estimate				–	(30 026)	(26 312)	

Table 20.6 Maritime Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Economic classification							
Current payments	983 069	1 061 888	1 158 048	1 299 682	1 270 293	1 370 470	1 550 547
Compensation of employees	644 271	697 740	739 288	800 262	757 311	834 369	914 751
Goods and services	337 981	363 118	418 407	499 420	512 982	536 101	635 796
<i>of which:</i>							
<i>Communication</i>	12 278	7 966	10 759	9 502	10 398	10 495	10 594
<i>Computer services</i>	24 971	32 981	29 333	27 552	29 327	22 571	22 586
<i>Consultants, contractors and special services</i>	40 438	49 465	46 626	57 964	35 937	37 253	119 283
<i>Inventory</i>	92 201	110 507	156 008	159 785	195 245	191 156	185 478
<i>Maintenance, repairs and running costs</i>	100 646	97 411	116 934	160 243	151 321	181 549	193 237
<i>Operating leases</i>	4 721	5 715	9 303	8 509	8 869	9 227	9 487
<i>Travel and subsistence</i>	30 211	31 682	34 051	34 314	33 271	32 949	33 822
Financial transactions in assets and liabilities	817	1 030	353	–	–	–	–
Transfers and subsidies	1 353	1 088	9 241	363	95 950	98 279	101 284
Provinces and municipalities	1 353	1 088	1 133	363	–	–	–
Public corporations and private enterprises	–	–	–	–	73 014	77 128	80 248
Households	–	–	8 108	–	22 936	21 151	21 036
Payments for capital assets	41 257	34 999	34 130	19 128	22 072	19 275	19 356
Machinery and equipment	41 257	34 999	33 458	18 358	21 741	18 931	18 999
Software and other intangible assets	–	–	672	770	331	344	357
Total	1 025 679	1 097 975	1 201 419	1 319 173	1 388 315	1 488 024	1 671 187

Details of major transfers and subsidies:

Public corporations							
Other transfers							
Current	–	–	–	–	73 014	77 128	80 248
Dockyard: Armscor	–	–	–	–	73 014	77 128	80 248
Households							
Social benefits							
Current	–	–	8 108	–	22 936	21 151	21 036
Severance packages	–	–	8 108	–	22 936	21 151	21 036

Expenditure trends

Expenditure on *Maritime Defence* increases from R1 billion to R1,7 billion between 2003/04 and 2009/10, an average annual increase of 8,5 per cent. The programme comprises, on average, 5,5 per cent of the total expenditure of the department over the medium term.

The substantial decrease of 52,6 per cent in the *Maritime Combat Capability* subprogramme and the increase of 118,8 per cent in the *Maritime Logistic Support Capability* subprogramme between 2006/07 and 2007/08 are because items under the *Maritime Combat Capability* subprogramme that have a distinct logistical correlation are to be placed under the *Maritime Logistic Support Capability* subprogramme.

The increase of 15,3 per cent in the *Base Support Capability* subprogramme in 2007/08 is mainly due to the upgrading of facilities and building of new office accommodation in Simon's Town, the increased maintenance and repair requirements for vehicles purchased in 2005/06, and the increased use of contract workers in messes at the Simon's Town naval base.

Service delivery objectives and indicators

Recent outputs

16 477 sea hours were provided by the SA Navy in 2005/06, against the target of 18 421. The SA Navy also participated in various single, joint and multinational military training exercises and international celebrations. It assisted in operations in various commercial ports by providing maritime protection to selected passenger liners and United States government auxiliaries.

Most of the readiness requirements and force preparedness levels were achieved as planned for 2005/06. With the frigates not yet equipped to form an integral part of the fleet and several trials still outstanding, most of the requirements were satisfied by the remaining strike craft.

The first type 209 submarine, SAS Manthatisi, arrived in Simon's Town in April 2006 after completing sea trials and sea inspection. Five harbour patrol boats were deployed in Burundi as part of the South African support to the UN peacekeeping force. Together with the SAPS, regular deployments assisted in enforcing state authority over endangered shellfish in the Western and Southern Cape and in KwaZulu-Natal.

5 908 members successfully completed courses in skills such as maritime warfare, diving, and peacekeeping. Training was also provided to 50 learners from the Department of Public Works in post-conflict reconstruction. Currently, 21 MSDS members are undergoing military training for officers and 26 members are undergoing diver enablement training.

Selected medium-term output targets

Maritime Defence

Measurable objective: Defend and protect South Africa by providing prepared and supported maritime combat forces, services and facilities that meet government's requirements.

Subprogramme*	Output	Measure/indicator	Target
Maritime Combat Capability	Mission ready maritime capabilities	Number of units available according to force employment requirements	3 strike craft 4 frigates 2 submarines 1 combat support vessel 3 mine counter-measures vessels 3 inshore patrol vessels 1 hydrographic survey vessel 1 operational diving team 1 maritime reaction squadron
Maritime Training Capability	Trained SA Navy personnel	Number of members trained in 2007/08	4 239 members

*The subprogrammes *Maritime Direction*, *Maritime Logistic Support Capability* and *Base Support Capability* are not listed because they are administrative and their outputs are not tangible.

Programme 5: Military Health Support

The *Military Health Support* programme provides medical combat support and other medical services. It maintains military health and training facilities, including specialist facilities such as the institutes for maritime and aviation medicine. It also provides various support functions to, among others, the departments of health and agriculture, when required.

There are seven subprogrammes:

- *Strategic Direction* formulates strategy, policies and plans, and gives advice to the programme from the surgeon general's office to prepare and provide the capabilities required by the chief of the SANDF.
- *Military Health Support* provides for warehousing pharmaceuticals, sundries, military health mobilisation equipment and unique stock.
- *Area Military Health Service* provides a comprehensive military health service through a formation headquarters commanding and controlling nine area military health units to ensure a healthy military community.

- *Specialist/Tertiary Health Service* provides a specialist health service to ensure the development and maintenance of tertiary military health capabilities within the parameters of relevant legislation as contained in the South African military health service strategy.
- *Product Support Capability* provides for the procurement of unique military health products, materials and services, an asset management service, military health product systems and military health logistics.
- *Base Support Capability* funds general base support services to identified units and other identified clients to maintain the approved force design and structure.
- *Military Health Training Capability* provides a military health training service to ensure the development and maintenance of military health training capabilities within the parameters of the relevant legislation and policies.

Expenditure estimates

Table 20.7 Military Health Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Strategic Direction	87 017	90 067	80 936	98 420	112 456	118 715	143 017
Military Health Support	47 337	43 825	56 882	55 967	61 293	65 395	71 874
Area Military Health Service	484 340	442 484	585 098	621 539	645 188	703 240	780 635
Specialist/Tertiary Health Service	508 692	526 443	561 851	518 301	638 136	705 688	799 088
<i>of which:</i>							
<i>Military Psychological Institute</i>	8 586	8 920	10 589	9 566	11 263	10 702	10 872
<i>Institute for Aviation Medicine</i>	9 741	9 269	11 224	9 571	12 749	12 199	12 426
<i>Institute for Maritime Medicine</i>	10 636	10 589	12 439	11 060	15 391	14 670	14 925
<i>Military Veterinary Institute</i>	8 492	8 149	8 857	9 170	10 105	9 923	10 152
Product Support Capability	68 737	49 474	91 550	144 970	128 185	155 059	200 923
Base Support Capability	76 660	68 917	85 663	131 136	119 153	117 604	128 394
<i>of which:</i>							
<i>Maintenance of facilities</i>	167	1	209	4 176	6 000	6 000	6 000
Military Health Training Capability	81 891	99 218	94 926	113 489	126 790	134 920	154 393
Total	1 354 674	1 320 428	1 556 906	1 683 822	1 831 201	2 000 621	2 278 324
Change to 2006 Budget estimate				–	22 842	60 489	

Economic classification

Current payments	1 300 865	1 287 149	1 489 685	1 640 134	1 746 019	1 891 162	2 129 666
Compensation of employees	886 444	951 321	1 032 892	1 079 509	1 148 957	1 212 863	1 289 217
Goods and services	408 918	332 365	455 225	560 625	597 062	678 299	840 449
<i>of which:</i>							
<i>Communication</i>	9 223	10 584	7 626	9 962	8 643	9 119	9 569
<i>Computer services</i>	289	1 085	30 254	44 925	44 789	44 853	44 907
<i>Consultants, contractors and special services</i>	2 473	2 605	6 001	3 033	2 870	2 980	68 009
<i>Inventory</i>	236 078	182 487	207 484	271 216	243 732	290 187	345 219
<i>Maintenance, repairs and running cost</i>	16 419	13 805	37 211	32 579	65 472	84 513	117 339
<i>Operating leases</i>	4 370	5 726	5 605	5 490	7 206	6 629	6 739
<i>Travel and subsistence</i>	19 759	15 292	20 023	27 093	29 699	30 428	31 086
Financial transactions in assets and liabilities	5 503	3 463	1 568	–	–	–	–
Transfers and subsidies	1 466	1 831	9 770	401	5 235	5 149	5 203
Provinces and municipalities	1 466	1 831	2 010	401	–	–	–
Households	–	–	7 760	–	5 235	5 149	5 203
Payments for capital assets	52 343	31 448	57 451	43 287	79 947	104 310	143 455
Machinery and equipment	52 343	31 448	57 451	42 944	79 911	104 272	143 417
Software and other intangible assets	–	–	–	343	36	38	38
Total	1 354 674	1 320 428	1 556 906	1 683 822	1 831 201	2 000 621	2 278 324

Table 20.7 Military Health Support (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Details of major transfers and subsidies:							
Households							
Social benefits							
Current	-	-	7 760	-	5 235	5 149	5 203
Severance packages	-	-	7 760	-	5 235	5 149	5 203

Expenditure trends

The *Military Health Support* programme comprises, on average, 7,3 per cent of the department's total budget over the medium term, and its expenditure grows at an average annual rate of 10,6 per cent over this period. This is mainly due to the higher than average increase in the remuneration of health professionals and the implementation of the scarce skills and rural allowances.

The increase of 14,3 per cent in the *Strategic Direction* subprogramme from 2006/07 to 2007/08 is due to improved staffing levels at the South African Military Health Service (SAMHS) headquarters and travel costs associated with the inspection of subordinate offices. In addition, the SAMHS will be hosting the World Military Golf Championships in 2007/08 as part of its International Military Sports Council obligations.

The proportion of compensation of employees expenditure in the total budget has decreased, from 66,3 per cent in 2005/06 to 62,7 per cent in 2007/08, because of unfilled vacant posts. These funds will be used for this programme's capital assets shortfall, evident in the 84,7 per cent increase in payments for capital assets in 2007/08 and the commensurate 23,1 per cent increase in the *Specialist/Tertiary Health Service* subprogramme. Other developments for equipment rejuvenation in this subprogramme include: R24 million for the negotiated national health retention of skills allowances; R14 million for patient rations (previously procured through the *Base Support Capability* subprogramme); R7 million for dignitary wards at 1 Military Hospital and 2 Military Hospital; R7 million for increasing costs when patients are referred to private medical practitioners or health facilities; and R3 million for ambulances and support vehicles.

Additional allocations of R12 million in 2007/08, R32 million in 2008/09 and R99 million in 2009/10 are predominantly accounted for under the *Specialist/Tertiary Health Service* and *Military Health Training Capability* subprogrammes for health support for the increased military skills development system intakes, and to train some of these members in emergency care for internal utilisation and in preparation for the 2010 FIFA World Cup.

The decrease of 11,6 per cent in the *Product Support Capability* subprogramme between 2006/07 and 2007/08 is mainly due to the internal reallocation of funds to the *Area Military Health Service* and *Specialist/Tertiary Health Service* subprogrammes to alleviate drug shortages.

Service delivery objectives and indicators

Recent outputs

In 2005/06, the SAMHS met most readiness and force employment requirements.

The SAMHS provided a field hospital, medical equipment and medicines to the missions in the DRC, Burundi and Sudan. 1 Military Hospital remained the specialist hospital outside the mission area for the UN in Africa, and treated patients from other troop contributing countries. A multidisciplinary hospital service was delivered for members, their dependants and foreign patients.

The SAMHS conducted several unique exercises (such as Exercise Lancet, which tested medical support during operations, and Exercise Wayside, which tested procedures to manage incidents involving hazardous materials)

and participated in national and multinational military training exercises. Courses in military medical training, combat training and nursing were provided to 5 869 learners.

Selected medium-term output targets

Military Health Support

Measurable objective: In support of the defence of South Africa, provide prepared and supported military medical health capabilities, services and facilities that meet government's requirements.

Subprogramme*	Output	Measure/indicator	Target
Military Health Support	Mission ready medical units	Number of units prepared according to force employment requirements	5 medical battalion groups
Area Military Health Service	Geographic military health service	Number of sickbays/health centres/clinics Number of consultations	123 sickbays/health centres/clinics 240 000 consultations
Specialist/Tertiary Health Service	Specialist military health services	Number of hospitals, inpatients and specialist institutes	3 hospitals 28 000 inpatients 4 institutes
Military Health Training Capability	Trained SAMHS personnel	Number of members trained in 2007/08	6 360

*The subprogrammes Strategic Direction, Product Support Capability and Base Support Capability are not listed because they are administrative and their outputs are not tangible.

Programme 6: Defence Intelligence

The *Defence Intelligence* programme provides defence intelligence and counterintelligence for operational security in support of the department. It also provides for personnel vetting.

There are three subprogrammes:

- *Strategic Direction* provides defence intelligence policy, doctrine and advice in support of the department's decision making and policy formulation processes.
- *Operations* provides defence prediction, intelligence and counterintelligence capabilities and services, and informs clients on time.
- *Defence Intelligence Support Services* provides human resource, logistic, planning, security, labour relations, training and information support services to the defence intelligence community.

Expenditure estimates

Table 20.8 Defence Intelligence

Subprogramme	Audited outcome			Adjusted appropriation 2006/07	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06		2007/08	2008/09	2009/10
R thousand							
Strategic Direction	170	156	130	203	1 468	1 440	1 508
Operations	12 685	11 510	7 335	7 464	5 771	5 802	6 111
Defence Intelligence Support Services	121 052	124 123	136 851	135 995	154 862	157 352	174 296
Total	133 907	135 789	144 316	143 662	162 101	164 594	181 915
Change to 2006 Budget estimate				-	10 830	5 755	

Economic classification

	128 035	130 945	136 921	140 296	157 877	163 568	180 852
Current payments							
Compensation of employees	107 889	109 922	115 559	120 164	135 879	141 091	149 458
Goods and services	20 095	21 003	21 350	20 132	21 998	22 477	31 394
<i>of which:</i>							
Communication	1 095	1 190	1 857	1 659	1 891	1 910	1 931
Consultants, contractors and special services	4 817	4 327	4 327	4 510	4 510	4 510	12 647
Inventory	3 606	4 405	4 701	6 627	6 920	7 625	8 005
Maintenance, repairs and running costs	3 146	4 950	4 800	2 137	3 025	2 312	2 427
Operating leases	539	764	593	790	295	311	343
Travel and subsistence	2 882	1 957	1 699	1 570	2 113	2 294	2 360
Financial transactions in assets and liabilities	51	20	12	-	-	-	-

Table 20.8 Defence Intelligence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Transfers and subsidies	254	207	3 176	67	3 438	–	–
Provinces and municipalities	254	207	227	67	–	–	–
Households	–	–	2 949	–	3 438	–	–
Payments for capital assets	5 618	4 637	4 219	3 299	786	1 026	1 063
Machinery and equipment	5 618	4 637	4 219	3 299	786	1 026	1 063
Total	133 907	135 789	144 316	143 662	162 101	164 594	181 915

Details of major transfers and subsidies:

Households							
Social benefits							
Current	–	–	2 949	–	3 438	–	–
Severance packages	–	–	2 949	–	3 438	–	–

Expenditure trends

The *Defence Intelligence* programme accounts for, on average, 0,6 per cent of the department's total budget over the medium term. Expenditure grows at an average annual rate of 5,2 per cent from R133,9 million in 2003/04 to R181,9 million in 2009/10.

The increase of 623,2 per cent in the *Strategic Direction* subprogramme in 2007/08 is mainly due to the centralisation of certain personnel related expenditure, such as subsistence and travel allowances, subsidies and telephone costs.

The procurement of certain commodities has now been centralised in the *Defence Intelligence Support* subprogramme, hence the 22,7 per cent decrease in the *Operations* subprogramme's spending in 2007/08. An additional reason for the 13,9 per cent increase in this subprogramme in 2007/08 is the emphasis on recruitment, training and infrastructure rejuvenation at training units. This is also evident in the 13,1 per cent increase in compensation of employees in that year.

Service delivery objectives and indicators**Recent outputs**

Defence Intelligence produced intelligence products (studies, reports, digests, briefings, etc.) as targeted for 2005/06 and responded to specific intelligence requirements from various clients. During the first six months of 2006/07, *Defence Intelligence* produced more than the targeted number of intelligence products and responded to unscheduled National Intelligence Co-ordinating Committee requests. *Defence Intelligence* also provided technological intelligence inputs to force development components, the defence related industry and research institutes.

Selected medium-term output targets**Defence Intelligence**

Measurable objective: Defend and protect South Africa by providing defence intelligence and counterintelligence products and services that meet government's requirements.

Subprogramme	Output	Measure/indicator	Target
Strategic Direction	Defence intelligence products	Number of products	626 products
Operations	Counterintelligence policies to increase the level of security awareness	Number of promulgated counterintelligence policies	4 policies
Defence Intelligence Support Services	Trained defence intelligence personnel	Number of members trained in 2007/08	310 members

Programme 7: Joint Support

The *Joint Support* programme provides support capabilities, facilities and services to the department. It establishes, provides training in, and maintains the following areas: joint logistics; ICT; military policing; vocational training; and joint training. It assists organisations related to the department, such as the Armaments Corporation of South Africa (Armscor), the Part-time Force Council, the South African First Aid League, St Johns Ambulance Brigade, the Medical Fund for Military Members retired before 1964, and the Safety and Security Sector Education and Training Authority (SASSETA).

There are eight subprogrammes:

- *Strategic Direction* provides strategic direction to the programme.
- *Joint Logistic Services* provides logistic services to the department.
- *Command and Management Information Services* provides a command and management information and related services to the department.
- *Military Police* provides a military policing capability to the department.
- *Service Corps* provides a demilitarisation service to individual members of the department.
- *Joint Training* provides the department with professional and non-combat functional learning opportunities.
- *Departmental Support* provides for the payment of corporate departmental obligations, such as claims against the department, external audits and bank charges.
- *British Peace Support and Training Team* provides for the personnel from the United Kingdom Department of Defence who provide services to the SANDF.

Expenditure estimates

Table 20.9 Joint Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Strategic Direction	5 896	4 826	3 576	5 781	6 040	6 369	7 002
Joint Logistic Services	573 455	646 034	685 796	875 877	1 245 642	1 449 504	1 498 923
<i>of which:</i>							
<i>Capital works</i>	43 672	79 638	73 883	74 097	77 768	81 656	85 739
<i>Maintenance of facilities</i>	6 054	7 121	18 870	18 870	58 266	343 169	506 371
Command and Management Information Services	808 090	815 405	881 367	930 380	1 034 888	1 148 410	1 229 788
Military Police	209 927	215 650	217 593	256 250	263 517	273 979	298 551
Service Corps	48 276	49 920	45 742	55 428	58 281	60 890	66 435
Joint Training	101 906	104 223	132 053	114 383	134 115	140 669	153 516
Departmental Support	338 841	504 838	398 280	495 760	507 724	532 326	590 852
British Peace Support and Training Team	11 853	–	9 571	6 458	6 458	–	–
Total	2 098 244	2 340 896	2 373 978	2 740 317	3 256 665	3 612 147	3 845 067
Change to 2006 Budget estimate				10 786	13 208	880	

Economic classification

Current payments	1 706 306	1 922 875	1 859 689	2 219 309	2 631 037	2 994 228	3 200 940
Compensation of employees	1 045 889	1 128 941	1 173 497	1 364 179	1 412 375	1 490 437	1 573 264
Goods and services	660 376	793 867	686 065	855 130	1 218 662	1 503 791	1 627 676
<i>of which:</i>							
<i>Communication</i>	17 521	16 459	17 773	21 483	24 441	26 192	27 636
<i>Computer services</i>	329 450	484 005	301 023	423 712	481 519	550 664	566 250
<i>Consultants, contractors and special services</i>	26 004	33 957	49 009	40 849	41 233	36 219	50 270
<i>Inventory</i>	69 269	68 839	79 814	101 503	85 903	100 386	104 612
<i>Maintenance, repairs and running cost</i>	79 910	77 958	104 775	141 717	431 224	622 450	684 324
<i>Operating leases</i>	7 641	7 286	9 167	9 773	10 593	11 251	11 781
<i>Travel and subsistence</i>	31 405	27 401	33 532	35 415	41 363	42 208	46 064
Financial transactions in assets and liabilities	41	67	127	–	–	–	–

Table 20.9 Joint Support (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Transfers and subsidies	263 630	294 995	381 395	408 038	451 221	464 480	477 897
Provinces and municipalities	1 988	2 267	2 313	768	–	–	–
Departmental agencies and accounts	5 777	5 886	7 101	7 933	8 391	8 815	8 903
Public corporations and private enterprises	249 635	284 097	359 515	396 286	415 300	435 265	457 028
Non-profit institutions	6 230	2 745	2 792	3 051	3 432	3 576	3 726
Households	–	–	9 674	–	24 098	16 824	8 240
Payments for capital assets	128 308	123 026	132 894	112 970	174 407	153 439	166 230
Buildings and other fixed structures	43 672	79 638	73 884	74 097	77 768	81 656	85 739
Machinery and equipment	84 636	43 388	58 947	38 519	96 420	71 609	80 317
Software and other intangible assets	–	–	63	354	219	174	174
Total	2 098 244	2 340 896	2 373 978	2 740 317	3 256 665	3 612 147	3 845 067

Details of major transfers and subsidies:

Public corporations							
Other transfers							
Current	249 635	284 097	359 515	396 286	415 300	435 265	457 028
Armaments Corporation of South Africa Ltd	249 635	284 097	359 515	396 286	415 300	435 265	457 028
Non-profit institutions							
Current	6 230	2 745	2 792	3 051	3 432	3 576	3 726
San community	3 600	–	–	–	–	–	–
St Johns Ambulance Brigade	45	39	40	50	120	120	120
SA First Aid League	35	–	–	–	50	50	50
Regular Force Medical Continuation Fund	250	245	275	275	275	275	275
Reserve Force Council	2 300	2 461	2 477	2 726	2 862	3 006	3 156
SA Red Cross Society	–	–	–	–	125	125	125
Households							
Social benefits							
Current	–	–	9 674	–	24 098	16 824	8 240
Severance packages	–	–	9 674	–	24 098	16 824	8 240

*The subprogrammes Acquisition Services and Assistance are no longer required because all their funding requirements are now provided for within the Acquisition Services subprogramme within the Administration programme and the Departmental Support subprogramme within the Joint Support programme.

Expenditure trends

Expenditure on *Joint Support* is expected to increase over the seven-year period, rising from R2,1 billion in 2003/04 to R3,8 billion in 2009/10, an average annual increase of 10,7 per cent. The programme accounts for, on average, 12 per cent of the department's total expenditure over the medium term.

Expenditure on the *Joint Logistic Services* subprogramme increases strongly between 2003/04 and 2009/10, at an average annual rate of 17,4 per cent, mainly because of additional allocations of R80 million in 2007/08 and R230 million in 2008/09 for infrastructure repairs and maintenance. The effects of the additional allocations are also evident in the substantial increases in goods and services and payments for capital assets between 2006/07 and 2007/08.

The increase of 17,3 per cent in the *Joint Training* subprogramme in 2007/08 is mainly due to additional allocations for training at the South African War College and the Warrant Officers' Academy and for training candidate officer MSDS members at the South African Military Academy in their second year of service.

Service delivery objectives and indicators

Recent outputs

In 2005/06, the command and management information services (CMIS) division participated in one international interoperability exercise, a multinational exercise, and a SANDF joint exercise. The division provided members for all SANDF external deployments as required.

A crime administration system was implemented throughout the Military Police Agency.

427 learners, including 105 military veterans, received training at Service Corps institutions. The Service Corps also facilitated the training of the 1 429 members transferring to the SAPS and the re-skilling of exiting departmental members and military veterans. The Service Corps continues to assist trained members in seeking employment.

In 2005/06, 2 276 learners, against a target of 2 942, received training. 89 per cent successfully completed their programmes. The department's youth foundation training programme for 2005 started in February 2005 with 250 previously disadvantaged learners. 243 learners completed the programme in November 2005, of whom 238 were employed by the department.

Selected medium-term output targets

Joint Support

Measurable objective: Support departmental activities by providing joint logistic, technological and military policing capabilities, services and facilities that meet government's requirements.

Subprogramme*	Output	Measure/indicator	Target
Joint Logistic Services	Integrated logistic system support to the department	The degree to which service agreements are complied with	100%
Command and Management Information Services	Centralised command and management information services	Number of signal regiments prepared according to force employment requirements The degree to which service agreements are complied with	2 regiments 100%
Military Police	Military policing capability	Number of military police units prepared according to force employment requirements	1 company
Service Corps	Re-skilled personnel	Number of trainees Placement success rate	100 trainees 65% trainees placed
Joint Training	Professional and non-combat training	Number of members trained in 2007/08	3 539 members

*The subprogrammes Strategic Direction, Acquisition Services, Assistance, Departmental Support and British Peace Support and Training Team are not listed because they are administrative and their outputs are not tangible.

Programme 8: Force Employment

The *Force Employment* programme provides and manages an operational capability for operations and joint and multinational military exercises. It also provides special operations capability.

There are six subprogrammes:

- *Strategic Direction* provides strategic direction to the programme by formulating and controlling strategies, policies and plans for the employment of forces.
- *Operational Direction* provides operational direction to joint and multinational task forces and joint tactical headquarters through operational level headquarters.
- *Special Operations* provides and employs a special operations capability within the approved Special Forces mandate for the SANDF.
- *Regional Security* provides for the deployment of forces in support of South Africa's commitment to peace, regionally, continentally and globally.
- *Support to the People* provides for the internal deployment of forces to support the SAPS and other government departments.
- *Defence Capability Management* provides for joint and multinational military force preparation exercises.

Expenditure estimates

Table 20.10 Force Employment

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Strategic Direction	36 504	41 671	90 293	41 761	51 650	63 729	68 103
Operational Direction	72 057	70 806	81 735	101 428	122 975	136 486	177 061
Special Operations	130 340	137 036	148 281	174 372	198 526	231 170	256 146
Regional Security							
UN Peace Mission in the DRC	307 867	367 462	366 303	361 919	402 011	560 221	623 150
Protection Support Detachment in Burundi (FIBER)	422 882	332 600	330 296	362 392	310 400	143 301	159 399
Military Observers	–	–	723	1 029	112 883	164 042	181 627
African Union Mission in Sudan	–	–	54 443	95 041	32 981	47 802	53 171
Support to the People	314 945	286 061	355 018	254 880	225 429	190 253	196 442
Defence Capability Management	6 600	6 600	6 600	17 323	14 273	9 511	10 211
Total	1 291 195	1 242 236	1 433 692	1 410 145	1 471 128	1 546 515	1 725 310
Change to 2006 Budget estimate				–	13 176	24 260	
Economic classification							
Current payments	1 247 880	1 217 833	1 321 043	1 331 116	1 408 451	1 481 227	1 668 022
Compensation of employees	416 212	476 408	513 694	616 064	620 267	615 664	618 908
Goods and services	831 560	741 425	746 702	715 052	788 184	865 563	1 049 114
<i>of which:</i>							
Communication	4 947	7 252	7 090	13 109	9 769	9 919	10 079
Computer services	1 409	6 107	1 781	2 368	3 856	3 870	3 039
Consultants, contractors and special services	5 462	9 059	11 629	10 427	8 378	8 207	84 385
Inventory	241 501	194 158	105 435	136 760	115 807	133 165	187 584
Maintenance, repairs and running costs	75 018	58 450	42 194	38 167	317 276	453 812	505 965
Operating leases	1 275	1 056	1 167	4 132	160 698	122 470	122 490
Travel and subsistence	260 550	363 878	394 753	251 388	118 177	112 397	113 464
Financial transactions in assets and liabilities	108	–	60 647	–	–	–	–
Transfers and subsidies	329	398	4 196	59	6 338	4 919	6 061
Provinces and municipalities	329	398	410	59	–	–	–
Households	–	–	3 786	–	6 338	4 919	6 061
Payments for capital assets	42 986	24 005	108 453	78 970	56 339	60 369	51 227
Buildings and other fixed structures	–	–	–	–	341	–	–
Machinery and equipment	42 986	24 005	108 419	78 970	55 998	60 369	51 227
Software and other intangible assets	–	–	34	–	–	–	–
Total	1 291 195	1 242 236	1 433 692	1 410 145	1 471 128	1 546 515	1 725 310
Details of major transfers and subsidies:							
Households							
Social benefits							
Current	–	–	3 786	–	6 338	4 919	6 061
Severance packages	–	–	3 786	–	6 338	4 919	6 061

Expenditure trends

Expenditure on *Force Employment* increases at an average annual rate of 5 per cent between 2003/04 and 2009/10, rising from R1,3 billion to R1,7 billion. Over the medium term, the programme accounts for, on average, 5,8 per cent of the department's total expenditure. Average annual growth is 7 per cent over this period.

The large fluctuations in expenditure in the *Regional Security* subprogramme are indicative of the nature of current peace support initiatives and electoral support in Africa. The UN operation in the DRC is expected to

continue and most of the equipment in the mission will need to be replaced over the medium term. The UN operation in Burundi closes in July 2007 and expenditure over the medium term is to support this closure and the replacement and repair of returning equipment.

Expenditure in the *Support to the People* subprogramme decreases at an average annual rate of 7,6 per cent from 2003/04 to 2009/10 due to reduced support to the SAPS.

Expenditure on the *Defence Capability Management* subprogramme decreases at an average annual rate of 16,2 per cent over the medium term, mainly due to capital acquisition for joint and multinational exercises in 2006/07. Expenditure over the medium term will focus on military exercises and the maintenance of the capability.

The substantial increases in spending in the *Strategic Direction* and *Operational Direction* subprogrammes over the medium term are mainly due to the effort to ensure fully staffed capabilities in the operational environment.

Expenditure in the *Special Operations* subprogramme increases at an average annual rate of 13,7 per cent from 2006/07 to 2009/10, mainly due to an incentive scheme to attract and retain Special Forces operators and for the procurement of highly specialised equipment.

Service delivery objectives and indicators

Recent outputs

In 2005/06, the department continued to support the ongoing peace operations in the DRC. 1 326 members were deployed in this UN mission, including several staff officers to assist with registering and integrating the Congolese army. In Burundi and in Sudan, 942 and 335 members were deployed respectively, while almost 70 members were deployed for post-conflict reconstruction operations. The SANDF provided 372 members in support of the AU operation in the elections in the Comoros. Approximately 45 members were deployed in Côte d'Ivoire according to the memorandum of understanding, and the SANDF continued to deploy military observers and liaison officers in Ethiopia, Eritrea and Liberia.

The requirements for internal operations and ad hoc tasks for government were fully met. The SANDF continues to gradually withdraw from border control and rural safeguarding, handing over responsibility to the SAPS. In addition, ad hoc operations such as support to the departments of agriculture and foreign affairs and the Independent Electoral Commission were executed. Exercise Indlovu, which aimed to exercise the joint operating capabilities of the SANDF, was successfully carried out. The SANDF also participated in five multinational exercises with armed forces from France, Germany, other North Atlantic Treaty Organisation (NATO) and Partnership for Peace countries, and SADC countries. The SANDF provided support to two parachute training exercises by the Singapore and United Kingdom armed forces.

Selected medium-term output targets

Force Employment

Measurable objective: Contribute to national and regional security by initiating, planning, commanding and co-ordinating support for all operations and joint and multinational military exercises, as directed and meeting government's requirements.

Subprogramme*	Output	Measure/indicator	Target
Special Operations	Mission ready and supported special forces	Special forces units prepared according to force employment requirements	Units ready for deployment
Regional Security	Peace missions	Successful execution of externally ordered missions	Missions executed as ordered by government
Support to the People	Military support to other entities	Successful execution of internally ordered missions in border control, rural safeguarding and support to other state departments	Missions executed as ordered by the executive
Defence Capability Management	Joint and multinational mission preparation	Number of joint and multinational exercises undertaken in 2007/08	9 exercises

*The subprogrammes *Strategic Direction* and *Operational Direction* are not listed because they are administrative and their outputs are not tangible.

Programme 9: Special Defence Account

The *Special Defence Account* programme provides for special defence activities and purchases, including procuring defence main equipment and strategic armaments, operating and maintaining defence main equipment, and financing intelligence related defence activities.

There are four subprogrammes:

- *Procurement Services* provides for the acquisition of armaments required by the department.
- *Strategic Defence Procurement* provides for the acquisition of strategic armaments by the department.
- *Operating* provides for the acquisition of equipment, spares and ammunition required to maintain and operate defence main equipment.
- *Intelligence Related* provides for the financing of intelligence related defence activities.

Expenditure estimates

Table 20.11 Special Defence Account

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Procurement Services	1 414 781	1 956 567	2 154 709	2 947 329	3 223 367	4 106 902	5 237 326
Strategic Defence Procurement	5 889 034	4 501 866	6 429 469	4 536 249	4 515 424	4 274 530	1 498 912
Operating	661 299	521 141	599 285	590 193	969 815	1 043 520	1 415 271
Intelligence Related	50 658	65 426	75 376	206 967	302 937	346 111	405 587
Total	8 015 772	7 045 000	9 258 839	8 280 738	9 011 543	9 771 063	8 557 096
Change to 2006 Budget estimate				56 178	1 303 468	2 308 597	

Economic classification

Transfers and subsidies	8 015 772	7 045 000	9 258 839	8 280 738	9 011 543	9 771 063	8 557 096
Departmental agencies and accounts	8 015 772	7 045 000	9 258 839	8 280 738	9 011 543	9 771 063	8 557 096
Total	8 015 772	7 045 000	9 258 839	8 280 738	9 011 543	9 771 063	8 557 096

Details of transfers and subsidies:

Departmental agencies and accounts							
Public entities							
Current	8 015 772	7 045 000	9 258 839	8 280 738	9 011 543	9 771 063	8 557 096
Special Defence Account	8 015 772	7 045 000	9 258 839	8 280 738	9 011 543	9 771 063	8 557 096
Total	8 015 772	7 045 000	9 258 839	8 280 738	9 011 543	9 771 063	8 557 096

Expenditure trends

Expenditure increases at an average annual rate of 1,1 per cent between 2003/04 and 2009/10. This is in line with the peaking of expenditure in the *Strategic Defence Procurement* subprogramme in 2005/06. Although the bulk of the programme's expenditure remains in the *Strategic Defence Procurement* subprogramme, substantial amounts have been allocated to the *Procurement Services* subprogramme for general capacity building, especially for acquiring a strategic airlift capability.

Quantities of acquired strategic armaments and related projected costs (R million)

The following table reflects the revised annual cost projections of the *Strategic Defence Procurement* subprogramme.

Financial year	Cost of 4 frigates per year	Cost of 3 submarines per year	Cost of 30 utility helicopters per year	Cost of 26 fighter aircraft per year	Cost of 24 trainer aircraft per year	Total cost of strategic armaments per year
2000	1 643	126	154	228	750	2 901
2001	1 846	755	316	446	861	4 223
2002	1 895	1 528	434	1 104	1 381	6 342
2003	2 100	1 461	213	713	1 377	5 864
2004	1 188	1 303	106	1 460	445	4 502
2005	599	1 254	235	3 199	1 045	6 331
2006	378	820	447	2 598	293	4 536
2007	0	753	201	2 794	767	4 515
2008	0	168	286	3 563	257	4 275
2009	0	26	0	1 473	0	1 499
2010	0	0	0	1 346	0	1 346
2011	0	0	0	1 148	0	1 148
Total cost of strategic armaments	9 649	8 194	2 392	20 072	7 176	47 483

There is no expenditure on compensation of employees in the *Special Defence Account* programme. It is a holding account for financing equipment acquisition, strategic armaments acquisition and related military activities.

The average annual increase of 25,1 per cent in the *Intelligence Related* subprogramme between 2006/07 and 2009/10 is mainly due to additional allocations of R121 million in 2006/07, R221 million in 2007/08, R255 million in 2008/09 and R307 million in 2009/10 for the partial establishment of a strategic imagery and electronic intelligence collection capability to detect air and maritime movement.

The average annual increase of 21,1 per cent in the *Procurement Services* subprogramme between 2006/07 and 2009/10 is mainly due to additional allocations of R409 million in 2006/07, R577 million in 2007/08, R1,5 billion in 2008/09 and R1,9 billion in 2009/10 for the strategic airlift capability, as well as an additional allocation of R250 million in 2009/10 for procuring strategic munitions.

Service delivery objectives and indicators

Recent outputs

Over 80 per cent of projects achieved their planned milestones. Projects completed in 2005/06 included the heavy recovery vehicle programme, and the upgrading of parachute deployable vehicles and the SS77 machine guns. Other projects included the successful test and evaluation of the upgraded Rooikat armoured cars, the anti-tank missile system and the Olifant Mk1B main battle tanks.

Installation of combat suites on the frigates progressed according to plan. The first vessel, SAS Amatola, was handed over to the SA Navy in 2005/06 and has begun extensive operational tests and evaluation. The first two submarines have been launched, and one arrived in South Africa early in 2006. The first Gripen fighter aircraft was delivered in October 2005. Some delays were experienced in the Hawk programme, but a phased release of the aircraft has been negotiated. Despite some delays in the light utility helicopter programme, seven were delivered to the SAAF.

Services and applicable divisions were able to maintain most main weapon systems according to planned maintenance schedules.

Selected medium-term output targets

Special Defence Account

Measurable objective: Meet the department's needs by acquiring and maintaining appropriate defence equipment through activities that meet government's requirements.

Subprogramme	Output	Measure/indicator	Target
Procurement Services	Procurement of defence equipment	Timely delivery of equipment according to the acquisition master plan and project management plan	100%
Strategic Defence Procurement	Procurement of strategic defence equipment	Timely delivery of equipment according to the acquisition master plan and project management plans	100%
Operating	Maintenance of defence equipment	Timely maintenance of equipment according to the acquisition master plan	100%
Intelligence Related	Defence intelligence products	Proportion of intelligence reports generated according to the approved intelligence schedule	100%

Public entities and other agencies

Castle Control Board

The objectives of the Castle Control Board, as provided in the Castle Management Act (1993), 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 which are not used by the Department of Defence.

Since its inception, the Castle Control Board has received no direct contribution from any government department or agency. The board generates funds by charging entrance fees to patrons, and offering catering services and conference facilities to the public. It also receives donations from the public. Its costs include those associated with the operation of the military museum in the castle. The Department of Public Works is responsible for restoring and maintaining the castle.

Extensive maintenance to the castle was completed during 2005/06, which included the exterior walls and woodwork as well as upgrading the fire control system. Additional attractions and services for visiting tourists, such as the frontier war display, the Anglo-Zulu War display, horse and carriage tours, audio guides and castle guides offering guided tours in English, Xhosa and Afrikaans, were recently launched. The number of visitors to the castle increased from 119 437 in 2004/05 to 120 990 in 2005/06, an increase of 1,3 per cent.

Table 20.12 Financial summary for the Castle Control Board

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Revenue							
Non-tax revenue	1 734	1 671	2 040	2 278	2 506	2 706	2 914
Sale of goods and services other than capital assets	1 511	1 491	1 845	2 028	2 204	2 352	2 507
<i>Of which:</i>							
<i>Ticket sales</i>	900	1 028	1 136	1 233	1 331	1 425	1 525
<i>Rent on buildings</i>	611	463	709	795	873	927	982
<i>Other non-tax revenue</i>	223	180	195	250	302	354	407
Transfers received	-	-	-	-	-	-	-
Total revenue	1 734	1 671	2 040	2 278	2 506	2 706	2 914
Expenses							
Current expense	861	1 579	970	1 290	1 554	1 750	1 956
Compensation of employees	237	194	236	274	313	356	406
Goods and services	590	1 380	725	1 008	1 232	1 385	1 540
Depreciation	34	5	9	8	9	9	10
Transfers and subsidies	9	29	22	23	25	26	26
Total expenses	870	1 608	992	1 313	1 579	1 776	1 982
Surplus / (Deficit)	864	63	1 048	965	927	930	932

Source: Castle Control Board

Armaments Corporation of South Africa

The Armaments Corporation of South Africa (Armcor) was established in terms of section 2 of the Armaments Development and Production Act (1968). The objectives of the corporation are to meet the defence matériel requirements of the Department of Defence effectively, efficiently and economically. Other responsibilities include defence technology related research, development, analysis, and test and evaluation activities. In support of these primary functions, Armcor maintains a tender and contracting process, and related quality, legal, financial and security management services, as well as arms control compliance administration and the related IT capacity.

Armcor disposes of defence matériel in accordance with the regulatory framework, supports and maintains strategically essential defence industrial capabilities, resources and technologies identified by the department, and manages and maintains its own facilities identified as strategic by the department. Armcor also undertakes acquisitions for the SAPS and other security related government departments, subject to approval by the Minister of Defence.

Armcor is largely funded by a transfer payment from the Department of Defence. The transfer payment is expected to increase from R396,3 million to R457 million between 2006/07 and 2009/10, an average annual growth rate of 4,9 per cent. The decrease in non-tax revenue and total expenses for 2008/09 are a result of the decrease in revenue and costs of sales for Armcor Business (Pty) Ltd due to a reduction in the acquisition of strategic armaments.

On 31 March 2006 Armcor's capital and reserves were valued at R412,6 million, against total assets of R613,8 million. Investments and cash form a substantial part of the assets and are reserved for financing specific future needs, like replacing capital equipment and shortfalls on current and medium-term expenditure.

Table 20.13 Financial summary for the Armaments Corporation of South Africa

	Outcome			Estimated outcome	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06		2006/07	2007/08	2008/09
R thousand							
Non-tax revenue	893 648	852 386	786 661	1 289 704	1 221 225	767 824	871 797
Sale of goods and services other than capital assets	478 925	256 546	683 119	1 099 324	1 043 058	580 274	680 560
<i>Of which:</i>							
<i>Services rendered</i>	478 925	256 546	683 119	1 099 324	1 043 058	580 274	680 560
<i>Other non-tax revenue</i>	414 723	595 840	103 542	190 380	178 167	187 550	191 237
Transfers received	249 635	284 098	359 514	396 285	415 300	435 265	457 028
Total revenue	1 143 283	1 136 484	1 146 175	1 685 989	1 636 525	1 203 089	1 328 825
Expenses							
Current expense	1 132 347	1 140 520	1 130 297	1 673 767	1 642 455	1 213 431	1 346 613
Compensation of employees	292 331	319 147	337 942	375 507	405 958	430 828	456 985
Goods and services	822 359	800 910	773 980	1 277 450	1 216 957	764 557	872 665
Depreciation	17 657	20 463	18 375	20 810	19 540	18 046	16 963
Transfers and subsidies	1 109	1 183	1 080	741	561	595	630
Total expenses	1 133 456	1 141 703	1 131 377	1 674 508	1 643 016	1 214 026	1 347 243
Surplus / (Deficit)	9 827	(5 219)	14 798	11 481	(6 491)	(10 937)	(18 418)
Balance sheet data							
Carrying value of assets	195 799	188 278	194 651	202 651	207 651	211 651	212 651
Inventory	2 226	3 271	2 972	2 972	2 972	2 972	2 972
Receivables and prepayments	205 757	128 467	147 760	150 760	151 760	158 760	166 760
Cash and cash equivalents	263 272	268 173	268 472	268 953	250 462	222 525	199 107
Total assets	667 054	588 189	613 855	625 336	612 845	595 908	581 490
Capital and reserves	391 127	385 908	412 657	424 138	417 647	406 710	388 292
Trade and other payables	250 434	182 249	180 419	180 419	174 419	168 419	172 419
Provisions	25 493	20 032	20 779	20 779	20 779	20 779	20 779
Total equity and liabilities	667 054	588 189	613 855	625 336	612 845	595 908	581 490

Source: Armaments Corporation of South Africa

Additional tables

Table 20.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
	2005/06		2005/06	2006/07			2006/07
R thousand							
1. Administration	1 527 094	1 630 285	1 630 148	1 759 512	–	1 759 512	1 759 512
2. Landward Defence	3 575 142	3 437 169	3 431 788	4 055 575	5 472	4 061 047	4 061 047
3. Air Defence	2 395 243	2 479 455	2 479 455	2 504 488	–	2 504 488	2 504 488
4. Maritime Defence	1 211 774	1 201 419	1 201 419	1 319 173	–	1 319 173	1 319 173
5. Military Health Support	1 577 578	1 556 906	1 556 906	1 683 822	–	1 683 822	1 683 822
6. Defence Intelligence	148 786	144 316	144 316	143 662	–	143 662	143 662
7. Joint Support	2 490 426	2 374 097	2 373 978	2 729 168	11 149	2 740 317	2 713 717
8. Force Employment	1 363 706	1 433 692	1 433 692	1 410 145	–	1 410 145	1 410 145
9. Special Defence Account	9 015 379	9 258 839	9 258 839	8 224 560	56 178	8 280 738	8 280 738
Total	23 305 128	23 516 178	23 510 541	23 830 105	72 799	23 902 904	23 876 304

Economic classification

	13 682 871	13 387 591	13 382 073	14 896 326	16 621	14 912 947	14 912 947
Current payments							
Compensation of employees	8 604 458	8 196 352	8 196 352	8 975 985	110 000	9 085 985	9 085 985
Goods and services	5 078 413	5 091 131	5 085 613	5 920 341	(93 379)	5 826 962	5 826 962
Financial transactions in assets and liabilities	–	100 108	100 108	–	–	–	–
Transfers and subsidies	9 357 388	9 715 966	9 715 847	8 635 529	56 178	8 691 707	8 691 707
Provinces and municipalities	16 632	15 144	15 144	3 699	–	3 699	3 699
Departmental agencies and accounts	9 022 481	9 265 940	9 265 940	8 232 493	56 178	8 288 671	8 288 671
Public corporations and private enterprises	315 364	359 515	359 515	396 286	–	396 286	396 286
Non-profit institutions	2 911	2 911	2 792	3 051	–	3 051	3 051
Households	–	72 456	72 456	–	–	–	–
Payments for capital assets	264 869	412 621	412 621	298 250	–	298 250	271 650
Buildings and other fixed structures	70 203	73 884	73 884	74 097	–	74 097	47 497
Machinery and equipment	193 019	336 173	336 173	222 598	–	222 598	222 598
Software and intangible assets	1 647	2 564	2 564	1 555	–	1 555	1 555
Total	23 305 128	23 516 178	23 510 541	23 830 105	72 799	23 902 904	23 876 304

Table 20.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
A. Permanent and full-time contract employees							
Compensation (R thousand)	7 018 726	7 546 233	8 068 718	8 916 427	9 285 676	9 766 874	10 346 758
Unit cost (R thousand)	94	97	113	112	119	125	134
Personnel numbers (head count)	74 599	77 465	71 705	79 925	78 243	77 864	77 098
B. Part-time and temporary contract employees							
Compensation (R thousand)	174 007	176 368	127 634	169 558	188 571	185 913	179 166
Total for department							
Compensation (R thousand)	7 192 733	7 722 601	8 196 352	9 085 985	9 474 247	9 952 787	10 525 924
Unit cost (R thousand)	96	100	114	114	121	128	137
Personnel numbers (head count)	74 599	77 465	71 705	79 925	78 243	77 864	77 098

Table 20.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Training and staff development							
Expenditure (R thousand)	76 047	64 006	73 901	77 413	70 343	79 406	82 682
Total	76 047	64 006	73 901	77 413	70 343	79 406	82 682

Table 20.D Summary of expenditure on infrastructure

Description	Service delivery outputs			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Other large infrastructure projects (Over R20 million)							
Upgrading of military hospitals	–	–	–	20 273	26 000	29 919	17 000
Construction of accommodation facility	–	–	–	6 282	–	–	–
Upgrading of fire detection and prevention facility	–	–	–	2 673	18 000	14 388	–
Construction of boat facility	–	–	–	872	18 000	26 000	22 000
Construction of military health facility	–	–	–	14 055	1 047	1 440	14 939
Construction of a training facility	–	–	–	625	9 359	6 018	–
Groups of small projects or programmes							
Various buildings: New construction and upgrading	43 672	79 638	73 884	17 107	5 212	3 800	31 800
Maintenance on infrastructure (capital)							
Various buildings: Maintenance and repairs	86 340	74 505	117 658	50 000	339 000	480 000	483 268
Total	130 012	154 143	191 542	111 887	416 618	561 565	569 007

