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VOTE 22
Defence
and Military Veterans

ESTIMATES OF NATIONAL EXPENDITURE **2011**



national treasury

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National Treasury

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The *Estimates of National Expenditure 2011* e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision. More comprehensive coverage of goods and services, donor funding, transfers and subsidies, public entities and lower level institutional information, is provided in this publication where applicable.

The *Estimates of National Expenditure 2011* e-publications are available on www.treasury.gov.za

Foreword

When this publication was introduced in 2001, we stated that “The Estimates of National Expenditure represents a significant step forward in national budget transparency.” Since then, the national budget process has undergone continued reform. The Budget preparation for 2011 saw a shift from budgeting by department to budgeting by function of government, thus enabling a more strategic focus on a smaller number of key outcomes. Using the functional approach, there is better transparency and coordination in budgeting due to participation by stakeholders responsible for delivery across all spheres of government, including the various agencies. Ongoing efforts to reform non-financial performance information have led to a systematic improvement in the veracity of this information. These reforms will lead to greater accountability and control.

Budgets are the link between the outcomes targeted by government and the services that are ultimately delivered. Government’s adoption of the outcomes approach in 2009 started the process of closer cooperation and improved coordination across government departments and agencies towards the attainment of 12 clearly stated outcomes that are of considerable importance to the country’s development. This approach started with the re-organisation of national government departments and was further re-enforced by signed agreements concluded between the president and ministers of national departments.

Budgets proposed for each of the votes in this publication give consideration to the initiatives focused on the 12 outcomes. One of the outcomes warranting a special mention is that of job creation. 2011 has been declared the year of job creation. A key aim of the new growth path is to achieve job creation on a significant scale through economic transformation and inclusive growth.

There is a focus on the reprioritisation of existing budgets, in addition to the allocation of new money made available by the main Budget framework. This publication indicates details per vote of savings amounting to R30.6 billion over the period ahead. This year, specific detail has been included on: the outcomes which institutions contribute towards and the output and other performance measures supporting them; personnel budgets, employee numbers and spending trends; and the purpose and key activities of each sub-programme within a vote. Compared to the abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, public entities, lower level expenditure information and information on donor funding.

The independent Open Budget Index assessment of budget transparency began in 2006. It is conducted every two years to measure the availability and comprehensiveness of key budget documents. In 2010, South Africa achieved first place among all the 94 countries surveyed across the world, scoring 92 per cent. South Africa’s score on the index rose from 86 per cent in 2006 (when 59 countries were surveyed), and 87 per cent in 2008 (when 85 countries surveyed).

The detailed expenditure estimates of departments set out in this publication are the result of an arduous executive and administrative process. Executive approval of additional spending allocations and savings takes place under the political guidance of the ministers’ committee on the Budget and follows a wide ranging intergovernmental consultative process led by a committee of senior officials in central government departments.

A special word of thanks is due to all our colleagues from other departments for their contributions. I also wish to express my appreciation to the National Treasury team, which worked tirelessly to produce a document of which we are rightly proud.



Lesetja Kganyago
Director-General: National Treasury

Introduction

South Africa has once again achieved international recognition for meeting budget transparency and accountability standards. The International Budget Partnership ranks South Africa first among 94 countries in the 2010 Open Budget Survey. The quality and usability of budget documents such as the Estimates of National Expenditure have made a significant contribution to this achievement. Moreover, the Money Bills Amendment Procedure and Related Matters Act (2009) has increased Parliament's oversight over the Budget proposal as it sets out the procedure in terms of which the proposal must be considered for possible amendment. The parliamentary procedure involves canvassing the opinion of civil society groups and lends itself to more participatory budgeting. The increased transparency of budgets and the increased scrutiny make it possible for South African public servants to be held more accountable for their management of resources and performance over the period ahead.

The 2011 Estimates of National Expenditure is a comprehensive publication that provides details of the spending plans of all national departments and agencies for the next three financial years (2011/12 to 2013/14), expenditure outcomes for the past three years (2007/08 to 2009/10), and revised estimates for the current year (2010/11). Information is also provided on legislation, policies, outcomes and performance targets over the seven-year period. Any changes in these areas are explained in relation to trends in planned expenditure. The Estimates of National Expenditure e-publications per vote give more extensive coverage of transfers and subsidies, public entities, goods and services, donor funding and lower level institutional information than does the abridged version of the Estimates of National Expenditure. This more detailed information for each vote is available at www.treasury.gov.za.

In keeping with the ongoing budget reform improvements to the way that public finances are managed and reported, changes have also been made in the 2011 Estimates of National Expenditure. Information on the outcomes that departments and government agencies contribute to and the related outputs included in delivery agreements is briefly discussed in the strategic overview section. Departments will also provide more information on the key functions of each subprogramme on a vote, particularly regarding its transfers and subsidies, personnel complement, volume of work carried out and the composition of spending. A new section on personnel information has been introduced under the expenditure trends section, including a table that provides information on posts funded on budget, vacancies and the number of posts in the department by salary level, as well as by programme and unit cost.

Budgeting for outcomes

Over the past decade, strong growth in public spending has not always been matched with a concomitant improvement in service delivery. If government's development and economic objectives stipulated in the new growth path are to be met, it is stated in the new growth path framework that public service delivery must improve significantly. Better public services require a culture of efficiency, effectiveness and stewardship of public resources, obliging government to become more responsive to the needs of citizens.

This objective is supported by various reform initiatives which have been and continue to be undertaken. At the outset, in 2009 the national macro organisation of the state project effected the reorganisation of national government departments to enhance their efficiency and improve on service delivery. Following on from this, the outcomes approach was adopted and 12 outcome targets were agreed upon for government, and signed ministerial performance agreements and interdepartmental and interagency delivery agreements followed. The outcomes approach provides a platform for achieving greater efficiency in the public service as it is aimed at addressing the weaknesses identified in coordination and cooperation across government. The five major budget priorities over the medium term expenditure framework period are expressed in terms of the 12 government outcomes. Budget decisions are informed by an agreed set of outputs and activities to the extent that they are organised around the 12 government outcomes and elaborated upon in delivery agreements.

Government has taken a different approach in reviewing its spending baseline to realign expenditure with the government outcomes and to make existing resources work with greater efficiency. Government's consumption expenditure (including wages as well as goods and services) has to be managed more efficiently to obtain greater value for money. Over recent years, there have been significant increases in overall personnel costs,

although expenditure on frontline personnel has not increased markedly. Government is targeting the reduction of large administrative budgets in favour of increasing frontline personnel and infrastructure investment, to channel more resources towards the actual delivery of key services.

In developing the 2011 medium term expenditure framework there was a shift towards budgeting by function rather than by department. The functional approach focuses on the purpose (the function) for which funds are to be used, and groups together national, provincial and local government, and government agencies, in terms of the function of government they perform. In this way a consolidated functional expenditure amount can be calculated, and monies transferred from one sphere of government to another can be more easily offset against each other. In support of the reprioritisation of funds in line with outcomes, more effective comparison of allocations with service delivery trends, and assessment of spending proposals, including the trade-offs between different options, are carried out in a given function. This approach provides more transparency and better coordination in the budgeting process. The table below shows the functional classification and, for each function, the national department(s) involved and the outcomes each function supports.

Functional classification of national departments and related outcomes

Functional Classification	Department(s)	Outcome(s)
Economic affairs	Government Communication and Information System [9], Public Enterprises [11], Agriculture, Forestry and Fisheries [26], Economic Development [28], Energy [29], Environmental Affairs [30], Mineral Resources [32], Rural Development and Land Reform [33], Science and Technology [34], Tourism [35], Trade and Industry [36], Transport [37]	Outcome 4: Decent employment through inclusive economic growth Outcome 5: A skilled and capable workforce to support an inclusive growth path Outcome 6: An efficient, competitive and responsive economic infrastructure network Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced
Housing and community amenities	Human Settlements [31], Water Affairs [38]	Outcome 4: Decent employment through inclusive economic growth Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all Outcome 8: Sustainable human settlements and improved quality of household life Outcome 9: A responsive, accountable, effective and efficient local government system
Education	Basic Education [15], Higher Education and Training [17]	Outcome 1: Improved quality of basic education Outcome 5: A skilled and capable workforce to support an inclusive growth path
Health	Health [16]	Outcome 2: A long and healthy life for all South Africans
Social protection	Women, Children and People with Disabilities [8], Labour [18], Social Development [19]	
Recreation, culture and sport	Arts and Culture [14], Sport and Recreation South Africa [20]	Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship
Public order and safety	Correctional Services [21], Independent Complaints Directorate [23], Justice and Constitutional Development [24], Police [25]	Outcome 3: All people in South Africa are and feel safe Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship
Defence	Defence and Military Veterans [22]	Outcome 3: All people in South Africa are and feel safe Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World
General public service	Presidency [1], Parliament [2], Cooperative Governance and Traditional Affairs [3], Home Affairs [4], International Relations and Cooperation [5], Performance Monitoring and Evaluation [6], Public Works [7], National Treasury [10], Public Service and Administration [12], Statistics South Africa [13], Communications [27]	Outcome 9: A responsive, accountable, effective and efficient local government system Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship

The functional groups that have been used are derived from the Classification of the Functions of Government published by the United Nations, but are modified for the South African budgeting context. All decisions on savings and spending in relation to each function were reached as part of a broad consultative process between different stakeholders in the sector, including the medium term expenditure committee of senior officials in central government departments which leads this process, the provincial technical and executive forums, the ministers' committee on the budget, Cabinet and Parliament. These decisions comprise the Budget proposal tabled on Budget day for Parliament's consideration.

Savings and reprioritisation of budgets

While the global economy has been showing signs of recovery, international opinion on the economy is still cautious, on the grounds of perceived uncertainties. In addition to the macroeconomic situation, in line with achieving government's outcomes targets the composition of government expenditure needs to change to ensure that there is value for money. To sustain public expenditure in South African in the long run, a moderation in spending growth over the period ahead is necessary. This necessitates a rigorous review of budget baseline expenditure and an assessment of the:

- capacity of departments and public entities to spend and manage resources appropriately
- strength of the link between expenditure and the outcomes approach as well as with government departmental mandates
- expenditure trade-offs between the different budget options proposed
- non-performing/ underperforming projects/ programmes and entities
- sourcing of funds through savings and reprioritisation initiatives
- alternative revenue raising capacity, cost recovery efforts and donor funding availability.

This year's budget preparation focused extensively on finding savings within the departmental and agency budget baselines linked to a given functional grouping. Departments were able to decrease spending on non-core goods and services, restrict expenditure on low priority programmes, reschedule expenditure, effect savings on foreign exchange rate projections, reduce transfers to certain public entities, improve financial management and reduce expenditure on administration. Savings identified per function over the medium term in this exercise are presented in the table below.

Savings realised per function over the medium term

R thousand	2011/12	2012/13	2013/14	Total
Economic affairs	1 387 674	1 645 222	1 232 355	4 265 251
Housing and community amenities	1 970 233	2 618 510	2 314 474	6 903 217
Education	24 157	24 418	25 590	74 165
Health	44 000	44 000	544 000	632 000
Social protection	1 273 468	1 021 306	519 124	2 813 898
Recreation, culture and sport	28 222	25 571	56 858	110 652
Public order and safety	293 940	1 768 802	1 860 911	3 923 653
Defence	404 824	458 919	434 034	1 297 777
General public service	933 163	1 187 437	875 382	2 995 982
Total	6 359 682	8 794 185	7 862 728	23 016 595

Savings realised over the three years on national votes amounted to R23 billion, of which R6.4 billion is in 2011/12, R8.8 billion in 2012/13 and R7.9 billion in 2013/14. Of these savings, R21.6 billion is reprioritised within functional budget baselines towards meeting existing outcomes commitments. The remainder of R1.4 billion is added to the policy reserve for reallocation. The major savings and reprioritisation areas identified over the medium term are presented in the table below.

Major areas of savings and reprioritisation

Function	Savings identified	Savings redirected
Economic affairs	Non-core goods and services (R2 billion) Underperforming programmes (R1.3 billion)	Road maintenance (R950 million) Expansion of public transport infrastructure and system grant (R580 million) Rural development and land reform (R1.3 billion)
Housing and community amenities	Underperforming programmes (R600 million) Non-core goods and services (R478 million) Rescheduling of expenditure (R759 million) Expanded public works programme: Infrastructure (R688 million)	Completion of De Hoop Dam and a portion of bulk distribution system (R1 billion) Regional bulk infrastructure (R600 million) Expanded public works programme Social sector (R825 million)
Social protection	Non-essential items such as catering and consultation fees (R927 million)	Old age grants - means threshold increased (R280 million) Efficient and effective grant payment model (R535 million)
Public order and safety	Non-essential items (R555 million)	Anti-retroviral drugs for prisoners and additional police personnel (R465 million)
Defence	Non-core goods and services (R1.3 billion)	New remuneration dispensation (R1.3 billion)

In addition to the initial exercise, a further reduction of 0.3 per cent on the budgets of provincial and national departments was also effected; this yielded an additional R6 billion in savings.

Policy reserve

In line with the change to functional budgeting, the additional allocation made available through the national Budget framework was divided per function and a policy reserve was also retained. In the 2011 Budget process the policy reserve was created to fund key government priorities over the next three years. Including the initial identified savings of R1.4 billion that was not reprioritised and the R6 billion identified later, a policy reserve amounting to R33 billion was created. The table below shows how the policy reserve was allocated.

Allocation of the policy reserve

R thousand	2011/12	2012/13	2013/14	Total
For various functions				
Job creation and youth employment	2 000 000	3 000 000	4 000 000	9 000 000
Economic affairs				
Economic regulatory capacity	50 000	50 000	50 000	150 000
Green economy: allocated	200 000	–	–	200 000
: unallocated	–	300 000	500 000	800 000
Broadband information and communication technology: universal access	100 000	150 000	200 000	450 000
Rural development and farmer support	150 000	350 000	600 000	1 100 000
Public transport	200 000	400 000	600 000	1 200 000
Agro-Processing Competitiveness Fund	34 000	108 000	108 000	250 000
Khula Direct	55 000	–	–	55 000
Housing and community amenities				
Human settlement upgrading	200 000	400 000	600 000	1 200 000
Water infrastructure and quality	50 000	150 000	200 000	400 000
Education				
School infrastructure	700 000	1 500 000	2 300 000	4 500 000
Further education and training colleges expansion and National Students Financial Aid Scheme	1 949 990	2 714 188	3 075 595	7 739 773
Health				
Public health services	600 000	1 400 000	2 000 000	4 000 000
Public order and safety				
Police capacity and border control	100 000	400 000	900 000	1 400 000
Defence				
Border control	100 000	200 000	300 000	600 000
Total	6 488 990	11 122 188	15 433 595	33 044 773

The largest allocation from the policy reserve amounts to R9 billion and targets job creation and youth employment, which is allocated on the National Treasury vote. It will be allocated to line departments that provide proposals for projects that meet the objectives of the fund. Of the R1 billion allocation for the green economy, R800 million is currently unallocated to any specific vote but will be announced in the 2011 Budget

as available for appropriation over the medium term. Other major allocations in the policy reserve include R7.7 billion for further education and training colleges and the National Student Financial Aid Scheme, R4.5 billion for school infrastructure and R4 billion for public health services.

Additional allocations

Including policy reserve funding, a total addition of R94.1 billion is allocated to government institutions in terms of the revised national Budget framework to fund government's key priorities over the next three years. Of the R94.1 billion, national departments receive R48.8 billion (51.9 per cent): R9.9 billion in 2011/12, R14.7 billion in 2012/13 and R24.2 billion in 2012/13. Provinces and municipalities receive the remainder: R40.2 billion (42.7 percent) to provinces and R5.1 billion (5.4 percent) to municipalities over the medium term. Conditional grants to provinces and municipalities are reflected on both national budgets and the budgets of provinces or municipalities, and are included in the discussion below.

A summary of additional allocations in line with government's policy priorities is provided below by national vote. It is important to note that the discussion on increases in the budget excludes all direct charges against the National Revenue Fund and the amounts of the local and provincial equitable share. Details are only provided for national votes receiving relatively large additional allocations for implementing new programmes or extending existing programmes. The amounts per vote in the discussion below correspond with those in table 2. They represent the gross additional allocations, before the baseline savings and reprioritisation have been effected. The total amounts may therefore be bigger than the overall net change in the budget of a specific vote. In the discussion below, these gross amounts will be referred to as the allocations received for the coming three year medium term expenditure framework period. In certain instances, the savings on a particular vote exceed the gross total allocation to that vote and the overall net change in the budget of that vote is actually negative.

Economic affairs

Taking into account the policy and practical budgeting considerations within this government function in the South African context, this function has been disaggregated broadly into four areas that are each discussed in turn.

Transport

For the **Department of Transport** for the medium term expenditure framework period, R2.7 billion is provided for the public transport infrastructure and systems conditional grant to municipalities to develop integrated public transport networks. The South African National Roads Agency is allocated R2.7 billion for the maintenance of roads and R1.4 billion is allocated to the Passenger Rail Agency South Africa to upgrade and replace Metrorail's signalling infrastructure.

Energy and environmental protection

Over the medium term, the **Department of Environmental Affairs** receives an additional R191 million to implement measures that will address wildlife trafficking, air quality, waste and coastline management, and oil spill disasters. For climate change mitigation and the establishment of a green fund for South Africa, R1 billion is provided. This will be announced in the 2011 Budget as an amount largely not appropriated to any specific vote, except for the R200 million in funding that is allocated to host the 2011 United Nations Conference on Climate Change in 2011/12.

Industrial development

An allocation to the **Economic Development Department** of R250 million is for the Competition Commission to group its work on anti-competitive practices in four priority sectors and to form a specialised cartel investigation unit.

Agriculture, forestry, fisheries and land affairs

An amount of R1.1 billion is the gross allocation to the **Department of Rural Development and Land Reform** for the comprehensive rural development programme.

The **Department of Agriculture, Forestry and Fisheries** receives R500 million for the comprehensive agriculture support programme grant and the land care programme grant.

Also, a gross allocation of R450 million is made available to the **Department of Communications** for broadband services information and communication technologies infrastructure, and universal access in underdeveloped or rural areas in the country.

Housing and community amenities

This function's budget is dominated by transfer payments. Over the MTEF period, an additional R2.1 billion is allocated to the **Department of Human Settlements** for informal settlements upgrading through the new urban settlements development grant. The Social Housing Regulatory Authority receives R972 million to increase the delivery of affordable rental housing.

The **Department of Water Affairs** is allocated a gross addition of R3.7 billion, of which R1 billion is for the completion of the De Hoop Dam and the provision of some bulk infrastructure pipelines, R952 million is for regional bulk infrastructure, R520 million for the completion of the Nandoni pipeline and R450 million for emergency drought relief in the Nelson Mandela Bay municipality.

Education

This function receives the biggest gross total allocation of R33.9 billion. The **Department of Basic Education** receives R8.2 billion, most of which is for transfers to provinces. The funds are mostly for school buildings for the eradication of inappropriate infrastructure structures and to ensure that more schools have water, sanitation and electricity. For bursaries for mathematics and science teachers, R596 million is allocated.

The **Department of Higher Education and Training** receives R3.6 billion for the National Student Financial Aid Scheme for funding higher education students, R300 million for establishing universities in Mpumalanga and Northern Cape, R3.9 billion for a state bursary scheme that will increase poor learners' access to further education and training colleges, and R1.4 billion to further education and training colleges to increase the number of students they enrol.

Health

The gross total allocation to the health function over the medium term is R18.5 billion. Most of this funding is allocated by means of the provincial equitable share. An amount of R1.4 billion is allocated to the national **Department of Health** towards increasing HIV counselling and circumcisions. To improve health facilities and medical equipment in preparation for national health insurance, the department receives a further R1.6 billion.

Social protection

The **Department of Social Development** is allocated R870 million for the South African Social Security Agency to implement a new grants application process that will reduce beneficiary waiting times and fraud.

Recreation, culture and sport

The **Department of Sport and Recreation South Africa** receives a gross allocation of R136 million to provide increased support to national sporting federations to enhance sports development and transformation, particularly in the participation of previously disadvantaged communities.

For the development of the local film industry R135 million is allocated to the National Film and Video Foundation under the **Department of Arts and Culture's** vote and R37 million is also allocated to capacitate the National Library of South Africa.

Public order and safety

Additional funding of R2.1 billion is made available to this function for the **Department of Police's** vote for the recruitment of additional policing personnel in the areas of visible policing, detective services and crime intelligence services. The number of police personnel will increase to 202 260 in 2013/14.

The **Department of Justice and Constitutional Development** receives additional funding of R490 million for the construction of two new high courts in Nelspruit and Polokwane, which will bring the total number of high courts to 16.

The **Department of Correctional Services** is allocated R460 million over the medium term for the upgrading of information technology that will enhance the functioning of the criminal justice system.

Defence

In this function, an amount of R600 million is allocated to the **Department of Defence** to deploy soldiers to the country's borders and upgrade and improve border facilities and equipment.

General public service

An amount of R500 million is added to the budget of **Statistics South Africa** for the 2011 Census, towards the costs of 120 000 field workers and to ensure greater coverage of the population than in the 2001 Census.

The **Department of Public Works** receives an additional R2.2 billion for municipal and accommodation charges payable.

To deal with the post recovery and reconstruction effects of the flooding disaster, R600 million has been allocated under the **National Treasury** vote. The National Treasury also receives R1.5 billion to fund increases in amounts payable to the Political Office Bearers' Pension Fund, as well as increases in costs related to post-retirement benefits and injury-on-duty benefits.

For the new conditional grants to deal with immediate disaster effects, R1.8 billion is allocated over the medium term under the **Cooperative Governance and Traditional Affairs** vote. Of this, R675 million is for the provinces and R1.2 billion is allocated to municipalities.

Overview of expenditure

The main Budget, including state debt costs, provides for total expenditure of R888.9 billion in 2011/12, R968.1 billion in 2012/13 and R1.1 trillion in 2013/14, reflecting a nominal growth rate of approximately 9.1 per cent on average over the medium term expenditure framework period. Non-interest expenditure comprises on average 89.3 per cent of total main Budget expenditure, growing at an average annual rate of 7.6 per cent over the period. These budgeted estimates provide for a contingency reserve set aside to deal with unanticipated events, amounting to R4.1 billion in 2011/12, R11.4 billion in 2012/13 and R23.4 billion in 2013/14.

The allocations in the main Budget are detailed in the pages of this publication, with a high level overview provided in the summary tables below.

Summary tables

Table 1: Main budget framework 2007/08 to 2013/14

Table 2: Additional allocation to national votes 2011/12 to 2013/14

Table 3: Expenditure by national vote 2007/08 to 2013/14

Table 4: Expenditure by economic classification 2007/08 to 2013/14

Table 5: Amounts to be appropriated from the National Revenue Fund for 2011/12

Table 6a: Conditional grants to provinces 2007/08 to 2013/14

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Table 7: Training expenditure per vote 2007/08 to 2013/14

Table 8: Infrastructure expenditure per vote 2007/08 to 2013/14

Table 9: Personnel expenditure per vote 2007/08 to 2013/14

Table 10: Departmental receipts per vote 2007/08 to 2013/14

Table 1 Main budget framework 2007/08 to 2013/14

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue (National Revenue Fund)							
Tax revenue (gross)	572 814.6	625 100.2	598 705.4	672 200.0	741 620.0	827 310.0	927 960.0
Departmental and other receipts, and repayments	12 693.0	12 616.0	8 889.0	12 254.0	10 000.9	11 540.0	12 351.1
Less: Southern Africa Customs Union payments	-24 712.6	-28 920.6	-27 915.4	-14 991.3	-21 763.2	-32 431.8	-35 997.4
Other adjustment ¹	–	–	–	-2 900.0	–	–	–
Total revenue	560 795.1	608 795.5	579 679.0	666 562.7	729 857.6	806 418.2	904 313.7
<i>Percentage of GDP</i>	<i>27.0%</i>	<i>26.3%</i>	<i>23.7%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.2%</i>	<i>25.6%</i>
Expenditure							
State debt cost	52 877.1	54 393.7	57 129.2	66 570.4	76 578.7	90 807.7	104 036.2
<i>Percentage of GDP</i>	<i>2.5%</i>	<i>2.4%</i>	<i>2.3%</i>	<i>2.5%</i>	<i>2.6%</i>	<i>2.8%</i>	<i>2.9%</i>
Current payments ²	88 512.0	103 376.4	117 130.0	135 313.3	147 760.3	156 210.6	166 884.0
Transfers and subsidies	391 929.9	458 702.2	532 182.3	578 332.9	648 496.9	695 554.1	740 738.6
Payments for capital assets ²	7 018.5	8 508.4	9 202.2	8 817.0	11 206.9	13 823.7	17 464.5
Payments for financial assets	1 105.9	10 972.6	31 553.0	20 889.7	750.1	0.1	0.1
Unallocated	–	–	–	–	40.0	330.0	530.0
Contingency reserve	–	–	–	–	4 090.4	11 405.4	23 375.2
Total expenditure	541 443.4	635 953.3	747 196.8	809 923.3	888 923.3	968 131.7	1 053 028.6
<i>Percentage of GDP</i>	<i>26.0%</i>	<i>27.5%</i>	<i>30.6%</i>	<i>30.4%</i>	<i>30.5%</i>	<i>30.2%</i>	<i>29.8%</i>
Budget deficit³	19 351.6	-27 157.8	-167 517.7	-143 360.6	-159 065.7	-161 713.5	-148 714.9
<i>Percentage of GDP</i>	<i>0.9%</i>	<i>-1.2%</i>	<i>-6.9%</i>	<i>-5.4%</i>	<i>-5.5%</i>	<i>-5.1%</i>	<i>-4.2%</i>
GDP	2 078 822.0	2 312 965.0	2 442 593.0	2 666 893.9	2 914 861.7	3 201 299.3	3 536 001.5

1. Payment to SACU partners in respect of a previous error in calculation of the 1969 agreement.

2. Excludes conditional grants to provinces and local government, which are included in transfers and subsidies.

3. A positive number reflects a surplus and a negative number a deficit.

Table 2 Additional allocation to national votes 2011/12 to 2013/14¹

R million	Medium-term expenditure estimates			Total
	2011/12	2012/13	2013/14	
Central Government Administration	1 948.2	2 277.4	2 923.5	7 149.1
1 The Presidency	90.5	131.3	126.4	348.3
2 Parliament	30.4	31.3	32.4	94.1
3 Cooperative Governance and Traditional Affairs	964.1	873.0	1 250.8	3 087.9
4 Home Affairs	176.9	444.8	600.2	1 221.9
5 International Relations and Cooperation	145.2	162.2	170.1	477.4
6 Performance Monitoring and Evaluation	37.4	97.5	114.5	249.3
7 Public Works	493.7	522.3	609.1	1 625.1
8 Women, Children and People with Disabilities	10.0	15.0	20.0	45.0
Financial and Administrative Services	4 067.9	4 190.0	5 261.1	13 519.0
9 Government Communication and Information System	10.1	10.6	9.9	30.6
10 National Treasury	3 442.3	4 048.0	5 097.8	12 588.1
11 Public Enterprises	44.8	4.6	4.6	53.9
12 Public Service and Administration	34.9	44.2	55.0	134.0
13 Statistics South Africa	535.8	82.7	93.8	712.3
Social Services	4 043.4	7 691.7	14 993.2	26 728.2
14 Arts and Culture	66.9	83.1	105.7	255.8
15 Basic Education	826.4	2 574.4	5 649.7	9 050.4
16 Health	442.0	692.0	2 236.0	3 370.0
17 Higher Education and Training	2 215.3	3 560.3	4 403.6	10 179.2
18 Labour	131.7	170.3	187.3	489.3
19 Social Development	312.1	543.3	2 322.5	3 177.9
20 Sport and Recreation South Africa	49.0	68.3	88.4	205.7
Justice, Crime Prevention and Security	3 740.6	5 760.1	7 583.9	17 084.7
21 Correctional Services	579.9	1 046.7	1 147.8	2 774.3
22 Defence and Military Veterans	1 180.2	1 552.8	1 863.6	4 596.6
23 Independent Complaints Directorate	7.9	9.1	10.1	27.1
24 Justice and Constitutional Development	477.0	1 098.6	1 196.9	2 772.4
25 Police	1 495.7	2 052.9	3 365.5	6 914.2
Economic Services and Infrastructure	6 550.4	8 755.2	10 874.5	26 180.1
26 Agriculture, Forestry and Fisheries	194.1	405.7	512.4	1 112.2
27 Communications	105.7	155.9	206.1	467.7
28 Economic Development	101.6	156.0	166.1	423.7
29 Energy	307.9	29.2	32.6	369.7
30 Environmental Affairs	297.9	146.0	186.4	630.3
31 Human Settlements	657.5	1 215.8	1 757.2	3 630.6
32 Mineral Resources	43.2	53.6	34.1	130.9
33 Rural Development and Land Reform	610.4	838.5	1 113.9	2 562.8
34 Science and Technology	14.6	139.9	404.1	558.6
35 Tourism	52.5	42.4	44.9	139.8
36 Trade and Industry	527.6	621.7	646.3	1 795.6
37 Transport	2 180.8	3 689.9	4 786.2	10 656.9
38 Water Affairs	1 456.6	1 260.4	984.2	3 701.2
Total	20 350.6	28 674.3	41 636.1	90 661.1

1. Excludes additional allocations on provincial equitable share and other direct charges against the National Revenue Fund.

Table 3 Expenditure by national vote 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation
	2007/08	2008/09	2009/10	2010/11
Central Government Administration				
1 The Presidency	649.4	308.8	659.1	766.9
2 Parliament	849.8	1 071.5	1 009.0	1 201.6
3 Cooperative Governance and Traditional Affairs	28 359.9	33 386.0	33 661.6	41 748.5
4 Home Affairs	3 241.7	4 666.6	5 195.4	5 834.4
5 International Relations and Cooperation	4 069.7	5 472.3	5 417.4	4 715.8
6 Performance Monitoring and Evaluation	2.0	3.6	10.4	40.5
7 Public Works	3 402.3	4 197.0	5 533.6	7 364.8
8 Women, Children and People with Disabilities	52.5	61.9	77.5	106.2
Financial and Administrative Services				
9 Government Communication and Information System	380.9	427.5	495.4	550.2
10 National Treasury	12 569.3	23 762.8	53 240.6	38 704.9
11 Public Enterprises	4 604.0	3 265.1	3 983.3	555.5
12 Public Service and Administration	609.6	630.6	670.8	658.7
13 Statistics South Africa	1 054.3	1 323.1	1 555.8	2 101.4
Social Services				
14 Arts and Culture	1 585.8	2 114.5	2 224.9	2 441.2
15 Basic Education	4 799.5	6 384.0	7 854.3	10 924.3
16 Health	13 578.6	16 424.5	19 168.6	23 132.5
17 Higher Education and Training	15 999.1	18 767.8	20 684.4	23 776.2
18 Labour	1 431.5	1 507.2	1 698.7	1 835.8
19 Social Development	67 191.4	76 096.7	85 318.2	95 941.1
20 Sport and Recreation South Africa	5 048.0	4 871.4	2 866.4	1 255.5
Justice, Crime Prevention and Security				
21 Correctional Services	11 122.4	12 822.6	13 687.3	15 427.5
22 Defence and Military Veterans	25 180.1	27 801.3	31 324.2	30 442.6
23 Independent Complaints Directorate	80.9	99.3	106.2	131.4
24 Justice and Constitutional Development	7 194.0	8 244.4	9 653.5	10 787.3
25 Police	36 525.9	41 635.2	47 662.5	53 529.7
Economic Services and Infrastructure				
26 Agriculture, Forestry and Fisheries	3 957.2	3 564.9	3 961.8	4 003.9
27 Communications	1 911.8	2 328.6	2 301.9	2 138.0
28 Economic Development	245.1	220.4	314.6	449.8
29 Energy	2 229.8	2 961.7	3 690.9	5 648.7
30 Environmental Affairs	1 564.5	1 789.9	2 124.3	2 438.5
31 Human Settlements	10 503.0	13 269.5	16 407.4	19 305.9
32 Mineral Resources	717.5	768.3	853.8	995.8
33 Rural Development and Land Reform	5 896.6	6 669.8	5 863.8	7 293.4
34 Science and Technology	3 127.3	3 703.5	4 183.9	4 128.0
35 Tourism	1 056.0	1 202.2	1 145.6	1 183.8
36 Trade and Industry	5 050.2	4 836.7	5 923.3	6 194.2
37 Transport	19 155.9	28 161.7	28 664.0	30 380.8
38 Water Affairs	4 802.9	5 797.8	7 188.6	8 203.2
Total appropriation by vote	309 800.8	370 620.6	436 383.5	466 338.6
Plus:				
Direct charges against the National Revenue Fund				
President and Deputy President salary (The Presidency)	2.3	4.0	3.8	4.6
Members remuneration (Parliament)	240.7	304.2	398.8	392.7
State debt costs (National Treasury)	52 877.1	54 393.7	57 129.2	67 606.9
Provincial equitable share (National Treasury)	171 053.7	201 795.6	236 890.8	265 139.4
General fuel levy sharing with metros (National Treasury)	–	–	6 800.1	7 542.4
Skills levy and Setas (Higher Education and Training)	6 284.3	7 234.1	7 815.6	8 424.2
Judges and magistrates salaries (Justice and Constitutional Development)	1 184.5	1 601.1	1 774.9	1 929.9
Total direct charges against the National Revenue Fund	231 642.6	265 332.8	310 813.2	351 040.0
Unallocated	–	–	–	–
Contingency reserve	–	–	–	–
Projected underspending	–	–	–	-1 700.0
Total	541 443.4	635 953.3	747 196.8	815 678.6

Table 3 Expenditure by national vote 2007/08 to 2013/14

Revised estimate	Medium-term expenditure estimates			
2010/11	2011/12	2012/13	2013/14	R million
				Central Government Administration
766.9	815.0	887.5	924.2	The Presidency
1 201.6	1 265.3	1 315.9	1 387.6	Parliament
41 748.5	47 933.6	53 842.8	57 120.8	Cooperative Governance and Traditional Affairs
5 834.4	5 464.1	5 249.7	5 864.3	Home Affairs
4 715.8	4 796.8	5 154.9	5 569.3	International Relations and Cooperation
40.5	75.8	141.0	160.4	Performance Monitoring and Evaluation
7 138.7	7 819.3	8 061.2	8 900.1	Public Works
106.2	117.9	129.5	140.8	Women, Children and People with Disabilities
				Financial and Administrative Services
550.2	496.4	524.4	552.0	Government Communication and Information System
38 375.4	22 598.2	23 469.1	25 578.9	National Treasury
555.5	230.2	199.7	210.4	Public Enterprises
656.7	690.1	726.2	774.5	Public Service and Administration
1 741.7	3 240.9	1 698.3	1 717.7	Statistics South Africa
				Social Services
2 339.7	2 468.6	2 625.1	2 784.7	Arts and Culture
9 093.0	13 868.1	16 557.9	20 409.6	Basic Education
22 218.7	25 731.6	27 610.8	30 136.7	Health
23 757.2	28 228.6	31 318.5	33 688.2	Higher Education and Training
1 793.2	1 981.5	2 098.5	2 221.7	Labour
94 841.0	104 732.7	113 524.0	122 075.5	Social Development
1 249.6	802.7	852.3	915.5	Sport and Recreation South Africa
				Justice, Crime Prevention and Security
15 232.5	16 559.2	17 805.0	18 827.8	Correctional Services
30 442.6	34 605.0	37 371.2	39 702.2	Defence and Military Veterans
131.4	151.6	161.0	170.4	Independent Complaints Directorate
10 742.3	11 413.5	12 674.3	13 409.3	Justice and Constitutional Development
53 529.7	58 061.5	62 077.6	66 696.7	Police
				Economic Services and Infrastructure
4 003.9	4 719.7	5 312.0	5 503.2	Agriculture, Forestry and Fisheries
2 138.0	1 889.1	1 721.7	1 851.7	Communications
384.5	594.5	674.7	713.3	Economic Development
5 648.7	6 089.9	5 575.3	4 304.8	Energy
2 359.8	2 846.1	2 399.3	2 643.0	Environmental Affairs
19 305.9	22 578.5	24 875.1	26 674.7	Human Settlements
995.8	1 036.2	1 107.5	1 178.7	Mineral Resources
7 293.4	8 124.2	8 674.1	9 381.1	Rural Development and Land Reform
4 128.0	4 404.6	4 887.4	5 510.1	Science and Technology
1 183.8	1 242.9	1 273.9	1 345.3	Tourism
6 075.5	6 786.9	7 366.9	7 572.4	Trade and Industry
29 989.4	35 084.0	38 204.4	41 198.9	Transport
7 609.7	9 936.2	10 231.5	10 883.5	Water Affairs
459 919.7	499 480.9	538 380.2	578 700.1	Total appropriation by vote
				Plus:
				Direct charges against the National Revenue Fund
4.6	4.8	5.1	5.3	President and Deputy President salary (The Presidency)
392.7	409.6	430.1	453.8	Members remuneration (Parliament)
66 570.4	76 578.7	90 807.7	104 036.2	State debt costs (National Treasury)
265 139.4	288 492.8	305 725.4	323 604.4	Provincial equitable share (National Treasury)
7 542.4	8 573.1	9 039.7	9 613.4	General fuel levy sharing with metros (National Treasury)
8 424.2	9 148.7	9 606.1	10 134.5	Skills levy and Setas (Higher Education and Training)
1 929.9	2 104.2	2 401.9	2 575.7	Judges and magistrates salaries (Justice and Constitutional Development)
350 003.5	385 312.0	418 016.1	450 423.3	Total direct charges against the National Revenue Fund
-	40.0	330.0	530.0	Unallocated
-	4 090.4	11 405.4	23 375.2	Contingency reserve
-	-	-	-	Projected underspending
809 923.3	888 923.3	968 131.7	1 053 028.6	Total

Table 4 Expenditure by economic classification 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation
	2007/08	2008/09	2009/10	2010/11
Current payments				
Compensation of employees	56 221.9	64 819.2	75 276.3	88 740.8
Salaries and wages	46 758.3	53 869.3	62 806.6	74 671.9
Social contributions	9 463.6	10 949.9	12 469.7	14 068.9
Goods and services	32 272.1	38 522.2	41 695.1	47 989.9
Interest and rent on land	52 895.1	54 428.7	57 287.8	67 615.5
Interest (Incl. interest on finance leases)	52 893.9	54 428.5	57 280.1	67 614.7
Rent on land	1.2	0.2	7.7	0.8
Total current payments	141 389.1	157 770.1	174 259.2	204 346.3
Transfers and subsidies to:				
Provinces and municipalities	243 233.6	289 395.9	344 774.7	387 557.9
Provinces	204 668.3	243 851.9	293 163.8	326 000.2
Provincial revenue funds	204 668.3	243 851.9	293 163.8	326 000.2
Municipalities	38 565.4	45 544.0	51 610.8	61 557.8
Municipal bank accounts	38 565.4	45 544.0	51 610.8	61 557.8
Departmental agencies and accounts	44 609.0	53 708.8	57 458.8	56 035.9
Social security funds	8.5	2 508.7	9.7	11.6
Departmental agencies (non-business entities)	44 600.5	51 200.1	57 449.1	56 024.3
Universities and technikons	12 004.1	13 897.7	15 443.5	17 576.1
Foreign governments and international organisations	935.6	1 010.6	1 366.4	1 357.1
Public corporations and private enterprises	19 485.7	20 188.1	21 704.6	20 492.5
Public corporations	14 887.2	14 723.0	19 325.2	18 180.6
Subsidies on products or production	6 293.0	8 060.3	8 477.2	9 836.7
Other transfers to public corporations	8 594.1	6 662.6	10 848.0	8 343.9
Private enterprises	4 598.5	5 465.1	2 379.4	2 311.9
Subsidies on products or production	4 111.4	5 193.5	2 009.5	1 848.5
Other transfers to private enterprises	487.1	271.7	369.9	463.4
Non-profit institutions	1 006.7	1 222.2	1 220.3	1 470.9
Households	70 655.2	79 279.0	90 214.0	98 316.7
Social benefits	65 169.0	73 588.0	84 842.8	92 538.4
Other transfers to households	5 486.3	5 690.9	5 371.2	5 778.3
Total transfers and subsidies	391 929.9	458 702.2	532 182.3	582 807.0
Payments for capital assets				
Buildings and other fixed structures	3 631.3	5 331.6	5 712.2	5 975.7
Buildings	3 356.9	4 860.4	4 598.8	4 757.1
Other fixed structures	274.4	471.2	1 113.4	1 218.5
Machinery and equipment	3 161.5	2 926.7	3 127.6	3 298.6
Transport equipment	1 538.2	1 510.2	1 524.2	1 769.1
Other machinery and equipment	1 623.4	1 416.5	1 603.4	1 529.5
Heritage assets	-	0.1	0.2	-
Specialised military assets	-	-	83.1	19.0
Biological assets	10.6	2.7	2.1	2.0
Land and subsoil assets	27.4	49.0	83.9	0.1
Software and other intangible assets	187.7	198.3	193.2	40.8
Total payments for capital assets	7 018.5	8 508.4	9 202.2	9 336.2
Payments for financial assets	1 105.9	10 972.6	31 553.0	20 889.2
Total	541 443.4	635 953.3	747 196.8	817 378.6
Unallocated	-	-	-	-
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-1 700.0
Total	541 443.4	635 953.3	747 196.8	815 678.6

Table 4 Expenditure by economic classification 2007/08 to 2013/14

Revised estimate	Medium-term expenditure estimates			
2010/11	2011/12	2012/13	2013/14	R million
88 324.0	94 788.4	100 350.8	107 316.5	Current payments
				Compensation of employees
74 278.1	79 661.6	84 435.8	90 409.3	Salaries and wages
14 046.0	15 126.9	15 914.9	16 907.2	Social contributions
46 980.3	52 944.2	55 829.0	59 536.1	Goods and services
66 579.3	76 606.4	90 838.6	104 067.6	Interest and rent on land
66 578.5	76 605.4	90 837.4	104 066.4	Interest (Incl. interest on finance leases)
0.8	1.1	1.2	1.2	Rent on land
201 883.7	224 339.0	247 018.3	270 920.2	Total current payments
384 334.3	428 131.5	457 512.2	486 602.9	Transfers and subsidies to:
				Provinces and municipalities
323 080.3	357 928.6	380 449.6	404 251.4	Provinces
323 080.3	357 928.6	380 449.6	404 251.4	Provincial revenue funds
61 254.0	70 202.9	77 062.5	82 351.5	Municipalities
61 254.0	70 202.9	77 062.5	82 351.5	Municipal bank accounts
55 866.1	68 241.9	73 170.5	78 537.2	Departmental agencies and accounts
11.6	12.4	13.0	13.7	Social security funds
55 854.6	68 229.5	73 157.5	78 523.5	Departmental agencies (non-business entities)
17 571.1	19 365.4	20 766.7	21 953.2	Universities and technikons
1 358.2	1 463.4	1 723.6	1 830.5	Foreign governments and international organisations
20 459.5	23 642.9	25 011.7	25 561.1	Public corporations and private enterprises
18 180.6	20 434.1	21 742.4	22 063.1	Public corporations
9 836.7	9 879.4	9 997.1	8 896.9	Subsidies on products or production
8 343.9	10 554.7	11 745.4	13 166.3	Other transfers to public corporations
2 278.9	3 208.8	3 269.3	3 498.0	Private enterprises
1 813.5	2 718.2	2 663.9	2 856.4	Subsidies on products or production
465.4	490.6	605.4	641.6	Other transfers to private enterprises
1 461.7	1 500.4	1 874.8	2 099.0	Non-profit institutions
97 282.0	106 151.3	115 494.5	124 154.6	Households
91 514.5	101 279.1	110 239.7	118 596.5	Social benefits
5 767.5	4 872.3	5 254.9	5 558.1	Other transfers to households
578 332.9	648 496.9	695 554.1	740 738.6	Total transfers and subsidies
5 615.9	7 845.0	10 560.6	14 057.6	Payments for capital assets
				Buildings and other fixed structures
4 479.1	5 486.6	7 813.1	11 078.5	Buildings
1 136.8	2 358.3	2 747.6	2 979.1	Other fixed structures
3 144.0	3 302.7	3 202.5	3 344.4	Machinery and equipment
1 699.1	1 922.9	1 645.0	1 697.5	Transport equipment
1 444.9	1 379.8	1 557.5	1 646.9	Other machinery and equipment
0.0	-	-	-	Heritage assets
19.0	20.7	21.3	22.4	Specialised military assets
2.0	0.2	0.3	0.3	Biological assets
0.1	-	-	-	Land and subsoil assets
35.9	38.3	39.1	39.9	Software and other intangible assets
8 817.0	11 206.9	13 823.7	17 464.5	Total payments for capital assets
20 889.7	750.1	0.1	0.1	Payments for financial assets
809 923.3	884 792.9	956 396.3	1 029 123.4	Total
-	40.0	330.0	530.0	Unallocated
-	4 090.4	11 405.4	23 375.2	Contingency reserve
-	-	-	-	Projected underspending
809 923.3	888 923.3	968 131.7	1 053 028.6	Total

Table 5 Amounts to be appropriated from the National Revenue Fund for 2011/12

		Appropriated (including direct charges)	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	To be appropriated	Increase/ Decrease
R million		2010/11	2011/12					
Central Government Administration								
1	The Presidency	706.8	417.5	387.8	14.5	–	819.8	113.0
2	Parliament	1 571.9	1 383.1	287.9	3.9	–	1 674.9	103.0
3	Cooperative Governance and Traditional Affairs	41 096.9	691.3	47 222.4	19.8	0.1	47 933.6	6 836.7
4	Home Affairs	5 719.6	4 437.4	1 000.1	26.7	–	5 464.1	-255.5
5	International Relations and Cooperation	4 824.4	3 703.1	809.9	283.7	–	4 796.8	-27.7
6	Performance Monitoring and Evaluation	20.4	72.8	–	3.0	–	75.8	55.4
7	Public Works	6 446.3	2 265.4	4 010.3	1 543.6	–	7 819.3	1 372.9
8	Women, Children and People with Disabilities	97.8	60.5	55.2	2.3	–	117.9	20.2
Financial and Administrative Services								
9	Government Communication and Information System	546.2	334.8	159.2	2.4	–	496.4	-49.8
10	National Treasury	378 589.1	78 015.4	317 463.8	13.7	750.0	396 242.8	17 653.7
11	Public Enterprises	350.6	188.1	40.8	1.4	–	230.2	-120.4
12	Public Service and Administration	651.5	396.5	290.9	2.7	–	690.1	38.6
13	Statistics South Africa	1 973.4	3 188.8	10.5	41.7	–	3 240.9	1 267.5
Social Services								
14	Arts and Culture	2 406.7	392.9	2 069.3	6.4	–	2 468.6	61.9
15	Basic Education	10 918.5	2 136.9	11 025.3	706.0	–	13 868.1	2 949.7
16	Health	22 967.9	1 209.3	24 489.3	32.9	–	25 731.6	2 763.6
17	Higher Education and Training	32 144.9	455.8	36 913.4	8.1	–	37 377.3	5 232.4
18	Labour	1 783.9	1 349.9	599.4	32.1	–	1 981.5	197.6
19	Social Development	95 929.1	543.7	104 177.1	11.9	–	104 732.7	8 803.6
20	Sport and Recreation South Africa	1 245.6	222.5	574.1	6.0	–	802.7	-442.9
Justice, Crime Prevention and Security								
21	Correctional Services	15 129.0	15 342.1	31.3	1 185.8	–	16 559.2	1 430.2
22	Defence and Military Veterans	30 715.3	27 278.4	6 978.0	348.6	–	34 605.0	3 889.6
23	Independent Complaints Directorate	129.3	147.6	0.1	4.0	–	151.6	22.3
24	Justice and Constitutional Development	12 180.4	10 933.7	1 791.1	792.9	–	13 517.7	1 337.3
25	Police	52 556.4	54 596.4	464.6	3 000.5	–	58 061.5	5 505.1
Economic Services and Infrastructure								
26	Agriculture, Forestry and Fisheries	3 708.0	2 039.4	2 567.8	112.5	–	4 719.7	1 011.8
27	Communications	2 114.0	585.2	1 299.6	4.3	–	1 889.1	-224.9
28	Economic Development	418.6	123.2	464.8	6.5	–	594.5	175.9
29	Energy	5 535.4	297.2	5 784.9	7.8	–	6 089.9	554.5
30	Environmental Affairs	2 557.8	1 119.1	1 219.0	508.0	–	2 846.1	288.3
31	Human Settlements	19 215.6	642.2	21 700.6	235.7	–	22 578.5	3 362.9
32	Mineral Resources	1 030.0	587.6	438.4	10.1	–	1 036.2	6.2
33	Rural Development and Land Reform	6 769.6	2 524.1	5 564.7	35.4	–	8 124.2	1 354.7
34	Science and Technology	4 615.5	369.7	4 031.6	3.3	–	4 404.6	-210.9
35	Tourism	1 151.8	268.2	968.0	6.7	–	1 242.9	91.0
36	Trade and Industry	6 150.1	1 172.4	5 600.4	14.1	–	6 786.9	636.8
37	Transport	30 178.0	841.8	34 238.0	4.1	–	35 084.0	4 906.0
38	Water Affairs	7 996.6	4 005.2	3 767.2	2 163.9	–	9 936.2	1 939.6
Total		812 142.9	224 339.0	648 496.9	11 206.9	750.1	884 792.9	72 650.0

1. A positive number reflects an increase and a negative number a decrease.

Table 6a Conditional grants to provinces 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government Administration								
3 Cooperative Governance and Traditional Affairs	–	29.7	–	214.4	214.4	305.0	180.0	190.0
7 Public Works	836.6	889.3	1 466.0	2 252.9	2 181.3	2 270.9	2 504.8	2 778.5
Financial and Administrative Services								
10 National Treasury	–	–	4 200.0	–	–	–	–	–
Social Services								
14 Arts and Culture	163.2	344.6	440.6	512.7	512.7	543.4	570.8	602.2
15 Basic Education	4 012.9	5 215.6	6 460.1	8 683.6	7 107.4	10 546.4	11 330.6	11 953.7
16 Health	12 368.6	14 988.7	17 523.8	21 363.7	20 483.0	23 947.7	25 746.5	28 175.2
17 Higher Education and Training	2 435.3	3 005.8	3 155.3	3 804.0	3 804.0	4 326.0	4 705.1	5 262.4
20 Sport and Recreation South Africa	194.0	293.7	402.3	426.4	426.4	452.0	474.6	500.7
Economic Services and Infrastructure								
26 Agriculture, Forestry and Fisheries	761.7	898.0	973.7	1 166.9	1 166.9	1 487.1	1 683.9	1 866.9
31 Human Settlements	6 988.5	8 727.6	10 819.3	13 032.1	13 032.1	14 941.5	15 599.4	16 457.4
37 Transport	5 853.7	7 663.3	10 832.1	9 404.1	9 012.8	10 615.9	11 928.5	12 860.0
Total	33 614.6	42 056.3	56 273.0	60 860.7	57 940.8	69 435.8	74 724.2	80 647.0

1. Detail provided in the Division of Revenue Act (2011).

Table 6b Conditional grants to municipalities 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government Administration								
3 Cooperative Governance and Traditional Affairs	7 167.2	7 186.4	8 988.3	9 726.7	9 726.7	12 132.9	14 474.2	15 272.1
7 Public Works	–	–	100.5	623.0	551.4	679.6	665.7	779.5
Financial and Administrative Services								
10 National Treasury	716.5	361.5	808.1	1 394.6	1 186.6	1 184.6	1 279.3	1 326.1
Social Services								
20 Sport and Recreation South Africa	4 605.0	4 295.0	2 168.7	512.6	512.6	–	–	–
Economic Services and Infrastructure								
29 Energy	462.5	589.1	1 074.6	1 240.1	1 240.1	1 376.6	1 151.4	1 214.8
31 Human Settlements	2 948.3	3 572.4	4 418.2	5 157.6	5 157.6	6 267.0	7 409.5	8 126.8
37 Transport	1 174.0	2 928.7	2 431.0	3 709.9	3 709.9	4 838.8	5 037.2	5 602.9
38 Water Affairs	732.9	994.6	902.4	990.5	966.3	1 010.8	399.0	420.9
Total	17 806.4	19 927.6	20 891.8	23 354.9	23 051.2	27 490.3	30 416.4	32 743.1

1. Detail provided in the Division of Revenue Act (2011).

Table 7 Training expenditure per vote 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Central Government Administration							
1 The Presidency	2.3	1.4	1.9	2.1	2.4	2.5	2.8
2 Parliament	10.6	11.9	10.1	10.4	14.2	15.0	16.8
3 Cooperative Governance and Traditional Affairs	2.3	1.7	1.8	2.4	5.0	5.2	5.5
4 Home Affairs	32.4	34.0	26.4	48.5	37.2	37.5	39.6
5 International Relations and Cooperation	13.1	8.1	12.4	19.6	16.6	17.8	20.0
7 Public Works	15.2	15.2	22.0	27.5	24.8	24.8	26.1
8 Women, Children and People with Disabilities	–	–	–	0.2	0.3	0.4	0.5
Financial and Administrative Services							
9 Government Communication and Information System	4.7	4.2	4.4	4.9	4.8	5.0	5.3
10 National Treasury	16.1	16.9	10.0	20.0	10.8	11.6	12.2
11 Public Enterprises	1.3	2.3	2.2	3.3	2.9	3.1	3.4
12 Public Service and Administration	2.2	3.7	2.6	3.4	3.2	3.4	3.7
13 Statistics South Africa	11.9	14.0	21.2	38.5	21.4	22.5	23.7
Social Services							
14 Arts and Culture	3.1	4.5	2.1	2.3	1.6	1.7	1.8
15 Basic Education	2.8	6.5	1.7	2.8	1.9	2.0	2.1
16 Health	9.5	1.8	4.5	5.5	4.0	4.5	4.9
17 Higher Education and Training	2.5	2.9	1.9	2.4	1.3	1.3	1.3
18 Labour	6.5	8.9	8.3	8.9	11.8	12.0	12.7
19 Social Development	1.7	1.8	2.3	2.5	2.7	2.9	3.0
20 Sport and Recreation South Africa	0.9	0.9	1.1	1.2	1.6	1.6	1.5
Justice, Crime Prevention and Security							
21 Correctional Services	125.6	76.0	89.5	64.0	100.5	105.6	111.0
22 Defence and Military Veterans	87.4	117.7	113.6	145.6	131.9	133.0	141.2
23 Independent Complaints Directorate	0.6	0.4	0.7	1.2	1.2	1.3	1.4
24 Justice and Constitutional Development	18.3	37.5	86.4	78.9	83.6	89.4	94.0
25 Police	966.0	1 124.0	1 253.4	1 386.6	1 449.0	1 514.2	1 590.0
Economic Services and Infrastructure							
26 Agriculture, Forestry and Fisheries	20.3	24.2	16.4	20.0	13.1	14.9	25.5
27 Communications	3.7	6.0	9.0	5.9	6.7	7.3	7.7
28 Economic Development	–	–	–	0.1	0.8	0.9	1.0
29 Energy	0.7	1.6	2.1	2.1	2.7	2.9	3.3
30 Environmental Affairs	2.1	2.2	2.3	2.5	4.1	4.2	4.3
31 Human Settlements	1.2	2.9	2.3	14.1	4.0	4.3	4.5
32 Mineral Resources	1.7	3.8	9.1	3.5	3.9	4.1	4.4
33 Rural Development and Land Reform	9.0	9.4	11.9	12.6	13.3	13.9	–
34 Science and Technology	1.7	2.0	3.2	5.1	5.4	5.6	5.9
35 Tourism	1.4	1.5	1.0	1.0	1.0	1.1	1.1
36 Trade and Industry	1.0	2.5	9.3	11.0	13.4	14.1	14.9
37 Transport	3.2	1.8	3.9	4.0	2.9	3.1	3.5
38 Water Affairs	38.9	40.8	50.6	56.7	62.4	68.6	75.5
Total	1 421.9	1 595.3	1 801.5	2 021.3	2 069.6	2 164.4	2 277.3

Table 8 Infrastructure expenditure per vote 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Central Government Administration							
3 Cooperative Governance and Traditional Affairs	6 967.2	6 969.0	8 727.5	9 514.7	11 500.2	13 983.1	14 752.2
4 Home Affairs	122.9	136.0	102.0	131.1	209.8	215.8	248.0
5 International Relations and Cooperation	649.9	926.7	165.3	267.9	250.9	318.2	319.2
7 Public Works	488.0	988.4	1 253.6	1 376.0	1 443.9	1 474.7	1 724.7
Financial and Administrative Services							
10 National Treasury	41.2	373.5	578.1	1 155.0	853.6	880.0	855.0
Social Services							
14 Arts and Culture	281.2	448.6	449.7	447.8	455.6	483.0	509.5
15 Basic Education	2 636.0	3 101.5	3 884.7	4 832.3	6 398.3	8 408.2	11 617.3
16 Health	5 507.8	3 361.4	3 720.5	5 403.0	5 838.1	6 156.9	5 989.0
18 Labour	64.4	37.6	26.9	28.5	44.2	10.5	7.6
20 Sport and Recreation South Africa	4 605.0	4 295.0	2 168.7	512.6	–	–	–
Justice, Crime Prevention and Security							
21 Correctional Services	1 005.3	948.5	833.6	950.9	968.3	1 016.8	1 072.7
22 Defence and Military Veterans	8.1	621.3	665.0	732.7	1 058.4	1 085.7	1 118.0
24 Justice and Constitutional Development	361.1	479.5	590.1	631.4	759.4	1 105.0	1 161.7
25 Police	732.5	991.2	1 070.1	1 118.2	1 235.3	1 544.6	1 629.5
Economic Services and Infrastructure							
26 Agriculture, Forestry and Fisheries	105.3	110.3	131.7	181.7	260.1	239.3	141.0
27 Communications	646.0	750.0	920.0	540.9	404.0	317.0	376.1
29 Energy	1 435.6	1 739.9	2 400.3	4 239.9	4 334.4	4 533.5	3 200.3
30 Environmental Affairs	603.7	405.4	477.5	637.7	647.8	149.7	187.5
31 Human Settlements	9 936.8	12 300.0	15 087.4	18 155.9	21 440.0	23 488.4	25 101.5
33 Rural Development and Land Reform	5.6	6.3	2.8	6.9	21.2	11.3	4.2
34 Science and Technology	272.0	408.0	699.3	236.9	254.2	473.1	595.2
36 Trade and Industry	911.0	967.5	1 407.3	1 224.4	827.4	839.6	629.9
37 Transport	10 889.1	13 915.3	16 955.1	19 747.4	23 128.1	25 592.1	27 901.4
38 Water Affairs	930.4	1 904.1	2 212.8	2 764.0	4 123.8	4 455.1	5 064.6
Total	49 206.1	56 185.0	64 530.2	74 837.7	86 457.1	96 781.5	104 206.1

1. Amounts include mega infrastructure projects and programmes (over R300 million per year for a minimum of three years, or R900 million total project cost), large projects and programmes (between R300 million and R50 million per year within a given MTEF period), small projects and programmes (less than R50 million per year). Infrastructure transfers to other spheres, agencies and entities, fixed installations transferred to households and maintenance and repair projects are also included. Details are provided in the additional tables in each vote.

Table 9 Personnel expenditure per vote 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government and Administration								
1 The Presidency	117.1	141.7	181.9	209.5	209.5	237.4	251.4	275.6
2 Parliament	517.3	651.0	784.6	868.1	868.1	936.1	990.2	1 046.8
3 Cooperative Governance and Traditional Affairs	128.1	153.8	165.7	232.1	232.1	232.9	245.9	258.1
4 Home Affairs	1 087.0	1 296.0	1 637.1	1 971.1	1 971.1	2 206.6	2 317.5	2 443.5
5 International Relations and Cooperation	1 293.2	1 683.4	1 833.3	1 858.6	1 858.6	1 704.5	1 811.9	2 034.5
6 Performance Monitoring and Evaluation	1.6	2.6	3.4	22.5	22.5	50.9	84.0	102.7
7 Public Works	721.5	801.0	976.1	1 200.9	1 200.9	1 242.1	1 241.2	1 305.1
8 Women, Children and People with Disabilities	4.8	5.9	9.8	24.1	24.1	34.6	39.9	46.3
Financial and Administrative Services								
9 Government Communication and Information System	116.2	114.0	138.7	150.7	150.7	165.4	173.4	183.2
10 National Treasury	272.7	321.0	402.1	552.6	511.2	605.9	637.7	672.2
11 Public Enterprises	56.0	70.4	75.2	90.3	90.3	96.5	101.0	106.2
12 Public Service and Administration	115.8	129.1	156.8	183.6	183.6	208.8	229.5	250.5
13 Statistics South Africa	472.0	700.7	879.2	978.7	931.6	1 531.0	1 165.0	1 185.0
Social Services								
14 Arts and Culture	107.2	126.8	146.3	152.9	152.9	164.8	174.3	183.7
15 Basic Education	150.4	186.3	225.2	271.1	271.1	325.6	349.3	371.7
16 Health	258.6	292.5	333.0	385.0	385.0	424.0	465.0	492.0
17 Higher Education and Training	146.2	174.8	201.8	251.6	249.6	301.5	334.1	359.7
18 Labour	497.9	491.3	576.5	744.8	701.9	786.3	865.8	915.2
19 Social Development	133.6	184.1	220.1	254.9	254.9	267.8	285.1	300.4
20 Sport and Recreation South Africa	43.4	54.5	61.3	75.8	74.3	79.9	84.0	88.4
Justice, Crime Prevention and Security								
21 Correctional Services	6 799.2	8 077.8	9 065.5	10 247.5	10 247.5	10 964.9	11 522.8	12 191.7
22 Defence and Military Veterans	9 735.9	10 620.0	12 705.6	16 219.0	16 219.0	16 770.7	17 700.5	18 787.8
23 Independent Complaints Directorate	45.7	58.0	65.1	75.8	75.8	86.6	91.8	97.2
24 Justice and Constitutional Development	4 250.9	5 326.2	6 028.1	7 262.9	7 224.1	7 631.2	8 382.2	8 850.6
25 Police	25 610.6	29 147.4	33 771.5	38 416.1	38 416.1	41 070.3	43 643.2	47 181.7
Economic Services and Infrastructure								
26 Agriculture, Forestry and Fisheries	811.1	931.3	1 082.2	1 199.6	1 199.6	1 273.0	1 395.3	1 474.5
27 Communications	97.7	108.0	129.6	164.6	164.6	171.7	179.3	188.0
28 Economic Development	–	–	7.9	57.7	33.7	79.2	91.8	96.5
29 Energy	85.5	103.0	133.3	147.9	147.9	181.7	192.4	218.3
30 Environmental Affairs	182.5	197.7	254.0	333.1	333.1	405.2	426.6	451.1
31 Human Settlements	103.5	134.2	166.9	289.0	289.0	319.0	331.9	346.8
32 Mineral Resources	210.1	231.0	275.1	343.7	343.7	377.6	401.0	421.8
33 Rural Development and Land Reform	476.4	614.2	760.9	1 196.8	1 196.8	1 395.7	1 523.3	1 608.9
34 Science and Technology	102.1	141.6	167.5	223.7	223.7	225.3	237.6	259.6
35 Tourism	130.8	106.4	89.6	101.1	101.1	141.9	158.4	169.4
36 Trade and Industry	327.5	383.1	437.7	569.8	533.3	602.2	644.2	676.4
37 Transport	131.3	182.6	228.1	266.2	266.2	294.4	309.9	326.5
38 Water Affairs	880.5	875.6	899.8	1 147.3	964.8	1 195.4	1 272.4	1 348.8
Total	56 221.9	64 819.2	75 276.3	88 740.8	88 324.0	94 788.4	100 350.8	107 316.5

Table 10 Departmental receipts per vote 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government Administration								
1 The Presidency	0.3	0.2	0.6	0.5	0.5	0.3	0.3	0.3
2 Parliament	43.4	45.9	38.5	15.5	15.5	11.9	11.5	11.2
3 Cooperative Governance and Traditional Affairs	0.7	0.8	0.5	0.6	0.6	0.6	0.6	0.6
4 Home Affairs	421.1	355.7	442.2	455.3	455.3	482.6	506.7	557.4
5 International Relations and Cooperation	65.1	43.6	23.2	22.0	31.2	22.9	24.0	25.3
6 Performance Monitoring and Evaluation	–	–	–	–	–	–	–	–
7 Public Works	95.8	28.5	39.6	30.9	30.9	38.7	40.6	42.6
8 Women, Children and People with Disabilities	–	–	–	–	–	–	–	–
Financial and Administrative Services								
9 Government Communication and Information System	3.1	3.3	2.9	3.0	2.7	2.5	2.6	2.6
10 National Treasury	5 095.8	5 270.4	2 543.6	3 204.2	2 842.2	1 233.2	2 391.4	2 746.0
11 Public Enterprises	0.1	0.8	1.2	1.2	1.2	0.1	0.1	0.1
12 Public Service and Administration	2.7	1.0	2.2	0.7	0.7	0.7	0.8	0.8
13 Statistics South Africa	17.7	2.8	8.5	2.2	2.2	2.4	2.5	2.7
Social Services								
14 Arts and Culture	0.4	3.6	1.1	0.8	0.8	0.8	0.9	1.1
15 Basic Education	1.9	1.5	0.7	1.2	1.5	1.0	1.1	1.2
16 Health	41.2	31.2	45.2	31.5	31.5	32.8	32.9	36.2
17 Higher Education and Training	6.9	6.7	6.7	7.9	7.9	7.9	8.0	8.0
18 Labour	8.4	28.9	12.9	16.1	16.1	22.4	24.3	25.5
19 Social Development	237.0	16.5	30.6	218.3	0.2	10.1	10.1	10.1
20 Sport and Recreation South Africa	0.0	0.3	0.2	0.3	0.3	0.4	0.4	0.4
Justice, Crime Prevention and Security								
21 Correctional Services	136.3	80.5	108.5	143.4	120.4	126.1	132.3	139.2
22 Defence and Military Veterans	551.9	629.4	699.9	902.5	902.5	803.5	843.7	885.9
23 Independent Complaints Directorate	0.4	0.1	0.2	0.2	0.1	0.1	0.2	0.2
24 Justice and Constitutional Development	317.0	356.8	382.9	377.6	377.6	399.8	422.5	443.7
25 Police	345.1	376.5	347.6	272.9	280.3	263.9	258.7	257.1
Economic Services and Infrastructure								
26 Agriculture, Forestry and Fisheries	121.1	254.0	250.5	119.3	119.3	121.5	118.2	123.6
27 Communications	3 007.4	3 520.1	1 344.8	1 398.7	898.9	913.4	928.0	943.4
28 Economic Development	229.3	244.4	456.0	230.0	366.3	243.8	250.0	263.8
29 Energy	1.2	3.3	4.4	3.7	3.7	3.9	4.1	4.2
30 Environmental Affairs	4.7	8.5	2.1	4.1	4.1	2.8	2.8	2.8
31 Human Settlements	0.7	2.4	0.7	1.2	1.2	0.5	0.6	0.6
32 Mineral Resources	267.1	261.3	212.7	99.0	99.0	27.6	28.0	28.3
33 Rural Development and Land Reform	176.4	64.2	44.0	41.7	41.7	69.0	64.5	68.3
34 Science and Technology	0.2	0.3	1.6	0.4	0.7	0.1	0.1	0.1
35 Tourism	–	–	0.7	1.5	1.5	–	–	–
36 Trade and Industry	94.2	64.9	52.6	108.3	90.3	115.0	120.3	121.5
37 Transport	362.5	215.8	106.1	266.7	266.7	137.4	144.3	151.5
38 Water Affairs	0.1	26.6	76.3	42.1	42.1	22.9	24.3	25.9
Total departmental receipts as per Estimates of National Expenditure	11 657.1	11 950.7	7 291.9	8 025.3	7 057.5	5 122.8	6 401.5	6 932.4
Less: Parliament (retained departmental receipts)	43.4	45.9	38.5	15.5	15.5	11.9	11.5	11.2
Plus: Direct receipts into the National Revenue Fund (National Treasury) ²	1 020.9	–	1 000.0	–	600.0	–	–	–
Plus: South African Revenue Service departmental receipts collection	58.0	711.4	635.1	4 255.0	4 612.0	4 890.0	5 150.0	5 430.0
Total departmental receipts as per Budget Review	12 692.6	12 616.2	8 888.5	12 264.8	12 254.0	10 000.9	11 540.0	12 351.1

1. Departmental receipts exclude extraordinary receipts which are deposited into the National Revenue Fund. Extraordinary receipts are included in the Budget Review.

2. Direct receipts into the National Revenue Fund in this instance refer to Levy accounts/exchange control forfeits collected by the South African Reserve Bank.

Information contained in each chapter

The Estimates of National Expenditure publication describes in detail the planned spending of all national government departments for three years going forward: that is, the years of the medium term expenditure framework (MTEF). The Estimates of National Expenditure is tabled in Parliament by the Minister of Finance on the day the main Budget is tabled. It provides details about the allocation of expenditure to all national departments set out in the Appropriation Bill, which is tabled on the same day.

The main divisions of the Appropriation Bill are divided into votes. A vote generally specifies the total amount appropriated per department, but more than one department may be contained within a single vote. Each chapter in the Estimates of National Expenditure relates to a vote. By appropriating funds from the National Revenue Fund through the approval of the Appropriation Bill, Parliament authorises expenditure.

Votes are arranged into the following functional groupings to facilitate analysis of interdepartmental initiatives and service delivery.

- central government administration
- financial and administrative services
- social services
- justice, crime prevention and security
- economic services and infrastructure.

These functional groupings are informal and are not the same as either the government's cluster system groupings or the standard chart of accounts' more rigorous classification of government functions. In the functional budgeting approach linked to the outcomes approach which has been adopted, these groupings are disaggregated further.

More detailed information for each vote is available on www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly about goods and services, transfers, donor funding, public entities and lower level institutional information is provided.

The chapter for each vote contains the following information:

Budget summary

This table shows the budgeted expenditure for the vote for the three-year MTEF period.

R million	2011/12					2012/13	2013/14
	Total to be Appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Programme name							
Programme name							
Programme name							
Subtotal							
Direct charge against the National Revenue Fund							
Item							
Item							
Total expenditure estimates							
Executive authority	Minister						
Accounting officer	Director-General / Chief Operating Officer						
Website address							

Due to rounding off, the figures do not necessarily add up to the total. Figures are mostly denoted in rand million unless otherwise indicated.

The **2011/12 total to be appropriated** shows the expenditure allocation per programme and the aggregated amount for 2011/12 and corresponds with the information in the 2011 Appropriation Bill.

The totals to be appropriated by Parliament are categorised by economic classification into **current payments, transfers and subsidies, payments for capital assets** and **payments for financial assets**.

Current payments are payments made by a department for its operational requirements.

Transfers and subsidies are payments made by a department for which the department does not directly receive anything in return.

Payments for capital assets are payments made by a department for an asset that can be used for more than one year and from which future economic benefits or service potential are expected to flow.

Payments for financial assets mainly consist of payments made by departments as loans to public corporations or as equity investments in public corporations. The reason for expensing the payments rather than treating them as financing is that, unlike other financial transactions, the purpose of the transaction is not profit oriented. This column is only shown in votes where such payments have been budgeted for. Payments for theft and losses are included in this category; however, these payments are not budgeted for and will thus only appear in the historical information, which can be seen in the expenditure estimates table.

Estimates for the two outer years of the expenditure framework, **2012/13** and **2013/14**, are also shown. These estimates are not included in the 2011 Appropriation Bill as they are still only indicative of actual expenditure levels in the outer years of the MTEF period. Parliament typically only appropriates or authorises expenditure for one financial year at a time. These forward estimates or indicative allocations do, however, form the basis for the planning of the 2012 Budget.

Direct charges against the National Revenue Fund are amounts spent in terms of statutes and do not require parliamentary approval and thus are not contained in the Appropriation Bill. They are not budgeted for under any programme on a particular vote and include, for example, state debt costs.

Total expenditure estimates are the sum of the expenditure on programmes and direct charges, classified into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

The last lines of the table provide accountability information: the vote's executive authority, accounting officer and website address.

Aim

The aim of the vote captures the department's mandate, strategic objectives or administrative functions, and corresponds with the aim stated in the Appropriation Bill.

Programme purposes

Each vote is comprised of several programmes. The activities and functions performed by a department are typically divided into these programmes. Programme 1 is the *Administration* programme, which houses the administrative activities and functions required to keep the department operating. Each vote programme is listed individually with its purpose, as stated in the Appropriation Bill. The programme purpose outlines the activities and functions of the particular programme as per the approved budget programme structure, in terms of the Public Finance Management Act (1999).

Strategic overview: 2007/08 – 2013/14

This section describes the department's strategic direction over the period under review. It includes policy and mandate developments, legislative changes, a discussion on how the department will contribute towards the achievement of outcomes that are attributed to it and the related outputs listed in the service delivery agreements, as well as a table of selected quantitative and trendable performance indicators.

Savings and cost effectiveness measures

In this section, departments discuss details of the reprioritisation of budgets and savings and cost reduction measures to be effected over the MTEF period.

These typically emanate from reduced expenditure on non-core goods and services, the rescheduling of expenditure over time in the case of delays, reduced transfers to certain public entities, improved financial management, reduced expenditure on administration in favour of frontline services and through seeking alternative sources of financing.

Selected performance indicators

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14

The table presents only a selected set of a department or entity's performance information and is not intended to provide a comprehensive view of performance. It should, however, contain key performance indicators that form part of the service delivery agreements.

An **indicator** is a numerical measure that tracks a department's or entity's progress towards its goal. An indicator may measure inputs, activities, outputs, outcomes or in certain instances explanatory information relating to the internal or external environment.

The **programme** column links the indicator to the vote programme associated with it.

Expenditure estimates

This table shows expenditure outcomes and estimates over a seven-year period, by vote programme and by economic classification item.

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
1. Programme name								
2. Programme name								
3. Programme name								
Subtotal								
Direct charge against the National Revenue Fund								
Item								
Item								
Total								
Change to 2010 Budget estimate								

Economic classification

Current payments			
Economic classification item			
Economic classification item			
Transfers and subsidies			
Economic classification item			
Economic classification item			
Payments for capital assets			
Economic classification item			
Economic classification item			
Payments for financial assets			
Total			

Expenditure is set out first by **programme** and then by **economic classification** over a seven-year period.

For comparability, where programme structures have been changed in recent years, expenditure has, where possible, been reallocated to the new approved programme structure for all seven years.

Audited outcomes are presented as they appear in the department or entity's annual financial statements, with amounts reallocated for any subsequent approved budget programme structure changes.

Adjusted appropriation includes any changes made to the appropriation voted in the main 2010 Budget for the financial year, with amounts reallocated for any subsequent approved programme structure changes. Changes are generally made mid-year at the time of the adjustments budget. These adjustments can only be made in terms of the circumstances listed in section 30 of the Public Finance Management Act (1999). Adjustments were included in the Adjustments Appropriation Bill, which Parliament approved before expenditure could take place, and the details were published in the Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2010/11 represents National Treasury's current estimate, in consultation with the department, of expenditure outcomes. This does not imply a change in the amounts voted to departments in the 2010/11 adjusted appropriation; it is merely a more recent estimate of what the department is likely to spend in this financial year.

The **medium-term expenditure estimates** are shown for 2011/12, 2012/13 and 2013/14. The spending figures for 2011/12 constitute the proposed appropriation to be funded from the National Revenue Fund that is contained in the main Appropriation Bill, which has to be considered by Parliament after it has been tabled. The medium-term expenditure estimates for 2012/13 and 2013/14 are indicative allocations, and will form the basis for planning the 2012 Budget.

Direct charges against the National Revenue Fund are amounts spent in terms of statutes and do not require parliamentary approval and thus are not contained in the Appropriation Bill. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The **totals**, which are the sum of the expenditure on programmes and direct charges, are also classified into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

Expenditure trends

The main expenditure trends and vote programme structure changes from 2007/08 to 2013/14 are described. Trends are generally represented over the MTEF period between 2010/11 and 2013/14, or over the entire period between 2007/08 and 2013/14.

An explanation of the spending focus over the MTEF period in relation to the strategic objectives and the performance targets that will be achieved over the period is given. Expenditure growth in the historical period is also typically compared to expenditure anticipated over the MTEF period. Reasons are given for trends that are identified, and the significant increases or decreases in expenditure are explained in terms of the underlying policies that inform the trends. A summary of the new (additional) allocations to the vote programme's baseline budget is given. The baseline is derived from the previous year's forward estimates after consideration of savings, cost reduction and reprioritisation opportunities.

Generally, unless otherwise indicated, average annual growth rates are reflected in nominal, not real, terms. Where inflationary growth has been excluded from the calculation and real growth estimates are provided, the consumer price index has been used to deflate the growth rate.

Personnel information

A brief summary of the personnel posts per programme by salary level is given.

Infrastructure spending

Expenditure on existing, new and mega infrastructure is discussed.

Departmental receipts

Departmental anticipated (non-tax) receipts for the MTEF period are described in relation to receipts for 2010/11.

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts								
Economic classification item								
Economic classification item								
Total								

Information on each programme

Each programme section (with the exception of the *Administration* programme) opens with the purposes and activities of the subprogrammes that form that programme. Key functions, activities and transfers are highlighted by subprogramme. The work carried out by the subprogramme is explained in relation to the personnel responsible, the spending allocation of the funding, and outputs achieved.

Programme 1 is always *Administration*, which includes spending on the ministry, the director-general's office and central corporate services. The Ministry subprogramme includes spending on the ministerial and deputy ministerial offices.

Objectives and measures

Objectives and measures are indicated for each programme. Objectives should include an explanation of strategic intent as well as specific interventions and progress measures. (Programme 1 (*Administration*) is generally exempt from providing objectives and measures.)

For example: Improve the provision of specified services and products to eligible citizens and residents (strategic intent/objective) by reducing the time taken to issue passports and travel documents (specific intervention) from 10 days in 2010/11 to 5 days in 2013/14 (progress measure).

Expenditure estimates (per programme)

Tables for each programme set out expenditure by subprogramme and economic classification over a seven-year period.

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Subprogramme name							
Subprogramme name							
Subprogramme name							
Total							
Change to 2010 Budget estimate							
Economic classification							
Current payments							
Economic classification item							
Economic classification item							
Transfers and subsidies							
Economic classification item							
Economic classification item							
Payments for capital assets							
Economic classification item							
Economic classification item							
Payments for financial assets							
Total							

Expenditure trends (per programme)

Important expenditure trends for each programme are explained. The scope of the information provided in this section is similar to what is provided for the entire vote.

Public entities and other agencies

The scope of information contained in the write-up on public entities is similar to what is reported for the department.

Information on each of the public entities generally consists of the following:

- key legislative mandates in terms of which the entity was established and within which it operates as well as the outcomes and related outputs as stated in service delivery agreements
- selected performance indicators relating to the entity's mandate
- planned deliverables for the next MTEF period
- key achievements during the previous reporting periods
- financial data tables for the entity, focusing on the sources of funding for the entity, key spending areas and expenditure trends, and, if applicable, an analysis of some of the more important items on the entity's balance sheet that relate to the key activities being carried out
- reprioritisation, savings and cost effectiveness measures implemented
- personnel expenditure by salary level
- a list of other entities for which more detail appears on www.treasury.gov.za appears at the end of each chapter together with a short description of what the entity does and its total budget.

Additional tables

Additional tables appear at the end of the vote. These include:

Summary of expenditure trends and estimates per programme and economic classification

This table shows the budgeted expenditure and the revised estimate for 2010/11 as well as the audited outcome for 2009/10.

Details of approved establishment and personnel numbers per salary level

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on the **number of personnel posts filled/planned for on funded establishment** in the department at different salary levels **per programme** as at 30 September 2010.

Number of posts on approved establishment refers to the number of departmental employment positions approved by the Department of Public Service and Administration.

Number of funded posts refers to the number of departmental employment positions which are provided for within the budget.

Number of posts additional to the establishment typically refers to additional employment positions that have been allocated on an ad hoc basis and that do not form part of the approved departmental establishment.

Summary of expenditure on training

Information is provided on the funds spent on training as a proportion of compensation of employees, and the number of people trained by the department.

Summary of conditional grants to provinces and municipalities

A conditional grant refers to an allocation made by the national government, from its nationally raised revenue, to a province, local government or municipality, on condition that certain requirements or services are met.

Summary of departmental public private partnerships projects

Disclosure notes with additional details are provided for the projects signed in terms of Treasury Regulation 16.

Public private partnerships refer to contractual arrangements in which a private party performs part of a government function and assumes the associated risks. In return, the private party receives a fee according to predefined performance criteria. A public private partnership may also be a project in which a private party uses state assets for its own commercial purposes, and government benefits from the profits generated by the enterprise.

A signed project is a public private partnership project which has reached financial close and is being implemented.

Projects in preparation are in some stage of inception, feasibility or procurement, but have not yet reached financial close.

Unitary charge or fee refers to the total payment made to the private party for the provision of the various services.

Advisory fees are costs related to the hiring of transaction advisors who assist government with feasibility studies and procurement in the public private partnership project process.

Project monitoring cost is associated with the ongoing evaluation and monitoring of public private partnerships in operation.

Summary of donor funding

Donor funding is funding received by departments over and above the allocations provided in the South African government's appropriation legislation.

Donor funding comprises official development assistance and other local and international donations.

Official development assistance is an official resource flow from the international donor community to the South African government in the form of grants, technical cooperation and financial cooperation.

The **programme** column links the donor funding to the vote programme that is associated with it.

The **spending focus** shows what the department aims to achieve by using the funding.

Summary of expenditure on infrastructure

The infrastructure table includes new and replacement assets, maintenance and repairs, upgrades and additions, and rehabilitation, renovation and refurbishment of assets.

Departmental infrastructure refers to direct spending by a department on infrastructure assets which the department will own.

Infrastructure transfers to other spheres, agencies and departments refers to transfers and grants to other government institutions for expenditure on infrastructure.

Fixed installations transferred to households shows the transfer of funds to individual South Africans to be used for the construction of fixed 'on-site' structures that enhance the welfare of households.

Maintenance refers to all maintenance, repairs and refurbishment expenditure on infrastructure that prolongs the life and retains the value of the infrastructure asset. This item does not include day-to-day maintenance.

In all expenditure and revenue tables a dash (-) indicates that information is unavailable or zero.

Defence and Military Veterans

**National Treasury
Republic of South Africa**



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Vote 22

Defence and Military Veterans

Budget summary

R thousand	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	3 718 129	3 668 167	36 440	13 522	4 052 120	4 395 303
Force Employment	2 241 553	1 964 020	208 268	69 265	2 436 064	2 692 237
Landward Defence	11 763 543	9 377 775	2 331 043	54 725	12 773 878	13 730 269
Air Defence	6 768 133	4 306 965	2 446 415	14 753	7 216 773	7 007 093
Maritime Defence	2 500 516	2 065 303	406 524	28 689	2 539 002	2 919 458
Military Health Support	3 044 139	2 968 036	42 522	33 581	3 328 036	3 519 675
Defence Intelligence	668 988	255 113	411 449	2 426	702 465	737 049
General Support	3 899 964	2 672 978	1 095 351	131 635	4 322 904	4 701 090
Total expenditure estimates	34 604 965	27 278 357	6 978 012	348 596	37 371 242	39 702 174
Executive authority	Minister of Defence and Military Veterans					
Accounting officer	Secretary for Defence					
Website address	www.dod.mil.za					

Aim

Defend and protect the Republic of South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force.

Programme purposes

Programme 1: Administration

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

Programme 2: Force Employment

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

Programme 3: Landward Defence

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

Programme 4: Air Defence

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

Programme 5: Maritime Defence

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

Programme 6: Military Health Support

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

Programme 7: Defence Intelligence

Purpose: Provide defence intelligence and counter intelligence capability.

Programme 8: General Support

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

Strategic overview: 2007/08 – 2013/14

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

Amended strategic focus

To continue to deliver on its mandate, the department has integrated the necessary changes to its strategic priorities, so that they are aligned with government's medium term strategic framework and the outcomes approach. The revised focus embraces government's developmental objectives and the department's core aims.

Alignment with government outcomes

The department will contribute to: ensuring a long and healthy life for all South Africans (outcome 2) through its 88 geographic health care facilities and 3 specialist or tertiary hospitals; ensuring that all people in South Africa are and feel safe (outcome 3) through borderline management; and developing a skilled and capable workforce to support an inclusive growth path (outcome 5) through the military skills development system. In relation to creating a better South Africa and contributing to a better and safer Africa and world (outcome 11), the department will take on the secretariat and coordinating role as the lead department in the international cooperation, trade and security cluster.

Strategic priorities

Specific strategic priorities that reflect the department's developmental path and are linked to performance indicators include: the department's contribution and support to the United Nations (UN) requirements for its peace missions: working with the African Union (AU) in support of the Southern African Development Community's (SADC) early warning centre, which will help the organisation's member states detect signs of crises, conflicts or natural disasters; and being a signatory to SADC's standby force agreements and pledges.

In relation to internal deployments, the department will focus on finalising its border management and safeguarding strategy.

The department will continue to enhance the one force, core force and growth force process, which ensures an appropriate balance between regular members, reserve members and personnel appointed in terms of the Public Service Act (1994). The process will be strengthened by the national youth service concept, improvements to the military skills development system and the increased use of the Reserve Force component as a supplement to the core system of defence. The department will also continue to upgrade the South African National Defence Force's equipment for its primary missions.

Contributing to global security and peace initiatives

A key part of government policy is to promote regional, continental and global security by employing defence capabilities to support UN and AU peace missions. The South African National Defence Force has given substantial support to peace missions, natural and humanitarian disasters, and democratic elections through its land, air, maritime and military health capabilities. The department has made good progress in building good relations with countries in Africa and the world. Since 2007, the department has established 12 new defence attaché missions, providing the South African National Defence Force with increased capacity for its conducting of bilateral and multilateral relations. Support has also been given to post-conflict reconstruction and training,

and this will be sustained over the medium term. Current deployments are mainly in the Democratic Republic of the Congo and Sudan.

Supporting national initiatives

The South African National Defence Force has continued to support government initiatives and departments in areas such as border safeguarding, safety and security, disaster relief and aid, search and rescue operations, and protection services during the 2010 FIFA World Cup. Humanitarian support was provided in a number of extreme instances, particularly in potential hotspots of xenophobic violence in 2009 and 2010. The defence force is prepared for being deployed for national security and humanitarian efforts, including hotspots of civilian unrest, elections, natural disasters such as fires and floods, health emergencies, and infrastructure initiatives for underserved communities.

A key achievement was the reduction of audit qualifications over the period 2007/08 to 2009/10 from 7 to 1. Furthermore, the improvements of the South African National Defence Force's members' service conditions through a new service dispensation was finalised and implemented in December 2009. In addition, to implement the May 2009 President's pronouncement on military veterans, the department, in support of the Minister, undertook work that led to the 28 December 2009 proclamation of the Department of Military Veterans.

Focus over the short and medium term

In the short term, the department will focus on updating the defence strategy, improving defence facilities and infrastructure, and preparing, maintaining and employing current defence capabilities. Over the medium term, the department will focus on achieving an affordable and sustainable force structure, rightsizing, and the rejuvenation of its human resources. Joint, interdepartmental and multinational exercises are also planned and will contribute to ensuring appropriate levels of force readiness.

Savings and cost effectiveness measures

Savings of R506.6 million in 2011/12, R568.1 million in 2012/13 and R549.2 million in 2013/14 have been identified across all programmes in spending on goods and services, mainly in spending on contractors. Significant effort has also gone into implementing other cost containment measures throughout the department without compromising frontline defence services. These include: limiting overseas visits and travel; limiting the replacement of sedan vehicles; reducing the procurement of books, pamphlets, newspapers, magazines and office furniture; and curtailing expenditure on work sessions and catering. In addition, more work will be done to address armament acquisition over the MTEF period to ensure that the cash flow arrangements remain as planned.

Selected performance indicators

Table 22.1 Defence and Military Veterans

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Percentage compliance with SADC early warning centre contribution and outcomes	Force Employment	–1	–1	–1	–1	100%	100%	100%
Percentage compliance with the SADC standby force agreements and South African pledge	Force Employment	–1	–1	–1	–1	100%	100%	100%
Number of large scale external operations per year	Force Employment	11	9	8	4	3	3	3
Average number of personnel deployed daily in external operations per year	Force Employment	2 698	2 931	2 480	2 041	1 985	1 985	1 985

Table 22.1 Defence and Military Veterans (continued)

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of person days used during internal operations per year	Force Employment	515 516	231 608	133 036	524 000	375 000	555 165	735 840
Number of internal operations in support of other government departments per year	Force Employment	3	4	5	5	4	4	4
Number of joint, interdepartmental and military exercises conducted per year	Force Employment	10	10	8	8	8	8	8
Percentage compliance with UN requirements, rules and regulations for peace missions	Force Employment	— ¹	— ¹	— ¹	— ¹	100%	100%	100%
Total number of defence diplomatic missions per year	Administration	32	36	37	37	37	37	37
Finalisation of the department's border management strategy	Administration	— ¹	— ¹	— ¹	— ¹	Strategy approved	Strategy implemented	Strategy reviewed
Number of force employment hours flown per year	Air Defence	12 271	11 099	12 754	8 279	10 402	8 862	9 452
Number of sea hours on patrol in South African maritime zones per year	Maritime Defence	9 648	8 236	12 945	8 286	9 000	9 000	9 000
Number of members in the military skills development system per year	Landward Defence	4 677	6 736	8 874	8 662	11 140	11 140	11 140
Number of active reserves per year	Landward Defence	12 583	19 763	13 352	11 083	16 400	17 500	18 500

1. New indicator.

Expenditure estimates

Table 22.2 Defence and Military Veterans

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10			2011/12	2012/13	2013/14
R thousand				2010/11				
Administration	2 153 864	2 480 151	2 914 089	3 417 212	3 417 212	3 718 129	4 052 120	4 395 303
Force Employment	1 581 185	1 913 910	1 886 540	2 282 196	2 282 196	2 241 553	2 436 064	2 692 237
Landward Defence	7 128 036	7 487 170	9 042 227	9 009 566	9 009 566	11 763 543	12 773 878	13 730 269
Air Defence	7 314 782	8 018 779	8 643 762	5 536 417	5 536 417	6 768 133	7 216 773	7 007 093
Maritime Defence	2 396 650	1 837 191	1 997 454	2 358 301	2 358 301	2 500 516	2 539 002	2 919 458
Military Health Support	1 877 742	2 176 940	2 608 128	3 049 569	3 049 569	3 044 139	3 328 036	3 519 675
Defence Intelligence	461 066	506 752	594 703	656 613	656 613	668 988	702 465	737 049
General Support	2 266 788	3 380 393	3 637 344	4 132 717	4 132 717	3 899 964	4 322 904	4 701 090
Total	25 180 113	27 801 286	31 324 247	30 442 591	30 442 591	34 604 965	37 371 242	39 702 174
Change to 2010 Budget estimate				(272 742)	(272 742)	673 609	984 723	1 314 396
Economic classification								
Current payments	15 723 275	17 894 281	20 774 911	25 752 838	25 752 838	27 278 357	29 138 667	31 411 434
Compensation of employees	9 735 905	10 620 019	12 705 579	16 219 017	16 219 017	16 770 748	17 700 464	18 787 813
Goods and services	5 987 370	7 274 262	8 069 332	9 533 821	9 533 821	10 507 609	11 438 203	12 623 621
of which:								

Table 22.2 Defence and Military Veterans (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Current payments								
<i>Administrative fees</i>	4 022	4 766	9 670	9 729	9 729	9 898	9 287	7 879
<i>Advertising</i>	2 464	4 855	8 156	6 932	6 932	9 971	11 217	11 535
<i>Assets less than the capitalisation threshold</i>	93 001	94 693	125 774	211 296	211 296	265 788	260 721	224 624
<i>Audit cost: External</i>	27 417	41 415	46 442	49 974	49 974	65 313	58 079	60 983
<i>Communication</i>	56 481	89 840	107 895	88 611	88 611	96 722	100 300	104 848
<i>Computer services</i>	562 311	753 289	841 367	972 890	972 890	1 060 304	1 168 258	1 248 983
<i>Consultants and professional services: Business and advisory services</i>	120 469	162 782	311 615	137 506	137 506	133 745	114 945	122 717
<i>Consultants and professional services: Infrastructure and planning</i>	17 545	4 977	10 578	34 235	34 235	29 231	29 811	31 765
<i>Consultants and professional services: Laboratory services</i>	13 295	9 349	11 698	4 675	4 675	5 934	6 545	6 999
<i>Consultants and professional services: Legal costs</i>	4 480	3 455	636	1 653	1 653	8 338	8 755	9 194
<i>Contractors</i>	2 390 545	2 397 647	2 834 304	3 797 732	3 797 732	4 196 633	4 683 631	5 567 802
<i>Agency and support / outsourced services</i>	237 709	303 490	388 297	356 816	356 816	362 252	366 432	369 467
<i>Entertainment</i>	13 054	5 256	6 878	7 970	7 970	9 300	10 461	10 008
<i>Fleet services (including government motor transport)</i>	162	–	119	–	–	–	–	–
<i>Inventory: Food and food supplies</i>	304 529	569 917	700 706	632 293	632 293	782 577	824 519	898 497
<i>Inventory: Fuel, oil and gas</i>	389 526	413 045	309 438	350 788	350 788	402 889	439 250	474 933
<i>Inventory: Learner and teacher support material</i>	9 476	2 473	(86 399)	480	480	1 313	1 383	1 454
<i>Inventory: Materials and supplies</i>	146 050	194 305	209 943	372 599	372 599	224 857	241 298	211 805
<i>Inventory: Medical supplies</i>	187 610	205 915	217 817	214 995	214 995	75 813	90 860	98 257
<i>Inventory: Medicine</i>	–	5	–	12	12	145 093	211 332	224 945
<i>Medsas inventory interface</i>	348	213	–	–	–	–	–	–
<i>Inventory: Military stores</i>	27 306	102 985	30 668	92 292	92 292	97 994	86 994	67 911
<i>Inventory: Other consumables</i>	91 991	130 286	135 508	178 672	178 672	224 077	254 730	265 813
<i>Inventory: Stationery and printing</i>	52 373	64 888	74 166	130 751	130 751	84 580	85 579	91 134
<i>Lease payments</i>	366 245	252 274	222 159	273 557	273 557	296 662	313 831	329 981
<i>Property payments</i>	339 195	407 235	485 519	505 530	505 530	679 836	760 118	831 790
<i>Transport provided: Departmental activity</i>	–	–	–	20 174	20 174	–	–	–
<i>Travel and subsistence</i>	309 575	604 933	703 032	527 438	527 438	703 005	723 828	744 208
<i>Training and development</i>	95 260	97 369	110 692	155 844	155 844	163 139	169 069	179 064
<i>Operating expenditure</i>	105 337	340 426	237 758	369 030	369 030	340 233	375 714	405 296
<i>Venues and facilities</i>	19 594	12 179	14 896	29 347	29 347	32 112	31 256	21 729
Transfers and subsidies	8 926 890	8 833 120	9 363 428	3 939 166	3 939 166	6 978 012	7 657 559	7 695 529
Provinces and municipalities	36 710	13 806	–	–	–	–	–	–
Departmental agencies and accounts	8 243 440	8 096 608	8 629 128	3 073 530	3 073 530	5 988 296	6 623 524	6 607 185
Public corporations and private enterprises	473 827	565 754	602 908	720 467	720 467	820 872	863 980	918 514

Table 22.2 Defence and Military Veterans (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Non-profit institutions	2 878	4 198	4 342	4 754	4 754	6 317	6 803	7 109
Households	170 035	152 754	127 050	140 415	140 415	162 527	163 252	162 721
Payments for capital assets	497 719	998 879	1 136 349	750 587	750 587	348 596	575 016	595 211
Buildings and other fixed structures	134 087	505 382	599 094	487 037	487 037	126 475	133 817	140 196
Machinery and equipment	355 207	492 192	454 011	243 574	243 574	200 997	419 434	432 113
Specialised military assets	–	–	83 094	19 005	19 005	20 652	21 292	22 383
Biological assets	–	–	10	654	654	–	–	–
Software and other intangible assets	8 425	1 305	140	317	317	472	473	519
Payments for financial assets	32 229	75 006	49 559	–	–	–	–	–
Total	25 180 113	27 801 286	31 324 247	30 442 591	30 442 591	34 604 965	37 371 242	39 702 174

Expenditure trends

The spending focus over the MTEF period will be on maintaining current capabilities, strengthening borderline control, and peace missions.

Between 2007/08 and 2010/11, expenditure increased from R25.2 billion to R30.4 billion, at an average annual rate of 6.5 per cent. Over the medium term, expenditure is expected to increase to R39.7 billion, at an average annual rate of 9.3 per cent. The increase over the medium term is due to additional funding to improve conditions of service for defence force members, increase uptake into the military skills development system, modernise landward defence capabilities and border safeguarding.

The *Landward Defence* programme remains the largest programme and takes up 33.1 per cent of the department's budget over the medium term. Expenditure on this programme is expected to increase from R9 billion in 2010/11 to R13.7 billion in 2013/14, at an average annual rate of 15.1 per cent, mainly due to additional allocations in the 2010 Estimates of National Expenditure for landward defence renewal.

The decrease of 23.3 per cent in spending in the *Maritime Defence* programme in 2008/09 is due to the finalisation of frigate and submarine strategic defence procurement projects, while the decrease of 35.9 per cent in 2010/11 and 2.9 per cent in 2013/14 in the *Air Defence* programme is due to the termination of the A400M aircraft contract and the achievement of delivery milestones of the Gripen strategic defence procurement programme. The increases of 8.7 per cent in 2012/13 and 10.5 per cent in 2013/14 in the *Force Employment* programme are due to the allocation of funds for border safeguarding.

The ratio of administrative costs to line function programme costs in 2011/12 is 1:5. The majority of administrative costs are within the *Administration* and *General Support* programmes. Expenditure on compensation of employees at R16.8 billion or 48.5 per cent of the 2011/12 budget remains the largest item of expenditure in the defence budget and is largely due to implementing a new remuneration system in the department. Expenditure on goods and services, and transfers and subsidies make up 30.4 per cent and 20.2 per cent of the total budget in 2011/12. These percentages remain relatively stable over the medium term. The special defence account receives R6 billion or 86 per cent in transfers in 2011/12 to acquire and upgrade main weapon systems and technology. R820.9 million will be transferred to Armscor for acquisition, maintenance and disposal services of defence matériel.

Infrastructure spending

Rebuilding the runway at the Air Force Base Waterkloof is the department's only mega project. The total cost of the project will be R1.2 billion. To date, R723.4 million has been spent and another R495.3 million will be spent over the medium term. The project is currently at the construction stage and is expected to be completed in 2012/13.

The department funds 29 small capital works and recoverable building projects. The total project cost of all the small capital works projects is R890.3 million. For 2010/11, R90 million has been allocated on these projects and an additional R405.2 million will be spent over the medium term. 30 per cent of the projects are currently at

the construction stage and 70 per cent at the identification stage. All these projects are expected to be completed in 2013/14 and 2014/15. The bulk of the funds are spent on upgrading military facilities, and improving security at some military bases.

The department runs repair and maintenance programmes at the military hospitals in Pretoria and Cape Town, Air Force Base Waterkloof in Pretoria, 4 SA Infantry Battalion in Middelburg, 35 Engineer Support Regiment in Dunnottar, the Naval Dockyard in Simon's Town, 21 SA Infantry Battalion in Doornkop, 10 SA Infantry Battalion in Mafikeng, and one of the messes in Pretoria. Over the medium term, the refurbishing programme will be extended to refurbish 30 military bases. R2.7 billion has been allocated to the department's repair and maintenance programme over the MTEF period.

Personnel information

The department has an establishment of 87 430 posts, of which 78 098 are funded. The number of posts filled increased from 74 841 in 2007/08 to 77 206 in 2010/11, and is expected to grow to 80 274 in 2013/14. This is mainly as a result of the growth in the intake of military skills development system members from 8 662 in 2011/12 to 11 140 in 2013/14.

There are 892 vacancies in the department, mainly at skilled and highly skilled production levels. Most of these are in the *Landward Defence*, *Air Defence* and *General Support* programmes. The posts will be staffed according to the approved human resource plan for 2011/12.

The ratio of support staff to line staff is 1:18.

Departmental receipts

Departmental receipts are mainly from the sale of redundant or obsolete equipment and defence matériel, the rental of accommodation to personnel, and boarding and lodging. Departmental receipts, specifically financial transactions in assets and liabilities, fluctuate due to the unpredictable nature of reimbursements for peace missions. Revenue collection projections are also hampered by the unpredictable nature of the potential buyers of equipment, and by international treaties, protocols and licence agreements. The increase in revenue from 2009/10 to 2010/11 was due to the high volume of disposals. Over the medium term, revenue is expected to decrease from R902.5 million in 2010/11 to R885.9 million in 2013/14, at an average annual rate of 0.6 per cent.

Table 22.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	551 855	629 390	699 949	902 466	902 466	803 542	843 719	885 904
Sales of goods and services produced by department	165 148	165 268	209 606	281 638	281 638	295 720	310 506	326 031
Sales of scrap, waste, arms and other used current goods	7 336	28 285	–	17 859	17 859	18 752	19 690	20 674
Transfers received	–	290 653	228 291	195 682	195 682	172 353	180 971	190 019
Fines, penalties and forfeits	1 157	1 058	3 724	3 615	3 615	3 796	3 986	4 185
Interest, dividends and rent on land	1 710	1 398	2 750	2 473	2 473	2 597	2 726	2 863
Sales of capital assets	128 913	122 066	19 481	52 684	52 684	55 318	58 084	60 988
Transactions in financial assets and liabilities	247 591	20 662	236 097	348 515	348 515	255 006	267 756	281 144
Total	551 855	629 390	699 949	902 466	902 466	803 542	843 719	885 904

Programme 1: Administration

Expenditure estimates

Table 22.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ministry	17 417	20 975	50 152	45 133	55 694	58 701	60 975
Departmental Direction	16 350	16 235	20 794	26 745	38 740	41 558	44 815
Policy and Planning	100 650	58 836	69 023	92 284	96 699	102 918	110 630
Financial Services	179 644	186 339	218 347	241 478	266 091	267 960	281 285
Human Resources Support Services	414 564	498 759	541 450	645 269	635 355	668 032	707 050
Legal Services	86 166	110 825	122 513	173 798	160 942	168 077	175 676
Inspection Services	38 407	48 054	55 530	60 991	69 759	72 890	76 715
Acquisition Services	50 674	52 874	40 652	51 779	54 129	58 351	61 869
Communication Services	21 929	23 655	29 151	29 756	29 652	30 954	32 612
South African National Defence Force Command and Control	29 146	68 030	83 604	93 822	105 828	108 787	115 840
Religious Services	5 501	7 167	7 920	9 421	9 628	11 534	12 129
Defence Reserve Direction	7 779	10 204	13 030	16 112	15 859	16 376	17 089
Defence Foreign Relations	102 969	143 792	117 582	148 333	172 433	192 119	202 035
Office Accommodation	1 082 668	1 234 406	1 544 341	1 762 291	1 961 950	2 202 656	2 445 642
Military Veterans Management	–	–	–	20 000	45 370	51 207	50 941
Total	2 153 864	2 480 151	2 914 089	3 417 212	3 718 129	4 052 120	4 395 303
Change to 2010 Budget estimate				170 132	100 978	60 375	184 012
Economic classification							
Current payments	2 079 025	2 400 404	2 828 423	3 359 327	3 668 167	4 001 319	4 344 385
Compensation of employees	773 737	851 734	950 002	1 211 058	1 235 176	1 310 467	1 387 645
Goods and services	1 305 288	1 548 670	1 878 421	2 148 269	2 432 991	2 690 852	2 956 740
of which:							
Administrative fees	1 728	3 075	7 698	5 737	5 701	4 870	3 229
Advertising	1 255	3 085	5 217	4 304	5 105	5 874	5 868
Assets less than the capitalisation threshold	1 991	3 645	5 660	7 337	6 327	5 672	5 486
Audit cost: External	–	–	–	–	10 000	–	–
Communication	4 249	4 420	9 887	11 824	15 522	15 998	15 993
Computer services	23 233	27 722	69 448	81 103	106 638	114 424	109 287
Consultants and professional services: Business and advisory services	7 872	10 793	18 095	21 758	13 661	11 039	8 916
Consultants and professional services: Infrastructure and planning	–	330	6 107	–	1 557	1 820	1 929
Contractors	749 670	825 298	960 278	1 137 144	1 157 118	1 317 836	1 492 627
Agency and support / outsourced services	4 468	5 009	12 789	11 245	16 226	16 654	14 603
Entertainment	1 548	1 124	2 658	3 933	4 430	4 480	4 551
Fleet services (including government motor transport)	162	–	119	–	–	–	–
Inventory: Food and food supplies	4 151	5 417	12 906	15 608	23 275	21 510	43 127
Inventory: Fuel, oil and gas	3 208	3 217	7 553	11 327	12 615	13 003	13 337
Inventory: Learner and teacher support material	673	–	9	–	–	–	–
Inventory: Materials and supplies	527	86	(1 947)	1 422	1 755	1 750	1 747
Inventory: Medical supplies	2	3	4	1	1	–	–
Inventory: Military stores	109	–	3	–	84	89	93
Inventory: Other consumables	1 823	2 481	4 814	4 837	4 876	5 351	5 426

Table 22.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
<i>Inventory: Stationery and printing</i>	4 254	4 607	10 537	12 673	12 552	13 231	13 713
<i>Lease payments</i>	150 429	215 333	183 220	228 762	247 130	267 314	281 698
<i>Property payments</i>	315 744	379 256	457 088	466 375	654 039	732 035	801 760
<i>Transport provided: Departmental activity</i>	–	–	–	3 950	–	–	–
<i>Travel and subsistence</i>	17 597	37 820	76 494	80 119	88 568	92 132	87 137
<i>Training and development</i>	3 902	4 028	11 649	15 021	18 267	18 043	18 246
<i>Operating expenditure</i>	5 302	8 958	13 642	20 913	23 977	23 898	23 983
<i>Venues and facilities</i>	1 391	2 963	4 493	2 876	3 567	3 829	3 984
Transfers and subsidies	42 216	34 245	39 197	38 909	36 440	37 335	38 360
Provinces and municipalities	4 978	625	–	–	–	–	–
Departmental agencies and accounts	7 728	8 800	9 938	13 207	14 908	15 827	16 904
Non-profit institutions	–	3 886	4 002	4 174	5 917	6 383	6 668
Households	29 510	20 934	25 257	21 528	15 615	15 125	14 788
Payments for capital assets	25 711	34 447	35 883	18 976	13 522	13 466	12 558
Buildings and other fixed structures	–	31	–	–	–	101	284
Machinery and equipment	25 701	34 416	35 862	18 962	13 522	13 365	12 274
Software and other intangible assets	10	–	21	14	–	–	–
Payments for financial assets	6 912	11 055	10 586	–	–	–	–
Total	2 153 864	2 480 151	2 914 089	3 417 212	3 718 129	4 052 120	4 395 303
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	7 728	8 800	9 938	13 207	14 908	15 827	16 904
Safety and Security Sector Education and Training Authority	7 728	8 800	9 938	13 207	14 908	15 827	16 904
Households							
Households social benefits							
Current	29 510	20 934	25 257	21 528	15 615	15 125	14 788
Employee social benefits	29 510	20 934	25 257	21 528	15 615	15 125	14 788
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	4 978	625	–	–	–	–	–
Regional Service Council Levies	4 978	625	–	–	–	–	–
Non-profit institutions							
Current	–	3 886	4 002	4 174	5 917	6 383	6 668
Regional Service Council Levies	–	3 886	4 002	4 174	5 917	6 383	6 668

Expenditure trends

Expenditure increased from R2.2 billion in 2007/08 to R3.4 billion in 2010/11, at an average annual rate of 16.6 per cent, and is expected to increase to R4.4 billion over the medium term, at an average annual rate of 8.8 per cent. The strong growth in this programme is the result of increased expenditure in the *Office Accommodation* subprogramme, which grew from R1.1 billion in 2007/08 to R1.8 billion in 2010/11, at an average annual rate of 17.6 per cent, and is expected to increase to R2 billion over the medium term at an average annual rate of 11.5 per cent.

Between 2007/08 and 2010/11, expenditure in the *Ministry* subprogramme increased at an average annual rate of 37.4 per cent, due to the organisational structures in the office of the minister being expanded. Expenditure in the *Military Veterans Management* subprogramme is expected to increase from R20 million in 2010/11 to

R50.9 million in 2013/14, at an average annual rate of 36.6 per cent to cater for the department's operational expenditure.

The increase of 44.8 per cent in expenditure in the *Departmental Direction* subprogramme and 12.8 per cent in the *South African National Defence Force Command and Control* subprogramme in 2011/12 is due to the filling of vacant posts. The increase of 14.4 per cent in the *Inspection Services* subprogramme in 2011/12 is due to the appointment of staff to finalise the closing-down audits of the group headquarters and commando units. The increase of 41.8 per cent in the transfers to non-profit institutions in 2011/12 relates to the Reserve Force Council and will provide for the implementation of the reserve force salary dispensation.

Programme 2: Force Employment

- *Strategic Direction* formulates and controls strategies, policies and plans for the employment of forces. The subprogramme has a staff complement of 162, and a total budget of R108.4 million, of which 71.8 per cent will be used for compensation of employees. In the first half of 2010/11, the department successfully employed mission trained forces in terms of South Africa's policies and international obligations.
- *Operational Direction* provides operational direction to joint and multinational task forces and joint tactical headquarters through an operational level headquarters. The subprogramme has a total budget of R261.4 million, of which 81.4 per cent will be used for compensation of employees. In the first half of 2010/11, Joint Operations was actively involved with the international cooperation trade and security cluster delivery agreement in working with key partners to produce outputs which will contribute to the creating a better South Africa and contributing to a better and safer Africa and world (outcome 11).
- *Special Operations* provides and employs a special operations capability within the approved Special Forces mandate for the South African National Defence Force. The subprogramme has a total budget of R550.8 million, of which 49.4 per cent will be used for compensation of employees. In the first half of 2010/11, Special Forces provided support to marine and coastal management by providing a surveillance team deployed in the Betty's Bay area in Western Cape.
- *Regional Security* provides for the deployment of forces in support of South Africa's commitment to regional, continental and global security. The subprogramme has a total budget of R943.8 million, of which 39.3 per cent will be used for compensation of employees and 17 per cent for operating expenditure. In the first half of 2010/11, the South African National Defence Force conducted two large to medium scale peace support operations and two small scale general military assistance operations, based on requests from the UN and the AU.
- *Support to the People* provides for the internal deployment of forces in support of the South African Police Service and other government departments. The subprogramme has a total budget of R341.7 million, of which 47.5 per cent will be used for compensation of employees and 50 per cent for repairs and maintenance and new machinery acquisition. In the first half of 2010/11, the South African National Defence Force successfully deployed members to the Musina, Pontdrift, Macadamia and Ndumo bases to execute border safeguarding tasks. 3 831 illegal foreigners and 241 criminals were arrested, and 4 stolen vehicles and 6 weapons, as well as narcotics were recovered. Support was also provided to the Department of Health during the 25-day public service strike.
- *Defence Capability Management* provides for: the planning and control of joint, interdepartmental and multinational military force preparation exercises; developing the joint force employment command; and control plan and capability development management. The subprogramme has a total budget of R35.3 million, of which 60 per cent goes to contractors for building and contractual obligations and 33 per cent is a transfer payment to the Armaments Corporation of South Africa. In 2010/11, the following outputs were achieved: guidance of shipping in the Pacific Ocean in Sydney, Australia; and a multinational exercise between the navies of South Africa, India and Brazil in South Africa.

Objectives and measures

- Provide and manage defence capabilities, including an operational capability, to conduct operations and joint interdepartmental and multinational military exercises by:
 - providing and employing a special operations capability in accordance with national requirements

- ensuring full participation in the number of peace missions as instructed by the president
- conducting 24 joint, interdepartmental and multinational military force preparation exercises over the next 3 years (excluding Special Forces and service unique multinational exercises)
- conducting 4 operations per year protecting the territorial integrity and sovereignty of South Africa, supporting other government departments and complying with international obligations.

Expenditure estimates

Table 22.5 Force Employment

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Strategic Direction	50 792	56 481	69 592	91 766	108 383	106 632	111 534
Operational Direction	160 203	143 962	169 680	248 874	261 448	280 247	300 963
Special Operations	343 536	373 223	417 219	488 790	550 834	579 781	616 077
Regional Security	722 642	1 092 187	1 091 256	1 094 124	943 833	996 224	1 086 355
Support to the People	293 199	234 726	94 902	339 621	341 721	454 322	557 408
Defence Capability Management	10 813	13 331	43 891	19 021	35 334	18 858	19 900
Total	1 581 185	1 913 910	1 886 540	2 282 196	2 241 553	2 436 064	2 692 237
Change to 2010 Budget estimate				373 326	244 411	349 749	491 175
Economic classification							
Current payments	1 405 608	1 661 559	1 662 256	2 074 142	1 964 020	2 143 110	2 384 410
Compensation of employees	689 064	741 197	881 324	1 195 921	1 096 114	1 087 796	1 143 884
Goods and services	716 544	920 362	780 932	878 221	867 906	1 055 314	1 240 526
of which:							
Administrative fees	134	203	157	163	177	196	218
Advertising	131	140	1 082	162	181	198	208
Assets less than the capitalisation threshold	10 539	9 196	15 854	20 786	14 842	15 342	16 590
Communication	10 430	10 834	18 979	11 611	12 763	12 771	14 052
Computer services	3 047	1 555	3 095	3 757	4 616	4 398	4 859
Consultants and professional services: Business and advisory services	10 079	4 025	4 244	30	30	–	–
Consultants and professional services: Infrastructure and planning	248	–	–	300	300	300	300
Consultants and professional services: Laboratory services	–	1	–	–	–	–	–
Contractors	273 219	141 976	123 220	296 448	375 283	541 328	680 082
Agency and support / outsourced services	4 593	7 001	11 363	6 681	7 449	7 796	8 576
Entertainment	136	832	986	314	310	300	325
Inventory: Food and food supplies	32 716	97 210	67 236	34 992	34 895	33 506	37 693
Inventory: Fuel, oil and gas	10 347	35 836	31 516	14 036	15 060	16 133	17 442
Inventory: Learner and teacher support material	317	–	–	–	–	–	–
Inventory: Materials and supplies	38 183	136 520	121 740	45 799	53 581	57 381	62 867
Inventory: Medical supplies	5 725	6 912	3 023	7 009	73	90	112
Inventory: Medicine	–	–	–	–	7 257	7 985	8 876
Inventory: Military stores	2 195	49 345	359	2 881	3 132	3 466	3 854
Inventory: Other consumables	10 218	11 430	13 842	15 548	15 774	17 106	18 497
Inventory: Stationery and printing	4 094	6 383	7 989	5 770	6 289	6 826	7 311
Lease payments	177 805	8 148	10 529	5 827	6 110	2 604	2 858
Property payments	1 018	181	593	1 052	1 074	525	564
Transport provided: Departmental activity	–	–	–	16 224	–	–	–
Travel and subsistence	109 561	206 894	233 046	127 726	134 595	132 039	142 084
Training and development	5 075	1 918	3 424	10 790	6 906	7 168	7 577

Table 22.5 Force Employment (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Operating expenditure	6 082	183 447	108 216	249 391	166 116	186 674	204 375
Venues and facilities	652	375	439	924	1 093	1 182	1 206
Transfers and subsidies	120 613	160 235	166 208	145 353	208 268	216 882	224 872
Provinces and municipalities	1 330	596	–	–	–	–	–
Departmental agencies and accounts	111 789	152 089	156 811	129 354	186 867	194 737	201 398
Public corporations and private enterprises	–	–	–	3 975	11 673	12 587	13 468
Households	7 494	7 550	9 397	12 024	9 728	9 558	10 006
Payments for capital assets	54 933	60 616	58 076	62 701	69 265	76 072	82 955
Buildings and other fixed structures	1 780	657	1 475	12 574	9 421	10 315	10 283
Machinery and equipment	53 153	59 959	56 564	47 774	57 424	62 614	69 284
Specialised military assets	–	–	37	2 353	2 420	3 143	3 388
Payments for financial assets	31	31 500	–	–	–	–	–
Total	1 581 185	1 913 910	1 886 540	2 282 196	2 241 553	2 436 064	2 692 237
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	111 789	152 089	156 811	129 354	186 867	194 737	201 398
Special Defence Account	111 789	152 089	156 811	129 354	186 867	194 737	201 398
Households							
Households social benefits							
Current	7 494	7 550	9 397	12 024	9 728	9 558	10 006
Employee social benefits	7 494	7 550	9 397	12 024	9 728	9 558	10 006
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	1 330	596	–	–	–	–	–
Regional Service Council Levies	1 330	596	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	–	–	–	3 975	11 673	12 587	13 468
Armaments Corporation of South Africa Ltd	–	–	–	3 975	11 673	12 587	13 468

Expenditure trends

The spending focus over the MTEF period will be on: conducting peace missions; phasing in border safeguarding; planning and control of joint, interdepartmental and multinational exercises; general military assistance and support to other government departments; and the deployment of Special Forces capabilities.

Expenditure increased from R1.6 billion in 2007/08 to R2.3 billion in 2010/11, at an average annual rate of 13 per cent and is expected to increase to R2.7 billion over the medium term, at an average annual rate of 5.7 per cent. The increases in all the subprogrammes between 2009/10 and 2011/12 are due to the improvements to conditions of service for defence force members. This is also the reason for the 35.7 per cent increase in compensation of employees over the same period.

The significant growth of 257.9 per cent in the *Support to the People* subprogramme in 2010/11 is mainly due to an additional allocation of R200 million for the defence force's support to the South African Police Service during the hosting of the 2010 FIFA World Cup, and an additional R25 million for support provided during the

2010 public service strike. The increase of 33 per cent in 2012/13 and 22.7 per cent in 2013/14 in the same subprogramme is due to the allocation of additional funds for border safeguarding. This is also the reason for the 21.6 per cent and 17.6 per cent increase in expenditure on goods and services in 2012/13 and 2013/14. Transfers and subsidies are expected to increase at an average annual rate of 15.7 per cent over the medium term, to provide for the development and acquisition of specialised equipment used by the Special Forces.

The ratio of administrative costs to line function costs in 2011/12 is 1:19.

Programme 3: Landward Defence

- *Strategic Direction* directs, orchestrates and controls the South African Army to prepare and provide supported landward capabilities for the defence and protection of South Africa. The subprogramme has a staff complement of 730, and a total budget of R552.5 million, of which 43.9 per cent will be used for compensation of employees and 49.6 per cent for goods and services.
- *Infantry Capability* provides combat ready infantry capabilities through training, preparing, exercising and supporting mechanised, motorised and airborne infantry units. The subprogramme has a staff complement of 15 785, and a total budget of R3.5 billion, of which 79.9 per cent will be used for compensation of employees.
- *Armour Capability* provides combat ready armour capabilities through training, preparing, exercising and supporting tank and armoured car units. The subprogramme has a staff complement of 1 150, and a total budget of R288.9 million, of which 92.6 per cent will be used for compensation of employees.
- *Artillery Capability* provides combat ready artillery capabilities through training, preparing, exercising and supporting composite and light artillery units. The subprogramme has a staff complement of 1 651, and a total budget of R467.4 million, of which 60.9 per cent will be used for compensation of employees and 35 per cent for capital acquisitions.
- *Air Defence Artillery Capability* provides combat ready air defence artillery capabilities through training, preparing, exercising and supporting air defence artillery units. The subprogramme has a staff complement of 1 062, and a total budget of R458.4 million, of which 44.4 per cent will be used for compensation of employees, and 51.9 per cent for capital acquisitions.
- *Engineering Capability* provides combat ready engineering capabilities to ensure mobility and establish infrastructure during exercises and deployments. This is done through training, preparing, exercising and supporting field and construction engineer units. The subprogramme has a staff complement of 2 475, and a total budget of R485.2 million, of which 92.7 per cent will be used for compensation of employees.
- *Operational Intelligence* provides combat ready operational intelligence capabilities for the successful planning and execution of operations. This is done through training, preparing, exercising and supporting intelligence units. The subprogramme has a staff complement of 770, and a total budget of R232 million, of which 60.5 per cent will be used for compensation of employees and 35.6 per cent for capital acquisitions.
- *Command and Control Capability* provides combat ready tactical command and control capabilities for integrated forces during force preparation and force employment. The subprogramme has a staff complement of 414, and a total budget of R122.6 million, of which 92.7 per cent will be used for compensation of employees.
- *Support Capability* provides line support capabilities to units and bases, and ensures support to deployed combat units through training, preparing, exercising and supporting first and second line maintenance units and workshops. The subprogramme has a staff complement of 10 556, and a total budget of R4.5 billion, of which 41.4 per cent will be used for compensation of employees, and 27.2 per cent for capital acquisitions.
- *General Training Capability* provides general training capabilities through basic military training, junior leader training, common landward training and command and management training at the training depot, the South African Army Gymnasium, the Combat Training Centre and the South African Army College. The subprogramme has a staff complement of 1 500, and a total budget of R312.6 million, of which 83.7 per cent will be used for compensation of employees.
- *Signal Capability* provides combat ready signal capabilities to ensure command, control and communications during exercises and deployments. This is done through training, preparing, exercising and

supporting signal units. The subprogramme has a staff complement of 4 020, and a total budget of R830.5 million, of which 92.2 per cent will be used for compensation of employees.

Objectives and measures

- Defend and protect South Africa and its territory by:
 - providing 2 infantry battalions a year sustained for external deployment, 1 airborne battalion as Chief of the South African National Defence Reaction Force, 9 multi-role companies for internal safety and security, 2 battalions in support of internal security (borderline control), and 6 battalions involved in exercises per year
 - exercising 1 tank regiment and 1 armoured car regiment with a squadron for internal deployment per year
 - exercising 1 composite artillery regiment and 1 light (airborne) artillery battery and 1 battery for internal deployment per year
 - exercising 1 air defence artillery regiment and 1 light (airborne) air defence artillery battery and 1 battery for internal deployment per year
 - providing 1 sustained composite engineer squadron for external deployment, 1 composite engineer squadron for internal safety and security, and exercising 1 light (airborne) engineer and 1 field engineer squadron per year
 - providing 2 signal squadrons per year for external deployment, internal signal support, and 1 composite brigade signal squadron involved in exercises.

Expenditure estimates

Table 22.6 Landward Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Strategic Direction	178 755	258 889	350 056	373 418	552 513	568 366	526 858
Infantry Capability	2 230 134	2 508 655	3 077 166	3 320 613	3 543 162	3 985 401	4 392 851
Armour Capability	348 110	230 312	240 313	294 619	288 892	294 893	307 128
Artillery Capability	485 626	343 818	328 009	305 102	467 417	433 768	579 349
Air Defence Artillery Capability	262 401	303 838	388 636	7 966	458 418	457 367	471 418
Engineering Capability	243 723	284 945	356 599	509 998	485 239	507 218	549 479
Operational Intelligence	133 463	196 952	264 740	276 223	231 643	160 717	167 755
Command and Control Capability	78 131	86 682	99 602	131 354	122 631	135 708	143 457
Support Capability	2 492 263	2 525 106	3 021 865	2 639 224	4 470 485	5 030 442	5 322 031
General Training Capability	177 759	219 504	269 537	377 035	312 614	328 417	347 772
Signal Capability	497 671	528 469	645 704	774 014	830 529	871 581	922 171
Total	7 128 036	7 487 170	9 042 227	9 009 566	11 763 543	12 773 878	13 730 269
Change to 2010 Budget estimate				(973 326)	1 332 319	1 711 803	2 059 779
Economic classification							
Current payments	4 951 873	5 316 588	6 606 667	8 460 782	9 377 775	9 901 144	10 575 647
Compensation of employees	4 113 039	4 253 569	5 331 578	6 798 803	7 408 924	7 836 030	8 327 371
Goods and services	838 834	1 063 019	1 275 089	1 661 979	1 968 851	2 065 114	2 248 276
<i>of which:</i>							
Administrative fees	–	22	9	–	–	–	–
Advertising	168	472	764	701	1 347	1 400	1 468
Assets less than the capitalisation threshold	38 054	28 708	58 108	112 953	157 473	130 957	126 527
Communication	14 084	35 909	42 108	24 871	28 135	29 183	29 817
Computer services	53 067	88 523	76 636	98 858	102 686	109 641	115 889
Consultants and professional services: Business and advisory services	10 067	13 028	13 277	15 328	8 674	7 767	8 825

Table 22.6 Landward Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
<i>Consultants and professional services: Infrastructure and planning</i>	9 510	1 216	3 199	16 173	12 813	13 066	13 318
<i>Contractors</i>	178 878	147 124	186 732	237 346	317 318	314 566	443 811
<i>Agency and support / outsourced services</i>	23 960	19 518	24 466	24 670	25 458	25 415	26 088
<i>Entertainment</i>	9 875	1 647	2 162	2 353	3 339	4 302	3 781
<i>Inventory: Food and food supplies</i>	147 695	289 637	397 827	302 539	478 427	532 377	581 108
<i>Inventory: Fuel, oil and gas</i>	75 777	114 287	93 595	158 418	174 874	184 866	195 480
<i>Inventory: Learner and teacher support material</i>	1 531	–	–	480	–	–	–
<i>Inventory: Materials and supplies</i>	67 111	33 894	56 505	276 138	91 772	117 142	91 791
<i>Inventory: Medical supplies</i>	26	228	396	469	462	467	468
<i>Inventory: Medicine</i>	–	–	–	12	12	12	12
<i>Medsas inventory interface</i>	66	–	–	–	–	–	–
<i>Inventory: Military stores</i>	4 516	10 735	3 026	44 000	18 390	20 000	23 000
<i>Inventory: Other consumables</i>	18 945	22 955	32 776	59 460	96 902	114 804	126 101
<i>Inventory: Stationery and printing</i>	18 464	18 488	24 431	29 446	29 735	28 224	30 423
<i>Lease payments</i>	9 064	9 432	9 536	11 075	16 468	17 558	17 865
<i>Property payments</i>	3 394	4 304	3 654	6 172	6 785	6 980	7 382
<i>Travel and subsistence</i>	78 930	161 269	188 486	151 129	309 133	315 544	321 695
<i>Training and development</i>	41 645	36 845	37 116	48 802	44 562	44 943	45 968
<i>Operating expenditure</i>	23 737	23 126	18 659	24 011	24 653	26 065	27 486
<i>Venues and facilities</i>	10 270	1 652	1 621	16 575	19 433	19 835	9 973
Transfers and subsidies	2 125 278	2 077 093	2 326 127	494 581	2 331 043	2 637 525	2 922 542
Provinces and municipalities	11 602	6 100	–	–	–	–	–
Departmental agencies and accounts	2 065 291	2 016 592	2 286 917	414 363	2 233 716	2 539 009	2 823 025
Public corporations and private enterprises	–	1 424	–	39 000	51 296	52 864	53 801
Households	48 385	52 977	39 210	41 218	46 031	45 652	45 716
Payments for capital assets	47 436	83 818	107 126	54 203	54 725	235 209	232 080
Buildings and other fixed structures	–	–	116	67	110	85	106
Machinery and equipment	47 432	83 600	98 195	54 037	54 615	235 124	231 974
Specialised military assets	–	–	8 815	53	–	–	–
Software and other intangible assets	4	218	–	46	–	–	–
Payments for financial assets	3 449	9 671	2 307	–	–	–	–
Total	7 128 036	7 487 170	9 042 227	9 009 566	11 763 543	12 773 878	13 730 269
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2 065 291	2 016 592	2 286 917	414 363	2 233 716	2 539 009	2 823 025
Special Defence Account	2 065 291	2 016 592	2 286 917	414 363	2 233 716	2 539 009	2 823 025
Households							
Households social benefits							
Current	48 385	52 977	39 210	41 218	46 031	45 652	45 716
Employee social benefits	48 385	52 977	39 210	41 218	46 031	45 652	45 716
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	11 602	6 100	–	–	–	–	–
Regional Service Council Levies	11 602	6 100	–	–	–	–	–

Table 22.6 Landward Defence (continued)

R thousand	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	-	1 424	-	39 000	51 296	52 864	53 801
Armaments Corporation of South Africa Ltd	-	1 424	-	39 000	51 296	52 864	53 801

Expenditure trends

The spending focus over the MTEF period will be on providing forces for internal and external deployments according to government requirements. In this regard, the South African Army will continue to prepare its forces to comply with military strategic objectives and facilitate individual formal training to ensure career progress. Assets and equipment will be maintained and managed to support deployments and force preparation. Huge efforts will also be made to replace obsolete ammunition and equipment and to build up sufficient stock to enable comprehensive force preparation and training.

Expenditure increased from R7.1 billion in 2007/08 to R9 billion in 2010/11, at an average annual rate of 8.1 per cent and is expected to increase to R13.7 billion over the medium term, at an average annual rate of 15.1 per cent. This is mainly due to additional funding for increases in the military skills development system intakes, increased maintenance requirements of the South African Army's ageing operational vehicle fleet, initiation of landward defence equipment renewal projects, the procurement of critical ammunition and the implementation of the military salary dispensation.

Expenditure in the *Air Defence Artillery Capability* subprogramme is expected to increase from R8 million in 2010/11 to R458.4 million in 2011/12, due to a shift in delivery milestones of the shoulder launched air defence artillery system and mobile ground to air missile system programmes. The increase of 48 per cent in expenditure in the *Strategic Direction* subprogramme in 2011/12 is due to the implementation and rollout of a new logistic system in the South African Army and the codification of assets, while the increase of 53.2 per cent in the *Artillery Capability* subprogramme in 2011/12 is due to the delivery milestones of the artillery target engagement system. The increase of 69.4 per cent in spending in the *Support Capability* subprogramme in 2011/12 is due to increased spending on compensation of employees, provision for transport of redundant assets to be disposed of, the procurement of ammunition and parachutes, the replacement of logistic support vehicles and the delivery milestones of the mobile and rapid deployable mass feeding system. Over the medium term, spending in the *Operational Intelligence* subprogramme is projected to decrease at an average annual rate of 15.3 per cent in between 2010/11 and 2013/14 due to the finalisation of the mobile intelligence processing system.

Between 2010/11 and 2013/14, transfers and subsidies are expected to grow by 80.8 per cent due to the replacement of obsolete ammunition and parachutes, while expenditure on payments for capital assets is expected to increase by at average annual rate of 62.4 per cent over the same period due to the replacement of obsolete, big tonnage, logistic support vehicles.

The ratio of administrative costs to line function costs in 2011/12 is 1:18.

Programme 4: Air Defence

- *Strategic Direction* provides strategic direction to the *Air Defence* programme by formulating and controlling strategies, policies and plans via the Air Force office to prepare and provide the capabilities required by the Chief of the South African National Defence Force. The subprogramme has a staff complement of 42, and a total budget of R14.5 million, of which 65.9 per cent will be used for compensation of employees. In 2009/10, the South African Air Force made 43 flights in fire fighting operations, 32 flights for medical and casualty evacuations, 12 flights searching for people, aircraft and vessels, and 3 flood relief flights.

- *Operational Direction* provides operational direction to the programme by means of air command. The subprogramme has a staff complement of 915, and a total budget of R129.9 million, of which 32.1 per cent will be used for repairs and maintenance of equipment and 45.6 per cent for fuel. In 2009/10, South African Air Force personnel ensured that, as planned, aircraft were available 76.4 per cent of the time daily and 98.7 per cent of planned flying hours were flown, translating to 32 866 hours. Exercises with foreign countries included participation in the SADC exercise in Lohatla and Namibia, as well as a binational exercise with the German air force and navy in Western Cape.
- *Helicopter Capability* provides and sustains operationally ready light utility helicopters, medium transport helicopters and combat support helicopters. The subprogramme has a staff complement of 454, and a total budget of R743.6 million, of which 49.5 per cent will be used for repairs and maintenance of equipment and 27.8 per cent for capital acquisition. In 2009/10, the last three of 30 A109 light utility helicopters were delivered, and were fully released to service with the four Lynx helicopters delivered in 2007. Squadrons were available according to force requirements, as planned.
- *Transport and Maritime Capability* provides and sustains operationally ready transport and maritime aircraft. The subprogramme has a staff complement of 341, and a total budget of R617 million, of which 52.5 per cent is used for repairs and maintenance of equipment and 17.8 per cent for compensation of employees. In 2009/10, squadrons were available according to force requirements, as planned.
- *Air Combat Capability* provides and sustains operationally ready advanced light fighter aircraft. The subprogramme has a staff complement of 188, and a total budget of R1.9 billion, of which 86.6 per cent will be used for capital acquisition. In 2009/10, the unit became fully operational for combat training, 9 two-seat and 2 single-seat Gripen aircraft were delivered, and the Gripen aircraft system was qualified to deliver bombs and missiles. Squadrons were available according to force requirements, as planned.
- *Operational Support and Intelligence Capability* prepares, develops, provides and supports protection support, intelligence systems and counter intelligence support to the South African Air Force through protection squadrons, intelligence subsystems and intelligence training unique to the air force. The subprogramme has a staff complement of 903, and a total budget of R284 million, of which 59.4 per cent will be used for compensation of employees and 34 per cent for capital acquisition.
- *Command and Control Capability* supplies and maintains operationally ready command and control elements in support of air battle space operations. The subprogramme has a staff complement of 427, and a total budget of R341 million, of which 33.9 per cent will be used for compensation of employees and 39.6 per cent for capital acquisition. In 2009/10, the South African Air Force and the Air Traffic and Navigation Services deployed and integrated a network of radars, observation posts and electronic warfare sensors across South Africa to detect and monitor compliance with published restrictions.
- *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. The subprogramme has a staff complement of 4 294, and a total budget of R1.4 billion, of which 84 per cent will be used for compensation of employees.
- *Command Post* renders command and control over all missions flown. The subprogramme has a staff complement of 119, and a total budget of R49 million, of which 71.2 per cent will be used for compensation of employees. During the 2010 FIFA World Cup, 2 367 personnel were deployed and under the command of the South African Air Force. Also in 2010/11, 12 921 pilots were screened, of which 6 requests were rejected, and a total of 64 739 clearances were issued.
- *Training Capability* provides for the general education, training and development of South African Air Force personnel. The subprogramme has a staff complement of 2 515, and a total budget of R681 million, of which 49.3 per cent will be used for compensation of employees and 41.6 per cent for machinery and equipment. In 2009/10, 1 734 learners attended planned courses.
- *Technical Support Services* establishes, maintains and prepares optimised technical and tactical logistic support capabilities to provide support to system groups and manage air service units. The subprogramme has a staff complement of 1 169, and a total budget of R639 million, of which 49.7 per cent will be used for compensation of employees and 39.6 per cent for outsourced catering services.

Objectives and measures

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

Expenditure estimates

Table 22.7 Air Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Strategic Direction	11 667	12 544	13 726	17 354	14 487	16 750	17 769
Operational Direction	169 527	170 737	141 476	102 514	129 896	141 422	171 074
Helicopter Capability	1 232 116	1 166 509	768 117	934 428	743 639	626 841	552 365
Transport and Maritime Capability	851 677	1 723 912	2 670 325	547 766	616 914	963 996	984 939
Air Combat Capability	3 133 659	2 833 275	2 535 968	785 415	1 894 967	1 981 429	1 647 827
Operational Support and Intelligence Capability	143 421	146 123	204 590	243 528	283 512	446 376	462 851
Command and Control Capability	200 067	203 020	223 897	277 408	340 804	369 140	367 143
Base Support Capability	783 237	1 013 672	1 116 786	1 323 412	1 375 167	1 454 191	1 528 448
Command Post	32 068	41 748	40 970	45 345	49 013	51 019	55 368
Training Capability	237 675	258 597	383 838	604 131	680 908	491 498	502 387
Technical Support Services	519 668	448 642	544 069	655 116	638 826	674 111	716 922
Total	7 314 782	8 018 779	8 643 762	5 536 417	6 768 133	7 216 773	7 007 093
Change to 2010 Budget estimate				(522 709)	(1 142 358)	(1 145 147)	(1 814 733)
Economic classification							
Current payments	2 690 282	3 009 911	3 427 294	4 088 540	4 306 965	4 369 524	4 669 646
Compensation of employees	1 502 345	1 636 799	1 885 079	2 416 945	2 456 460	2 640 846	2 820 683
Goods and services	1 187 937	1 373 112	1 542 215	1 671 595	1 850 505	1 728 678	1 848 963
of which:							
Advertising	469	552	533	842	1 430	1 778	1 959
Assets less than the capitalisation threshold	12 037	16 421	9 584	18 924	20 026	25 570	25 595
Audit cost: External	2	–	–	–	–	–	–
Communication	5 902	6 206	7 083	7 344	6 416	6 834	7 300
Computer services	37 229	19 367	30 977	40 743	34 590	34 051	38 735
Consultants and professional services: Business and advisory services	30 159	44 715	43 222	10 515	7 987	8 529	8 242
Consultants and professional services: Infrastructure and planning	2 794	1 136	163	4 221	4 124	4 273	4 472
Consultants and professional services: Laboratory services	60	–	27	–	30	30	30
Consultants and professional services: Legal costs	–	–	1	–	–	–	–
Contractors	518 274	596 350	779 629	845 059	1 042 655	886 341	962 439
Agency and support / outsourced services	165 430	186 551	274 861	249 051	260 666	260 797	261 204
Entertainment	138	1 048	782	315	331	408	505
Inventory: Food and food supplies	46 766	49 576	67 910	150 598	79 819	78 888	72 330
Inventory: Fuel, oil and gas	178 885	143 025	104 495	64 781	96 390	104 046	126 818

Table 22.7 Air Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Inventory: Learner and teacher support material	5 039	–	(86 408)	–	–	–	–
Inventory: Materials and supplies	13 475	14	14 420	18 777	17 131	18 095	19 179
Inventory: Medical supplies	–	39	20	77	75	80	85
Inventory: Medicine	–	5	–	–	–	–	–
Medsas inventory interface	133	–	–	–	–	–	–
Inventory: Military stores	6 126	29 587	19 491	19 807	23 284	23 304	24 071
Inventory: Other consumables	21 672	39 136	37 483	39 867	33 388	35 205	38 889
Inventory: Stationery and printing	9 181	9 110	10 456	54 741	10 686	11 737	12 863
Lease payments	14 405	4 435	4 210	8 109	7 359	6 943	7 888
Property payments	1 666	1 870	1 899	2 202	2 896	3 228	3 368
Travel and subsistence	40 837	103 506	109 164	54 032	56 723	61 357	61 477
Training and development	25 030	32 203	33 096	34 503	43 753	46 074	53 056
Operating expenditure	51 698	87 601	78 527	46 444	99 922	110 233	117 718
Venues and facilities	530	659	590	643	824	877	740
Transfers and subsidies	4 567 936	4 955 689	5 182 185	1 422 885	2 446 415	2 829 592	2 317 978
Provinces and municipalities	6 251	1 829	–	–	–	–	–
Departmental agencies and accounts	4 537 886	4 924 284	5 167 580	1 407 359	2 418 697	2 802 408	2 290 460
Public corporations and private enterprises	–	–	–	2 090	2 929	2 260	2 373
Households	23 799	29 576	14 605	13 436	24 789	24 924	25 145
Payments for capital assets	56 324	52 451	33 745	24 992	14 753	17 657	19 469
Buildings and other fixed structures	1 290	1 188	–	–	18	99	47
Machinery and equipment	54 374	51 031	27 888	20 437	8 174	10 728	12 312
Specialised military assets	–	–	5 802	4 555	6 561	6 830	7 110
Biological assets	–	–	10	–	–	–	–
Software and other intangible assets	660	232	45	–	–	–	–
Payments for financial assets	240	728	538	–	–	–	–
Total	7 314 782	8 018 779	8 643 762	5 536 417	6 768 133	7 216 773	7 007 093
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4 537 886	4 924 284	5 167 580	1 407 359	2 418 697	2 802 408	2 290 460
Special Defence Account	4 537 886	4 924 284	5 167 580	1 407 359	2 418 697	2 802 408	2 290 460
Households							
Households social benefits							
Current	23 799	29 576	14 605	13 436	24 789	24 924	25 145
Employee social benefits	23 799	29 576	14 605	13 436	24 789	24 924	25 145
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	6 251	1 829	–	–	–	–	–
Regional Service Council Levies	6 251	1 829	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	–	–	–	2 090	2 929	2 260	2 373
Armaments Corporation of South Africa Ltd	–	–	–	2 090	2 929	2 260	2 373

Expenditure trends

The spending focus over the MTEF period will be on creating and restoring capacity and capabilities to supply prepared forces and to support these forces once deployed.

Expenditure decreased from R7.3 billion in 2007/08 to R5.5 billion in 2010/11, at an average annual rate of 8.9 per cent, due to the completion of the strategic defence procurement programme. Expenditure is expected to increase to R7 billion in 2013/14, at an average annual rate of 8.2 per cent.

Expenditure in the *Helicopter Capability* subprogramme is expected to decrease from R934.4 million to R552.4 million over the MTEF period, at an average annual rate of 16.1 per cent due to the completion of the Rooivalk support helicopter project and the Oryx operational helicopter upgrading project. Over the same period, the increase of 21.6 per cent in the *Transport and Maritime Capability* subprogramme will provide for the upgrade of the Falcon 900 project and the increased serviceability of the C130 aircraft capability. The increase of 23.9 per cent in the *Operational Support and Intelligence Capability* subprogramme will provide for the implementation of protection systems at air force bases, units and deployed elements. The increase in expenditure of 22.9 per cent in 2011/12 in the *Command and Control Capability* subprogramme is due to the delivery milestones of the replacement of aircraft rescue and fire vehicles project.

The ratio of administrative costs to line function costs in 2011/12 is 1:38.

Programme 5: Maritime Defence

- *Maritime Direction* provides strategic direction by formulating and controlling strategies, policies, plans and advice to prepare and provide the maritime capabilities required to defend and protect South Africa. The subprogramme has a staff complement of 1 166, and a total budget of R472.2 million, of which 87.1 per cent will be used for compensation of employees. In 2010/11, the Chief of the Navy visited and hosted various international countries and guests.
- *Maritime Combat Capability* provides mission ready and supported maritime combat capabilities in line with the approved force design of the department. The subprogramme has a staff complement of 692, and a total budget of R570.9 million, of which 50.2 per cent will be used for compensation of employees and 33.9 per cent for capital acquisitions. In 2010/11, maritime security was provided for the 2010 FIFA World Cup and multinational exercises involving the navies of Brazil, India and South Africa were prepared and executed. 8 286 sea hours for patrolling South African maritime zones were recorded in the first six months.
- *Maritime Logistic Support Capability* sustains the availability of the force structure elements in the naval force design to ensure compliance with ordered operational commitments. The subprogramme has a staff complement of 1 762, and a total budget of R724.3 million, of which 25 per cent will be used for repairs and maintenance of equipment, 16.9 per cent for compensation of employees and 16 per cent for a transfer to the Armaments Corporation of South Africa. In 2010/11, a clearly formulated user asset management plan will guide infrastructure development and renewal.
- *Maritime Human Resources and Training Capability* ensures that maritime combat capability requirements are met in terms of qualified regular and reserve force members. The subprogramme has a staff complement of 2 601, and a total budget of R240.6 million, of which 83.3 per cent will be used for compensation of employees. In 2010/11, the subprogramme participated in the South African National Defence Force's marketing and recruitment drive, during which 6 provinces were visited and 29 800 people were reached.
- *Base Support Capability* provides a general base support capability to ships and submarines, shore units, and other identified clients to ensure that the fleet complies with specified operational readiness levels. The subprogramme has a staff complement of 1 324, and a total budget of R493 million, of which 84.4 per cent will be used for compensation of employees.

Objectives and measures

- Defend and protect South Africa and its maritime zones by providing:
 - a surface combat capability of 4 frigates, 1 combat support vessel, 2 offshore patrol vessels, 3 inshore patrol vessels and a maritime reaction squadron in each annual operational cycle

- a sub-surface combat capability of 2 submarines in each annual operational cycle
- 2 mine countermeasures systems in each annual operational cycle to ensure safe access to South African harbours and where mine clearance may be required
- an ongoing hydrographic survey capability to ensure safe navigation in charting areas and to meet international obligations.

Expenditure estimates

Table 22.8 Maritime Defence

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R thousand	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Maritime Direction	273 880	298 761	327 840	417 796	472 175	490 079	518 405
Maritime Combat Capability	1 160 666	473 494	447 163	522 348	570 938	527 781	803 923
Maritime Logistic Support Capability	409 450	476 529	487 990	586 821	724 305	756 144	789 437
Maritime Human Resource and Training Capability	144 294	158 635	244 908	273 424	240 597	250 701	263 347
Base Support Capability	408 360	429 772	489 553	557 912	492 501	514 297	544 346
Total	2 396 650	1 837 191	1 997 454	2 358 301	2 500 516	2 539 002	2 919 458
Change to 2010 Budget estimate				178 479	180 501	(35 212)	203 662
Economic classification							
Current payments	1 327 472	1 363 000	1 552 356	1 894 218	2 065 303	2 163 931	2 286 909
Compensation of employees	916 434	855 119	1 047 486	1 309 930	1 436 000	1 511 161	1 600 567
Goods and services	411 038	507 881	504 870	584 288	629 303	652 770	686 342
of which:							
Administrative fees	–	8	–	–	–	–	–
Advertising	142	350	286	515	487	487	487
Assets less than the capitalisation threshold	9 734	13 774	13 300	19 702	10 167	10 435	11 184
Communication	7 988	9 478	9 420	9 470	9 297	9 913	10 572
Computer services	19 727	26 310	27 660	35 384	36 167	40 240	44 993
Consultants and professional services: Business and advisory services	10 963	13 622	13 708	1 571	1 366	1 631	1 769
Consultants and professional services: Infrastructure and planning	4 626	524	–	8 324	3 798	4 078	5 386
Contractors	99 294	145 592	175 700	187 397	203 635	232 250	297 174
Agency and support / outsourced services	17 671	27 417	21 064	26 265	13 010	13 284	13 585
Entertainment	–	–	109	137	107	112	–
Inventory: Food and food supplies	38 277	55 693	74 392	56 388	74 198	75 154	76 353
Inventory: Fuel, oil and gas	95 021	72 952	45 114	58 999	59 333	77 989	75 890
Inventory: Learner and teacher support material	372	–	–	–	1 313	1 383	1 454
Inventory: Materials and supplies	16 008	19 414	17 112	18 225	47 156	31 078	18 597
Inventory: Medical supplies	1	12	7	6	10	10	14
Inventory: Military stores	11 918	8 917	7 586	24 531	51 340	38 278	14 931
Inventory: Other consumables	15 788	22 814	24 184	27 161	31 004	30 648	23 753
Inventory: Stationery and printing	4 585	5 420	6 192	8 786	6 603	5 045	5 358
Lease payments	6 800	7 085	4 775	8 509	6 135	5 169	4 621
Property payments	6 012	8 904	10 476	15 685	7 154	7 774	8 455
Travel and subsistence	29 186	35 503	36 521	46 504	36 330	38 412	40 220
Training and development	6 963	6 899	6 273	9 592	13 463	13 383	13 114
Operating expenditure	7 422	23 246	7 668	15 715	12 528	15 311	17 660
Venues and facilities	2 540	3 947	3 323	5 422	4 702	706	772

Table 22.8 Maritime Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Transfers and subsidies	1 034 445	386 506	366 424	414 865	406 524	347 152	603 662
Provinces and municipalities	11 706	270	–	–	–	–	–
Departmental agencies and accounts	948 816	255 498	249 498	249 480	252 701	183 621	428 235
Public corporations and private enterprises	58 526	117 656	104 153	138 254	133 750	143 458	155 354
Households	15 397	13 082	12 773	27 131	20 073	20 073	20 073
Payments for capital assets	33 774	87 523	78 011	49 218	28 689	27 919	28 887
Buildings and other fixed structures	13 712	41 137	33 257	31 935	22 104	22 859	23 928
Machinery and equipment	19 990	46 376	43 400	15 923	5 213	4 587	4 440
Specialised military assets	–	–	1 352	1 160	900	–	–
Software and other intangible assets	72	10	2	200	472	473	519
Payments for financial assets	959	162	663	–	–	–	–
Total	2 396 650	1 837 191	1 997 454	2 358 301	2 500 516	2 539 002	2 919 458
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	948 816	255 498	249 498	249 480	252 701	183 621	428 235
Special Defence Account	948 816	255 498	249 498	249 480	252 701	183 621	428 235
Households							
Households social benefits							
Current	15 397	13 082	12 773	27 131	20 073	20 073	20 073
Employee social benefits	15 397	13 082	12 773	27 131	20 073	20 073	20 073
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	11 706	270	–	–	–	–	–
Regional Service Council Levies	11 706	270	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	58 526	117 656	104 153	138 254	133 750	143 458	155 354
Armaments Corporation of South Africa Ltd	58 526	117 656	104 153	138 254	133 750	143 458	155 354

Expenditure trends

The spending focus over the MTEF period will be on the preparation and maintenance of the approved force structure elements (deployable assets) and the associated force structure (supporting elements), including keeping the associated human resources at the required readiness levels to meet maritime defence commitments in a sustained manner.

Expenditure decreased from R2.4 billion in 2007/08 to R2.3 billion in 2010/11, due to the commissioning of the frigates and submarines between 2006 and 2009. Expenditure is expected to increase to R2.9 billion over the medium term, at an average annual rate of 7.4 per cent.

The decrease of 0.8 per cent in expenditure in the *Base Support Capability* subprogramme over the medium term is due to the gradual downscaling of infrastructure upgrade in Simon's Town and not replacing or procuring passenger motor vehicles. Expenditure on payments for capital assets decreases for the same reason over the MTEF period.

The increase of 23.4 per cent in 2011/12 in expenditure in the *Maritime Logistic Support Capability* programme is due to the implementation of the military salary dispensation and the planned recruitment and staffing of personnel with scarce skills such as divers, technicians and engineers. The increase of 52.3 per cent in the *Maritime Combat Capability* subprogramme in 2013/14 provides for the replacement of the offshore and inshore patrol vessels, procurement of new harbour tugs and the replacement of small boats. This is also the reason for the increase of 73.9 per cent in transfers and subsidies in 2013/14.

The ratio of administrative costs to line function costs in 2011/12 is 1:4.

Programme 6: Military Health Support

- *Strategic Direction* formulates strategy, policies and plans, and gives advice from the surgeon general's office to prepare and provide the capabilities required by the Chief of the South African National Defence Force. The subprogramme has a staff complement of 272, and a total budget of R220.3 million, of which 50.7 per cent will be used for compensation of employees and 44.5 per cent for goods and services. In 2009/10, the South African Military Health Service hosted the 10th SADC military health annual general meeting, at which the SADC military health secretariat and the process to develop a joint military health doctrine for the SADC countries were initiated.
- *Mobile Military Health Support* provides health support elements for deployed and contingency forces. The subprogramme has a staff complement of 238, and a total budget of R114.1 million, of which 81.4 per cent will be used for compensation of employees. In the first half of 2010/11, support was provided to the Department of Health during the strike of nursing personnel in provincial hospitals.
- *Area Military Health Service* provides a comprehensive, self-supporting, multidisciplinary geographic military health service through a formation headquarters and by commanding and controlling 9 area military health units, to ensure a healthy military community. The subprogramme has a staff complement of 3 817, and a total budget of R983.8 million, of which 74.9 per cent will be used for compensation of employees. In the first half of 2010/11, 643 875 healthcare activities and 29 929 health assessments took place in the 88 healthcare facilities countrywide.
- *Specialist/Tertiary Health Service* provides a specialist health service to develop and maintain tertiary military health capabilities within the parameters of relevant legislation. The subprogramme has a staff complement of 180, and a total budget of R949.5 million, of which 73.7 per cent will be used for compensation of employees. In the first half of 2010/11, military hospitals attended to 404 071 healthcare activities, 31 102 healthcare activities were provided in the specialist maritime environment and 11 911 in the specialist aviation environment, and 222 national and international dignitary medical support and health activities were provided.
- *Military Health Product Support Capability* provides for: warehousing pharmaceuticals, sundries, military health mobilisation equipment and unique stock; procuring unique military health products, materials and services; and an asset management service, military health product systems and cooperative common military health logistics. The subprogramme has a staff complement of 129, and a total budget of R184 million, of which 35.6 per cent will be used for contractors for building and construction works, 21.1 per cent for computer services and 18.2 per cent for compensation of employees.
- *Military Health Maintenance Capability* provides general base support services to identified South African Military Health Service units to sustain and maintain the approved force design and structure. The subprogramme has a staff complement of 845, and a total budget of R229.8 million, of which 58.1 per cent will be used for compensation of employees and 21.1 per cent for food supplies. In the first half of 2010/11, the sickbays at Langebaanweg and Oudtshoorn were upgraded, as well as the Waterkloof Military Medical Clinic. This was made possible through donor funding and funds from the South African Military Health Service's operating budget.
- *Military Health Training Capability* provides a military health training service to develop and maintain military health training capabilities within the parameters of relevant legislation and policies. The subprogramme has a staff complement of 3 728, and a total budget of R362.7 million, of which 71.3 per cent will be used for compensation of employees. In the first half of 2010/11, there were 2 588 learners on planned military health training courses.

Objectives and measures

- Provide prepared and supported health capabilities and services by providing:
 - a health support capability of 5 medical battalion groups per year, including 1 specialist medical battalion group for deployed and contingency forces
 - a comprehensive multidisciplinary military health service to a projected patient population of 291 966 members per year.

Expenditure estimates

Table 22.9 Military Health Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Strategic Direction	118 964	149 649	169 080	198 030	220 343	266 147	266 712
Mobile Military Health Support	77 788	66 849	74 095	133 290	114 109	128 818	155 093
Area Military Health Service	678 600	733 272	822 762	992 771	983 822	1 038 997	1 101 001
Specialist/Tertiary Health Service	649 101	715 645	895 471	962 786	949 462	1 134 798	1 185 638
Military Health Product Support Capability	103 562	135 907	169 787	215 724	183 971	174 392	187 343
Military Health Maintenance Capability	114 532	222 745	195 782	208 263	229 765	232 632	248 218
Military Health Training Capability	135 195	152 873	281 151	338 705	362 667	352 252	375 670
Total	1 877 742	2 176 940	2 608 128	3 049 569	3 044 139	3 328 036	3 519 675
Change to 2010 Budget estimate				279 354	82 833	126 776	142 346
Economic classification							
Current payments	1 791 548	2 027 465	2 454 758	2 964 465	2 968 036	3 189 729	3 367 770
Compensation of employees	1 194 111	1 377 084	1 666 775	2 081 579	2 066 587	2 174 961	2 306 312
Goods and services	597 437	650 381	787 983	882 886	901 449	1 014 768	1 061 458
of which:							
Advertising	223	243	233	164	1 110	1 163	1 220
Assets less than the capitalisation threshold	14 365	7 431	12 946	19 783	41 425	56 652	22 967
Communication	6 544	8 716	8 615	9 140	10 467	11 306	12 330
Computer services	60 970	37 303	36 042	36 773	42 898	67 530	70 129
Consultants and professional services: Business and advisory services	4 532	12 716	17 600	12 809	17 100	20 608	23 665
Consultants and professional services: Infrastructure and planning	360	315	308	517	597	604	613
Consultants and professional services: Laboratory services	13 235	9 348	11 671	4 675	5 904	6 515	6 969
Contractors	168 523	188 401	295 165	361 815	304 816	277 490	315 235
Agency and support / outsourced services	18 157	29 267	30 024	28 350	26 886	29 301	31 531
Entertainment	163	116	154	123	155	158	162
Inventory: Food and food supplies	23 836	35 009	50 407	50 112	65 642	55 234	58 573
Inventory: Fuel, oil and gas	16 331	15 489	12 317	25 408	28 536	26 328	28 285
Inventory: Learner and teacher support material	890	–	–	–	–	–	–
Inventory: Materials and supplies	4 120	–	(2 636)	5 941	6 832	10 740	11 068
Inventory: Medical supplies	181 856	198 721	214 367	207 433	75 192	90 213	97 578
Inventory: Medicine	–	–	–	–	137 824	203 335	216 057
Inventory: Military stores	596	234	–	662	1 137	1 198	1 269
Inventory: Other consumables	18 618	22 326	17 508	21 456	33 943	43 326	44 488
Inventory: Stationery and printing	8 667	14 556	9 451	12 039	12 532	13 909	14 452
Lease payments	5 384	5 124	7 159	7 345	6 821	7 287	7 781
Property payments	11 024	12 424	11 418	13 130	7 160	8 821	9 477
Travel and subsistence	18 956	35 798	38 022	42 548	46 114	49 365	52 088

Table 22.9 Military Health Support (continued)

				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Training and development	8 115	8 172	5 814	11 545	17 312	19 953	21 237
Operating expenditure	8 939	7 191	8 345	9 587	10 058	10 418	10 811
Venues and facilities	3 033	1 481	3 053	1 531	988	3 314	3 473
Transfers and subsidies	15 182	15 443	10 024	35 757	42 522	71 025	77 709
Provinces and municipalities	263	1 682	–	–	–	–	–
Departmental agencies and accounts	1 117	1 500	1 771	24 700	7 135	35 618	42 281
Non-profit institutions	–	312	340	580	400	420	441
Households	13 802	11 949	7 913	10 477	34 987	34 987	34 987
Payments for capital assets	69 282	121 931	113 678	49 347	33 581	67 282	74 196
Buildings and other fixed structures	754	170	19 979	2 435	90	693	757
Machinery and equipment	68 528	121 570	93 627	46 201	33 491	66 580	73 429
Specialised military assets	–	–	–	–	–	9	10
Biological assets	–	–	–	654	–	–	–
Software and other intangible assets	–	191	72	57	–	–	–
Payments for financial assets	1 730	12 101	29 668	–	–	–	–
Total	1 877 742	2 176 940	2 608 128	3 049 569	3 044 139	3 328 036	3 519 675
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 117	1 500	1 771	24 700	7 135	35 618	42 281
Special Defence Account	1 117	1 500	1 771	24 700	7 135	35 618	42 281
Households							
Households social benefits							
Current	13 802	11 949	7 913	10 477	34 987	34 987	34 987
Employee social benefits	13 802	11 949	7 913	10 477	34 987	34 987	34 987
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	263	1 682	–	–	–	–	–
Regional Service Council Levies	263	1 682	–	–	–	–	–
Non-profit institutions							
Current	–	312	340	580	400	420	441
St Johns Ambulance Brigade	–	312	340	360	400	420	441
Regular Force Medical Continuation Fund	–	–	–	220	–	–	–

Expenditure trends

The spending focus over the MTEF period will be on improving health service delivery to contribute to the readiness of the defence force by focusing on programmes to address operational support capabilities, and tertiary/specialist and base orientated capabilities. Spending will mainly be on renewing main medical equipment and health facilities.

Expenditure increased from R1.9 billion in 2007/08 to R3 billion in 2010/11, at an average annual rate of 17.5 per cent, and is expected to increase to R3.5 billion over the medium term, at an average annual rate of 4.9 per cent. The growth between 2007/08 and 2010/11 was attributable to: the procurement of pharmaceuticals, additional health care for the increase in members of the military skills development system, allowances for health professionals with scarce skills and those who work in rural areas, improvements to the health information system, antiretroviral rollout, sustaining the presidential health team, and replacing operational ambulances.

The increase of 20.5 per cent in the *Military Health Training Capability* subprogramme between 2009/10 and 2010/11 was due to an additional allocation for the military skills development system, while the increase of 5.2 per cent in spending in the *Mobile Military Health Support* subprogramme over the MTEF period is due to the initiation of a defence against chemical and biological warfare project. The increase of 11.3 per cent in 2011/12 and 20.8 per cent in 2012/13 in the *Strategic Direction* subprogramme is due to the acquisition of medical and surgical equipment and medicine for the completed HIV and AIDS treatment sites.

The ratio of administrative costs to line function costs in 2011/12 is 1:12.

Programme 7: Defence Intelligence

- *Strategic Direction* provides defence intelligence policy, doctrine and intelligence advice to support the department's decision making and policy formulation processes. The subprogramme has a total budget of R1.4 million, of which 97.7 per cent will be used for communications. In 2009/10, the section played a major role in drafting the SADC regional defence estimate, and was part of several discussions that assisted in the Burundi peace process and the mediation efforts in the political and security developments in Madagascar.
- *Operations* provides timely defence prediction and intelligence and counter-intelligence capabilities and services. The subprogramme has a staff complement of 540, and a total budget of R408 million, of which 99.7 per cent will be used for capital acquisitions. In the first half of 2010/11, the specific intelligence requirements of the national intelligence coordinating committee and the scrutiny committee of the national conventional arms control committee were addressed. Intelligence support was provided for stability programmes at major national events, including the 2010 FIFA World Cup.
- *Defence Intelligence Support Services* provides human resources, logistics, planning, security, labour relations and training, and information support services to the defence intelligence community. The subprogramme has a staff complement of 230, and a total budget of R259.6 million, of which 90.8 per cent will be used for compensation of employees. In 2009/10, an intelligence course for international students was facilitated and members of an African defence force were trained in the monitoring of marine traffic.

Objectives and measures

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

Expenditure estimates

Table 22.10 Defence Intelligence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand							
Strategic Direction	1 276	1 263	1 360	1 488	1 368	1 395	1 422
Operations	301 439	334 109	392 506	398 116	408 020	414 335	433 476
Defence Intelligence Support Services	158 351	171 380	200 837	257 009	259 600	286 735	302 151
Total	461 066	506 752	594 703	656 613	668 988	702 465	737 049
Change to 2010 Budget estimate				25 464	3 027	3 566	(289)
Economic classification							
Current payments	157 957	169 114	192 537	252 105	255 113	280 643	296 816
Compensation of employees	146 990	149 938	173 341	229 928	235 622	260 466	275 769
Goods and services	10 967	19 176	19 196	22 177	19 491	20 177	21 047
of which:							
Advertising	34	–	5	81	248	252	256
Assets less than the capitalisation threshold	495	852	892	1 473	1 218	1 253	1 312

Table 22.10 Defence Intelligence (continued)

				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Communication	814	1 522	1 671	375	1 712	1 748	1 783
Computer services	5	4	–	1 453	–	–	–
Consultants and professional services: Business and advisory services	–	–	2 423	–	–	–	–
Consultants and professional services: Infrastructure and planning	–	776	–	–	–	–	–
Contractors	1 485	2 060	1 838	2 056	1 963	2 044	2 387
Agency and support / outsourced services	23	15	134	150	126	129	145
Entertainment	–	–	20	95	–	–	–
Inventory: Food and food supplies	999	2 291	2 312	1 415	2 274	2 351	2 413
Inventory: Fuel, oil and gas	814	1 354	1 091	1 923	1 726	1 752	1 784
Inventory: Learner and teacher support material	463	–	–	–	–	–	–
Inventory: Materials and supplies	399	1 032	170	492	399	406	408
Inventory: Other consumables	532	1 176	839	2 418	731	709	850
Inventory: Stationery and printing	569	1 310	856	2 039	1 448	1 486	1 505
Lease payments	400	737	356	478	622	633	633
Property payments	53	55	28	100	90	91	91
Travel and subsistence	2 641	2 802	2 663	4 109	3 180	3 225	3 290
Training and development	786	2 108	2 886	2 818	2 685	3 009	3 083
Operating expenditure	225	582	395	347	563	574	584
Venues and facilities	230	500	617	355	506	515	523
Transfers and subsidies	302 436	337 006	399 503	401 060	411 449	419 386	437 667
Provinces and municipalities	12	–	–	–	–	–	–
Departmental agencies and accounts	296 208	332 414	391 540	396 779	406 696	413 004	432 212
Households	6 216	4 592	7 963	4 281	4 753	6 382	5 455
Payments for capital assets	673	632	2 663	3 448	2 426	2 436	2 566
Machinery and equipment	673	632	2 663	3 448	2 426	2 436	2 566
Total	461 066	506 752	594 703	656 613	668 988	702 465	737 049
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	296 208	332 414	391 540	396 779	406 696	413 004	432 212
Special Defence Account	296 208	332 414	391 540	396 779	406 696	413 004	432 212
Households							
Households social benefits							
Current	6 216	4 592	7 963	4 281	4 753	6 382	5 455
Employee social benefits	6 216	4 592	7 963	4 281	4 753	6 382	5 455
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	12	–	–	–	–	–	–
Regional Service Council Levies	12	–	–	–	–	–	–

Expenditure trends

The spending focus over the MTEF period will be on providing strategic and operation intelligence and counterintelligence to support the ministry, the department and government.

Spending increased from R461.1 million in 2007/08 to R656.6 million in 2010/11, at an average annual rate of 12.5 per cent, and is expected to increase to R737 million over the medium term, at an average annual rate of 3.9 per cent. The increase between 2007/08 and 2001/11 is mainly due to planned investment in and the development of a strategic information collection capability.

The ratio of administrative costs to line function costs in 2011/12 is 1:99.

Programme 8: General Support

- *Joint Logistic Services* provides logistics services to the department. The subprogramme has a staff complement of 2 071, and a total budget of R1.5 million, of which 64.1 per cent will be used for goods and services. In the first half of 2010/11, progress was made in centralising logistics services, verifying stock and establishing a works capability.
- *Command and Management Information Systems* provides command and management information systems and related services to the department. The subprogramme has a staff complement of 157, and a total budget of R959.9 million, of which 69.6 per cent will be used for computer services and 13.2 per cent for capital acquisitions. In the first half of 2010/11, the experimental integrated communication network rollout had 70 members added to it, bringing the total number of members connecting internally and externally to the department to 220.
- *Military Police* provides a military policing capability to the department. The subprogramme has a staff complement of 2 397, and a total budget of R428.7 million, of which 85.5 per cent will be used for compensation of employees. From April to September 2010, 72 military police members were deployed externally daily, 381 deliberate crime prevention operations were conducted countrywide, 79 military skills development system members underwent functional training at the military police school, and 1 140 cases were investigated by the military police and referred for prosecution.
- *Technology Development* provides for establishing and sustaining selected science and technology capabilities in the defence industry. Activities are of a sensitive nature for strategically essential research and cannot be made public. The subprogramme has no staff related expenditure, and a total budget of R339.9 million, of which 99.9 per cent will be used for capital acquisitions.
- *Departmental Support* provides for the payment of corporate departmental obligations such as for public entities, legal fees, external audits, public private partnership transaction advisors and bank charges. The subprogramme has no staff, and a total budget of R695 million, of which 88.9 per cent will be used for a transfer payment to Armscor.

Objectives and measures

- Provide general support capabilities and services by:
 - refurbishing the department's facility infrastructure at 38 bases over the next 3 years (8 in 2011/12, 9 in 2012/13 and 21 in 2013/14) and executing the capital works building programme through 82 projects (27 in 2011/12, 26 in 2012/13 and 29 in 2013/14)
 - providing appropriate, ready and sustained matériel, facilities, movement and logistics services focusing on supply chain and life cycle management.
- Provide the department with key information and communication systems by:
 - ensuring that the mainframe service is available 98 per cent of the time and the wide area network 95 per cent of the time
 - providing ICT systems solutions, in line with the defence enterprise information systems master plan, according to programme and project milestones and their associated deliverables.
- Provide an effective working environment by:
 - reducing the number of new criminal cases under investigation by the military police by 10 per cent per year through upgrading security measures and presenting courses to improve specialist investigation capacity

- sustaining 1 provost company for operational deployment, 4 regional headquarters, 22 area offices and 22 detachments for crime prevention and investigation of criminal cases, and 2 military correctional facilities for detention and rehabilitation.

Expenditure estimates

Table 22.11 General Support

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R thousand	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Joint Logistic Services	651 235	1 443 362	1 605 264	1 882 718	1 476 591	1 796 151	2 009 422
Command and Management Information Systems	641 625	875 779	830 111	860 744	959 892	1 073 364	1 150 232
Military Police	248 772	291 174	344 996	407 228	428 655	445 604	466 576
Technology Development	235 676	258 845	258 271	357 768	339 864	275 958	274 100
Departmental Support	489 480	511 233	598 702	624 259	694 962	731 827	800 760
Total	2 266 788	3 380 393	3 637 344	4 132 717	3 899 964	4 322 904	4 701 090
Change to 2010 Budget estimate				196 538	(128 102)	(87 187)	48 444
Economic classification							
Current payments	1 319 510	1 946 240	2 050 620	2 659 259	2 672 978	3 089 267	3 485 851
Compensation of employees	400 185	754 579	769 994	974 853	835 865	878 737	925 582
Goods and services	919 325	1 191 661	1 280 626	1 684 406	1 837 113	2 210 530	2 560 269
of which:							
Administrative fees	2 160	1 458	1 806	3 829	4 020	4 221	4 432
Advertising	42	13	36	163	63	65	69
Assets less than the capitalisation threshold	5 786	14 666	9 430	10 338	14 310	14 840	14 963
Audit cost: External	27 415	41 415	46 442	49 974	55 313	58 079	60 983
Communication	6 470	12 755	10 132	13 976	12 410	12 547	13 001
Computer services	365 033	552 505	597 509	674 819	732 709	797 974	865 091
Consultants and professional services: Business and advisory services	46 797	63 883	199 046	75 495	84 927	65 371	71 300
Consultants and professional services: Infrastructure and planning	7	680	801	4 700	6 042	5 670	5 747
Consultants and professional services: Legal costs	4 480	3 455	635	1 653	8 338	8 755	9 194
Contractors	401 202	350 846	311 742	730 467	793 845	1 111 776	1 374 047
Agency and support / outsourced services	3 407	28 712	13 596	10 404	12 431	13 056	13 735
Entertainment	1 194	489	7	700	628	701	684
Inventory: Food and food supplies	10 089	35 084	27 716	20 641	24 047	25 499	26 900
Inventory: Fuel, oil and gas	9 143	26 885	13 757	15 896	14 355	15 133	15 897
Inventory: Learner and teacher support material	191	2 473	–	–	–	–	–
Inventory: Materials and supplies	6 227	3 345	4 579	5 805	6 231	4 706	6 148
Medsas inventory interface	149	213	–	–	–	–	–
Inventory: Military stores	1 846	4 167	203	411	627	659	693
Inventory: Other consumables	4 395	7 968	4 062	7 925	7 459	7 581	7 809
Inventory: Stationery and printing	2 559	5 014	4 254	5 257	4 735	5 121	5 509
Lease payments	1 958	1 980	2 374	3 452	6 017	6 323	6 637
Property payments	284	241	363	814	638	664	693
Travel and subsistence	11 867	21 341	18 636	21 271	28 362	31 754	36 217
Training and development	3 744	5 196	10 434	22 773	16 191	16 496	16 783
Operating expenditure	1 932	6 275	2 306	2 622	2 416	2 541	2 679
Venues and facilities	948	602	760	1 021	999	998	1 058
Transfers and subsidies	718 784	866 903	873 760	985 756	1 095 351	1 098 662	1 072 739
Provinces and municipalities	568	2 704	–	–	–	–	–
Departmental agencies and accounts	274 605	405 431	365 073	438 288	467 576	439 300	372 670

Table 22.11 General Support (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Public corporations and private enterprises	415 301	446 674	498 755	537 148	621 224	652 811	693 518
Non-profit institutions	2 878	–	–	–	–	–	–
Households	25 432	12 094	9 932	10 320	6 551	6 551	6 551
Payments for capital assets	209 586	557 461	707 167	487 702	131 635	134 975	142 500
Buildings and other fixed structures	116 551	462 199	544 267	440 026	94 732	99 665	104 791
Machinery and equipment	85 356	94 608	95 812	36 792	26 132	24 000	25 834
Specialised military assets	–	–	67 088	10 884	10 771	11 310	11 875
Software and other intangible assets	7 679	654	–	–	–	–	–
Payments for financial assets	18 908	9 789	5 797	–	–	–	–
Total	2 266 788	3 380 393	3 637 344	4 132 717	3 899 964	4 322 904	4 701 090
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	274 605	405 431	365 073	438 288	467 576	439 300	372 670
Special Defence Account	274 605	405 431	365 073	438 288	467 576	439 300	372 670
Households							
Households social benefits							
Current	25 432	12 094	9 932	10 320	6 551	6 551	6 551
Employee social benefits	25 432	12 094	9 932	10 320	6 551	6 551	6 551
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	568	2 704	–	–	–	–	–
Regional Service Council Levies	568	2 704	–	–	–	–	–
Non-profit institutions							
Current	2 878	–	–	–	–	–	–
St Johns Ambulance	2 878	–	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	415 301	446 674	498 755	537 148	621 224	652 811	693 518
Armaments Corporation of South Africa Ltd	415 301	446 674	498 755	537 148	621 224	652 811	693 518

Expenditure trends

The spending focus over the MTEF period will be on maintaining and repairing defence facilities and command and management information systems.

Expenditure increased from R2.3 billion in 2007/08 to R4.1 billion in 2010/11, at an average annual rate of 22.2 per cent and is expected to increase to R4.7 billion in 2013/14, at an average annual rate of 4.4 per cent. The historical increase is mainly due to an additional allocation related to upgrading the runways and hardstands of Air Force Base Waterkloof. This allocation also explains the 17.3 per cent increase in 2010/11 in spending in the *Joint Logistic Services* subprogramme, which is responsible for most of the programme's expenditure. In 2012/13, expenditure in this subprogramme increases by 21.6 per cent, due to the additional allocation received for the repair and maintenance of defence infrastructure and facilities.

The increase of 11.5 per cent in expenditure in the *Command and Management Information Services* subprogramme in 2011/12 is due to the provision for research and development of new generation telecommunication systems, while the increase of 11.3 per cent in expenditure in the *Departmental Support*

subprogramme in the same year is due to an increase in the transfer payment to Armscor to provide for the carry through cost of the 2010 salary increases and the management of intellectual property, matériel disposal services, warehousing services and freight forwarding services.

Expenditure on payments for capital assets is expected to decrease from R487.7 million in 2010/11 to R142.5 million in 2013/14, at an average annual rate of 33.6 per cent, due to the completion of the runways, parking and lighting at Air Force Base Waterkloof.

The ratio of administrative costs to line function costs in 2011/12 is 1:4.

Other departments within the vote

Department of Military Veterans

As part of the 2009 macro reorganisation of the state, the Ministry of Defence became the Ministry of Defence and Military Veterans. A ministerial task team recommended that a new department be established and that new legislation be drafted to provide for all military veterans in a comprehensive and holistic fashion. In December 2009, the president proclaimed the Department of Military Veterans, and in February 2010 the director general was appointed. In June 2010, Cabinet approved the task team report that serves as an interim policy framework on benefits and services for military veterans.

The 2010 Military Veterans Bill will be tabled before Parliament in 2011. The bill seeks to provide national policy and standards on military veterans and their dependants, including for benefits and entitlements. Benefits will be delivered by different departments and agencies, and the Department of Military Veterans will be responsible for coordinating this. The department has already begun engaging these departments to design delivery models. There are currently 57 000 beneficiaries on the military veterans database.

The organisation and functional structure of the department was approved in June 2010, and consists of 141 posts. Key positions have been advertised and are being filled.

Public entities and other agencies

Armaments Corporation of South Africa Limited

Strategic overview: 2007/08 – 2013/14

The Armaments Corporation of South Africa derives its mandate from the Armscor Act (2003). Its mission is to meet the acquisition, maintenance and disposal needs of the South African Department of Defence and other clients in terms of defence matériel, related products and related services. The corporation maintains strategic capabilities and technologies and promotes the local defence industry, ensuring that the South African National Defence Force receives quality equipment to carry out its peacekeeping obligations.

The corporation remains focused and committed in its role of acquiring equipment economically and efficiently. It is also responsible for providing an integrated support function to the defence industry, which involves facilitating the South African defence industry's participation in international defence exhibitions, promoting the industry, and managing requests from the private sector to use South African National Defence Force equipment, personnel and facilities for marketing purposes.

The corporation also manages the Simon's Town Naval Dockyard, the South African Navy's primary repair and refit yard. The dockyard carries out planned preventative maintenance, corrective maintenance, reconstruction and repairs, and upgrades of all the navy's vessels (ships and submarines).

The corporation, through its Defence Institute, provides operational research and comprehensive test and evaluation services of defence systems and capabilities in both the military and civilian environments.

Savings and cost effectiveness measures

The corporation has identified efficiency savings over the medium term as a result of implementing cost effectiveness measures. In 2010/11, this has already resulted in reduced travel costs, while the growth in other

operational expenditure items was also restricted. To further reduce the funding shortfall, the corporation will only be filling vacancies for strategic positions over the short term.

Selected performance indicators

Table 22.12 Armaments Corporation of South Africa Limited

Indicator	Programme/Activity	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Contracts placed as a percentage of confirmed commitments from the Department of Defence	Capital defence matériel acquisition	99.8% (R4.4bn)	99.9% (R583m)	94.4% (R376m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Capital defence matériel acquisition	75.3% (R3.4bn)	86.2% (R3.51bn)	101% (R2.2bn)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence	Strategic defence acquisition	99.6% (R5.0bn)	99.9% (R73m)	94.86% (R55m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Strategic defence acquisition	69.9% (R3.5bn)	98.3% (R4.6bn)	94.8% (R1.6bn)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence	System support acquisition and procurement	96.9% (R2bn)	99.6% (R7m)	86.6% (R1.6m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	System support acquisition and procurement	84.1% (R1.8bn)	95.6% (R2.1bn)	104% (R3bn)	90%	90%	90%	90%
Defence industrial participation credits awarded in terms of contractually agreed milestones	Management of defence industrial participation	R1.4bn	R1.08bn	R747m	R511m	R575m	R177m	R191m
Execution of activities as a percentage of planned activities	Management of defence technology, research, test and evaluation requirements of the Department of Defence and Military Veterans	— ¹	— ¹	91%	90%	90%	90%	90%

1. Target was adjusted in 2009/10.

Details of programmes/activities/objectives

The Armaments Corporation of South Africa manages and supports all aspects of the acquisition of defence matériel, products, systems, facilities and services, for any client, from the identification of requirements to the phasing out of a system.

Defence Industrial Participation contributes to the support of the South African defence industry by applying Department of Defence and Military Veterans and corporation policy to compel foreign suppliers of category 1 defence matériel and services to reciprocate business in South Africa. Obligations with foreign suppliers are contractually agreed for acquisition values in excess of US\$2 million and contractual deliverables closely monitored.

Environmental and Product Testing provides test and evaluation services of military equipment to the requirements of the Department of Defence and Military Veterans.

Defence Institute supports the department in deciding on the shape and size of the future defence force, focusing on the development and evaluation of current and future defence concepts and capabilities, and on the development of management concepts and processes.

Defence Institute Engineering Support plays a leading role in the execution of the systems and logistics engineering work across all the phases of an acquisition process and ensures a smooth and timeous handover into the operating phase.

Expenditure estimates

Table 22.13 Armaments Corporation of South Africa Limited

R thousand	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Management of Defence Matériel Acquisition	365 800	408 926	584 393	514 428	568 468	598 058	629 786
Quality Assurance	47 850	51 910	81 643	72 162	79 743	83 894	88 344
Tender Management	2 285	2 642	3 100	2 740	3 028	3 186	3 355
Defence Industrial Participation	2 844	2 952	4 121	3 643	4 025	4 235	4 459
Logistics Matériel and Support	–	1 369 400	656 006	579 831	640 741	674 093	709 855
Other Objectives	1 068 066	328 274	460 805	430 573	475 803	500 570	527 126
Total expense	1 486 845	2 164 104	1 790 068	1 603 377	1 771 808	1 864 035	1 962 925

Table 22.14 Armaments Corporation of South Africa Limited

Statement of financial performance				Revised estimate 2010/11	Medium-term estimate		
R thousand	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	1 057 019	1 636 276	1 171 375	838 331	925 901	968 740	1 013 227
Sale of goods and services other than capital assets <i>of which:</i>	1 015 599	1 592 062	1 094 423	777 740	854 682	897 417	942 287
<i>Sales by market establishments</i>	1 015 599	1 592 062	1 094 423	777 740	854 682	897 417	942 287
<i>Other non-tax revenue</i>	41 420	44 214	76 952	60 591	71 219	71 323	70 940
Transfers received	473 827	565 754	602 908	720 467	820 872	863 980	918 514
Total revenue	1 530 846	2 202 030	1 774 283	1 558 798	1 746 773	1 832 720	1 931 741
Expenses							
Current expense	1 486 845	2 164 104	1 790 068	1 603 377	1 771 808	1 864 035	1 962 925
Compensation of employees	373 912	519 368	558 135	592 293	686 078	720 382	756 400
Goods and services	1 092 482	1 619 926	1 207 679	983 275	1 056 206	1 112 828	1 174 333
Depreciation	20 451	24 810	24 254	27 809	29 524	30 825	32 192
Total expenses	1 486 845	2 164 104	1 790 068	1 603 377	1 771 808	1 864 035	1 962 925
Surplus / (Deficit)	44 001	37 926	(15 785)	(44 579)	(25 035)	(31 315)	(31 184)
Statement of financial position							
Carrying value of assets	203 529	215 052	216 879	216 184	214 880	213 686	212 606
<i>of which: Acquisition of assets</i>	28 029	37 222	26 629	27 114	28 220	29 631	31 112
Inventory	6 760	6 106	2 786	2 925	3 072	3 225	3 386
Receivables and prepayments	183 607	259 819	256 153	247 936	249 006	251 037	254 002
Cash and cash equivalents	312 509	336 223	341 063	312 818	302 777	286 166	269 460
Total assets	706 405	817 200	816 881	779 863	769 735	754 114	739 454
Accumulated surplus/deficit	514 631	552 557	536 772	492 193	467 158	435 842	404 658
Trade and other payables	92 062	184 705	192 314	195 485	205 783	216 638	228 081
Provisions	99 712	79 938	87 795	92 185	96 794	101 634	106 715
Total equity and liabilities	706 405	817 200	816 881	779 863	769 735	754 114	739 454

Expenditure trends

Revenue is largely generated from transfer payments from the Department of Defence and Military Veterans and interest earned.

Between 2007/08 and 2010/11, sales by market establishments decreased from R1 billion to R777.7 million, at an average annual rate of 8.5 per cent, due to the strategic defence procurement, which is nearing completing. Spending decreases as a result. Over the medium term, sales by market establishments are expected to increase at an average annual rate of 6.6 per cent, to reach R942.3 million.

Expenditure increased from R1.5 billion in 2007/08 to R1.6 billion in 2010/11, at an average annual rate of 2.5 per cent, and is expected to increase to R2 billion over the medium term, at an average annual rate of 7.0 per cent. The growth in expenditure in both periods in compensation of employees can largely be attributed to the personnel implications of the September 2007 transfer of the Naval Dockyard at Simon's Town to the corporation. The growth in spending on goods and services in these periods is due to inflation.

Personnel information

Table 22.15 Armaments Corporation of South Africa Limited

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Board members	8	–	1	7	9	8	7	8	8	8
Board members	8	–	3	5	6	5	5	8	8	8
Executive management	64	–	5	57	59	59	59	64	64	64
Senior management	428	–	22	389	400	404	406	428	428	428
Middle management	308	–	20	230	277	288	290	308	308	308
Professionals	449	–	8	194	454	447	441	449	449	449
Semi-skilled	118	–	–	77	128	121	117	118	118	118
Total	1 383	–	59	959	1 333	1 332	1 325	1 383	1 383	1 383
Compensation (R thousand)				373 912	519 368	558 135	592 293	686 078	720 382	756 400
Unit cost (R thousand)				390	390	419	447	496	521	547

1. As at 30 September 2010.

The corporation has a total staff complement of 1 383. There are 59 vacancies, as the corporation is only filling critical positions, including the chief executive officer and two general managers. After that, personnel numbers will remain flat over the medium term.

Castle Control Board

Strategic overview: 2007/08 – 2013/14

The mandate of the Castle Control Board is derived from the Castle Management Act (1993). Its objectives are to preserve and protect the military and cultural heritage of the Castle of Good Hope, to optimise its tourism potential, and to maximise public access to the parts of the castle that are not used by the Department of Defence and Military Veterans.

The Castle Control Board is a registered public entity and the Minister of Defence and Military Veterans is the executive authority. All stakeholders identified by the Castle Management Act (1993) have duly appointed representatives, except for the tourism sector. The board has increased its staff by seconding nine staff members from the Department of Defence and Military Veterans. Ten other staff members are remunerated by the board.

Although the Department of Public Works is responsible for the maintenance and restoration of the castle, the Castle Control Board has found it necessary to carry a substantial portion of these costs over recent years. However, the Department of Public Works will begin a major maintenance programme at the castle in March 2011.

The board has been investigating how the castle can become more self-sustaining financially, and is currently negotiating taking over facilities at the castle, which will increase its revenue for catering and venue hire.

Savings and cost effectiveness measures

The Castle Control Board receives no government funding, and it has not identified savings and cost effectiveness measures.

Selected key performance indicators

Table 22.16 Castle Control Board

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of visitors to the Castle of Good Hope per year	Marketing	134	136	131	140	150	160	170
Value of ticket sales per year	Marketing	R1.5m	R1.5m	R1.5m	R1.7m	R1.8m	R1.9m	R2m
Value of income received for special events per year	All	R65 000	R130 000	R68 000	R334 000	R200 000	R200 000	R200 000

Details of programmes/activities/objectives

During the 2010 FIFA World Cup, the castle showed an increase of 22 per cent in visitors in June 2010 compared to June 2009. However, July 2010 showed a decline of 26 per cent from the previous year.

The military museum has continued with the second phase of the frontier war displays.

A ceremony is held every morning and midday, accompanied by cannon fire.

Table 22.17 Castle Control Board

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Audit fees payable to Auditor General & Internal auditors	23	175	292	290	310	345	369
Maintenance and Protection of the Castle	199	206	469	340	490	441	472
Marketing of the Castle	70	66	92	75	80	93	100
Other Objectives	653	845	1 030	1 449	2 194	2 526	2 744
Total expense	945	1 292	1 883	2 154	3 074	3 405	3 685

Table 22.18 Castle Control Board

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	2 816	3 114	3 075	3 439	3 384	3 595	3 830
Sale of goods and services other than capital assets	2 317	2 180	2 409	2 791	2 734	2 875	3 050
<i>of which:</i>							
<i>Sales by market establishments</i>	2 317	2 180	2 409	2 791	2 734	2 875	3 050
<i>Other non-tax revenue</i>	499	934	666	648	650	720	780
Total revenue	2 816	3 114	3 075	3 439	3 384	3 595	3 830
Expenses							
Current expense	945	1 292	1 883	2 154	3 074	3 405	3 685
Compensation of employees	265	295	422	530	1 244	1 368	1 505
Goods and services	667	937	1 387	1 554	1 755	1 956	2 090
Depreciation	13	60	74	70	75	81	90
Total expenses	945	1 292	1 883	2 154	3 074	3 405	3 685
Surplus / (Deficit)	1 871	1 822	1 192	1 285	310	190	145

Table 22.18 Castle Control Board (continued)

Statement of financial performance				Revised estimate	Medium-term estimate			
R thousand	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	2013/14
Statement of financial position								
Carrying value of assets	1 195	1 195	1 263	1 243	1 288	1 337	1 347	
<i>of which: Acquisition of assets</i>	53	37	144	50	120	130	100	
Inventory	40	107	99	84	74	69	58	
Receivables and prepayments	10	81	62	67	72	59	49	
Cash and cash equivalents	7 298	9 181	10 211	11 810	12 290	12 654	13 013	
Total assets	8 543	10 564	11 635	13 204	13 724	14 119	14 467	
Accumulated surplus/deficit	7 894	9 548	10 682	12 025	12 335	12 525	12 670	
Capital and reserves	635	825	884	1 129	1 329	1 529	1 729	
Trade and other payables	14	191	69	50	60	65	68	
Total equity and liabilities	8 543	10 564	11 635	13 204	13 724	14 119	14 467	

Expenditure trends

The Castle Control Board receives no funds from government and its revenue is mainly generated from ticket sales to visitors to the castle, rental income and fees from hosting special events.

Revenue increased from R2.8 million to R3.4 million, at an average annual rate of 6.5 per cent between 2007/08 and 2010/11. Revenue is expected to increase to R3.8 million over the medium term, at an average annual rate of 3.8 per cent, based on anticipated increases in ticket sales and rental income. The hosting of special events, such as the military tattoo every November, will also provide additional income.

Expenditure increased from R945 000 to R2.1 million, at an average annual rate of 31.6 per cent, between 2007/08 and 2010/11. Expenditure is expected to increase to R3.7 million over the medium term, at an average annual rate of 19.6 per cent. The board increased its staff complement as the South African National Defence Force has begun to second fewer staff to the board. This is reflected in the increase in spending on compensation of employees from 2010/11. In addition, employment costs for a chief financial officer and a chief executive officer have been included in the estimates for 2011/12, and have the effect of doubling expenditure in compensation of employees from this year onward. Expenses for maintaining and protecting the castle have also increased over the seven-year period, due to the age of the castle.

The ratio of administrative costs to line function costs is 1: 4.

Personnel information

Table 22.19 Castle Control Board

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹ 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Professionals	8	8	1	7	7	7	7	9	9	9
Total	8	8	1	7	7	7	7	9	9	9
Compensation (R thousand)				265	295	422	530	1 244	1 368	1 505
Unit cost (R thousand)				38	42	60	76	138	152	167

1. As at 30 September 2010.

The castle has an establishment of 18 posts, of whom 8 are appointed and remunerated by the Castle Control Board and 10 by the Department of Defence. The board plans to employ 10 additional staff in 2011 to execute duties related to posts no longer occupied by members of the South African National Defence Force.

Additional tables

Table 22.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2009/10		2009/10	2010/11			2010/11
Administration	2 860 790	2 880 637	2 914 089	3 247 080	170 132	3 417 212	3 417 212
Force Employment	1 801 807	1 924 471	1 886 540	1 908 870	373 326	2 282 196	2 282 196
Landward Defence	8 749 271	8 909 096	9 042 227	9 982 892	(973 326)	9 009 566	9 009 566
Air Defence	10 272 007	9 056 427	8 643 762	6 059 126	(522 709)	5 536 417	5 536 417
Maritime Defence	1 968 284	2 011 314	1 997 454	2 179 822	178 479	2 358 301	2 358 301
Military Health Support	2 440 600	2 482 797	2 608 128	2 770 215	279 354	3 049 569	3 049 569
Defence Intelligence	589 759	599 564	594 703	631 149	25 464	656 613	656 613
General Support	3 341 866	3 460 950	3 637 344	3 936 179	196 538	4 132 717	4 132 717
Total	32 024 384	31 325 256	31 324 247	30 715 333	(272 742)	30 442 591	30 442 591
Economic classification							
Current payments	20 249 210	20 737 570	20 774 911	23 098 994	2 653 844	25 752 838	25 752 838
Compensation of employees	11 751 857	12 223 157	12 705 579	13 450 430	2 768 587	16 219 017	16 219 017
Goods and services	8 497 353	8 514 413	8 069 332	9 648 564	(114 743)	9 533 821	9 533 821
Transfers and subsidies	11 114 516	9 844 874	9 363 428	6 830 150	(2 890 984)	3 939 166	3 939 166
Departmental agencies and accounts	10 364 425	9 075 021	8 629 128	5 968 573	(2 895 043)	3 073 530	3 073 530
Public corporations and private enterprises	583 846	603 608	602 908	717 061	3 406	720 467	720 467
Non-profit institutions	4 402	4 402	4 342	4 754	–	4 754	4 754
Households	161 843	161 843	127 050	139 762	653	140 415	140 415
Payments for capital assets	660 658	742 812	1 136 349	786 189	(35 602)	750 587	750 587
Buildings and other fixed structures	369 827	451 981	599 094	488 681	(1 644)	487 037	487 037
Machinery and equipment	262 993	262 993	454 011	277 532	(33 958)	243 574	243 574
Specialised military assets	27 585	27 585	83 094	19 005	–	19 005	19 005
Biological assets	–	–	10	654	–	654	654
Software and other intangible assets	253	253	140	317	–	317	317
Payments for financial assets	–	–	49 559	–	–	–	–
Total	32 024 384	31 325 256	31 324 247	30 715 333	(272 742)	30 442 591	30 442 591

Table 22.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	87 430	78 098	–	74 841	74 576	76 812	77 206	79 413	80 150	80 274
Salary level 1 – 6	57 488	52 089	–	51 883	51 760	50 932	51 015	52 480	52 975	53 051
Salary level 7 – 10	28 454	24 785	–	21 050	20 928	24 671	24 960	25 667	25 899	25 943
Salary level 11 – 12	1 176	970	–	1 582	1 567	959	977	1 003	1 012	1 016
Salary level 13 – 16	312	254	–	326	321	250	254	263	264	264
Administration	4 979	3 880	–	3 695	3 366	3 705	3 902	4 017	4 055	4 061
Salary level 1 – 6	1 994	1 554	–	1 685	1 535	1 484	1 563	1 608	1 625	1 627
Salary level 7 – 10	2 369	1 847	–	1 557	1 419	1 762	1 858	1 913	1 930	1 933
Salary level 11 – 12	468	364	–	358	326	349	366	377	380	381
Salary level 13 – 16	148	115	–	95	86	110	115	119	120	120
Force Employment	2 426	1 707	–	34 021	33 443	1 694	1 711	1 767	1 784	1 787
Salary level 1 – 6	1 464	1 029	–	27 827	27 353	1 022	1 032	1 064	1 076	1 077
Salary level 7 – 10	906	639	–	6 001	5 899	633	640	663	668	670
Salary level 11 – 12	46	32	–	162	160	32	32	33	33	33
Salary level 13 – 16	10	7	–	31	31	7	7	7	7	7
Landward Defence	43 493	40 141	–	10 605	10 622	39 147	38 971	40 113	40 485	40 546
Salary level 1 – 6	34 747	32 325	–	6 670	6 681	31 248	31 109	32 021	32 318	32 365
Salary level 7 – 10	8 576	7 664	–	3 742	3 748	7 745	7 709	7 935	8 009	8 022
Salary level 11 – 12	138	124	–	167	167	125	125	128	129	130
Salary level 13 – 16	32	28	–	26	26	29	28	29	29	29

Table 22.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Air Defence	12 818	10 978	–	6 231	6 707	10 856	11 048	11 367	11 472	11 490
Salary level 1 – 6	7 677	6 576	–	4 258	4 729	6 503	6 618	6 808	6 872	6 883
Salary level 7 – 10	5 009	4 289	–	1 860	1 865	4 241	4 316	4 442	4 482	4 489
Salary level 11 – 12	108	93	–	95	96	92	94	96	97	97
Salary level 13 – 16	24	20	–	18	17	20	20	21	21	21
Maritime Defence	7 243	7 287	–	8 026	8 108	7 408	7 341	7 545	7 615	7 627
Salary level 1 – 6	4 583	4 610	–	4 180	4 232	4 687	4 644	4 772	4 817	4 825
Salary level 7 – 10	2 539	2 556	–	3 305	3 328	2 598	2 575	2 647	2 671	2 675
Salary level 11 – 12	102	102	–	456	462	104	103	106	107	107
Salary level 13 – 16	19	19	–	85	86	19	19	20	20	20
Military Health Support	9 804	8 894	–	647	826	8 647	8 985	9 209	9 294	9 309
Salary level 1 – 6	3 750	3 404	–	150	191	3 307	3 439	3 526	3 558	3 563
Salary level 7 – 10	5 920	5 371	–	433	553	5 222	5 426	5 560	5 612	5 621
Salary level 11 – 12	111	98	–	49	63	97	99	101	102	103
Salary level 13 – 16	23	21	–	15	19	21	21	22	22	22
Defence Intelligence	1 086	744	–	9 932	9 795	706	747	770	777	779
Salary level 1 – 6	240	164	–	6 280	6 194	156	164	168	171	171
Salary level 7 – 10	776	531	–	3 389	3 342	505	534	552	555	557
Salary level 11 – 12	53	36	–	224	221	34	36	37	38	38
Salary level 13 – 16	17	13	–	39	38	11	13	13	13	13
General Support	5 581	4 467	–	1 684	1 709	4 649	4 501	4 625	4 668	4 675
Salary level 1 – 6	3 033	2 427	–	833	845	2 525	2 446	2 513	2 538	2 540
Salary level 7 – 10	2 359	1 888	–	763	774	1 965	1 902	1 955	1 972	1 976
Salary level 11 – 12	150	121	–	71	72	126	122	125	126	127
Salary level 13 – 16	39	31	–	17	18	33	31	32	32	32

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

2. As at 30 September 2010.

Table 22.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R thousand)	9 735 905	10 620 019	12 705 580	16 219 018	16 770 748	17 700 464	18 787 813
Training expenditure (R thousand)	87 447	117 655	113 621	145 592	131 874	132 954	141 215
Training as percentage of compensation	0.9%	1.1%	0.9%	0.9%	0.8%	0.8%	0.8%

Table 22.D Summary of departmental public private partnership (PPP) projects

Project description:		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R thousand			2010/11	2011/12	2012/13	2013/14
Projects in preparation, registered in terms of Treasury Regulation 16	–	–	–	1 421	–	–
Advisory fees	–	–	–	1 421	–	–
Total	–	–	–	1 421	–	–

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Comprehensive Healthcare service to member for their legal dependants as well as beneficiaries of the fund for the SA Military Health Service in the DOD
Brief description	The identification and procurement of referral services in eight regional centre's in South Africa through a PPP
Date PPP agreement was signed	No PPP agreement signed yet, must follow/enter the procurement phase.
Duration of PPP agreement	If it is successful it will be for 10 years
Escalation index for unitary fee	No unitary fee to be paid only service fee with a discount.
Net Present Value of all payment obligations discounted at appropriate duration government bond yield	There will be none.

Table 22.D Summary of departmental public private partnership (PPP) projects (continued)

Disclosure notes for projects signed in terms of Treasury Regulation 16

Variations / amendments to PPP agreement	N/A
Cost implications of variations/amendments	N/A
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	N/A

Table 22.E Summary of allocations to Special Defence Account per programme

Programme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand							
Force Employment	111 789	152 089	156 811	129 354	186 867	194 737	201 398
Landward Defence	2 065 291	2 016 592	2 286 917	414 363	2 233 716	2 539 009	2 823 025
Air Defence	4 537 886	4 924 284	5 167 580	1 407 359	2 418 697	2 802 408	2 290 460
Maritime Defence	840 457	213 944	249 498	249 480	252 701	183 621	428 235
Military Health Support	1 117	1 500	1 771	24 700	7 135	35 618	42 281
Defence Intelligence	296 208	332 414	391 540	396 779	406 696	413 004	432 212
General Support	274 605	405 431	365 073	438 288	467 576	439 300	372 670
Total	8 127 353	8 046 254	8 619 190	3 060 323	5 973 388	6 607 697	6 590 281

Table 22.F Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2010/11	Medium-term expenditure estimate		
						2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand												
Foreign												
In kind												
United States of America	Aircrew simulator training and C130 aircraft spares	Air Defence	1 000	Goods and services	Training for 59 members	1 000	–	–	–	–	–	–
United States Department of Defense and United States of America President's Emergency Plan for AIDS Relief	Project Masibambane AIDS awareness promotion	Military Health Support	132 567	Goods and services	Programme for educating and preventing the transmission of HIV among department members	131 967	600	–	–	–	–	–
United States of America President's Emergency Plan for AIDS Relief	Sponsorship of antiretroviral drugs	Military Health Support	8 969	Goods and services	Sponsoring antiretroviral drugs	4 750	4 219	–	–	–	–	–
United States Department of Defense, Henry Jackson Foundation and National Institute of Allergy and Infectious Disease	Establish clinical research capability	Military Health Support	73 253	Goods and services	Establishing a clinical research capability through 6 clinics, securing the participation of 10 000 members on protocol 1 and 2 800 members on protocol 2	61 710	11 543	–	–	–	–	–
United Kingdom Department for International Development	Capacity building in antiretroviral training	Military Health Support	1 342	Goods and services	Building capacity for health care professionals in antiretroviral treatment	938	404	–	–	–	–	–
Germany	Evaluation and assistance with regards to training and onboard procedures on the new frigates	Maritime Defence	180	Goods and services	Training and evaluating for operational sea strategic defence packages	–	–	–	–	–	–	–
United Kingdom	Evaluation and assistance in training and onboard procedures on the new frigates	Maritime Defence	92	Goods and services	Training for 86 members	–	–	–	–	–	–	–
France	Command and control training course	Administration	138	Goods and services	Training course for 1 member	138	–	–	–	–	–	–
Sweden	Peace operations training course	Force Employment	39	Goods and services	Training course for 1 member	39	–	–	–	–	–	–
United States of America	Leadership training	Administration	73	Goods and services		–	–	–	–	–	–	–
United States of America	Aviation safety training	Air Defence	144	Goods and services	Training course for 1 member	144	–	–	–	–	–	–

Table 22.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2010/11	Medium-term expenditure estimate		
						2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand												
United States of America	Senior non-commissioned officer development training	Administration	112	Goods and services		–	–	–	–	–	–	–
United Kingdom	Support to Burundi for operation curriculum	Force Employment	21 000	Goods and services	Spending on aircraft chartering	21 000	–	–	–	–	–	–
United States of America	Healthcare specialist training, combating terrorism training, international special forces training and ranger training	Military Health Support	220	Goods and services	Training in each course for 1 member except ranger training, which was attended by 2 members	–	220	–	–	–	–	–
United Kingdom	International peace support operations programmes	Force Employment	18	Goods and services	Training course for 2 members	–	18	–	–	–	–	–
Germany	United Nations military observers course	Force Employment	8	Goods and services	Training course for 1 member	–	8	–	–	–	–	–
United States of America	Captains career courses for armour, air defence artillery, artillery, infantry and intelligence. Army war college and United States warrant officer academy	Landward Defence	2 194	Goods and services	Training in each course for 1 member except the warrant officer academy, which was attended by 2 members	–	2 194	–	–	–	–	–
United Kingdom	Royal college for defence studies, 2 senior command and staff courses and officer commissioning course	Administration	450	Goods and services	Training in each course for 1 member	–	450	–	–	–	–	–
Peoples Republic of China	Defence and strategy course and senior army and staff command course	Administration	40	Goods and services	Training in each course for 1 member	–	40	–	–	–	–	–
India	Civil defence bomb disposal training	Landward Defence	80	Goods and services	Training course for 4 members	–	80	–	–	–	–	–
United States of America	Combating terrorism, United States Air Force squadron officer, United States air war college, United States air command and staff college	Administration	2 060	Goods and services	Training in each course for 1 member	–	2 060	–	–	–	–	–
United Kingdom	Royal College of Defence studies	Administration	1 050	Goods and services	Training course for 1 member	–	1 050	–	–	–	–	–
Germany	Senior executive seminar, programme in advanced security studies and programme in terrorism and security studies	Administration	1 655	Goods and services	Training in each course for 2 members except the programme in terrorism and security studies, which was attended by 1 member	–	1 655	–	–	–	–	–

Table 22.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2010/11	Medium-term expenditure estimate		
						2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand												
Peoples Republic of China	Research course on defence and strategy	Administration	1 580	Goods and services	Training course for 1 member	-	1 580	-	-	-	-	-
Spain	Defence staff course preceded by language course	Administration	950	Goods and services	Training course for 1 member	-	950	-	-	-	-	-
Tunisia	Desert survival training	Landward Defence	66	Goods and services	Training course for 2 members	-	66	-	-	-	-	-
United States of America	Senior enlisted course, defence management course, senior enlisted symposium and senior staff course	Administration	1 870	Goods and services	Training in each course for 1 member	-	1 870	-	-	-	-	-
United Kingdom	Peace and security fellowship for African women and helicopter transit course	Air Defence	40	Goods and services	Training in each course for 1 member	-	40	-	-	-	-	-
Germany	Senior staff course preceded by German language course and detachment to training ship GORSH FOCK	Maritime Defence	93	Goods and services	Training course and deployment for 1 member	-	93	-	-	-	-	-
Italy	Combined force maritime commander course	Maritime Defence	50	Goods and services	Training course for 1 member	-	50	-	-	-	-	-
Argentina	Detachment to training ship LIBERTAD	Maritime Defence	13	Goods and services	Detaching of 1 member	-	13	-	-	-	-	-
Brazil	Detachment to training ship BRASIL	Maritime Defence	13	Goods and services	Detaching of 1 member	-	13	-	-	-	-	-
Chile	Detachment to training ship ESMERALDA	Maritime Defence	13	Goods and services	Detaching of 1 member	-	13	-	-	-	-	-
Nigeria	Senior staff course	Administration	80	Goods and services	Training course for 1 member	-	80	-	-	-	-	-
Pakistan	Senior command and staff course	Administration	80	Goods and services	Training course for 1 member	-	80	-	-	-	-	-
World Health Organisation	Sponsorship to global forum on human resources for health international conference in Uganda	Military Health Support	20	Goods and services	1 member attended the forum	-	20	-	-	-	-	-
Uganda National Academy of Sciences and the Sloan Foundation	Sponsorship to an international workshop in East Africa on promoting bio-safety and security within the life sciences	Administration	20	Goods and services	1 member attended the workshop	-	20	-	-	-	-	-
South African Pharmaceutical Company, Astra Zeneca	Sponsorship to digestive diseases meeting in the United States	Military Health Support	20	Goods and services	1 member attended the meeting	-	20	-	-	-	-	-

Table 22.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand												
United Nations AIDS and the Henry Jackson Institute for Medical Research	Sponsorship to the United Nations uniformed services HIV task force	Military Health Support	20	Goods and services	3 members attended	-	20	-	-	-	-	-
International Medicine Regimental Trust Fund	Sponsorship to the 17 th international AIDS conference in Mexico	Military Health Support	20	Goods and services	1 member attended the conference	-	20	-	-	-	-	-
Southern Africa Region Network and Southern African Development Community Roll Back Malaria Partnership	Sponsorship to malaria managers meeting in Botswana	Military Health Support	20	Goods and services	1 member attended the meeting	-	20	-	-	-	-	-
SA Pharmaceutical Company, Astra Zeneca	Sponsorship to respiratory society annual congress in Germany	Military Health Support	20	Goods and services	1 member attended the congress	-	20	-	-	-	-	-
United States of America	Battlefield waste management workshop and joint services environmental management conference	General Support	32	Goods and services	3 members attended the workshop and 1 member attended the conference	-	32	-	-	-	-	-
United Kingdom	International logistics officers course	General Support	26	Goods and services	Training course for 1 member	-	26	-	-	-	-	-
Total			251 730			221 686	29 587	-	-	-	-	-

Table 22.G Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R thousand										
Departmental infrastructure										
Rebuilding of runway at Air Force Base Waterkloof	Ripping up existing unserviceable runway, excavation and groundworks for new runway, construction of new runway and tar macadam placed, and installation of runway lighting	Construction	1 218 680	8 091	313 237	402 079	180 000	294 354	20 917	–
Upgrading of medical health facilities	Construction of examination rooms, operating theatres, administration sections, wards, and mechanical systems like gas, oxygen, water, and fire detection and prevention	Construction	205 103	–	–	–	43 540	31 268	26 072	2 000
Construction of boat park	Construction of store facilities for boats, mechanical workshops to repair boats, administration section to do planning and rest areas for personnel	Construction	154 432	–	–	–	30 526	38 360	27 811	–
Construction of training facilities	Construction of facilities for functional training, like offensive building penetration or defensive building protection, artisan training, like electrical, electronic and construction, and vehicle driving skills	Various	91 624	–	–	–	7 499	3 211	1 500	6 500
Upgrading of infrastructure for disabled members	Upgrading of offices, workshops and pathways by constructing ramps, installation of water closets, hand wash basins, and enlarging toilet cubicles	Various	9 407	–	–	–	200	3 207	2 200	2 200
Upgrading of kitchens	Upgrading 6 kitchens, and preparation of floors, walls and ceilings to accommodate the new equipment	Various	7 236	–	–	–	–	7 236	–	–
Construction of security	Installation of security fences, gates, burglar bars, lights and monitor systems	Various	166 130	–	–	–	–	9 830	16 000	9 700
Construction of ammunition storage facility	Construction of buildings to comply with legislation on the storage of ordinance	Construction	22 317	–	–	–	8 261	1 116	–	–
Construction of living accommodation	Construction of single and married houses and flats for military personnel	Identification	107 000	–	–	–	–	–	20 352	50 028
Construction of office accommodation	Construction of new office accommodation, comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery and site works	Identification	103 000	–	–	–	–	300	3 817	21 989

Table 22.G Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand										
Construction of hangars	Construction of 2 hangars to comply with legislation on the storage of ordinance	Identification	24 000	–	–	–	–	–	1 500	11 800
Maintenance										
Refurbishment of 1 Military Hospital	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Construction	420 454	–	74 422	81 612	140 744	–	–	–
Refurbishment of Air Force Base Waterkloof	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	279 360	–	131 111	48 160	12 720	–	–	–
Refurbishment of 35 Engineer Support Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	74 940	–	13 139	41 597	11 902	3 470	–	–
Refurbishment of 2 Military Hospital	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Construction	337 080	–	13 501	14 798	46 633	78 607	183 540	–
Refurbishment of 4 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Construction	183 803	–	41 370	48 091	26 105	43 999	24 239	–
Refurbishment of Naval Dockyard Simons Town	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Tender	339 472	–	6 932	5 589	54 492	131 437	141 022	–
Refurbishment of 21 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Tender	466 226	–	5 432	1 109	76 614	183 873	199 196	–
Refurbishment of 10 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Tender	246 591	–	1 779	1 492	41 099	98 637	106 856	–

Table 22.G Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand Refurbishment of A-mess Thaba Tshwane	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	88 800	–	–	–	13 919	44 400	30 481	–
Refurbishment of 1 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	25 529	–	1 020	468	–	–	12 020	12 020
Refurbishment of 4 Artillery Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	35 221	–	1 169	1 418	–	–	17 610	17 610
Refurbishment of 6 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	199 350	–	927	4 551	–	–	–	79 740
Refurbishment of 8 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	244 274	–	2 179	1 073	–	–	–	96 409
Refurbishment of School of Artillery	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	63 400	–	1 797	910	–	–	–	24 277
Refurbishment of 1 Parachute Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	7 886	–	329	160	–	–	–	7 396
Refurbishment of 10 Anti-Aircraft and Air Defence Artillery School	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	225 099	–	1 050	2 003	–	–	–	88 818
Refurbishment of 44 Parachute Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	31 504	–	993	849	–	–	–	11 864

Table 22.G Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand										
Refurbishment of School of Engineers	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	130 956	–	2 577	1 171	–	–	–	50 883
Refurbishment of 2 Field Engineering Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	95 753	–	1 968	1 059	–	–	–	37 090
Refurbishment of South African Army Combat Training Centre (including 16 Maintenance Unit)	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	893 574	–	3 737	4 253	38 434	85 094	250 523	249 727
Refurbishment of 1 Special Service Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	28 672	–	–	568	–	–	–	11 242
Refurbishment of 7 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	157 194	–	2 671	1 996	–	–	–	30 506
Refurbishment of South African Army office, Dequar Road	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	186 405	–	–	–	–	–	–	37 281
Refurbishment of South African Air Force Blenny Complex	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	226 106	–	–	–	–	–	–	45 221
Refurbishment of Boekenhoutkloof communication facility	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	47 057	–	–	–	–	–	–	23 529
Refurbishment of Rooiwal communication facility	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	47 057	–	–	–	–	–	–	23 529

Table 22.G Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand										
Refurbishment of SAS Saldanha	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	165 667	–	–	–	–	–	–	66 267
Refurbishment of Military Veterinary Institute	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	73 481	–	–	–	–	–	–	29 392
Refurbishment of 3 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	89 968	–	–	–	–	–	–	35 987
Refurbishment of 121 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	96 779	–	–	–	–	–	–	34 972
Refurbishment of 1 Tactical Intelligence Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	130 636	–	–	–	–	–	–	–
Refurbishment of Air Force Base Bloemspruit	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	630 276	–	–	–	–	–	–	–
Refurbishment of 9 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	314 211	–	–	–	–	–	–	–
Refurbishment of Military Police School	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	86 990	–	–	–	–	–	–	–

Table 22.G Summary of expenditure on infrastructure (continued)

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Refurbishment of Military Base Musina	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	42 560	–	–	–	–	–	–	–
Refurbishment of Fort Scorpio	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	14 499	–	–	–	–	–	–	–
Total			8 835 759	8 091	621 340	665 006	732 688	1 058 399	1 085 656	1 117 977



**ESTIMATES
OF NATIONAL
EXPENDITURE** **2011**

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