

VOTE 22 *Defence and Military Veterans*



National Treasury

BUDGET 2012

ESTIMATES OF NATIONAL EXPENDITURE



national treasury

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REPUBLIC OF SOUTH AFRICA

Estimates of National Expenditure 2012

National Treasury

Republic of South Africa

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The Estimates of National Expenditure 2012 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za.

Compared to the abridged version of the Estimates of National Expenditure, these publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

Foreword

The current global economic context is characterised by high levels of uncertainty. Against this backdrop, South Africa's development depends largely on government improving its level and quality of service delivery in support of the inclusive and equitable economic roadmap, as contained in the new growth path. The 2012 Budget is an important tool of government for giving effect to these objectives, and this Budget allocates resources to specific interventions that will be actioned over the period of the medium term expenditure framework (MTEF). Growth in spending focuses particularly on infrastructure development, job creation, enterprise support and the enhancement of local government delivery.

South Africa's fiscal stance and public spending programmes are focused on long term structural transformation. Over the next three years of the MTEF period, government priorities will continue to be realised within a sustainable fiscal trajectory, which balances current needs with intergenerational equity. In line with this, spending baselines have undergone rigorous review, areas of inefficiency and lower priority have been identified, and funds have been redirected towards government's key priorities, both new and existing. This has been done in recognition of the relationship between the composition of spending and fiscal sustainability over the long term. Here, the balance between consumption and investment is extremely important. Even the distribution of consumption spending between wages, goods and services and transfers is significant, as is the balance between the functional categories expenditure (such as education, health and economic services). Underspensing on key priorities undermines the aims of the spending proposed within MTEF Budgets.

Since introducing the functional approach to budget decision-making in 2009, transparency and coordination in budgeting has been enhanced, largely due to the participation by the stakeholders responsible for delivery across all spheres of government. South African budget reforms, especially the intensified focus on budget trade-offs and the composition of expenditure, will lead to greater accountability and improved control.

It is not enough to demonstrate a change in the composition of budgeted expenditure; nor is it enough to pinpoint the specific actions required and proposed within the Budget. Success will only be achieved when we can demonstrate that a shift in the composition of actual expenditure has taken place, together with the achievement of improved delivery targets.

This year, the layout of this publication has been altered substantially. The focus is on linking more closely expenditure planned with targeted performance. Specific focus is on the outcomes to which institutions contribute and the output and other performance measures supporting them. The sections covering employee numbers, personnel budgets and the purpose and key activities of each subprogramme within a vote are now more prominent, giving expression to the budget and service delivery. This publication still indicates details per vote of the allocation of new monies, monies reprioritised between or within budget programmes, and Cabinet approved budget reductions over the period ahead. 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, and public entities. Additional tables are included, containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

The expenditure estimates of departments are the outcome of a rigorous administrative and executive process. Treasury budget analysts, under the guidance of the Ministers' Committee on the Budget, follow a wide-ranging intergovernmental consultative process, working closely with the policy and budget teams of departments and entities to ensure that government priorities are appropriately funded within the available resource envelope. The Treasury is grateful for the contribution of these teams. Appreciation is also due to the people in the Treasury team, who worked with great diligence to produce a high quality document that provides a comprehensive account of government's spending and performance plans.



Lungisa Fuzile
Director General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure publications are important accountability documents, which set out the details in relation to planned expenditure and planned performance at the time of the tabling of the Budget. Estimates of National Expenditure publications continue to make a significant contribution to the changes relating to budgeting by programme. As part of these ongoing efforts, several changes have been made to the 2012 Estimates of National Expenditure publications. Departments still provide information on the key objectives of each subprogramme within a programme, and note the activities carried out, the number of personnel responsible for undertaking these activities and the funding allocations supporting this. This year in the 2012 publications, information on expenditure and performance is more closely linked under the 'expenditure trends' section, with a brief discussion on the impact of budget allocations on the achievement of outputs over the seven-year period. In addition, an explanation of the personnel trends, per programme by salary level, over the seven years in relation to compensation of employees has also been included. Finally, information on Cabinet approved cost reduction measures and other budget reprioritisation has been included per programme.

The 2012 abridged Estimates of National Expenditure publication, and the separate Estimates of National Expenditure e-publications for each vote are the product of an extensive consultative review process of budgets and policy, and policy implementation by programme, and include the latest improvements in non-financial performance information. These publications provide the details of the spending estimates for the next three financial years (2012/13 to 2014/15), expenditure outcomes for the past three years (2008/09 to 2010/11) and revised estimates for the current financial year (2011/12). Information is provided on performance targets over the seven year period as well as changes in these, as they relate to trends in planned expenditure.

The e-publications for individual votes contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

A consolidated account, summarising the Estimates of National Expenditure publication information across votes, is provided in the form of a narrative and summary tables in the Introduction chapter, which is included in the front pages of the abridged version of the Estimates of National Expenditure. A write-up containing the explanation of the information that is contained in each section of the publications has also been included in the abridged version of the Estimates of National Expenditure. Like the separate Estimates of National Expenditure e-publications for each vote, the abridged Estimates of National Expenditure publication is also available on www.treasury.gov.za.

Defence and Military Veterans

**National Treasury
Republic of South Africa**



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Vote 22

Defence and Military Veterans

Budget summary

R thousand	2012/13					2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Administration	3 730 776	3 624 512	90 116	16 148	–	4 040 659	4 262 656
Force Employment	2 670 902	2 395 266	201 374	74 262	–	2 959 205	3 200 673
Landward Defence	12 686 731	9 989 817	2 351 293	345 621	–	13 751 279	14 253 986
Air Defence	6 749 665	4 898 363	1 830 870	20 432	–	7 204 878	7 709 470
Maritime Defence	2 551 307	2 169 900	348 102	33 305	–	2 755 491	3 198 209
Military Health Support	3 316 507	3 271 449	43 496	1 562	–	3 515 105	3 692 513
Defence Intelligence	709 663	280 835	425 387	3 441	–	740 475	778 507
General Support	5 077 403	3 526 811	1 085 495	127 393	337 704	4 977 568	5 236 095
Total expenditure estimates	37 492 954	30 156 953	6 376 133	622 164	337 704	39 944 660	42 332 109
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 as well as joint, interdepartmental and multinational military exercises.

Programme 3: Landward Defence

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

Programme 4: Air Defence

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

Programme 5: Maritime Defence

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

Programme 6: Military Health Support

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

Programme 7: Defence Intelligence

Purpose: Provide defence intelligence and counter intelligence capability.

Programme 8: General Support

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

Strategic overview: 2008/09 – 2014/15

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

In terms of government's broad outcomes, the department continues to contribute to: ensuring a long and healthy life for all South Africans (outcome 2) through its 88 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. The contribution the department is making to peace and stability on the continent paves the way for economic growth and sustainable development in those areas. The contribution also improves the lives of fellow Africans and facilitates South African access to develop new markets on the continent.

The department's main outputs in relation to these strategic outcomes over the medium term are: to ensure that ordered defence commitments are conducted in accordance with government's policy and strategy; to ensure mission ready defence capabilities; to comply with the applicable regulatory framework; and to ensure the provision of sound defence direction.

Focus over the medium term

Specific strategic priorities over the medium term include: executing the border safeguarding function, continuing with the institutionalisation of the new service dispensation for South African National Defence Force members, enhancing the Defence Force's landward capabilities, ensuring optimal human and capital acquisition through approved defence industry projects, enhancing the Defence Force's peacekeeping capability, revitalising the reserve component, and consolidating the Southern African Development Community's (SADC) maritime security strategy. This was recently ratified within the structures of the SADC and its subsidiary organs.

Restructuring and supporting the defence industry

Other key priorities will include the continued restructuring and support of the defence industry, thereby ensuring that the focus is on the required defence capabilities and that they are sustainable, in support of the defence mandate. The department established and resourced the defence works formation, which ultimately aims to develop internal departmental capacity for infrastructure repair and the maintenance of its 35 000 facilities, including housing accommodation, offices and training sites.

Enhancing the one force, core force and growth force principle

Through the national youth service military skills development systems and the increased use of the reserves to supplement the regular members complement, the department will continue to enhance the one force, core force and growth force concept. This will ensure an appropriate balance between regular members, reserve members and other personnel appointed in terms of the Public Service Amendment Act (2007).

Contributing to global security and peace initiatives

The department further contributes to and supports the United Nations (UN) requirements for its peace missions and work in collaboration with the African Union (AU) in support of the SADC peace support initiatives, which will enable the organisation's member states to react in time to conflicts or natural disasters. It also provides support in terms of the SADC's standby force agreements.

A key component of government policy is the promotion of regional, continental and global security through defence diplomacy initiatives, which include the employment of defence capabilities in support of the UN and AU peace missions within the African landscape. The defence force has provided substantial support to peace missions, natural and humanitarian disaster, and democratic elections through its inherent land, air, maritime and military health capabilities. The department has made substantial progress in building sound relations with countries in Africa and the rest of the world. Current deployments are mainly in the Democratic Republic of Congo, Sudan and in maritime operations supporting regional security. The department currently has 38 defence attaché offices that provide the defence force with increased capacity for the conducting of bilateral and multilateral relations. Support has been provided to post-conflict reconstruction and training initiatives on the African continent.

More immediate priorities

In the short term, the department will focus on: reviewing the defence strategy, which will inform the departmental force design and force structure; the continued phased-in implementation of the border management strategy, which includes border safeguarding; the approval of the policy framework to form the basis for implementing the Defence Amendment Act (2010); defence's contribution to the finalisation of the national security strategy component of the revised 1999 White Paper on the South African Defence Related Industries; and the development of a defence industry strategy to position the defence function in a way that maximises the responsiveness of the defence industry.

Selected performance indicators**Table 21.1 Defence**

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage compliance with the SADC standby force agreement and South African pledge	Force Employment	–	–	–	100%	100%	100%	100%
Number of large scale external operations per year	Force Employment	9	8	4	4	4	4	4
Average number of personnel deployed daily in external operations per year	Force Employment	2 931	2 480	2 041	2 280	1 985	1 985	1 985
Number of person days used during internal operations per year	Force Employment	231 608	133 036	556 099	580 000	657 000	930 750	1 204 500
Number of internal operations per year	Force Employment	4	5	5	4	5	5	5
Number of joint, interdepartmental and military exercises conducted per year	Force Employment	10	8	8	6	7	7	6
Percentage compliance with UN requirements, rules and regulations for peace missions	Force Employment	–	–	–	100%	100%	100%	100%
Total number of defence attaché offices	Administration	36	37	37	38	40	40	40
Number of force employment hours flown per year	Air Defence	11 099	12 754	8 279	10 902	10 500	10 500	10 500
Number of sea hours on patrol in South African maritime zones and international waters per year	Maritime Defence	8 236	12 945	8 286	9 000	35 000	35 000	35 000
Number of military skills development members in the system per year	Landward Defence	6 736	8 874	8 662	11 140	6 673	4 159	4 153

Table 21.1 Defence (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of active reserves per year	Landward Defence	19 763	13 352	12 362	13 816	12 400	12 900	13 500
Number of health care activities provided per year	Military Health Support	–	–	–	2 200 000	2 400 000	2 400 000	2 400 000
Defence Force Service Commission status ¹	Administration					Comprehensive recommendations to minister and report to Parliament	Impact assessment: review and report to Parliament	Assessment findings: review and report to Parliament

1. This is a new indicator that will start from 2012/13. The Commission will be delivering recommendations and impact assessment findings to the minister, as well as regular reports to Parliament. They will address the conditions of service of members of the Defence Force.

Expenditure estimates

Table 22.2 Defence

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R thousand								
Administration	2 480 151	2 914 089	3 452 915	3 718 428	3 718 428	3 730 776	4 040 659	4 262 656
Force Employment	1 913 910	1 886 540	2 265 457	2 332 012	2 332 012	2 670 902	2 959 205	3 200 673
Landward Defence	7 487 170	9 042 227	9 295 568	11 328 608	11 328 608	12 686 731	13 751 279	14 253 986
Air Defence	8 018 779	8 643 762	5 488 936	6 355 776	6 355 776	6 749 665	7 204 878	7 709 470
Maritime Defence	1 837 191	1 997 454	2 349 916	2 564 677	2 564 677	2 551 307	2 755 491	3 198 209
Military Health Support	2 176 940	2 608 128	3 150 114	3 244 263	3 244 263	3 316 507	3 515 105	3 692 513
Defence Intelligence	506 752	594 703	633 853	661 636	661 636	709 663	740 475	778 507
General Support	3 380 393	3 637 344	3 805 612	4 143 687	4 143 687	5 077 403	4 977 568	5 236 095
Total	27 801 286	31 324 247	30 442 371	34 349 087	34 349 087	37 492 954	39 944 660	42 332 109
Change to 2011 Budget estimate				(255 878)	(255 878)	121 712	242 486	247 805

Economic classification

Current payments	17 894 281	20 774 911	25 487 801	28 090 710	28 090 710	30 156 953	31 784 511	33 297 244
Compensation of employees	10 620 019	12 705 579	16 597 092	17 555 296	17 555 296	18 967 786	20 251 854	21 364 171
Goods and services	7 274 262	8 069 332	8 890 709	10 535 414	10 535 414	11 189 167	11 532 657	11 933 073
<i>of which:</i>								
Administrative fees	4 766	9 670	10 318	9 898	9 898	9 872	9 501	8 254
Advertising	4 855	8 156	5 550	9 971	9 971	8 334	7 787	8 138
Assets less than the capitalisation threshold	94 693	125 774	108 633	265 770	265 770	193 869	195 632	190 082
Audit cost: External	41 415	46 442	49 972	58 477	58 477	61 079	65 294	69 803
Catering: Departmental activities	32 458	39 235	38 017	–	–	40 785	43 343	46 129
Communication	89 840	107 895	88 728	96 661	96 661	116 217	121 630	119 938
Computer services	753 289	841 367	856 426	1 064 301	1 064 301	1 132 931	1 215 800	1 257 643
Consultants and professional services: Business and advisory services	162 782	311 615	288 093	148 491	148 491	163 709	157 441	170 667
Consultants and professional services: Infrastructure and planning	4 977	10 578	2 234	29 231	29 231	24 648	29 673	30 479
Consultants and professional services: Laboratory services	9 349	11 698	20 436	5 934	5 934	10 663	9 145	8 873
Consultants and professional services: Legal costs	3 455	636	1 568	8 338	8 338	8 844	9 287	9 751

Table 22.2 Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Current payments								
Contractors	2 397 647	2 834 304	3 263 046	4 193 813	4 193 813	4 195 717	4 380 238	4 427 655
Agency and support / outsourced services	271 032	349 062	364 843	359 052	359 052	350 504	329 578	330 923
Entertainment	5 256	6 878	9 172	9 300	9 300	9 795	9 741	10 016
Fleet services (including government motor transport)	–	119	–	–	–	–	–	–
Inventory: Food and food supplies	569 917	700 706	708 875	705 077	705 077	1 015 582	1 139 389	1 207 067
Inventory: Fuel, oil and gas	413 045	309 438	405 655	402 885	402 885	630 389	509 790	558 204
Inventory: Learner and teacher support material	2 473	9	(5 487)	1 313	1 313	–	–	–
Inventory: Materials and supplies	194 305	123 535	127 846	224 857	224 857	210 621	195 491	201 321
Inventory: Medical supplies	205 915	217 817	99 386	75 813	75 813	253 043	233 516	221 318
Inventory: Medicine	5	–	152 825	145 093	145 093	157	141	139
Medsas inventory interface	213	–	–	–	–	–	–	–
Inventory: Military stores	102 985	30 668	63 286	111 300	111 300	128 465	119 470	114 904
Inventory: Other consumables	130 286	135 508	166 722	224 077	224 077	174 055	194 030	193 005
Inventory: Stationery and printing	64 888	74 166	68 764	84 480	84 480	85 796	91 142	94 067
Lease payments	252 274	222 159	259 114	296 654	296 654	307 381	318 620	334 536
Property payments	407 235	485 519	580 935	677 740	677 740	757 079	830 445	880 244
Travel and subsistence	604 933	703 032	728 498	640 843	640 843	561 718	567 623	640 488
Training and development	97 369	110 692	118 989	158 912	158 912	221 071	209 467	218 046
Operating expenditure	340 426	237 758	298 293	495 150	495 150	500 147	525 166	566 572
Venues and facilities	12 179	14 896	9 972	31 983	31 983	16 696	14 277	14 811
Transfers and subsidies	8 833 120	9 363 428	3 888 022	5 907 281	5 907 281	6 376 133	7 548 372	8 393 426
Provinces and municipalities	13 806	–	–	–	–	–	–	–
Departmental agencies and accounts	8 096 608	8 629 128	3 024 731	4 878 265	4 878 265	5 327 877	6 448 421	7 230 227
Public corporations and private enterprises	565 754	602 908	737 509	867 257	867 257	914 753	966 991	1 030 777
Non-profit institutions	4 198	4 342	5 187	6 317	6 317	6 213	6 523	6 850
Households	152 754	127 050	120 595	155 442	155 442	127 290	126 437	125 572
Payments for capital assets	998 879	1 136 349	899 550	351 096	351 096	622 164	611 777	641 439
Buildings and other fixed structures	505 382	599 094	251 203	126 475	126 475	111 110	120 793	125 774
Machinery and equipment	492 192	454 011	581 383	203 497	203 497	460 459	437 309	458 351
Specialised military assets	–	83 094	7 432	20 652	20 652	49 546	53 418	57 032
Biological assets	–	10	59 399	–	–	–	–	–
Software and other intangible assets	1 305	140	133	472	472	1 049	257	282
Payments for financial assets	75 006	49 559	166 998	–	–	337 704	–	–
Total	27 801 286	31 324 247	30 442 371	34 349 087	34 349 087	37 492 954	39 944 660	42 332 109

Expenditure trends

The spending focus over the MTEF period will be on strengthening and consolidating border safeguarding as well as sustaining peace missions within the *Force Employment* programme, maintaining current defence capabilities within the *Landward Defence*, *Air Defence*, *Maritime Defence*, and *Military Health* programmes and establishing the defence works capability within the *General Support* programme.

Between 2008/09 and 2011/12, expenditure increased from R27.8 billion to R34.3 billion, at an average annual rate of 7.3 per cent, and is expected to increase over the medium term to R42.3 billion, at an average annual rate of 7.2 per cent. The increases in both periods are mainly due to additional allocations for improvements in

conditions of service for regular and reserve force members, strengthening border safeguarding, and modernising some landward capabilities. Cabinet approved changes to the baseline over the MTEF period include R749.2 million for borderline control, R23 million for the establishment of the Office of the Military Ombud and R600 million for the completion of the strategic defence procurement programme.

Using 33.8 per cent of the department's budget, the *Landward Defence* programme remains the largest spending programme over the MTEF period. The *Air Defence* programme takes up 18 per cent and the *General Support* and *Administration* programmes take up 13.5 per cent and 10 per cent of the total budget in 2012/13.

The decrease of 36.5 per cent in expenditure in the *Air Defence* programme in 2010/11 was due to the termination of the A400M aircraft contract in 2009/10 on instruction from Cabinet. The increase in spending in the *Force Employment* programme over the MTEF period is due to the allocation of additional funds for border safeguarding, as per a Cabinet decision that the South African Defence Force should take over the border safeguarding function. The high year-on-year increase in all the programmes from 2010/11 to 2011/12 was due to the implementation of the new defence force remunerations systems. The higher than average increases in spending in the *Landward Defence*, *Maritime Defence* and *Military Health Support* programmes over the MTEF period are due to the additional allocations received for landward defence renewal, the provision for the replacement of operational ambulances, and initiating programmes to acquire a hydro graphic vessel and off-shore patrol vessels.

Spending on compensation of employees increased from R10.6 billion in 2008/09 to R17.6 billion in 2011/12, at an average annual rate of 18.2 per cent, and is expected to increase to R21.4 billion in 2014/15, at an average annual rate of 6.8 per cent. The increase between 2008/09 and 2011/12 was due to the improvements in conditions of service for soldiers and the military skills development initiative. The lower growth over the MTEF period is attributed to reduced military skills development intakes, which is due to Cabinet's decision to reduce the allocation to the initiative as part of the cost saving measures.

The department transfers funds to the Armaments Corporation of South Africa to defray the entity's operating expenditure. The transfer payment to the corporation is expected to increase from R565.8 million in 2008/09 to R1 billion in 2014/15, at an average annual rate of 10.5 per cent. These increases provided mainly for improvements in conditions of service, and also for defence decision support services, freight forwarding, materiel disposal, warehousing and travel services.

The department uses consultants on a limited basis. Spending on consultants is expected to increase from R180.6 million in 2008/09 to R219.8 million in 2014/15, at an average annual rate of 3.3 per cent. This is mainly due to the appointment of consultants to do research on information based warfare, electronic warfare, network based warfare, psychological warfare, command and control warfare, and engineering consultants for missile based projects.

Infrastructure spending

Spending on infrastructure increased from R813.5 million in 2008/09 to R846.6 million in 2011/12 and is expected to increase to R1.3 billion over the medium term. Spending on infrastructure focuses mainly on refurbishing bases, units, depots and hospitals, particularly those that have begun to pose occupational health and safety threats. R40.2 million of the total amount will be spent on finalising the capital works project at the Air Force Base Waterkloof, while R3 million will be spent on refurbishing defence infrastructure over the latter part of the MTEF period. Rebuilding and upgrading the runway, lightning and hardstands at the Air Force Base Waterkloof started in July 2008 and will be completed during 2012/13.

Mega projects: Rebuilding the runway of Air Force Base Waterkloof is the department's only mega project. To date, R1.2 billion has been spent and another R40.2 million is set to be spent over the medium term. The total cost of the project is R1.2 billion.

Small projects: The department continued with eight refurbishment projects, including the military hospital in Cape Town, 4 SA Infantry Battalion in Middelburg, 35 Engineer Support Regiment in Dunnottar, 21 SA Infantry Battalion in Doornkop, 10 SA Infantry Battalion in Mafikeng, Air Defence Artillery School in Kimberley and the Naval Dockyard in Simons Town. Over the medium term, the programme is extended to include 24 small projects. The department also continues to fund 22 capital works building projects, which include the upgrade and construction of health and training facilities, security infrastructure, and living and office accommodation. Also included are improvements to accommodate disabled members.

Personnel information

Table 22.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			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		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	87 230	79 353	–	74 593	76 807	79 040	78 902	79 802	79 009	79 723
Salary level 1 – 6	57 792	55 714	–	51 954	53 901	55 746	55 230	55 521	54 772	55 485
Salary level 7 – 10	28 032	21 601	–	21 312	21 614	21 986	22 394	22 076	22 043	22 053
Salary level 11 – 12	1 105	1 768	–	1 066	1 031	1 039	1 013	1 939	1 929	1 921
Salary level 13 – 16	301	270	–	261	261	269	265	266	265	264
Administration	5 175	3 981	–	3 744	3 700	3 965	3 672	3 949	4 009	4 000
Salary level 1 – 6	2 066	1 575	–	1 520	1 424	1 647	1 525	1 716	1 774	1 782
Salary level 7 – 10	2 482	1 845	–	1 810	1 842	1 869	1 707	1 673	1 677	1 665
Salary level 11 – 12	474	446	–	314	324	334	325	447	446	442
Salary level 13 – 16	153	115	–	100	110	115	115	113	112	111
Force Employment	2 426	1 912	–	1 709	1 694	1 775	1 778	1 946	1 946	1 946
Salary level 1 – 6	1 315	982	–	809	794	862	865	1 011	1 011	1 011
Salary level 7 – 10	1 028	841	–	816	818	832	831	843	843	843
Salary level 11 – 12	66	73	–	66	65	65	66	76	76	76
Salary level 13 – 16	17	16	–	18	17	16	16	16	16	16
Landward Defence	43 354	41 123	–	33 260	39 147	40 286	39 754	40 276	39 699	41 126
Salary level 1 – 6	34 701	33 400	–	27 134	31 627	32 576	31 731	32 261	31 678	33 044
Salary level 7 – 10	8 491	7 519	–	5 952	7 335	7 522	7 847	7 815	7 826	7 887
Salary level 11 – 12	129	167	–	139	148	154	146	167	162	162
Salary level 13 – 16	33	37	–	35	37	34	30	33	33	33
Air Defence	12 818	11 501	–	10 599	10 855	11 192	11 378	11 943	12 043	11 772
Salary level 1 – 6	7 708	7 696	–	6 754	6 930	7 193	7 327	7 854	8 010	7 789
Salary level 7 – 10	4 984	3 650	–	3 715	3 798	3 871	3 926	3 931	3 877	3 830
Salary level 11 – 12	102	132	–	105	103	101	101	135	133	130
Salary level 13 – 16	24	23	–	25	24	27	24	23	23	23
Maritime Defence	7 175	7 281	–	6 708	7 409	7 508	7 395	7 152	7 004	6 813
Salary level 1 – 6	4 596	4 908	–	4 726	5 392	5 486	5 306	5 110	4 962	4 771
Salary level 7 – 10	2 468	2 282	–	1 876	1 910	1 911	1 982	1 930	1 930	1 930
Salary level 11 – 12	94	75	–	88	89	92	88	94	94	94
Salary level 13 – 16	17	16	–	18	18	19	19	18	18	18
Military Health Support	9 774	8 976	–	8 126	8 647	9 001	8 946	9 126	8 858	8 587
Salary level 1 – 6	3 759	4 471	–	4 044	4 572	4 944	4 839	4 390	4 122	3 851
Salary level 7 – 10	5 882	3 748	–	3 855	3 895	3 884	3 940	3 833	3 833	3 833
Salary level 11 – 12	110	731	–	196	158	151	145	878	878	878
Salary level 13 – 16	23	26	–	31	22	22	22	25	25	25
Defence Intelligence	1 086	779	–	719	706	768	770	790	800	812
Salary level 1 – 6	239	192	–	161	169	193	183	192	195	198
Salary level 7 – 10	777	518	–	488	466	504	519	529	536	545
Salary level 11 – 12	53	52	–	53	53	53	51	52	52	52
Salary level 13 – 16	17	17	–	17	18	18	17	17	17	17
General Support	5 422	3 800	–	9 728	4 649	4 545	5 209	4 620	4 650	4 667
Salary level 1 – 6	3 408	2 490	–	6 806	2 993	2 845	3 454	2 987	3 020	3 039
Salary level 7 – 10	1 920	1 198	–	2 800	1 550	1 593	1 642	1 522	1 521	1 520
Salary level 11 – 12	77	92	–	105	91	89	91	90	88	87
Salary level 13 – 16	17	20	–	17	15	18	22	21	21	21

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

2. As at 30 September 2011.

The department had an establishment of 87 230 posts, 79 353 of which were funded. The number of filled posts increased from 74 593 in 2008/09 to 78 902 in 2011/12. The originally planned number of 11 140 military skills development system members is being reduced to 6 673 in 2012/13, 4 159 in 2013/14 and 4 153 in 2014/15. A reduction in appointments of Public Service Act (1994) personnel will also take place due to funding restrictions, which requires the focus of recruitment on replacements only. The ratio of support staff to line staff is 1:8, while the percentage of consultants used in relation to the department's total number of personnel is 0.1 per cent.

Departmental receipts

Table 22.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	629 390	699 949	689 688	563 279	4 059 811	784 205	798 930	814 908
Sales of goods and services produced by department	165 268	194 411	255 338	261 221	261 222	289 804	294 153	300 035
Administrative fees	–	53	13	–	–	–	–	–
Other sales	165 268	194 358	255 325	261 221	261 222	289 804	294 153	300 035
<i>of which:</i>								
Services rendered	165 268	144 385	185 077	189 351	189 351	240 455	244 062	248 943
Sale of goods	–	2 117	5 739	5 872	5 872	2 727	2 769	2 824
Rental of capital assets	–	47 856	64 509	65 998	65 999	46 622	47 322	48 268
Sales of scrap, waste, arms and other used current goods	28 285	15 196	8 651	21 144	21 144	18 377	18 653	19 026
<i>of which:</i>								
Sales: Scrap	28 285	14 827	6 613	16 163	16 163	18 328	18 603	18 975
Military equipment sold	–	369	2 038	4 981	4 981	49	50	51
Transfers received	290 653	228 291	250 767	171 998	3 668 529	168 558	171 086	174 508
Fines, penalties and forfeits	1 058	3 724	4 459	11 796	11 796	3 720	3 776	3 851
Interest, dividends and rent on land	1 398	2 750	2 628	2 597	2 597	2 545	2 583	2 635
Interest	1 398	2 750	2 628	2 597	2 597	2 545	2 583	2 635
Sales of capital assets	122 066	19 481	23 068	28 500	28 500	54 211	55 025	56 125
Transactions in financial assets and liabilities	20 662	236 096	144 777	66 023	66 023	246 990	253 654	258 728
Total	629 390	699 949	689 688	563 279	4 059 811	784 205	798 930	814 908

Departmental receipts originate mainly from selling redundant or obsolete equipment and defence materiel, letting 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 as well as international treaties, protocols and licence agreements. Between 2008/09 and 2011/12, revenue increased from R629.4 million to R4.1 billion. The increase is due to a once off reimbursement of R3.5 billion due to the cancellation of the A400M Airbus contract. Over the medium term, revenue is projected to increase to R814.9 million in 2014/15, at an average annual rate of 13.1 per cent, due to projected underperformance by the defence industry.

Programme 1: Administration

Expenditure estimates

Table 22.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Ministry	20 975	50 152	97 333	56 318	64 965	69 864	74 751
Departmental Direction	16 235	20 794	27 181	39 134	55 667	58 149	61 209
Policy and Planning	58 836	69 023	72 525	95 500	103 877	109 171	114 367
Financial Services	186 339	218 347	240 803	278 913	281 657	293 617	306 759
Human Resources Support Services	498 759	541 450	609 694	595 902	614 659	639 308	666 089
Legal Services	110 825	122 513	159 016	162 580	175 258	184 604	196 560
Inspection Services	48 054	55 530	62 033	70 443	77 987	81 593	85 451
Acquisition Services	52 874	40 652	52 635	53 595	46 115	49 128	51 287
Communication Services	23 655	29 151	29 110	31 970	31 408	32 558	34 042
South African National Defence Force Command and Control	68 030	83 604	96 405	110 884	117 085	121 574	126 692
Religious Services	7 167	7 920	8 710	9 752	11 652	12 220	12 779
Defence Reserve Direction	10 204	13 030	14 951	18 097	16 856	17 648	18 573
Defence Foreign Relations	143 792	117 582	140 293	188 020	196 982	207 750	217 991
Office Accommodation	1 234 406	1 544 341	1 842 226	1 961 950	1 885 401	2 112 534	2 242 618
Military Veterans Management	–	–	–	45 370	51 207	50 941	53 488
Total	2 480 151	2 914 089	3 452 915	3 718 428	3 730 776	4 040 659	4 262 656
Change to 2011 Budget estimate				61 709	(150 463)	(195 536)	(202 875)

Economic classification

	2 401 695	2 830 770	3 371 634	3 672 851	3 624 512	3 931 670	4 148 470
Current payments							
Compensation of employees	853 025	952 349	1 134 350	1 256 319	1 301 586	1 373 615	1 440 233
Goods and services	1 548 670	1 878 421	2 237 284	2 416 532	2 322 926	2 558 055	2 708 237
<i>of which:</i>							
Administrative fees	3 075	7 698	8 550	5 701	5 636	5 053	4 092
Advertising	3 085	5 217	3 859	5 094	5 059	4 604	4 686
Assets less than the capitalisation threshold	3 645	5 660	5 957	6 231	7 592	7 426	8 037
Audit cost: External	–	–	–	3 164	3 000	3 150	3 308
Catering: Departmental activities	1 672	7 323	7 336	–	7 792	8 003	8 708
Communication	4 420	9 887	10 385	14 904	12 539	12 857	13 167
Computer services	27 722	69 448	62 168	104 341	107 032	109 185	112 825
Consultants and professional services: Business and advisory services	10 793	18 095	29 410	21 661	16 145	21 747	24 213
Consultants and professional services: Infrastructure and planning	330	6 107	–	1 557	2 623	2 741	2 864
Contractors	825 298	960 278	1 137 175	1 153 886	971 701	1 115 739	1 186 005
Agency and support / outsourced services	3 337	5 466	5 802	12 184	6 052	4 386	3 605
Entertainment	1 124	2 658	3 561	4 370	4 017	4 168	4 319
Fleet services (including government motor transport)	–	119	–	–	–	–	–
Inventory: Food and food supplies	5 417	12 906	9 987	22 259	8 727	11 167	11 870
Inventory: Fuel, oil and gas	3 217	7 553	7 023	12 521	9 427	8 269	8 612
Inventory: Learner and teacher support material	–	9	–	–	–	–	–
Inventory: Materials and supplies	86	(1 947)	1 293	1 458	1 971	1 859	1 937
Inventory: Medical supplies	3	4	2	1	–	–	–
Inventory: Medicine	–	–	1	–	–	–	–
Inventory: Military stores	–	3	–	84	–	–	–
Inventory: Other consumables	2 481	4 814	3 997	4 540	11 465	8 923	9 312

Table 22.5 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments							
<i>Inventory: Stationery and printing</i>	4 607	10 537	10 840	12 250	12 817	13 220	13 596
<i>Lease payments</i>	215 333	183 220	223 182	246 971	256 084	268 099	283 082
<i>Property payments</i>	379 256	457 088	551 244	651 385	723 557	793 009	840 668
<i>Travel and subsistence</i>	37 820	76 494	106 805	86 738	103 756	107 564	114 222
<i>Training and development</i>	4 028	11 649	13 368	17 998	15 100	15 242	15 919
<i>Operating expenditure</i>	8 958	13 642	32 861	23 725	27 520	28 406	29 691
<i>Venues and facilities</i>	2 963	4 493	2 478	3 509	3 314	3 238	3 499
Transfers and subsidies	32 954	36 850	33 171	32 148	90 116	91 327	94 730
Provinces and municipalities	625	–	–	–	–	–	–
Departmental agencies and accounts	8 800	9 938	14 408	15 608	67 863	68 733	72 253
Non-profit institutions	3 886	4 002	4 827	5 917	6 213	6 523	6 850
Households	19 643	22 910	13 936	10 623	16 040	16 071	15 627
Payments for capital assets	34 447	35 883	29 147	13 429	16 148	17 662	19 456
Buildings and other fixed structures	31	–	30	–	–	–	–
Machinery and equipment	34 416	35 862	29 067	13 429	16 133	17 662	19 456
Specialised military assets	–	–	30	–	–	–	–
Software and other intangible assets	–	21	20	–	15	–	–
Payments for financial assets	11 055	10 586	18 963	–	–	–	–
Total	2 480 151	2 914 089	3 452 915	3 718 428	3 730 776	4 040 659	4 262 656
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	8 800	9 938	14 408	15 608	67 863	68 733	72 253
Safety and Security Sector Education and Training Authority	8 800	9 938	14 408	15 608	16 656	17 792	18 765
Military Veterans Management	–	–	–	–	51 207	50 941	53 488
Households							
Social benefits							
Current	19 643	22 910	13 936	10 623	16 040	16 071	15 627
Employee social benefits	19 643	22 910	13 936	10 623	16 040	16 071	15 627
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	625	–	–	–	–	–	–
Regional Service Council Levies	625	–	–	–	–	–	–
Non-profit institutions							
Current	3 886	4 002	4 827	5 917	6 213	6 523	6 850
Reserve Force Council	3 886	4 002	4 827	5 917	6 213	6 523	6 850

Expenditure trends

Expenditure increased from R2.5 billion in 2008/09 to R3.7 billion in 2011/12, at an average annual rate of 14.5 per cent, and is expected to increase over the medium term to R4.3 billion, at an average annual rate of 4.7 per cent. The high rate of increase during the beginning of the period is due to the creation of the military veterans function, increases in property management, and the implementation of the military salary dispensation. The slow rate of increase over the MTEF period is due to a decrease in the provision for office accommodation. As from 2012/13, the funds for this will be reallocated to establish the defence works formation unit within the *Logistics Services* subprogramme in the *General Support* programme.

The expansion of organisational structures within the office of the minister and the multimedia campaign launched in 2009 resulted in increases of 139.1 per cent and 94.1 per cent in the *Ministry* subprogramme in 2009/10 and 2010/11. The 31.7 per cent increase in spending in the *Policy and Planning* subprogramme in 2011/12 was due to an allocation for the implementation of a balance scorecard and structure management control system, while the 34 per cent increase in spending in the *Defence Foreign Relations* subprogramme in the same year was due to the establishment of additional military attaché offices. The projected increase of 42.2 per cent in the *Departmental Direction* subprogramme in 2012/13 is due to the establishment of a supply chain office in the defence secretariat, while the expected increase of 10.7 per cent in the *Inspection Services* subprogramme in the same year is due to the appointment of staff to finalise the closing down audits of the group headquarters and commando units.

Expenditure on consultants is expected to increase from R11.1 million in 2008/09 to R27.1 million in 2014/15, at an average annual rate of 16 per cent. This is mainly due to the appointment of consultants within the policy and planning environment in 2011/12 to assist with the implementation of process management and balanced scorecard.

Programme 2: Force Employment

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 1 special operations capability in accordance with national requirements
 - ensuring full participation in the number of peace missions as instructed by the president
 - conducting 20 joint, interdepartmental and multinational military force preparation exercises from 2012/13 to 2014/15, excluding Special Forces and multinational air transport exercises
 - conducting 5 operations per year protecting the territorial integrity and sovereignty of South Africa, supporting other government departments, and complying with international obligations on an ongoing basis.

Subprogrammes

- *Strategic Direction* formulates and controls strategies, policies and plans for the employment of forces. Funding is based on the cost of operating a joint operations division headquarters. This subprogramme had a staff complement of 133 and a total budget of R109.6 million in 2011/12, of which 72.1 per cent was used for compensation of employees. The joint operations division focuses on enhancing and maintaining comprehensive defence capabilities; promoting peace, stability and security in the region and the continent; and supporting the people of South Africa in terms of South Africa's policies and international obligations for the promotion of peace, stability and security. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Operational Direction* provides direction to joint and multinational task forces and joint tactical headquarters through an operational level headquarters. This subprogramme had a staff complement of 474 and a total budget of R264 million, of which 81.5 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Special Operations* provides and employs a special operations capability within the approved Special Forces mandate for the South African National Defence Force. This subprogramme had a staff complement of 1 169 and a total budget of R553.8 million, of which 50 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Regional Security* provides for the deployment of forces in support of South Africa's commitment to regional, continental and global security. This subprogramme had a total budget of R1 billion in 2011/12, of which 38.1 per cent was used for compensation of personnel. The personnel involved are mostly provided by the 4 arms of the South African National Defence Force: army, navy, air force and military health support. The defence force participates in the United Nations peace support operation in the Democratic Republic of the Congo, the United Nations/African Union peace support operation in Sudan and the

provision of training to the armed forces of the Central African Republic. The defence force also executes an operation in support of the Mozambican defence force with counter piracy operations in the Mozambique Channel. No savings or reductions in 2012/13 have been identified in this subprogramme.

- *Support to the People* provides for the internal deployment of forces in support of the South African Police Service and other government departments. This subprogramme had a total budget of R344.6 million in 2011/12, of which 48 per cent was used for compensation of personnel, who are mostly provided by force providers. The joint operations division provides assistance with border safeguarding tasks, authorised safety and security support commitments, disaster aid and disaster relief ordered commitments, and authorised search and rescue commitments. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Defence Capability Management* provides for the planning and control of joint, interdepartmental and multinational military force preparation exercises, the development of the joint force employment command and control plan, and capability development management. The total budget for the subprogramme in 2011/12 was R31.9 million, of which 59.6 per cent was used for goods and services, which are mostly provided by force providers. 7 military exercises are planned for 2012/13. No savings or reductions in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 22.6 Force Employment

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Strategic Direction	56 481	69 592	78 410	109 580	109 391	113 790	120 247
Operational Direction	143 962	169 680	228 076	264 019	233 648	246 155	260 738
Special Operations	373 223	417 219	480 340	553 798	631 762	628 131	681 583
Regional Security	1 092 187	1 091 256	959 599	1 028 050	1 076 896	1 223 829	1 369 726
Support to the People	234 726	94 902	502 392	344 631	596 859	725 767	744 701
Defence Capability Management	13 331	43 891	16 640	31 934	22 346	21 533	23 678
Total	1 913 910	1 886 540	2 265 457	2 332 012	2 670 902	2 959 205	3 200 673
Change to 2011 Budget estimate				90 459	171 585	208 669	274 761

Economic classification

	1 661 559	1 662 256	2 011 508	2 054 479	2 395 266	2 710 195	2 910 880
Current payments							
Compensation of employees	741 197	881 324	1 184 605	1 126 656	1 297 375	1 435 761	1 551 097
Goods and services	920 362	780 932	826 903	927 823	1 097 891	1 274 434	1 359 783
<i>of which:</i>							
<i>Administrative fees</i>	203	157	150	177	–	–	–
<i>Advertising</i>	140	1 082	147	181	328	353	401
<i>Assets less than the capitalisation threshold</i>	9 196	15 854	17 656	14 842	19 240	18 816	20 686
<i>Catering: Departmental activities</i>	906	3 671	6 002	–	4 959	5 622	5 957
<i>Communication</i>	10 834	18 979	10 719	12 763	19 620	21 508	16 677
<i>Computer services</i>	1 555	3 095	3 206	4 616	3 089	3 432	2 910
<i>Consultants and professional services: Business and advisory services</i>	4 025	4 244	2 179	30	–	–	–
<i>Consultants and professional services: Infrastructure and planning</i>	–	–	–	300	300	300	300
<i>Consultants and professional services: Laboratory services</i>	1	–	2	–	–	–	–
<i>Contractors</i>	141 976	123 220	170 614	371 283	309 385	447 034	409 783
<i>Agency and support / outsourced services</i>	6 095	7 692	8 457	7 449	5 913	6 724	8 143
<i>Entertainment</i>	832	986	1 211	310	389	287	295
<i>Inventory: Food and food supplies</i>	97 210	67 236	81 037	34 895	111 050	107 542	116 397

Table 22.6 Force Employment (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments							
<i>Inventory: Fuel, oil and gas</i>	35 836	31 516	20 601	15 060	52 265	57 723	63 050
<i>Inventory: Materials and supplies</i>	136 520	121 740	169 421	53 581	67 913	73 392	82 998
<i>Inventory: Medical supplies</i>	6 912	3 023	369	73	5 953	7 958	7 899
<i>Inventory: Medicine</i>	–	–	3 025	7 257	–	–	–
<i>Inventory: Military stores</i>	49 345	359	3 183	3 132	422	464	544
<i>Inventory: Other consumables</i>	11 430	13 842	19 270	15 774	17 926	18 577	19 682
<i>Inventory: Stationery and printing</i>	6 383	7 989	7 681	6 289	7 882	7 806	9 361
<i>Lease payments</i>	8 148	10 529	8 625	6 110	2 785	2 012	2 447
<i>Property payments</i>	181	593	777	1 074	1 216	1 238	1 300
<i>Travel and subsistence</i>	206 894	233 046	171 504	134 595	129 993	128 106	190 730
<i>Training and development</i>	1 918	3 424	3 439	6 906	6 024	6 380	6 768
<i>Operating expenditure</i>	183 447	108 216	117 171	230 033	330 087	357 912	392 103
<i>Venues and facilities</i>	375	439	457	1 093	1 152	1 248	1 352
Transfers and subsidies	160 235	166 208	139 151	208 268	201 374	172 728	195 521
Provinces and municipalities	596	–	–	–	–	–	–
Departmental agencies and accounts	152 089	156 811	129 354	186 867	182 386	152 859	174 710
Public corporations and private enterprises	–	–	3 975	11 673	12 587	13 468	14 410
Households	7 550	9 397	5 822	9 728	6 401	6 401	6 401
Payments for capital assets	60 616	58 076	114 653	69 265	74 262	76 282	94 272
Buildings and other fixed structures	657	1 475	5 565	9 421	1 797	1 552	2 281
Machinery and equipment	59 959	56 564	105 576	57 424	69 267	71 257	88 807
Specialised military assets	–	37	3 512	2 420	3 198	3 473	3 184
Payments for financial assets	31 500	–	145	–	–	–	–
Total	1 913 910	1 886 540	2 265 457	2 332 012	2 670 902	2 959 205	3 200 673
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	152 089	156 811	129 354	186 867	182 386	152 859	174 710
Special Defence Account	152 089	156 811	129 354	186 867	182 386	152 859	174 710
Households							
Social benefits							
Current	7 550	9 397	5 822	9 728	6 401	6 401	6 401
Employee social benefits	7 550	9 397	5 822	9 728	6 401	6 401	6 401
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	596	–	–	–	–	–	–
Regional Service Council Levies	596	–	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	–	–	3 975	11 673	12 587	13 468	14 410
Armaments Corporation of South Africa Limited	–	–	3 975	11 673	12 587	13 468	14 410

Expenditure trends

Expenditure increased from R1.9 billion in 2008/09 to R2.3 billion in 2011/12, at an average annual rate of 6.8 percent, and is expected to increase to R3.2 billion over the medium term, at an average annual rate of 11.1 per cent. These increases are mainly due to additional allocations for improved conditions of service of defence force members and border safeguarding and contributing to peace support operations in the region.

The significant increase in the *Support to the People* subprogramme between 2009/10 and 2010/11 was mainly due to an additional allocation of R200 million for the defence force's support to the South African Police Service during the 2010 FIFA World Cup and an additional allocation of R25 million for support provided during the 2010 public service strike. The projected increase in expenditure in this subprogramme between 2011/12 and 2014/15 is due to the allocation of additional funds for border safeguarding. This also explains the projected average annual increase of 11.2 per cent in spending on compensation of employees from R1.1 billion in 2011/12 to R1.6 billion in 2014/15, as well as an average annual increase of 13.6 per cent in spending on goods and services from R927.8 million to R1.4 billion over the same period. The projected increase in expenditure in the *Regional Security* subprogramme from R1 billion in 2011/12 to R1.4 billion in 2014/15 is based on tasking during that period.

Programme 3: Landward Defence

Objectives and measures

- Defend and protect South Africa and its territory by:
 - providing 2 infantry battalions for external deployment, and 1 airborne battalion as Chief of the South African National Defence Reaction Force, for internal safety and security including border safeguarding per year
 - exercising 1 tank and 1 armoured car regiment, and providing 1 squadron for internal deployment per year
 - exercising 1 composite artillery and 1 light (airborne) artillery capability, and providing 1 battery for internal deployment per year
 - exercising 1 air defence artillery and 1 light (airborne) air defence artillery capability and providing 1 battery for internal deployment per year
 - providing 1 sustained composite engineer capability for external deployment and for internal safety and security; exercising 1 light (airborne) engineer and 1 field engineer capability per year providing 2 signal squadrons for external deployment, internal signal support, and exercising 1 composite signal capability per year.

Subprogrammes

- *Strategic Direction* directs, orchestrates and controls the South African army in achieving its mission to prepare and provide supported landward capabilities for the defence and protection of South Africa. This subprogramme had a staff complement of 697 and a total budget of R556.1 million in 2011/12, of which 45 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Infantry Capability* provides combat ready infantry capabilities through training, preparing, exercising and supporting mechanised, motorised and airborne infantry units. This subprogramme had a staff complement of 16 328 and a total budget of R3.4 billion in 2011/12, of which 86.7 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Armour Capability* provides combat ready armour capabilities through training, preparing, exercising and supporting tank and armoured car units. This subprogramme had a staff complement of 1 537 and a total budget of R295.3 million in 2011/12, of which 93.3 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Artillery Capability* provides combat ready artillery capabilities through training, preparing, exercising and supporting composite and light artillery units. This subprogramme had a staff complement of 1 582 and a

total budget of R381.7 million, of which 76.8 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.

- *Air Defence Artillery Capability* provides combat ready air defence artillery capabilities through training, preparing, exercising and supporting air defence artillery units. This subprogramme had a staff complement of 1 028 and a total budget of R389 million in 2011/12, of which 53.9 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Engineering Capability* provides combat ready engineering capabilities to ensure mobility and establish infrastructure during exercises and deployments through training, preparing, exercising and supporting field and construction engineer units. This subprogramme had a staff complement of 2 641 and a total budget of R498.3 million, of which 92.9 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Operational Intelligence* provides combat ready operational intelligence capabilities to enable successful planning and execution of operations through training, preparing, exercising and supporting intelligence units. This subprogramme had a staff complement of 736 and a total budget of R185.6 million, of which 83.2 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Command and Control Capability* provides combat ready tactical command and control capabilities for integrated forces during force preparation and force employment. This subprogramme had a staff complement of 476 and a total budget of R126 million, of which 92.9 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Support Capability* provides first, second and fourth line support capabilities to units and bases, and ensures support to deployed combat units through training, preparing, exercising and supporting of first and second line maintenance units and workshops. This subprogramme had a staff complement of 9 821 and a total budget of R4.4 billion, of which 43.5 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *General Training Capability* provides general training capabilities through basic military training, junior leader training, common landward training, and command and management training at the training depot and decentralised units, the South African Army Gymnasium, the Combat Training Centre and the South African Army College. This subprogramme had a staff complement of 1 152 and a total budget of R320.4 million, of which 84.1 per cent was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.
- *Signal Capability* provides combat ready signal capabilities to ensure command, control and communications during exercises and deployments through training, preparing, exercising and supporting signal units. This subprogramme had a staff complement of 3 984 and a total budget of R852.8 million, of which 92.4 per cent of the total budget was used for compensation of employees. No savings or reductions in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 22.7 Landward Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Strategic Direction	258 889	350 056	526 080	556 075	387 034	389 806	392 326
Infantry Capability	2 508 655	3 077 166	3 392 326	3 361 685	3 812 948	4 922 011	5 033 848
Armour Capability	230 312	240 313	296 843	295 270	332 032	342 424	360 719
Artillery Capability	343 818	328 009	317 602	381 722	499 408	426 619	454 935
Air Defence Artillery Capability	303 838	388 636	212 109	389 008	630 694	425 941	378 622
Engineering Capability	284 945	356 599	489 400	498 308	540 839	571 566	605 261
Operational Intelligence	196 952	264 740	229 590	185 609	237 063	172 624	177 432
Command and Control Capability	86 682	99 602	130 813	125 996	159 954	167 848	176 841
Support Capability	2 525 106	3 021 865	2 532 941	4 361 756	4 760 887	4 941 807	5 195 817
General Training Capability	219 504	269 537	355 204	320 359	400 130	419 750	444 564
Signal Capability	528 469	645 704	812 660	852 820	925 742	970 883	1 033 621
Total	7 487 170	9 042 227	9 295 568	11 328 608	12 686 731	13 751 279	14 253 986
Change to 2011 Budget estimate				(437 822)	(130 449)	117 785	(113 435)

Table 22.7 Landward Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	5 316 588	6 606 667	8 568 057	9 465 951	9 989 817	10 772 775	11 367 098
Compensation of employees	4 253 569	5 331 578	7 291 035	7 631 429	8 307 562	8 961 149	9 461 754
Goods and services	1 063 019	1 275 089	1 277 022	1 834 522	1 682 255	1 811 626	1 905 344
<i>of which:</i>							
Administrative fees	22	9	14	–	–	–	–
Advertising	472	764	697	1 347	1 114	1 148	1 281
Assets less than the capitalisation threshold	28 708	58 108	36 018	157 458	108 506	111 907	103 649
Catering: Departmental activities	2 956	8 196	348	–	413	441	450
Communication	35 909	42 108	37 677	28 135	46 025	46 923	47 801
Computer services	88 523	76 636	94 277	102 686	91 360	93 060	94 607
Consultants and professional services: Business and advisory services	13 028	13 277	5 960	8 674	7 186	8 844	8 844
Consultants and professional services: Infrastructure and planning	1 216	3 199	995	12 813	13 095	13 358	13 620
Contractors	147 124	186 732	193 405	317 312	267 738	289 549	304 208
Agency and support / outsourced services	16 562	16 270	17 475	25 458	18 645	19 403	19 247
Entertainment	1 647	2 162	2 463	3 339	4 348	4 126	4 212
Inventory: Food and food supplies	289 637	397 827	380 930	400 927	482 414	556 045	635 827
Inventory: Fuel, oil and gas	114 287	93 595	94 311	174 870	194 768	208 391	224 793
Inventory: Materials and supplies	33 894	56 505	42 160	91 772	59 166	59 832	51 293
Inventory: Medical supplies	228	396	339	462	66	155	58
Inventory: Medicine	–	–	8	12	20	20	20
Inventory: Military stores	10 735	3 026	25 300	27 000	59	62	68
Inventory: Other consumables	22 955	32 776	40 913	96 902	58 265	69 628	63 110
Inventory: Stationery and printing	18 488	24 431	23 216	29 709	31 438	32 237	32 942
Lease payments	9 432	9 536	10 937	16 460	17 173	17 790	18 062
Property payments	4 304	3 654	4 106	6 785	6 916	7 209	7 458
Travel and subsistence	161 269	188 486	211 572	247 876	185 706	184 842	186 668
Training and development	36 845	37 116	29 596	40 508	58 349	56 556	56 384
Operating expenditure	23 126	18 659	22 015	24 653	26 667	27 272	28 065
Venues and facilities	1 652	1 621	2 290	19 364	2 818	2 828	2 677
Transfers and subsidies	2 077 093	2 326 127	496 614	1 808 001	2 351 293	2 651 998	2 555 382
Provinces and municipalities	6 100	–	–	–	–	–	–
Departmental agencies and accounts	2 016 592	2 286 917	414 363	1 710 674	2 249 663	2 549 787	2 452 621
Public corporations and private enterprises	1 424	–	39 000	51 296	53 617	54 554	55 104
Households	52 977	39 210	43 251	46 031	48 013	47 657	47 657
Payments for capital assets	83 818	107 126	226 582	54 656	345 621	326 506	331 506
Buildings and other fixed structures	–	116	157	110	131	137	199
Machinery and equipment	83 600	98 195	225 630	54 546	318 465	296 641	298 607
Specialised military assets	–	8 815	795	–	27 000	29 700	32 670
Software and other intangible assets	218	–	–	–	25	28	30
Payments for financial assets	9 671	2 307	4 315	–	–	–	–
Total	7 487 170	9 042 227	9 295 568	11 328 608	12 686 731	13 751 279	14 253 986

Table 22.7 Landward Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2 016 592	2 286 917	414 363	1710 674	2 249 663	2 549 787	2 452 621
Special Defence Account	2 016 592	2 286 917	414 363	1710 674	2 249 663	2 549 787	2 452 621
Households							
Social benefits							
Current	52 977	39 210	43 251	46 031	48 013	47 657	47 657
Employee social benefits	52 977	39 210	43 251	46 031	48 013	47 657	47 657
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	6 100	-	-	-	-	-	-
Regional Service Council Levies	6 100	-	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	1 424	-	39 000	51 296	53 617	54 554	55 104
Armaments Corporation of South Africa Limited	1 424	-	39 000	51 296	53 617	54 554	55 104

Expenditure trends

Expenditure increased from R7.5 billion in 2008/09 to R11.3 billion in 2011/12, at an average annual rate of 14.8 per cent, and is expected to increase to R14.3 billion over the medium term, at an average annual rate of 8 per cent. These increases are mainly due to the carry through effect of the improvements in conditions of service of defence force members in 2010, an increased maintenance requirement of the army's ageing operational vehicle fleet, operationalisation of landward defence equipment renewal projects, and the procurement of critical ammunition.

The increase of 72.2 per cent in spending in the *Support Capability* subprogramme in 2011/12 was due to the increase in compensation of employees, provision for transporting redundant assets to be disposed, procurement of ammunition and parachutes, and the delivery milestones of the mobile and rapid deployable mass feeding system. Expenditure in the *Infantry Capability* subprogramme is expected to increase from R3.4 billion in 2011/12 to R5 billion in 2014/15, at an average annual rate of 14.4 per cent, due to the extension of the development plan of the new generation infantry combat vehicle product system and the delivery milestones of the new generation operational supply support vehicle system. The projected 62.1 per cent increase in expenditure in the *Air Defence Artillery Capability* subprogramme in 2012/13 is due to the delivery milestones of the shoulder launched air defence artillery system.

Expenditure on consultants is expected to increase from R14.2 million in 2008/09 to R22.5 million in 2014/15, at an average annual rate of 7.9 per cent. This is mainly due to the appointment of consultants within the defence materiel division under the *Support Capability* subprogramme to provide advice regarding missile based engineering.

Programme 4: Air Defence

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
 - 24-hour air command and control capability.

Subprogrammes

- *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. This subprogramme had a staff complement of 40 and a total budget of R14.7 million in 2011/12, of which 66 per cent was used for compensation of employees. The air force provides support to the people by executing flights during border safeguarding tasks, authorised safety and security support commitments, disaster aid and disaster relief ordered commitments and authorised search and rescue commitments.
- *Operational Direction* provides operational direction to the *Air Defence* programme by means of an air command. This subprogramme had a total budget of R129.9 million in 2011/12, of which 98 per cent was used for goods and services. The air force ensures that the planned daily availability of aircraft can be achieved and that the planned flying hours can be flown. There is no staff complement in this subprogramme.
- *Helicopter Capability* provides and sustains operationally ready light utility helicopters, medium transport helicopters and combat support helicopters, crewed by appropriately qualified personnel. This subprogramme had a staff complement of 508 and a total budget of R747.5 million in 2011/12, of which 52.4 per cent was used for goods and services.
- *Transport and Maritime Capability* provides and sustains operationally ready transport and maritime aircraft, crewed by appropriately qualified personnel. This subprogramme had a staff complement of 395 and a total budget of R711.3 million in 2011/12, of which 75.7 per cent was used for goods and services.
- *Air Combat Capability* provides and sustains operationally ready advanced light fighter aircraft, crewed by appropriately qualified personnel. This subprogramme had a staff complement of 185 and a total budget of R1.3 billion in 2011/12, of which 81 per cent was transferred to the special defence account.
- *Operational Support and Intelligence Capability* prepares, develops, provides and supports protection, intelligence systems and counter intelligence support to the South African Air Force through protection squadrons, intelligence subsystems and air force unique intelligence training. This subprogramme had a staff complement of 1 200 and a total budget of R287.1 million, of which 59.9 per cent was used for compensation of employees.
- *Command and Control Capability* supplies and maintains operationally ready command and control elements in support of air battle space operations. This subprogramme had a staff complement of 503 and a total budget of R343.4 million, of which 34.4 per cent was used for compensation of employees and 36.9 per cent was transferred to the special defence account. The air force and air traffic and navigation services deploy and integrate a network of radars, observation posts and electronic warfare sensors across South Africa to detect and monitor compliance of published restrictions and to monitor and control the defence force's air traffic.
- *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. This subprogramme had a staff complement of 5 621 and a total budget of R1.4 billion, of which 84.3 per cent was used for compensation of employees.

- *Command Post* renders command and control over all missions flown. This subprogramme had a staff complement of 120 and a total budget of R49.8 million in 2011/12, of which 78.8 per cent was used for compensation of employees.
- *Training Capability* provides for the general education, training and development of South African Air Force personnel. This subprogramme had a staff complement of 601 and a total budget of R688.3 million, of which 49.8 per cent was used for compensation of employees.
- *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. This subprogramme had a staff complement of 2 183 and a total budget of R646.5 million, of which 50.3 per cent was used for compensation of employees.

Expenditure estimates

Table 22.8 Air Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Strategic Direction	12 544	13 726	17 637	14 691	16 318	17 069	17 934
Operational Direction	170 737	141 476	131 500	129 896	195 938	35 480	49 753
Helicopter Capability	1 166 509	768 117	780 383	747 508	879 857	777 344	693 497
Transport and Maritime Capability	1 723 912	2 670 325	624 124	711 262	495 534	1 251 560	1 342 917
Air Combat Capability	2 833 275	2 535 968	763 010	1 335 075	1 584 713	1 671 525	2 051 382
Operational Support and Intelligence Capability	146 123	204 590	258 389	287 101	425 215	316 366	318 383
Command and Control Capability	203 020	223 897	305 687	343 435	410 270	366 188	357 748
Base Support Capability	1 013 672	1 116 786	1 369 965	1 402 119	1 568 073	1 576 485	1 649 182
Command Post	41 748	40 970	50 062	49 816	45 123	47 274	49 337
Training Capability	258 597	383 838	583 457	688 332	310 435	298 006	297 759
Technical Support Services	448 642	544 069	604 722	646 541	818 189	847 581	881 578
Total	8 018 779	8 643 762	5 488 936	6 355 776	6 749 665	7 204 878	7 709 470
Change to 2011 Budget estimate				(412 357)	90 026	137 399	259 721

Economic classification

	3 009 911	3 427 294	4 040 973	4 460 749	4 898 363	4 608 761	4 719 721
Current payments							
Compensation of employees	1 636 799	1 885 079	2 350 100	2 514 548	2 719 403	2 881 355	3 025 908
Goods and services	1 373 112	1 542 215	1 690 873	1 946 201	2 178 960	1 727 406	1 693 813
<i>of which:</i>							
Advertising	552	533	382	1 430	1 192	1 026	1 098
Assets less than the capitalisation threshold	16 421	9 584	19 519	20 026	12 163	11 475	11 819
Catering: Departmental activities	563	178	317	–	73	76	80
Communication	6 206	7 083	7 114	6 416	6 407	6 799	7 287
Computer services	19 367	30 977	22 399	34 590	33 226	29 288	24 177
Consultants and professional services: Business and advisory services	44 715	43 222	7 472	7 987	7 979	7 640	7 660
Consultants and professional services: Infrastructure and planning	1 136	163	80	4 124	2 941	4 318	3 733
Consultants and professional services: Laboratory services	–	27	28	30	30	35	38
Consultants and professional services: Legal costs	–	1	–	–	–	–	–

Table 22.8 Air Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments							
Contractors	596 350	779 629	854 740	1 042 655	1 109 651	836 006	787 329
Agency and support / outsourced services	185 988	274 683	284 320	260 666	294 398	277 118	277 909
Entertainment	1 048	782	1 548	331	213	326	317
Inventory: Food and food supplies	49 576	67 910	84 444	79 819	78 602	55 827	41 688
Inventory: Fuel, oil and gas	143 025	104 495	174 042	96 390	290 909	156 023	179 616
Inventory: Learner and teacher support material	–	–	(5 487)	–	–	–	–
Inventory: Materials and supplies	14	(71 988)	(100 052)	17 131	32 440	33 431	35 890
Inventory: Medical supplies	39	20	54	75	8	8	9
Inventory: Medicine	5	–	4	–	–	–	–
Inventory: Military stores	29 587	19 491	25 503	27 980	47 565	48 694	43 822
Inventory: Other consumables	39 136	37 483	39 599	33 388	34 376	36 765	38 747
Inventory: Stationery and printing	9 110	10 456	9 867	10 686	11 516	12 045	12 464
Lease payments	4 435	4 210	4 523	7 359	10 142	8 165	7 705
Property payments	1 870	1 899	2 799	2 896	3 498	3 642	3 829
Travel and subsistence	103 506	109 164	129 579	56 723	66 810	70 435	73 397
Training and development	32 203	33 096	31 771	43 753	52 146	38 140	41 062
Operating expenditure	87 601	78 527	94 178	190 922	81 653	88 887	92 876
Venues and facilities	659	590	2 130	824	1 022	1 237	1 261
Transfers and subsidies	4 955 689	5 182 185	1 400 475	1 880 274	1 830 870	2 578 614	2 972 738
Provinces and municipalities	1 829	–	–	–	–	–	–
Departmental agencies and accounts	4 924 284	5 167 580	1 384 004	1 852 556	1 814 437	2 562 181	2 956 305
Public corporations and private enterprises	–	–	2 090	2 929	2 260	2 260	2 260
Households	29 576	14 605	14 381	24 789	14 173	14 173	14 173
Payments for capital assets	52 451	33 745	42 066	14 753	20 432	17 503	17 011
Buildings and other fixed structures	1 188	–	37	18	18	99	47
Machinery and equipment	51 031	27 888	39 316	8 174	12 381	9 043	8 260
Specialised military assets	–	5 802	2 613	6 561	8 033	8 361	8 704
Biological assets	–	10	–	–	–	–	–
Software and other intangible assets	232	45	100	–	–	–	–
Payments for financial assets	728	538	5 422	–	–	–	–
Total	8 018 779	8 643 762	5 488 936	6 355 776	6 749 665	7 204 878	7 709 470
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4 924 284	5 167 580	1 384 004	1 852 556	1 814 437	2 562 181	2 956 305
Special Defence Account	4 924 284	5 167 580	1 384 004	1 852 556	1 814 437	2 562 181	2 956 305
Households							
Social benefits							
Current	29 576	14 605	14 381	24 789	14 173	14 173	14 173
Employee social benefits	29 576	14 605	14 381	24 789	14 173	14 173	14 173
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	1 829	–	–	–	–	–	–
Regional Service Council Levies	1 829	–	–	–	–	–	–

Table 22.8 Air Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	-	-	2 090	2 929	2 260	2 260	2 260
Armaments Corporation of South Africa Limited	-	-	2 090	2 929	2 260	2 260	2 260

Expenditure trends

Expenditure decreased from R8 billion in 2008/09 to R6.4 billion in 2011/12, at an average annual rate of 7.5 per cent, and is expected to increase to R7.7 billion over the medium term, at an average annual rate of 6.6 per cent. Expenditure in the *Helicopter Capability* subprogramme is expected to decrease from R747.5 million in 2011/12 to R693.5 million in 2014/15, at an average annual rate of 2.5 per cent, due to the completion of the Rooivalk combat support helicopter project and the Oryx operational helicopter project upgrade. The projected 17.7 per cent increase in spending in this subprogramme in 2012/13 is for the backlog in terms of maintenance and repair on the helicopter systems.

The 54.9 per cent decrease in spending in the *Training Capability* subprogramme in 2012/13 is due to the finalisation of the replacement of the Astra training aircraft avionics suite project. Expenditure in the *Transport and Maritime Capability* subprogramme is expected to decrease from R711.3 million in 2011/12 to R495.5 million in 2012/13 due to the finalisation of the replacement of the Astra training aircraft avionics suite project, and is expected to increase to R1.3 billion in 2013/14 due to the operationalisation of the acquisition project of the light/medium transport aircraft.

Programme 5: Maritime Defence

Objectives and measures

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

Subprogramme

- *Maritime Direction* provides strategic direction within the *Maritime Defence* programme by formulating and controlling strategies, policies, plans and advice in order to prepare and provide the maritime capabilities required for the defence and protection of South Africa. This subprogramme had a staff complement of 1 331 and a total budget of R489.4 million in 2011/12, of which 86.4 per cent was used for compensation of employees.
- *Maritime Combat Capability* provides mission ready and supported maritime combat capabilities in accordance with the approved force design of the department. This subprogramme had a staff complement

of 1 446 and a total budget of R567.1 million, of which 51.7 per cent was used for compensation of employees.

- *Maritime Logistic Support Capability* sustains the availability of the force structure elements in the naval force design to ensure compliance with ordered operational commitments. This subprogramme had a staff complement of 569 and a total budget of R756 million in 2011/12, of which 57.8 per cent was used for goods and services.
- *Maritime Human Resources and Training Capability* ensures that maritime combat capability requirements are met in terms of qualified personnel for regular and reserve members. This subprogramme had a staff complement of 1 529 and a total budget of R245 million, of which 83.6 per cent was used for compensation of employees.
- *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. This subprogramme had a staff complement of 2 460 and a total budget of R507.2 million, of which 83 per cent was used for compensation of employees.

Expenditure estimates

Table 22.9 Maritime Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Maritime Direction	298 761	327 840	391 303	489 368	445 489	465 163	483 843
Maritime Combat Capability	473 494	447 163	533 573	567 097	560 821	638 564	955 213
Maritime Logistic Support Capability	476 529	487 990	585 695	755 983	727 221	824 730	898 314
Maritime Human Resources and Training Capability	158 635	244 908	312 817	245 033	305 251	302 370	308 753
Base Support Capability	429 772	489 553	526 528	507 196	512 525	524 664	552 086
Total	1 837 191	1 997 454	2 349 916	2 564 677	2 551 307	2 755 491	3 198 209
Change to 2011 Budget estimate				64 161	1 778	(206 526)	(115 630)

Economic classification

	1 363 000	1 552 356	1 912 053	2 109 238	2 169 900	2 246 032	2 282 137
Current payments							
Compensation of employees	855 119	1 047 486	1 378 275	1 469 926	1 505 340	1 574 728	1 646 342
Goods and services	507 881	504 870	533 778	639 312	664 560	671 304	635 795
<i>of which:</i>							
Administrative fees	8	–	(28)	–	15	16	17
Advertising	350	286	252	487	517	529	541
Assets less than the capitalisation threshold	13 774	13 300	11 998	10 164	13 751	12 417	12 741
Catering: Departmental activities	4 666	741	600	–	475	490	505
Communication	9 478	9 420	8 792	9 297	9 671	10 220	10 816
Computer services	26 310	27 660	37 511	42 164	26 389	27 308	28 180
Consultants and professional services: Business and advisory services	13 622	13 708	288	1 276	1 299	1 404	1 519
Consultants and professional services: Infrastructure and planning	524	–	694	3 798	635	3 662	4 404
Contractors	145 592	175 700	175 121	207 335	214 117	240 183	208 802
Agency and support / outsourced services	22 751	20 323	23 748	13 010	12 326	6 710	7 150
Entertainment	–	109	107	107	107	107	107
Inventory: Food and food supplies	55 693	74 392	62 723	74 198	67 732	100 121	85 114
Inventory: Fuel, oil and gas	72 952	45 114	84 392	59 333	69 111	56 248	58 959
Inventory: Learner and teacher support material	–	–	–	1 313	–	–	–

Table 22.9 Maritime Defence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments							
<i>Inventory: Materials and supplies</i>	19 414	17 112	10 108	47 156	45 400	22 856	25 078
<i>Inventory: Medical supplies</i>	12	7	1	10	6	9	6
<i>Inventory: Medicine</i>	–	–	–	–	25	27	29
<i>Inventory: Military stores</i>	8 917	7 586	8 952	51 340	79 929	69 562	69 948
<i>Inventory: Other consumables</i>	22 814	24 184	24 601	31 004	18 717	24 161	24 465
<i>Inventory: Stationery and printing</i>	5 420	6 192	5 429	6 529	6 742	9 033	8 464
<i>Lease payments</i>	7 085	4 775	4 068	6 135	9 221	9 852	10 470
<i>Property payments</i>	8 904	10 476	7 450	7 154	2 000	3 606	3 717
<i>Travel and subsistence</i>	35 503	36 521	38 300	36 819	44 022	44 893	45 285
<i>Training and development</i>	6 899	6 273	7 313	13 463	14 361	15 346	16 356
<i>Operating expenditure</i>	23 246	7 668	19 342	12 528	20 582	7 871	8 181
<i>Venues and facilities</i>	3 947	3 323	2 016	4 692	7 410	4 673	4 941
Transfers and subsidies	386 506	366 424	378 061	421 781	348 102	488 453	897 129
Provinces and municipalities	270	–	–	–	–	–	–
Departmental agencies and accounts	255 498	249 498	222 835	231 153	146 878	277 597	675 993
Public corporations and private enterprises	117 656	104 153	148 376	170 555	187 621	197 253	207 533
Households	13 082	12 773	6 850	20 073	13 603	13 603	13 603
Payments for capital assets	87 523	78 011	58 957	33 658	33 305	21 006	18 943
Buildings and other fixed structures	41 137	33 257	15 462	22 104	9 580	14 445	13 456
Machinery and equipment	46 376	43 400	43 032	10 182	22 716	6 332	5 235
Specialised military assets	–	1 352	463	900	–	–	–
Software and other intangible assets	10	2	–	472	1 009	229	252
Payments for financial assets	162	663	845	–	–	–	–
Total	1 837 191	1 997 454	2 349 916	2 564 677	2 551 307	2 755 491	3 198 209
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	255 498	249 498	222 835	231 153	146 878	277 597	675 993
Special Defence Account	255 498	249 498	222 835	231 153	146 878	277 597	675 993
Households							
Social benefits							
Current	13 082	12 773	6 850	20 073	13 603	13 603	13 603
Employee social benefits	13 082	12 773	6 850	20 073	13 603	13 603	13 603
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	270	–	–	–	–	–	–
Regional Services Council levies	270	–	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	117 656	104 153	148 376	170 555	187 621	197 253	207 533
Armaments Corporation of South Africa Limited	117 656	104 153	148 376	170 555	187 621	197 253	207 533

Expenditure trends

Expenditure increased from R1.8 billion in 2008/09 to R2.6 billion in 2011/12, at an average annual rate of 11.8 per cent, and is expected to increase to R3.2 billion over the medium term, at an average annual rate of 7.6 per cent. The increase of 29.1 per cent in expenditure in the *Maritime Logistic Support Capability* subprogramme in 2011/12 was due to the implementation of the military salary dispensation and the appointment of personnel with scarce skills such as divers, technicians and engineers. The projected increase of 24.6 per cent in expenditure in the *Maritime Human Resource and Training Capability* subprogramme in 2012/13 is due to the carry through effect of the military salary dispensation and an increase in advanced training. The projected increase of 49.6 per cent in expenditure in the *Maritime Combat Capability* subprogramme in 2014/15 will provide for the replacement of offshore and onshore patrol vessels and the procurement of harbour tugs for the naval base.

Programme 6: Military Health Support

Objectives and measures

- Provide prepared and supported health capabilities and services through:
 - a health support capability of 5 medical battalion groups, including 1 specialist medical battalion group, for deployed and contingency forces per year
 - a comprehensive multidisciplinary military health service to a projected patient population of 293 000 members per year.

Subprogrammes

- *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. This subprogramme had a staff complement of 267 and a total budget of R232.2 million in 2011/12, of which 53.2 per cent was used for compensation of employees.
- *Mobile Military Health Support* provides health support elements for deployed and contingency forces. This also entails providing health services to provincial hospitals and the Department of Health as and when ordered. This subprogramme had a staff complement of 240 and a total budget of R122.9 million, of which 83.9 per cent was used for compensation of employees.
- *Area Military Health Service* provides a comprehensive, self-supporting, multidisciplinary geographic military health service through a formation headquarters, and the command and control of 9 area military health units to ensure a healthy military community. This subprogramme had a staff complement of 2 792 and a total budget of R1.2 billion in 2011/12, of which 76.6 per cent was used for compensation of employees.
- *Specialist/Tertiary Health Service* provides a specialist health service to develop and maintain tertiary military health capabilities within the parameters of relevant legislation, as contained in the South African military health service strategy. This subprogramme had a staff complement of 2 442 and a total budget of R1 billion, of which 75.5 per cent was used for compensation of employees.
- *Military Health Product Support Capability* provides for: the warehousing of pharmaceuticals, sundries, military health mobilisation equipment and unique stock; the procurement of unique military health products, materials and services; and an asset management service, military health product systems and cooperative common military health logistics. This subprogramme had a staff complement of 135 and a total budget of R187.3 million, of which 78.2 per cent was used for goods and services.
- *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. This subprogramme had a staff complement of 801 and a total budget of R242.8 million, of which 66.4 per cent was used for compensation of employees.
- *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. This

subprogramme had a staff complement of 2 387 and a total budget of R386.8 million, of which 73.1 per cent was used for compensation of employees.

Expenditure estimates

Table 22.10 Military Health Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Strategic Direction	149 649	169 080	196 630	232 154	240 413	224 158	259 646
Mobile Military Health Support	66 849	74 095	112 777	122 913	127 404	158 503	182 039
Area Military Health Service	733 272	822 762	964 857	1 054 871	1 002 181	1 056 989	1 108 784
Specialist/Tertiary Health Service	715 645	895 471	1 038 226	1 017 531	1 143 219	1 203 800	1 241 897
Military Health Product Support Capability	135 907	169 787	167 874	187 289	230 971	267 227	285 599
Military Health Maintenance Capability	222 745	195 782	221 967	242 753	198 963	221 138	233 945
Military Health Training Capability	152 873	281 151	447 783	386 752	373 356	383 290	380 603
Total	2 176 940	2 608 128	3 150 114	3 244 263	3 316 507	3 515 105	3 692 513
Change to 2011 Budget estimate				200 124	(40 912)	(26 235)	(62 933)

Economic classification

Current payments	2 027 465	2 454 758	3 026 411	3 168 160	3 271 449	3 445 580	3 578 305
Compensation of employees	1 377 084	1 666 775	2 079 625	2 266 820	2 457 813	2 574 737	2 705 307
Goods and services	650 381	787 983	946 786	901 340	813 636	870 843	872 998
<i>of which:</i>							
Advertising	243	233	115	1 110	–	–	–
Assets less than the capitalisation threshold	7 431	12 946	8 778	41 425	25 642	26 238	26 054
Catering: Departmental activities	2 308	5 911	8 597	–	6 420	6 851	7 279
Communication	8 716	8 615	7 914	10 467	10 119	10 835	11 329
Computer services	37 303	36 042	56 775	42 898	55 684	58 329	61 140
Consultants and professional services: Business and advisory services	12 716	17 600	15 092	17 100	22 467	12 238	15 251
Consultants and professional services: Infrastructure and planning	315	308	333	597	–	–	–
Consultants and professional services: Laboratory services	9 348	11 671	20 406	5 904	10 633	9 110	8 835
Contractors	188 401	295 165	375 534	304 816	260 328	318 533	322 625
Agency and support / outsourced services	26 959	24 113	21 424	26 886	12 564	14 612	14 227
Entertainment	116	154	123	155	–	–	–
Inventory: Food and food supplies	35 009	50 407	58 305	65 642	61 796	71 536	69 898
Inventory: Fuel, oil and gas	15 489	12 317	11 425	28 536	1 955	12 402	12 252
Inventory: Materials and supplies	–	(2 636)	(2 286)	6 832	70	258	178
Inventory: Medical supplies	198 721	214 367	98 619	75 192	247 010	225 386	213 346
Inventory: Medicine	–	–	149 787	137 824	112	94	90
Inventory: Military stores	234	–	–	1 137	78	161	93
Inventory: Other consumables	22 326	17 508	29 461	33 943	28 191	30 625	32 608
Inventory: Stationery and printing	14 556	9 451	6 320	12 532	9 332	10 239	10 792
Lease payments	5 124	7 159	4 936	6 821	7 934	8 128	8 575
Property payments	12 424	11 418	14 148	7 160	18 370	20 148	21 647
Travel and subsistence	35 798	38 022	41 433	46 005	8 126	6 333	6 236
Training and development	8 172	5 814	9 950	17 312	16 250	17 162	18 032
Operating expenditure	7 191	8 345	9 368	10 058	10 555	11 625	12 511
Venues and facilities	1 481	3 053	229	988	–	–	–

Table 22.10 Military Health Support (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	15 443	10 024	38 332	42 522	43 496	55 127	99 436
Provinces and municipalities	1 682	–	–	–	–	–	–
Departmental agencies and accounts	1 500	1 771	24 700	7 135	30 778	42 409	86 718
Non-profit institutions	312	340	360	400	–	–	–
Households	11 949	7 913	13 272	34 987	12 718	12 718	12 718
Payments for capital assets	121 931	113 678	82 676	33 581	1 562	14 398	14 772
Buildings and other fixed structures	170	19 979	927	90	330	344	364
Machinery and equipment	121 570	93 627	81 678	33 491	1 227	14 045	14 403
Specialised military assets	–	–	–	–	5	9	5
Biological assets	–	–	71	–	–	–	–
Software and other intangible assets	191	72	–	–	–	–	–
Payments for financial assets	12 101	29 668	2 695	–	–	–	–
Total	2 176 940	2 608 128	3 150 114	3 244 263	3 316 507	3 515 105	3 692 513
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 500	1 771	24 700	7 135	30 778	42 409	86 718
Special Defence Account	1 500	1 771	24 700	7 135	30 778	42 409	86 718
Households							
Social benefits							
Current	11 949	7 913	13 272	34 987	12 718	12 718	12 718
Employee social benefits	11 949	7 913	13 272	34 987	12 718	12 718	12 718
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	1 682	–	–	–	–	–	–
Regional Service Council Levies	1 682	–	–	–	–	–	–
Non-profit institutions							
Current	312	340	360	400	–	–	–
St Johns Ambulance Brigade	312	340	360	400	–	–	–

Expenditure trends

Expenditure increased from R2.2 billion in 2008/09 to R3.2 billion in 2011/12, at an average annual rate of 14.2 per cent, and is expected to increase to R3.7 billion over the medium term, at an average annual rate of 4.4 per cent. These increases are due to inflation related adjustments and increased demand for ongoing procurement of pharmaceuticals, additional health care for the increase in members of the military skills development programme, 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 health service deployed medical elements in support of peace support operations, provided health support through the deployment of 902 members during the 2010 FIFA World Cup at a cost of R200 million, and provided medical support at 74 hospitals during the national public health sector strike in 2010/11 at a cost of R25 million. Expenditure over the MTEF period will enable the military health service to continue delivering a comprehensive health service to the approximately 230 000 member patients.

The increase of 12.4 per cent in the *Specialist/Tertiary Health Service* subprogramme in 2012/13 is due to the projected appointment of scarce skills personnel and the acquisition of medical and surgical equipment. The 23.3 per cent and 15.7 per cent increases in the *Military Health Product Support Capability* subprogramme in

2012/13 and 2013/14 can be attributed to the repair and replacement of operational ambulances. The increase of 24.4 per cent in spending in the *Mobile Military Health Support* subprogramme in 2013/14 is due to the operationalisation of a defence against chemical and biological warfare project.

Expenditure on consultants is expected to increase from R22.4 million in 2008/09 to R24.1 million in 2014/15, at an average annual rate of 1.2 per cent. Consultants are used to provide advice during the organisational restructuring of the military health service and to provide advice regarding the implementation of a medical administration system for outsourced patients.

Programme 7: Defence Intelligence

Objectives and measures

- The details of the outputs of the *Defence Intelligence* programme are classified and not available to the public.

Subprogrammes

- Strategic Direction* provides defence intelligence policy, doctrine and intelligence advice to support the department's decision making and policy formulation processes. This subprogramme had a total budget of R1.4 million in 2011/12. The division remains involved in peace processes in Africa in support of the South African government's peace initiatives by providing intelligence on the current security situation. No savings or reductions in 2012/13 have been identified in this subprogramme.
- Operations* provides timely defence prediction, intelligence, and counterintelligence capabilities and services. This subprogramme had a total budget of R408 million in 2011/12. Defence related national strategic intelligence was provided to the highest level of decision makers through, among other things, briefings to the president, the council on defence and the inter-ministerial security committee. No savings or reductions in 2012/13 have been identified in this subprogramme.
- Defence Intelligence Support Services* provides human resources, logistic, planning, security, labour relations and training, and information support services to the defence intelligence community. This subprogramme had a staff complement of 769 and a total budget of R252.2 million in 2011/12, of which 91.3 per cent was used for compensation of employees. Support was provided to the *Strategic Direction* and *Operations* subprogrammes. No savings or reductions in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 22.11 Defence Intelligence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Strategic Direction	1 263	1 360	157	1 368	32	33	34
Operations	334 109	392 506	397 561	408 020	424 006	436 402	453 594
Defence Intelligence Support Services	171 380	200 837	236 135	252 248	285 625	304 040	324 879
Total	506 752	594 703	633 853	661 636	709 663	740 475	778 507
Change to 2011 Budget estimate				(7 352)	4 568	(2 281)	(1 770)

Economic classification

	169 114	192 537	222 359	249 761	280 835	297 656	321 802
Current payments							
Compensation of employees	149 938	173 341	205 303	230 270	257 984	273 806	292 034
Goods and services	19 176	19 196	17 056	19 491	22 851	23 850	29 768
<i>of which:</i>							
Advertising	–	5	6	248	90	93	96
Assets less than the capitalisation threshold	852	892	418	1 218	634	656	677

Table 22.11 Defence Intelligence (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
<i>Catering: Departmental activities</i>	3	114	125	–	66	69	71
<i>Communication</i>	1 522	1 671	1 188	1 712	1 826	1 890	1 951
<i>Computer services</i>	4	–	148	–	–	–	–
<i>Consultants and professional services: Business and advisory services</i>	–	2 423	2 615	–	–	–	–
<i>Consultants and professional services: Infrastructure and planning</i>	776	–	–	–	–	–	–
<i>Contractors</i>	2 060	1 838	1 825	1 963	5 001	2 902	6 155
<i>Agency and support / outsourced services</i>	12	20	217	126	60	62	64
<i>Entertainment</i>	–	20	62	–	93	96	99
<i>Inventory: Food and food supplies</i>	2 291	2 312	1 430	2 274	2 665	5 292	7 418
<i>Inventory: Fuel, oil and gas</i>	1 354	1 091	1 176	1 726	1 730	1 789	1 849
<i>Inventory: Materials and supplies</i>	1 032	170	328	399	299	311	321
<i>Inventory: Other consumables</i>	1 176	839	622	731	661	684	706
<i>Inventory: Stationery and printing</i>	1 310	856	706	1 448	1 288	1 331	1 375
<i>Lease payments</i>	737	356	453	622	622	643	664
<i>Property payments</i>	55	28	17	90	90	94	96
<i>Travel and subsistence</i>	2 802	2 663	2 744	3 180	4 906	5 021	5 240
<i>Training and development</i>	2 108	2 886	2 531	2 685	2 333	2 413	2 465
<i>Operating expenditure</i>	582	395	361	563	414	428	442
<i>Venues and facilities</i>	500	617	84	506	73	76	79
Transfers and subsidies	337 006	399 503	404 628	409 449	425 387	439 261	453 030
Departmental agencies and accounts	332 414	391 540	396 779	406 696	420 565	434 967	449 157
Households	4 592	7 963	7 849	2 753	4 822	4 294	3 873
Payments for capital assets	632	2 663	6 861	2 426	3 441	3 558	3 675
Machinery and equipment	632	2 663	6 861	2 426	3 441	3 558	3 675
Payments for financial assets	–	–	5	–	–	–	–
Total	506 752	594 703	633 853	661 636	709 663	740 475	778 507
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	332 414	391 540	396 779	406 696	420 565	434 967	449 157
Special Defence Account	332 414	391 540	396 779	406 696	420 565	434 967	449 157
Households							
Social benefits							
Current	4 592	7 963	7 849	2 753	4 822	4 294	3 873
Employee social benefits	4 592	7 963	7 849	2 753	4 822	4 294	3 873

Expenditure trends

Expenditure increased from R506.8 million in 2008/09 to R661.6 million in 2011/12, at an average annual rate of 9.3 per cent, and is expected to increase to R778.5 million over the medium term, at an average annual rate of 5.6 per cent, due to inflation adjustments. The increase between 2008/09 and 2011/12 was mainly due to the development of a strategic information collection capability and the new salary dispensation for military members.

Programme 8: General Support

Objectives and measures

- Provide ongoing general support capabilities and services to the department by:
 - providing appropriate, ready and sustained materiel, facilities, movement and logistics services focusing on supply chain and life cycle management to enable the defence mandate
 - replacing infrastructure assets through 10 projects carrying out maintenance and repairs through 15 projects
 - executing infrastructure upgrades and additions through 27 projects
 - executing rehabilitation, renovations and refurbishments through 28 projects
- Operationalise and capacitate the works capability that will enable the Department of Defence to assume selected custodian responsibilities from the national Department of Public Works, thereby creating job opportunities.
- Provide the department with key information and communication systems by:
 - ensuring continuously that the mainframe service, the wide area network and the telecommunications backbone are available 98 per cent of the time
 - delivering ongoing information and communication systems solutions in accordance with the defence enterprise information systems master plan according to programme and project milestones and associated deliverables.
- Provide military policing capability to the department by:
 - upgrading security measures and being more visible, thus reducing the number of new criminal cases under investigation by the military police by 10 per cent per year
 - sustaining 13 provost company for operational deployment on an ongoing basis
 - sustaining four regional headquarters, 22 area offices and 22 detachments for crime prevention and investigation of criminal cases on an ongoing basis
 - sustaining 2 military correctional facilities for detention and rehabilitation on an ongoing basis.

Subprogrammes

- *Joint Logistic Services* provides logistic services to the department. This subprogramme had a staff complement of 2 966 and a total budget of R1.7 billion in 2011/12, of which 93.1 per cent was used for compensation of employees. Warehousing for ammunition, main equipment and stores is provided, while provisions are also made for the defence works capability, the capital works programme and the defence facility refurbishment programme.
- *Command and Management Information Systems* provides command and management information systems and related services to the department. This subprogramme had a staff complement of 139 and a total budget of R960.4 million in 2011/12, of which 79.5 per cent was used for goods and services. The following provisions are made: information systems, communication infrastructure in relation to solutions, operating systems, continuous maintenance and upgrading requirements for the department.
- *Military Police* provides a military policing capability to the department. This subprogramme had a staff complement of 1 797 and a total budget of R432.5 million, of which 86.4 per cent was used for compensation of employees. Military police members support external operations, conduct crime prevention operations throughout the country and provide functional training at the military police school.
- *Technology Development* provides for the establishment and sustaining of selected science and technology capabilities in the defence industry. This subprogramme had a total budget of R339.9 million in 2011/12. There was no staff expenditure, as 99.9 per cent was spent on capital acquisition.
- *Departmental Support* provides for the payment of corporate departmental obligations such as transfer payments to public entities, legal fees, external audits and bank charges. This subprogramme had a total budget of R711.4 million in 2011/12, of which 88.2 per cent was spent on transfer payments to the Armaments Corporation of South Africa.

Expenditure estimates

Table 22.12 General Support

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Joint Logistic Services	1 443 362	1 605 264	1 478 375	1 699 556	2 215 121	2 346 713	2 466 830
Command and Management	875 779	830 111	782 664	960 418	1 021 204	1 103 379	1 151 611
Information Systems							
Military Police	291 174	344 996	412 010	432 471	439 526	467 902	488 159
Technology Development	258 845	258 271	357 756	339 864	328 547	275 117	287 980
Departmental Support	511 233	598 702	774 807	711 378	1 073 005	784 457	841 515
Total	3 380 393	3 637 344	3 805 612	4 143 687	5 077 403	4 977 568	5 236 095
Change to 2011 Budget estimate				185 200	175 579	209 211	209 966

Economic classification

Current payments	1 944 949	2 048 273	2 334 806	2 909 521	3 526 811	3 771 842	3 968 831
Compensation of employees	753 288	767 647	973 799	1 059 328	1 120 723	1 176 703	1 241 496
Goods and services	1 191 661	1 280 626	1 361 007	1 850 193	2 406 088	2 595 139	2 727 335
<i>of which:</i>							
Administrative fees	1 458	1 806	1 632	4 020	4 221	4 432	4 145
Advertising	13	36	92	74	34	34	35
Assets less than the capitalisation threshold	14 666	9 430	8 289	14 406	6 341	6 697	6 419
Audit cost: External	41 415	46 442	49 972	55 313	58 079	62 144	66 495
Catering: Departmental activities	19 384	13 101	14 692	–	20 587	21 791	23 079
Communication	12 755	10 132	4 939	12 967	10 010	10 598	10 910
Computer services	552 505	597 509	579 942	733 006	816 151	895 198	933 804
Consultants and professional services: Business and advisory services	63 883	199 046	225 077	91 763	108 633	105 568	113 180
Consultants and professional services: Infrastructure and planning	680	801	132	6 042	5 054	5 294	5 558
Consultants and professional services: Legal costs	3 455	635	1 568	8 338	8 844	9 287	9 751
Contractors	350 846	311 742	354 632	794 563	1 057 796	1 130 292	1 202 748
Agency and support / outsourced services	9 328	495	3 400	13 273	546	563	578
Entertainment	489	7	97	688	628	631	667
Inventory: Food and food supplies	35 084	27 716	30 019	25 063	202 596	231 859	238 855
Inventory: Fuel, oil and gas	26 885	13 757	12 685	14 449	10 224	8 945	9 073
Inventory: Learner and teacher support material	2 473	–	–	–	–	–	–
Inventory: Materials and supplies	3 345	4 579	6 874	6 528	3 362	3 552	3 626
Inventory: Medical supplies	–	–	2	–	–	–	–
Medsas inventory interface	213	–	–	–	–	–	–
Inventory: Military stores	4 167	203	348	627	412	527	429
Inventory: Other consumables	7 968	4 062	8 259	7 795	4 454	4 667	4 375
Inventory: Stationery and printing	5 014	4 254	4 705	5 037	4 781	5 231	5 073
Lease payments	1 980	2 374	2 390	6 176	3 420	3 931	3 531
Property payments	241	363	394	1 196	1 432	1 499	1 529
Travel and subsistence	21 341	18 636	26 561	28 907	18 399	20 429	18 710
Training and development	5 196	10 434	21 021	16 287	56 508	58 228	61 060
Operating expenditure	6 275	2 306	2 997	2 668	2 669	2 765	2 703
Venues and facilities	602	760	288	1 007	907	977	1 002

Table 22.12 General Support (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	868 194	876 107	997 590	1 104 838	1 085 495	1 070 864	1 125 460
Provinces and municipalities	2 704	–	–	–	–	–	–
Departmental agencies and accounts	405 431	365 073	438 288	467 576	415 307	359 888	362 470
Public corporations and private enterprises	446 674	498 755	544 068	630 804	658 668	699 456	751 470
Households	13 385	12 279	15 234	6 458	11 520	11 520	11 520
Payments for capital assets	557 461	707 167	338 608	129 328	127 393	134 862	141 804
Buildings and other fixed structures	462 199	544 267	229 025	94 732	99 254	104 216	109 427
Machinery and equipment	94 608	95 812	50 223	23 825	16 829	18 771	19 908
Specialised military assets	–	67 088	19	10 771	11 310	11 875	12 469
Biological assets	–	–	59 328	–	–	–	–
Software and other intangible assets	654	–	13	–	–	–	–
Payments for financial assets	9 789	5 797	134 608	–	337 704	–	–
Total	3 380 393	3 637 344	3 805 612	4 143 687	5 077 403	4 977 568	5 236 095
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	405 431	365 073	438 288	467 576	415 307	359 888	362 470
Special Defence Account	405 431	365 073	438 288	467 576	415 307	359 888	362 470
Households							
Social benefits							
Current	13 385	12 279	15 234	6 458	11 520	11 520	11 520
Employee social benefits	13 385	12 279	15 234	6 458	11 520	11 520	11 520
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	2 704	–	–	–	–	–	–
Regional Service Council Levies	2 704	–	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	446 674	498 755	544 068	630 804	658 668	699 456	751 470
Armaments Corporation of South Africa Limited	446 674	498 755	544 068	630 804	658 668	699 456	751 470

Expenditure trends

Expenditure increased from R3.4 billion in 2008/09 to R4.1 billion in 2011/12, at an average annual rate of 7 per cent, and is expected to increase to R5.2 billion over the medium term, at an average annual rate of 8.1 per cent. Expenditure over the MTEF period will allow the department to begin implementing a facility refurbishment programme at 33 military bases, fund 28 capital works projects, continue with clearance operations at the Hell's Gate and Madimbo training areas in Eastern Cape and Limpopo, maintain the mainframe and other computer systems, provide comprehensive policing services and deploy military police contingents during all operations.

The projected increase of 22.5 per cent in total programme spending in 2012/13 is due to the provision for the write-off of unauthorised expenditure that occurred in 1997/98. This is also the reason for the once-off provision in 2012/13 for payments of financial assets, and the reason for the projected 50.8 per cent increase in spending in the *Departmental Support* subprogramme in the same year. The expected increase of 30.3 per cent in spending in the *Joint Logistic Services* subprogramme in 2012/13 was due to the establishment of the defence

works formation unit, while the 16.3 per cent decrease in spending in the *Technology Development* subprogramme in 2013/14 is due to the project milestones for the departmental systems test and evaluation capability being, and electronic research and development being completed.

Expenditure on consultants is expected to increase from R68 million in 2008/09 to R128.5 million in 2014/15, at an average annual rate of 11.2 per cent. Consultants are mainly used to do research on information based warfare, electronic warfare, network based warfare, psychological warfare and command and control warfare.

Savings of R71 million have been instituted over the MTEF period based on a reduction in intakes in the military skills development system intakes.

Other departments within the vote

Department of Military Veterans

Strategic overview: 2008/09 – 2014/15

The mandate of the Department of Military Veterans is outlined in the Military Veterans Act (2011). The main objective of the Department of Military Veterans is to provide national policy and standards on socioeconomic support to military veterans and to their dependants, including benefits and entitlements. The department will oversee and manage the implementation of this through line function departments, provinces, municipalities and relevant agencies. The Department of Military Veterans also initiates, manages and administers military veterans' affairs through the overall coordination and facilitation of the activities of government and the private sector, to ensure coherent provision of assistance to military veterans.

Specific strategic priorities include: facilitation, management and coordination of socioeconomic empowerment and stakeholder relations support services for military veterans; oversight of the national military veterans programme and periodic reporting to the sector, Cabinet and Parliament on the programmes and activities for military veterans that facilitate social and economic re-integration; and rendering effective socioeconomic services.

The current budget provides for the development of policies, systems and processes to deliver socioeconomic services. The aim is to obtain approval of critical policies by March 2013. The policy framework approved by Cabinet during 2010 following recommendations of the ministerial task team on military veterans will inform all new policies.

Selected performance indicators

Table 22.13 Military Veterans

Indicator ¹	Programme	Past			Current 2011/12	Projections		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Total number of deserving military veterans with access to dedicated counselling and medical treatment per year	Socioeconomic support	-	-	-	-	1 000	2 000	3 000
Number of deserving military veterans with access to transport per year	Socioeconomic support	-	-	-	-	5 000	10 000	15 000
Number of deserving military veterans receiving pension per year	Socioeconomic support	-	-	-	-	8 000	13 000	15 000
Total number of deserving military veterans with access to health care services ²	Socioeconomic support	-	-	-	200	10 000	13 000	16 000
Total number of deserving military veterans with decent housing	Socioeconomic support	-	-	-	-	5 000	8 000	7 000
Number of deserving military veterans receiving burial support per year	Socioeconomic support	-	-	-	8	50	50	50
Number of military veterans memorialised and honoured per year	Empowerment and stakeholder relations	-	-	-	-	2	5	9

Table 22.13 Military Veterans (continued)

Indicator ¹	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of deserving military veterans to access training and skills development per year	Empowerment and stakeholder relations	-	-	-	-	2 000	2 500	3 000
Total number of private sector companies in partnership with the department	Empowerment and stakeholder relations	-	-	-	3	10	10	10
Number of programmes promoting the affairs of military veterans approved by Cabinet and gazetted per year	Administration	-	-	-	-	3	3	3

1. This is a new department with no historical data. The updating of the database together with the new means test will enable the department to appropriately and more accurately identify military veterans and dependants who qualify for socioeconomic support services.

Objectives and measures

- Establish and maintain the credibility and security of the national military veterans' database through the clean-up, consolidation, and software updating of the database, and establishing its annual update capability.
- Develop strategic partnerships with government departments by 2014/15 to advance delivery on basic social security, housing, health care, education, and transport to eligible military veterans across the country, including the rural areas, by coordinating and monitoring the implementation of service level agreements with the relevant departments and agencies by reporting comprehensively on the national military veterans' programme, ensuring that:
 - 3 000 veterans are granted access to dedicated counselling and medical treatment
 - 16 000 veterans are granted access to health care services
 - 15 000 veterans are granted access to transport and pension benefits
 - 7 000 veterans are provided with housing
 - 50 veterans are provided with burial support
 - 9 veterans are memorialised and honoured.
- Provide strategic leadership by conducting ongoing research on pertinent issues affecting military veterans, developing policies, and implementing policy norms, standards, strategies, guidelines and efficiencies for leadership. Empower military veterans by establishing a special purpose vehicle to facilitate identified business opportunities and by entering into partnerships with 10 companies and organisations to facilitate business ventures by 2014/15.
- Promote the affairs of military veterans by gaining Cabinet approval of 3 programmes and their gazetting by 2014/15.
- Provide comprehensive hospital health care and wellness support services to military veterans eligible for such support by concluding dedicated service level agreements with the departments of defence and health and other relevant agencies by 2014/15.
- Ensure efficiency by capacitating provincial offices through ensuring 100 per cent staffing in all provincial offices by 2012/13.
- Strengthen relations with major stakeholders, government departments and agencies, by entering into a service level agreement and providing assistance agreed upon by all parties by 2014/15.
- Promote stakeholder relations at intra-governmental level and facilitate the interfacing of military veterans with the international community through establishment of relevant exchange programmes.
- Facilitate the integration of military veterans into the national workforce by providing 3 000 with relevant skills and strengthening the centre for advanced training by 2014/15.

Programmes

The total budget allocated to this department in 2011/12 was R45.4 million, of which 36.5 per cent was used in the *Administration* programme.

- *Administration* provides management, strategic administrative support to the ministry and overall management of the department. This programme had a staff complement of 10 and a total budget

of R16.5 million in 2011/12, of which 49.3 per cent was used for goods and services. No savings or reductions have been identified in this programme as the department will only begin operating in 2012/13.

- *Socioeconomic Support* comprises four subprogrammes: database and benefits management, research and policy development, healthcare and wellbeing support, and socioeconomic support services. The programme develops and monitors the implementation of legislation, policy frameworks and service level agreements on primary and secondary health care services, home based care services, wellness and counselling services, and prevention and support services. This programme had a planned staff complement of 26 and a total budget of R64.4 million over the medium term, of which 20 per cent is used for compensation of employees. No savings or reductions have been identified in this programme as the department will only begin operating in 2012/13.
- *Empowerment and Stakeholder Relations* manages and facilitates the implementation of military veterans' empowerment and stakeholder management programmes, and comprises 3 subprogrammes: *Provincial Offices Management*; *Skills Development*; and *Heritage, Memorial, Burial and Honorary*. This programme had a planned staff complement of 34 and a total budget of R10.1 million in 2011/12, of which 50.2 per cent was used for compensation of employees. No savings or reductions have been identified in this programme as the department will only begin operating in 2012/13.

Expenditure estimates

Table 22.14 Military Veterans

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R thousand								
Administration	-	-	7 291	16 539	16 539	18 664	18 596	19 183
Socioeconomic Support Services	-	-	8 254	18 724	18 724	21 137	21 005	22 284
Empowerment and Stakeholder Relations	-	-	4 459	10 108	10 108	11 407	11 340	12 030
Total	-	-	20 000	45 370	45 370	51 207	50 941	53 497

Economic classification

Current payments	-	-	19 280	43 841	43 841	49 481	49 144	51 677
Compensation of employees	-	-	5 950	13 457	13 457	16 452	17 644	19 520
Goods and services	-	-	13 330	30 384	30 384	33 030	31 500	32 157
<i>of which:</i>								
Computer services	-	-	319	715	715	775	739	750
Inventory: Food and food supplies	-	-	257	582	582	631	601	610
Lease payments			833	2 059	2 059	2 331	2 310	2 451
Inventory: Stationery and printing			1 411	3 198	3 198	3 467	3 276	3 355
Rental and hiring	-	-	266	603	603	654	624	633
Payments for capital assets	-	-	721	1 529	1 529	1 726	1 715	1 820
Machinery and equipment	-	-	721	1 529	1 529	1 726	1 715	1 820
Total	-	-	20 000	45 370	45 370	51 207	50 941	53 497

Expenditure trends

The spending focus over the MTEF period will be on strengthening departmental personnel capacity and providing national policy and standards on socioeconomic support to military veterans and their dependants.

Between 2010/11 and 2014/15, expenditure is expected to increase from R20 million to R53.5 million, at an average annual rate of 27.9 per cent. The increase over this period will cater for additional personnel and making the newly formed department operational.

Expenditure in the *Socioeconomic Support Services* programme, the department's largest programme, is expected to increase from R8.3 million in 2010/11 to R22.3 million in 2014/15, at an average annual rate of 28.2 per cent due to the appointment of additional personnel. The greatest portion of the allocation for 2010/11 was used to fast track the software update and data clean up of the national military veterans' database.

The department uses consultants to advertise vacant posts and short list candidates. R4.9 million was spent on consultants in 2010/11 to provide actuarial and recruitment services. In 2013/14, consultants will be used to provide support in IT and knowledge management and financial systems. This cost will be determined once the department is fully functional.

Personnel information

Table 22.15 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			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		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	141	–	27	–	–	1	10	103	32	22
Salary level 1 – 6	49	–	1	–	–	–	2	26	12	10
Salary level 7 – 10	26	–	23	–	–	–	2	28	10	10
Salary level 11 – 12	42	–	3	–	–	–	5	28	10	2
Salary level 13 – 16	24	–	–	–	–	1	1	21	–	–

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

2. As at 30 September 2011.

The department has an approved establishment of 141 posts. As at 30 November 2011, the department had 17 permanent employees and the remaining vacant posts were in the process of being filled. The staffing process for 43 posts, which were advertised in 2011/12, will be finalised during 2012/13.

Public entities and other agencies

Armaments Corporation of South Africa

Overview: 2008/09 – 2014/15

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 Department of Defence and other clients for defence materiel, 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 focuses on acquiring equipment in an economic and efficient manner. It is 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 the navy's 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.

The organisation's total budget in 2012/13 is R1.8 billion, while the total revenue for the same period is R1.7 billion, resulting in a net shortfall of R39 million. The bulk of the expenses relate to compensation of employees at 40.9 per cent, followed by the cost of sales at 36.1 per cent. In terms to the organisation's objectives, 36.4 per cent of total expenses relate to logistics materiel and the support function, while the management of the defence materiel acquisition makes up 28.6 per cent of the expenses. The trend for these expenses is expected to remain stable over the medium term.

The Armaments Corporation of South Africa structures its activities around five programmes: acquisition, defence industrial participation, defence institutes, Armaments Corporation of South Africa dockyard, and defence institute engineering support.

Performance

Armscor's target is to place contracts worth at least 90 per cent of the confirmed commitment from the Department of Defence. Similarly, the corporation's target of 90 per cent cash flow would be measured against formally planned cash flow in terms of achieved commitments. Between 2008/09 and 2010/11, most targets relating to contracts placed, as well as cash flow, were exceeded as over 90 per cent was achieved during these periods. The overachievement of the management of defence industrial participation in 2010/11 is as a result of the Gripen obligation being discharged 18 months ahead of schedule. The corporation aims to maintain current performance levels over the MTEF period.

Selected performance indicators

Table 22.16 Armaments Corporation of South Africa

Indicator	Performance/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Contracts placed as a percentage of confirmed commitments from the Department of Defence	Capital defence materiel acquisition	99.9% (R583m)	94.4% (R376m)	96.1% (R428m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Capital defence materiel acquisition	86.2% (R3.51bn)	101% (R2.2bn)	101.9% (R2.2bn)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence	Strategic defence acquisition	99.9% (R73m)	94.86% (R55m)	99.89% (R33m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Strategic defence acquisition	98.3% (R4.6bn)	94.8% (R1.6bn)	100.76% (R1.1bn)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence	System support acquisition and procurement	99.6% (R7.0m)	86.6% (R1.6m)	97.9% (R1.0m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	System support acquisition and procurement	95.6% (R2.1bn)	104% (R3.0bn)	99.89% (R2.7bn)	90%	90%	90%	90%
Defence industrial participation credits awarded in terms of contractually agreed milestones	Management of defence industrial participation	R1.08bn	R747m	R1.58bn	R209m	R349m	R136m	R441m
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	91%	95.97%	90%	90%	90%	90%

1. This indicator was only introduced in 2009/10.

Programmes/activities/objectives

Table 22.17 Armaments Corporation of South Africa

	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Management of defence matériel acquisition	500 769	443 796	492 402	506 541	507 323	536 862	568 520
Quality assurance	156 716	132 417	145 817	146 316	145 182	153 557	162 546
Tender management	2 847	2 796	3 149	3 395	3 458	3 662	3 881
Defence industrial participation	3 289	3 304	3 733	4 062	4 150	4 397	4 660
Logistics matériel and support	996 758	709 096	757 023	679 420	643 847	679 217	717 486
Management of strategic facilities: Armscor defence institutes	370 666	306 058	334 791	332 981	338 063	356 885	376 210
Management of strategic facilities: Armscor dockyard	133 060	120 488	134 255	139 384	140 052	148 239	157 031
Total expense	2 164 104	1 717 956	1 871 169	1 812 099	1 782 075	1 882 819	1 990 334

The Armaments Corporation of South Africa had a total budget of R1.8 billion in 2011/12, of which 59.2 per cent was used for goods and services.

Savings and cost effectiveness measures

The corporation has identified efficiency savings over the medium term by implementing cost effectiveness measures. The measures reduced travel costs in 2011/12 and restricted growth in other operational expenditure items. In order to minimise the projected loss position of R39.3 million in 2012/13, vacancies to the value of R16.2 million are excluded and provision is only made for critical positions to the value of R38.1 million.

Expenditure estimates

Table 22.18 Armaments Corporation of South Africa

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	1 636 276	1 173 271	1 293 400	927 123	828 018	867 651	908 850
Sale of goods and services other than capital assets	1 592 062	1 094 423	1 202 200	848 161	746 463	783 786	822 975
<i>of which:</i>							
<i>Sales by market establishments</i>	1 592 062	1 094 423	1 202 200	848 161	746 463	783 786	822 975
<i>Other non-tax revenue</i>	44 214	78 848	91 200	78 962	81 555	83 865	85 874
Transfers received	565 754	528 900	594 800	867 256	914 753	966 989	1 030 776
Total revenue	2 202 030	1 702 171	1 888 200	1 794 379	1 742 771	1 834 640	1 939 626
Expenses							
Current expenses	2 164 104	1 717 956	1 871 169	1 812 099	1 782 075	1 882 819	1 990 334
Compensation of employees	519 368	558 135	639 556	708 587	729 117	772 780	820 036
Goods and services	1 619 926	1 134 421	1 205 833	1 072 679	1 018 748	1 073 832	1 132 778
Depreciation	24 810	24 100	22 680	30 833	34 210	36 207	37 520
Interest, dividends and rent on land	–	1 300	3 100	–	–	–	–
Total expenses	2 164 104	1 717 956	1 871 169	1 812 099	1 782 075	1 882 819	1 990 334
Surplus / (Deficit)	37 926	(15 785)	17 031	(17 720)	(39 304)	(48 178)	(50 708)
Statement of financial position							
Carrying value of assets	215 052	216 900	236 300	230 563	232 463	234 363	236 363
<i>of which:</i>							
<i>Acquisition of assets</i>	37 222	26 600	44 600	25 096	36 110	38 107	39 520
Inventory	6 106	2 800	6 500	6 748	7 086	7 441	7 814
Receivables and prepayments	259 819	161 400	178 800	187 909	197 304	207 169	217 527
Cash and cash equivalents	336 223	341 081	374 810	358 907	326 119	285 284	242 329
Defined benefit plan assets	–	94 700	124 100	124 100	124 100	124 100	124 100
Total assets	817 200	816 881	920 510	908 227	887 072	858 357	828 133
Accumulated surplus / (deficit)	–	–	–	(17 720)	(57 024)	(105 202)	(155 910)
Capital and reserves	552 557	536 700	553 803	553 803	553 803	553 803	553 803
Deferred income	–	–	12 890	12 890	12 890	12 890	12 890
Trade and other payables	184 705	176 300	236 610	235 952	247 750	260 138	273 145
Provisions	79 938	103 881	117 207	123 302	129 653	136 728	144 205
Total equity and liabilities	817 200	816 881	920 510	908 227	887 072	858 357	828 133

Expenditure trends

The corporation's operating expenses are largely funded by a transfer payment from the Department of Defence. Together with interest earned on the payment, these funds are used to finance operating expenditure. As the corporation's total revenue is not sufficient to cover its expenditure, the shortfall has to be funded from its existing reserves. Although this situation can be accommodated in the short term, an agreement will have to be reached with the departments of defence and military veterans on the funding level for services required.

Sales by market establishments decreased from R1.6 billion in 2008/09 to R848.2 million in 2011/12, at an average annual rate of 18.9 per cent, due to a reduction in the activities of the corporation's logistics division, which is responsible for the import and export of defence materiel. Over the medium term, sales by market establishments is expected to decrease to R823 million, at an average annual rate of 1 per cent.

Expenditure decreased from R2.2 billion in 2008/09 to R1.8 billion in 2011/12, at an average annual rate of 5.7 per cent, and is expected to increase to R2 billion over the medium term, at an average annual rate of 3.2 per cent. The decline in 2011/12 is due to the strategic defence procurement, which is nearing completion. Over the medium term, the Department of Defence is expected to increase its capital acquisition.

The fixed capital requirements of subsidiaries are financed from own income generated and additional funding from the Department of Defence. All reserves are considered non-distributable. The full share capital and reserves are required for the total net capital requirements of the group. Cash is therefore retained to meet future commitments and is therefore not available for the distribution of dividends.

Personnel Information

Table 22.19 Armaments Corporation of South Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	9	–	–	9	8	9	9	9	9	9
Executive management	8	–	3	6	5	5	5	8	8	8
Senior management	64	–	5	59	59	60	59	64	64	64
Middle management	362	–	24	320	323	338	338	362	362	362
Professionals	91	–	6	80	81	85	85	91	91	91
Skilled	308	–	8	277	288	306	300	308	308	308
Semi-skilled	468	–	11	471	461	464	457	468	468	468
Very low skilled	158	–	17	128	121	158	141	158	158	158
Total	1 468	–	74	1 350	1 346	1 425	1 394	1 468	1 468	1 468
Compensation (R thousand)				519 368	558 135	639 556	708 587	727 901	771 490	818 670
Unit cost (R thousand)				385	415	449	508	496	526	558

1. As at 30 September 2011.

The corporation had an establishment of 1 468 posts, of which 1 394 were filled. There were 74 vacancies and strategic vacancies that still need to be filled, including the position of chief executive officer and two general manager posts. These vacancies existed as at 30 September mainly because the entity decided to fill only critical positions.

The number of filled posts grew from 1 350 in 2008/09 to 1 394 in 2011/12. Between 2010/11 and 2011/12, however, there was a decline in the number of filled posts, due to a decision made by the entity to only fill critical positions. Over the medium term, the number of filled positions is expected to increase to 1 468. The trend in terms of personnel numbers thereafter remains stable.

Castle Control Board

Overview 2008/09 – 2014/15

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. The Castle Control Board is a registered public entity and the minister is the executive authority. All stakeholders identified by the act have duly appointed representatives, except for the tourism sector. The board has increased its staff by seconding nine staff members from the department. Nine other staff members are remunerated by the board.

The Castle Control Board has a draft strategic plan linked to performance indicators, which has been approved by the Castle Control Board and contains the necessary information regarding sustainability and future plans for the Castle of Good Hope. The board continues negotiations to take over certain catering facilities at the Castle, which will increase its net revenue for catering and venue hire.

Regular activities include hosting special events, such as the Cape Town Military Tattoo in November, and the daily key ceremony and firing of signal cannon, and daily guided tours.

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, in April 2011, the Department of Public Works began a major maintenance programme at the castle, which includes repairs to the roofs and the securing the Leerdam Bastion from possible collapse.

The board's goals over the medium term include: appointing a chief executive officer and chief financial officer and establishing a human resources development plan for the castle; transferring Het Bakhuis (the reconstruction of the original bakery and offices, built in 1706), from the auspices of the Youngsfield military base on a profitable and sustainable basis as a functions venue to the Castle Control Board; acquiring specialised skills to negotiate the acquisition of assets currently used in Het Bakhuis ; preparing and implementing World War I displays by February 2014; and assimilating the maintenance activities of the Department of Public Works and Castle Control Board, which includes the appointment of a maintenance team to carry out minor preventative maintenance.

Performance

The number of visitors to the Castle of Good Hope is expected to increase from 126 769 in 2010/11 to 170 000 in 2014/15, as part of a general trend of increased tourism.

Selected performance indicators

Table 22.20 Castle Control Board

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of visitors to the Castle of Good Hope per year	Marketing	135 948	130 716	126 769	130 000	150 000	160 000	170 000
Value of ticket sales per year	Marketing	R1.5m	R1.5m	R1.7m	R1.8m	R1.9m	R2m	R2.1m
Value of Income received from special events per year	Increased public profile and positive perception across all sectors of the community	R130 000	R68 000	R344 000	R241 000	R255 000	R271 000	R288 000

Programmes/activities/objectives

Table 22.21 Castle Control Board

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Administration through corporate governance	864	1 106	1 283	2 175	2 342	2 526	2 666
Preservation, interpretation and showcasing of history of the Castle of Good Hope	60	74	70	265	369	395	415
Maintenance, preservation and protection of the Castle of Good Hope	188	234	290	731	798	1 248	1 377
Increased public profile and positive perception across all sectors of the community.	180	469	340	152	161	171	180
Total expense	1 292	1 883	1 983	3 323	3 670	4 340	4 638

The Castle Control Board had a total budget of R3.3 million in 2011/12, of which 56.7 per cent was used for goods and services.

Savings and cost effectiveness measures

The board receives no direct government funding and it has not identified savings and cost effectiveness measures. The board operates on a competitive quotation system where the cheapest quote is accepted. Additionally, the board had no fruitless and wasteful expenditure and internal control evaluations are conducted quarterly. The board also has a formulated budgeting system and submits quarterly reports to National Treasury and the audit committee. An on-site closed circuit television system has been installed to secure the Military Museum displays.

Expenditure estimates

Table 22.22 Castle Control Board

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2011/12	Medium-term estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	3 114	3 075	2 876	3 384	3 670	4 340	4 638
Sale of goods and services other than capital assets of which:	2 180	2 409	2 244	2 734	2 950	3 560	3 818
<i>Sales by market establishments</i>	2 180	2 409	2 244	2 734	2 950	3 560	3 818
<i>Other non-tax revenue</i>	934	666	632	650	720	780	820
Total revenue	3 114	3 075	2 876	3 384	3 670	4 340	4 638
Expenses							
Current expenses	1 292	1 883	1 983	3 323	3 670	4 340	4 638
Compensation of employees	295	422	557	1 290	1 368	1 505	1 600
Goods and services	937	1 387	1 356	1 883	2 077	2 610	2 813
Depreciation	60	74	70	150	225	225	225
Total expenses	1 292	1 883	1 983	3 323	3 670	4 340	4 638
Surplus / (Deficit)	1 822	1 192	893	61	-	-	-

Expenditure trends

Revenue is mainly generated from ticket sales from visitors to the castle, rental income and fees from hosting special events. Revenue increased from R3.1 million in 2008/09 to R3.4 million in 2011/12, at an average annual rate of 2.8 per cent, due to the implementation of a price increase, although decline in visitors to the Castle of Good Hope was recorded. Over the medium term, revenue is expected to increase to R4.6 million, at an average annual rate of 11.1 per cent, based on anticipated increases in ticket sales and rental income. Hosting special events, such as the military tattoo every November, will also provide additional income.

Expenditure increased from R1.3 million in 2008/09 to R3.3 million in 2011/12, at an average annual rate of 37 per cent, and is expected to increase to R4.7 million over the medium term, at an average annual rate of 12.6 per cent. These increases are mainly due to the board increasing its staff complement as the defence force has begun to reduce the number of staff it seconds to the board. This trend is also reflected in the increase in spending on compensation of employees from R295 000 in 2008/09 to R1.3 million in 2011/12, at an average annual rate of 63.5 per cent, as a result of two new persons being employed to assist at the Military Museum and adjustments for improved conditions of service. In addition, audit fees have increased from R175 000 in 2008/09 to R332 000 in 2010/11, due to the auditor general spending more time on the castle's audit, with different areas being emphasised annually.

Employment costs for a chief financial officer and a chief executive officer have also been included in the estimates for 2011/12 and have the effect of doubling expenditure in compensation of employees from this year onwards. Expenses for maintaining and protecting the castle have also increased over the seven-year period due to the age of the castle.

Personnel information

The castle has an establishment of 18 posts, 9 of which were appointed and remunerated by the board and 9 by the Department of Defence. The board aims to employ 10 additional staff in 2012 to execute duties related to posts no longer occupied by members of the 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	2010/11		2010/11	2011/12			2011/12
Administration	3 247 080	3 452 915	3 452 915	3 718 129	299	3 718 428	3 718 428
Force Employment	1 908 870	2 265 457	2 265 457	2 241 553	90 459	2 332 012	2 332 012
Landward Defence	9 982 892	9 295 568	9 295 568	11 763 543	(434 935)	11 328 608	11 328 608
Air Defence	6 059 126	5 488 936	5 488 936	6 768 133	(412 357)	6 355 776	6 355 776
Maritime Defence	2 179 822	2 349 916	2 349 916	2 500 516	64 161	2 564 677	2 564 677
Military Health Support	2 770 215	3 150 334	3 150 114	3 044 139	200 124	3 244 263	3 244 263
Defence Intelligence	631 149	633 853	633 853	668 988	(7 352)	661 636	661 636
General Support	3 936 179	3 805 612	3 805 612	3 899 964	243 723	4 143 687	4 143 687
Total	30 715 333	30 442 591	30 442 371	34 604 965	(255 878)	34 349 087	34 349 087
Economic classification							
Current payments	23 098 994	25 752 838	25 487 801	27 278 357	812 353	28 090 710	28 090 710
Compensation of employees	13 450 430	16 219 017	16 597 092	16 770 748	784 548	17 555 296	17 555 296
Goods and services	9 648 564	9 533 821	8 890 709	10 507 609	27 805	10 535 414	10 535 414
Transfers and subsidies	6 830 150	3 939 166	3 888 022	6 978 012	(1 070 731)	5 907 281	5 907 281
Departmental agencies and accounts	5 968 573	3 073 530	3 024 731	5 988 296	(1 110 031)	4 878 265	4 878 265
Public corporations and private enterprises	717 061	720 467	737 509	820 872	46 385	867 257	867 257
Non-profit institutions	4 754	4 754	5 187	6 317	–	6 317	6 317
Households	139 762	140 415	120 595	162 527	(7 085)	155 442	155 442
Payments for capital assets	786 189	750 587	899 550	348 596	2 500	351 096	351 096
Buildings and other fixed structures	488 681	487 037	251 203	126 475	–	126 475	126 475
Machinery and equipment	277 532	243 574	581 383	200 997	2 500	203 497	203 497
Specialised military assets	19 005	19 005	7 432	20 652	–	20 652	20 652
Biological assets	654	654	59 399	–	–	–	–
Software and other intangible assets	317	317	133	472	–	472	472
Payments for financial assets	–	–	166 998	–	–	–	–
Total	30 715 333	30 442 591	30 442 371	34 604 965	(255 878)	34 349 087	34 349 087

Table 22.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Compensation of employees (R thousand)	10 620 019	12 705 580	16 219 018	17 555 296	18 992 913	20 274 825	21 388 488
Training expenditure (R thousand)	94 724	94 787	109 645	164 673	171 107	168 809	176 846
Training as percentage of compensation	0.9%	0.7%	0.7%	0.9%	0.9%	0.8%	0.8%
Total number trained in department (headcount)	–	–	–	–	–	–	–
<i>of which:</i>							
Employees receiving bursaries (headcount)	–	–	–	–	–	–	–
Learnerships (headcount)	–	–	–	–	–	–	–
Internships (headcount)	–	–	–	–	–	–	–
Households receiving bursaries (R thousand)	–	–	–	–	–	–	–
Households receiving bursaries (headcount)	–	–	–	–	–	–	–

Table 22.C Summary of departmental public private partnership projects

Project description: The South African Military Health Service Referral Services R thousand	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2011/12	2012/13	2013/14	2014/15
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	The South African Military Health Service Referral Services
Brief description	The identification and procurement of referral services in eight regional centres in South Africa through a private public partnership. Comprehensive healthcare service to member for their legal dependants as well as beneficiaries of the fund for the SA Military Health Service in the Department of Defence
Date public private partnership agreement was signed	No private public partnership agreement signed yet, must follow/enter the procurement phase
Duration of public private partnership agreement	If it is successfully concluded, agreement will be for 10 years
Escalation index for unitary fee	If it is successfully concluded, agreement will be for 10 years
Net present value of all payment obligations discounted at appropriate duration	There will be none
government bond yield	
Variations and amendments to public private partnership agreement	N/A
Cost implications of variations and 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.D Summary of donor funding

Donor	Project	Departmental programme name	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
							2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R thousand													
Foreign													
In kind													
United States of America	Aircrew simulator training and C-130 aircraft spares	Air Defence	One year	1 000	Goods and services	Training for 59 members	-	-	-	-	-	-	-
United States of America	Project Masibambane AIDS awareness promotion	Military Health Support	Ongoing project until donor indicates otherwise. Commenced on 01 April 2001	132 567	Goods and services	Programme for educating and preventing the transmission of HIV among department members	600	-	-	-	-	-	-
United States of America	Sponsorship of antiretroviral drugs	Military Health Support	Ongoing project until donor indicates otherwise	8 969	Goods and services	Sponsoring antiretroviral drugs	4 219	-	-	-	-	-	-
United States of America	Establish clinical research capability	Military Health Support	Five year project that commenced on 26 April 2005 and ends in 2010	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	11 543	-	-	-	-	-	-
United Kingdom	Capacity building in antiretroviral training	Military Health Support	Agreement was signed in 2004, first training took place in 2005 and funding was available until August 2008	1 342	Goods and services	Building capacity for health care professionals in antiretroviral treatment	404	-	-	-	-	-	-
Germany	Evaluation and assistance with regards to training and onboard procedures on the new frigates	Maritime Defence	April 2002 - 22 May 2008	180	Goods and services	Training and evaluating for operational sea strategic defence packages	-	-	-	-	-	-	-

Table 22.D Summary of donor funding (continued)

Donor	Project	Departmental programme name	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
							2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R thousand United Kingdom	Evaluation and assistance in training and onboard procedures on the new frigates	Maritime Defence	June 2007 - August 2007	92	Goods and services	Training for 86 members	-	-	-	-	-	-	-
France	Command and control training course	Administration	One year	138	Goods and services	Training course for 1 member	-	-	-	-	-	-	-
Sweden	Peace operations training course	Force Employment	01 April 2007 - 31 March 2008	39	Goods and services	Training course for 1 member	-	-	-	-	-	-	-
United States of America	Leadership training	Administration	One year	73	Goods and services		-	-	-	-	-	-	-
United States of America	Aviation safety training	Air Defence	One year	144	Goods and services	Training course for 1 member	-	-	-	-	-	-	-
United States of America	Senior non-commissioned officer development training	Administration	One year	112	Goods and services		-	-	-	-	-	-	-
United Kingdom	Support to Burundi for operation curriculum	Force Employment	01 April 2007 - 31 March 2008	21 000	Goods and services	Spending on aircraft chartering	-	-	-	-	-	-	-
United States of America	Healthcare specialist training, combating terrorism training, international special forces training and ranger training	Military Health Support	01 April 2008 - 31 March 2009	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	01 April 2008 - 31 March 2009	18	Goods and services	Training course for 2 members	18	-	-	-	-	-	-
Germany	United Nations military observers course	Force Employment	01 April 2008 - 31 March 2009	8	Goods and services	Training course for 1 member	8	-	-	-	-	-	-
United States of America	Captains career courses for armour, air defence artillery, infantry and intelligence. Army war college and United	Landward Defence	17 March 2008 - 27 May 2009	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	-	-	-	-	-	-

Table 22.D Summary of donor funding (continued)

Donor	Project	Departmental programme name	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
							2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R thousand United Kingdom	Royal college for defence studies, 2 senior command and staff courses and officer commissioning course	Administration	Royal College for Defence Studies, R150,000 (04 January 2008 - 21 December 2008); Senior command and staff course, R50,000 (23 July 2007 - 30 September 2008); Senior command and staff course, R100,000 (14 August 08 - 16 July 2009); Officer commissioning course 0.5	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	Defence strategy course R20,000, (04 September 2007 - 20 July 2008); Senior army and staff command course, R20,000 (03 September to 20 July 2008)	40	Goods and services	Training in each course for 1 member	40	-	-	-	-	-	-
India	Civil defence bomb disposal training	Landward Defence	23 February 2008 - 07 March 2009	80	Goods and services	Training course for 4 members	80	-	-	-	-	-	-

Table 22.D Summary of donor funding (continued)

Donor	Project	Departmental programme name	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
							2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand 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	One year	2 060	Goods and services	Training in each course for 1 member	2 060	-	-	-	-	-	-
United Kingdom	Royal College of Defence studies	Administration	One year	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	One year	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	-	-	-	-	-	-
Peoples Republic of China	Research course on defence and strategy	Administration	One year	1 580	Goods and services	Training course for 1 member	1 580	-	-	-	-	-	-
Spain	Defence staff course preceded by language course	Administration	One year	950	Goods and services	Training course for 1 member	950	-	-	-	-	-	-
Tunisia	Desert survival training	Landward Defence	One year	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	01 April 2008 - 31 March 2009	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	01 April 2008 - 31 March 2009	40	Goods and services	Training in each course for 1 member	40.0	-	-	-	-	-	-
Germany	Senior staff course preceded by German language course and detachment to training ship Gorch Fock	Maritime Defence	Senior Staff course preceded by German language course, R80,000 (August 2008 - July 2010);	93	Goods and services	Training course and deployment for 1 member	93	-	-	-	-	-	-

Table 22.D Summary of donor funding (continued)

Donor	Project	Departmental programme name	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
							2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R thousand Italy	Combined force maritime commander course	Maritime Defence	Detachment to training ship Gorsh Fock R13 000 (01 April 2008 - 31 March 2009)	50	Goods and services	Training course for 1 member	50	-	-	-	-	-	-
Argentina	Detachment to training ship Libertad	Maritime Defence	01 April 2008 - 31 March 2009	13	Goods and services	Detaching of 1 member	13	-	-	-	-	-	-
Brazil	Detachment to training ship Brasil	Maritime Defence	01 April 2008 - 31 March 2009	13	Goods and services	Detaching of 1 member	13	-	-	-	-	-	-
Chile	Detachment to training ship Esmeralda	Maritime Defence	01 April 2008 - 31 March 2009	13	Goods and services	Detaching of 1 member	13	-	-	-	-	-	-
Nigeria	Senior staff course	Administration	August 2008 - July 2009	80	Goods and services	Training course for 1 member	80	-	-	-	-	-	-
Pakistan	Senior command and staff course	Administration	August 2008 - May 2009	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	01 April 2008 - 31 March 2009	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	01 April 2008 - 31 March 2009	20	Goods and services	1 member attended the workshop	20	-	-	-	-	-	-
South African Pharmaceutical Company, Astra Zenecca	Sponsorship to digestive diseases meeting in the United States	Military Health Support	01 April 2008 - 31 March 2009	20	Goods and services	1 member attended the meeting	20	-	-	-	-	-	-
United Nations AIDS and the Henry Jackson Institute for Medical Research	Sponsorship to the United Nations informed services HIV task force	Military Health Support	01 April 2008 - 31 March 2009	20	Goods and services	3 members attended	20	-	-	-	-	-	-
International Medicine Regimental Trust Fund	Sponsorship to the 17th international AIDS conference in Mexico	Military Health Support	01 April 2008 - 31 March 2009	20	Goods and services	1 member attended the conference	20	-	-	-	-	-	-

Table 22.D Summary of donor funding (continued)

Donor	Project	Departmental programme name	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome		Estimate	Medium-term expenditure estimate	
							2008/09	2009/10		2012/13	2013/14
R thousand											
	Sponsorship to malaria managers meeting in Botswana	Military Health Support	01 April 2008 - 31 March 2009	20	Goods and services	1 member attended the meeting	20	-	-	-	-
	Sponsorship to respiratory society annual congress in Germany	Military Health Support	01 April 2008 - 31 March 2009	20	Goods and services	1 member attended the congress	20	-	-	-	-
	Battlefield waste management workshop and joint services environmental management conference	General Support	01 April 2008 - 31 March 2009	32	Goods and services	3 members attended the workshop and 1 member attended the conference	32	-	-	-	-
	International logistics officers course	General Support	01 April 2008 - 31 March 2009	26	Goods and services	Training course for 1 member	26	-	-	-	-
Total				251 730			29 587				

Table 22.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate	
				2008/09	2009/10		2012/13	2013/14
R thousand								
Departmental infrastructure								
Rebuilding of runway at Air Force Base Waterkloof	Ripping of existing unserviceable runway, excavation and groundworks for new runway, construction of new runway and tarmacadam placed and installation of runway lighting in order to finish the rebuilding of the new runway.	Construction	1 113 576	313 237	402 080	42 201	40 163	-
Upgrading of Medical Health Facilities	Construction of examination rooms, operating theatres, administration sections, wards, mechanical systems like gas, oxygen, water, fire detection and prevention.	Construction	231 001	70 000	34 031	31 470	26 000	8 000
								10 427

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

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate	
				2008/09	2009/10	2010/11		2012/13	2013/14
R thousand									
Departmental infrastructure									
Upgrading of infrastructure for disabled members	Upgrading of building (offices, workshops), pathways by means of the construction of ramps, installation of water closets, hand wash basins and enlarging toilet cubicles for members with disabilities.	Various	9 719	-	-	200	2 519	1 000	1 000
Construction of fences, installation of burglar bars and security gates	Protection of state assets through the installation of security fences, gates, burglar bars, lights and monitor systems	Various	133 529	-	49 813	20 716	5 500	12 500	4 000
Construction of live-in accommodation	Construction of buildings with revetments in order to comply with legislation in the storage of ordinance.	Construction	401 068	52 100	57 035	31 500	9 933	13 500	50 299
Construction of office accommodation	Construction of single and married housing in the form of houses and flats to accommodate military personnel.	Identification	109 138	27 946	1 175	-	-	-	32 017
Demolishing of infrastructure	Demolishing	Feasibility	60 000	-	-	-	5 000	7 000	9 000
Construction of military skills development system accommodation at Saldhana	Construction of single and married housing and flats to accommodate military personnel	Construction	148 982	40 900	33 147	15 462	22 072	9 500	14 445
Prefabricated structures	Procurement of prefabricated classroom and office accommodation	Construction	18 438	-	18 438	-	-	-	-
Recoverable projects	Upgrading of building (offices, workshops), pathways through the construction of ramps, installation of water closets, hand wash basins and enlarging toilet cubicles for members with disabilities	Construction	12 285	1 199	3 375	1 341	-	1 447	2 032
Specialised shipping containers	Protection of state assets through the installation of security fences, gates, burglar bars, lights and monitor systems	Various	13 181	-	-	5 401	7 780	-	-

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

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10		2010/11	2012/13	2013/14
Maintenance R thousand									
Refurbishment of workshop and store facilities	Construction of store facilities for boats, mechanical workshops to repair boats, administration section to do planning and rest areas for personnel.	Construction	426 314	-	-	-	231 171	95 789	19 000
Refurbishment of training facilities	Construction of facilities to do functional training like offensive building penetration or defensive building protection, artisan training like electrical, electronic and construction and vehicle driving skills.	Various	16 542	-	-	774	3 100	400	-
Refurbishment of kitchens	Upgrading six kitchens comprising the replacement of conventional ovens, dishwashers, bain marmes, potato peelers, grillers, food mixers, water coolers and preparation of floors, walls and ceilings to accommodate these equipment.	Various	901	-	-	901	-	-	-
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	296 778	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	191 991	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	70 108	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	337 079	13 501	14 798	46 633	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	183 804	41 370	48 091	26 105	43 999	24 239	-

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

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2011/12	Medium-term expenditure estimate	
				2008/09	2009/10		2012/13	2013/14
R thousand								
Maintenance								
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	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	466 224	5 432	1 109	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	249 863	1 779	1 492	98 637	106 856	-
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	360 000	-	-	40 000	80 000	108 000
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	25 528	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	37 807	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	164 958	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

Table 22.E 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		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand										
Maintenance										
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	36 416	
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	7 885	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	225 098	1 050	2 003	-	-	88 818	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	31 503	993	849	-	-	11 864	17 797	
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	130 955	2 577	1 171	-	-	50 883	76 324	
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	55 636	
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	893 572	3 737	4 253	38 434	85 094	250 523	249 727	130 315
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	28 673	-	568	-	-	11 242	16 863	

Table 22.E 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	
				2008/09	2009/10	2010/11		2012/13	2013/14
R thousand									
Maintenance									
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	157 195	2 671	1 996	-	-	30 506	61 011
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	74 562
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	226 100	-	-	-	-	45 200	81 400
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	15 686
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	88 356
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	39 190
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	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	138 842	-	-	-	-	34 972	51 615

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

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate			
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15	
R thousand											
Maintenance											
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	52 255	-	-	-	-	-	-	-	-
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	252 110	-	-	-	-	-	-	-	-
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	157 486	-	-	-	-	-	-	-	-
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	66 598	-	-	-	-	-	-	-	-
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	17 024	-	-	-	-	-	-	-	-
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	5 799	-	-	-	-	-	-	-	-
Total			8 775 386	813 485	862 021	699 946	846 621	1 360 387	1 315 192	1 298 899	

National Treasury
BUDGET 2012
ESTIMATES OF NATIONAL EXPENDITURE

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REPUBLIC OF SOUTH AFRICA