

# Vote 19

## Defence

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	2 860.8	2 815.2	23.8	21.8	3 142.1	3 505.2
Landward Defence	8 749.3	6 344.0	2 367.7	37.6	9 502.6	9 988.8
Air Defence	10 272.0	3 350.6	6 900.5	20.9	8 885.1	9 402.4
Maritime Defence	1 968.3	1 533.2	395.9	39.1	2 102.2	2 145.1
Military Health Support	2 440.6	2 374.9	9.2	56.5	2 605.9	2 791.8
Defence Intelligence	589.8	195.4	393.7	0.6	612.9	646.8
General Support	3 341.9	2 059.4	853.1	429.3	3 676.4	3 960.1
Force Employment	1 801.8	1 576.3	170.6	54.8	1 862.0	1 978.5
<b>Total expenditure estimates</b>	<b>32 024.4</b>	<b>20 249.2</b>	<b>11 114.5</b>	<b>660.7</b>	<b>32 389.3</b>	<b>34 418.6</b>
Executive authority	Minister of Defence					
Accounting officer	Secretary for Defence					
Website address	<a href="http://www.dod.mil.za">www.dod.mil.za</a>					

### Aim

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

### Programme purposes

#### Programme 1: Administration

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

#### Programme 2: Landward Defence

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

#### Programme 3: Air Defence

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

#### Programme 4: Maritime Defence

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

### **Programme 5: Military Health Support**

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

### **Programme 6: Defence Intelligence**

**Purpose:** Provide a defence intelligence and counter intelligence capability.

### **Programme 7: General Support**

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

### **Programme 8: Force Employment**

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

## **Strategic overview: 2005/06 – 2011/12**

The main objective of the Department of Defence is to defend and protect South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force. The department also continues to provide support to United Nations (UN) and African Union (AU) initiatives aimed at promoting peace, stability and security in Africa and the Southern African Development Community (SADC).

### **Strategic and operational priorities**

#### *A resourced and flexible defence force*

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

#### *Current peace support operations in Africa*

The South African National Defence Force, which includes land, air, maritime defence and military health support, is currently deployed in UN and AU peace support operations, mainly in the Democratic Republic of the Congo, Burundi and Sudan. Security, peace and stability in the region and the continent are promoted not only through peace support operations, but also through humanitarian assistance and disaster relief, support for government initiatives, and post-conflict reconstruction and training. The South African National Defence Force prepares capabilities annually to support these operations, by ensuring the deployment and support of an average of 3 024 members per day over the MTEF period.

#### *Internal deployment*

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

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

### Relevant legislation

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

### Focus over the short, medium and long term

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

## Selected performance and operations indicators

Table 19.1 Defence

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

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

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

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

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

## Expenditure estimates

**Table 19.2 Defence**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	1 869.5	2 012.3	2 153.9	2 515.0	2 515.0	2 860.8	3 142.1	3 505.2
2. Landward Defence	5 603.8	6 422.4	7 128.0	7 859.0	7 839.0	8 749.3	9 502.6	9 988.8
3. Air Defence	7 924.7	7 261.7	7 314.8	8 041.4	8 041.4	10 272.0	8 885.1	9 402.4
4. Maritime Defence	3 019.8	2 643.1	2 396.7	1 890.4	1 890.4	1 968.3	2 102.2	2 145.1
5. Military Health Support	1 557.2	1 705.2	1 877.7	2 148.2	2 128.2	2 440.6	2 605.9	2 791.8
6. Defence Intelligence	219.5	353.6	461.1	518.4	518.4	589.8	612.9	646.8
7. General Support	1 710.5	1 911.4	2 266.8	3 118.6	3 018.6	3 341.9	3 676.4	3 960.1
8. Force Employment	1 605.4	1 508.0	1 581.2	1 808.0	1 798.0	1 801.8	1 862.0	1 978.5
<b>Total</b>	<b>23 510.5</b>	<b>23 817.6</b>	<b>25 180.1</b>	<b>27 899.0</b>	<b>27 749.0</b>	<b>32 024.4</b>	<b>32 389.3</b>	<b>34 418.6</b>
Change to 2008 Budget estimate				(334.1)	(484.1)	2 163.8	188.8	187.2
<b>Economic classification</b>								
<b>Current payments</b>	<b>13 382.1</b>	<b>14 500.5</b>	<b>15 755.5</b>	<b>18 495.3</b>	<b>18 375.3</b>	<b>20 249.2</b>	<b>21 772.5</b>	<b>23 979.6</b>
Compensation of employees	8 196.4	9 037.6	9 735.9	10 908.1	10 908.1	11 751.9	12 309.4	13 145.9
Goods and services	5 085.6	5 444.9	5 987.4	7 587.2	7 467.2	8 497.4	9 463.2	10 833.8
<i>of which:</i>								
<i>Administrative fees</i>	4.8	5.3	5.8	7.6	7.6	8.8	9.0	9.3
<i>Advertising</i>	3.3	3.5	3.7	4.5	4.5	5.4	4.7	4.8
<i>Assets less than R5 000</i>	79.7	86.3	95.0	116.2	116.2	143.8	189.0	195.9
<i>Audit costs: External</i>	19.7	23.4	27.4	41.3	41.3	46.3	48.6	51.0
<i>Communication</i>	50.8	54.4	59.8	72.9	72.9	88.0	90.0	93.7
<i>Computer services</i>	470.0	537.4	610.7	843.8	843.8	948.2	989.4	1 026.4
<i>Consultants and professional services:</i>	106.4	115.4	128.8	170.6	170.6	189.3	187.4	212.6
<i>Business and advisory services</i>								
<i>Consultants and professional services:</i>	12.1	13.0	14.1	17.3	17.3	21.5	23.9	26.7
<i>Infrastructure and planning</i>								
<i>Consultants and professional services:</i>	10.1	11.7	13.2	14.7	14.7	18.7	21.6	21.9
<i>Laboratory service</i>								
<i>Consultants and professional services:</i>	3.2	3.8	4.5	6.8	6.8	7.6	7.9	8.3
<i>Legal costs</i>								
<i>Contractors</i>	1 960.7	2 090.2	2 295.2	2 862.1	2 742.1	3 185.9	3 762.1	4 007.7
<i>Agency and support / outsourced services</i>	215.9	220.5	243.1	285.7	285.7	300.0	295.1	321.9
<i>Entertainment</i>	10.2	11.4	12.4	16.2	16.2	20.5	20.3	21.1
<i>Inventory: Food and food supplies</i>	267.2	287.3	315.1	386.7	386.7	478.8	553.8	598.9
<i>Inventory: Fuel, oil and gas</i>	350.1	364.3	398.8	610.9	610.9	548.7	643.2	1 498.6
<i>Inventory: Learner and teacher support material</i>	8.5	8.8	9.7	11.6	11.6	14.0	14.0	14.4
<i>Inventory: Materials and supplies</i>	126.3	134.4	147.6	178.9	178.9	221.0	223.2	233.3
<i>Inventory: Medical supplies</i>	143.9	166.4	187.6	204.7	204.7	263.5	273.6	248.4
<i>Inventory: Military stores</i>	21.8	22.8	24.7	58.6	58.6	34.0	54.3	42.2
<i>Inventory: Other consumables</i>	79.9	85.2	93.9	111.6	111.6	134.9	150.9	149.9
<i>Inventory: Stationery and printing</i>	47.3	50.9	55.8	68.1	68.1	83.6	87.4	93.2
<i>Lease payments</i>	321.2	330.3	356.8	453.0	453.0	473.5	496.9	530.7
<i>Owned and leasehold property expenditure</i>	281.5	301.4	317.1	336.3	336.3	456.7	500.8	571.3
<i>Travel and subsistence</i>	292.6	306.7	335.7	395.9	395.9	475.8	467.5	484.5
<i>Training and development</i>	84.2	90.0	98.8	117.7	117.7	137.8	143.4	161.3
<i>Operating expenditure</i>	97.0	101.0	110.9	167.3	167.3	158.3	170.9	171.4
<i>Venues and facilities</i>	17.5	19.2	21.0	26.2	26.2	32.8	34.4	34.1
Financial transactions in assets and liabilities	100.1	18.0	32.2	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>9 715.9</b>	<b>8 882.8</b>	<b>8 926.9</b>	<b>8 787.8</b>	<b>8 787.8</b>	<b>11 114.5</b>	<b>10 061.6</b>	<b>9 725.6</b>
Provinces and municipalities	15.1	4.0	36.7	–	–	–	–	–
Departmental agencies and accounts	9 265.9	8 288.5	8 243.4	8 096.6	8 096.6	10 364.4	9 273.5	8 907.4
Public corporations and private enterprises	359.5	396.3	473.8	565.8	565.8	583.8	616.4	646.1
Households	72.5	191.4	170.0	121.0	121.0	161.8	167.2	167.3

Table 19.2 Defence (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Payments for capital assets</b>	<b>412.6</b>	<b>434.3</b>	<b>497.7</b>	<b>615.9</b>	<b>585.9</b>	<b>660.7</b>	<b>555.1</b>	<b>713.4</b>
Buildings and other fixed structures	73.9	49.2	93.4	286.7	286.7	369.8	265.3	429.3
Machinery and equipment	336.2	383.8	395.9	327.7	297.7	263.0	261.3	254.3
Biological and cultivated assets	–	–	–	0.1	0.1	–	–	–
Software and other intangible assets	2.6	1.3	8.4	1.4	1.4	0.3	0.3	0.3
Specialised military assets	–	–	–	–	–	27.6	28.3	29.5
<b>Total</b>	<b>23 510.5</b>	<b>23 817.6</b>	<b>25 180.1</b>	<b>27 899.0</b>	<b>27 749.0</b>	<b>32 024.4</b>	<b>32 389.3</b>	<b>34 418.6</b>

## Expenditure trends

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

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

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

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

### Infrastructure spending

In 2008/09, the department funded 78 capital works building projects. The bulk of the funds were spent on upgrading military health facilities, installing fire detection and protection systems, making structural changes to buildings to accommodate disabled members, upgrading kitchens, building an urban training facility, and improving security at cash offices. In consultation with the Department of Public Works, the department continued with the repair and maintenance programme at the military hospitals in Pretoria and Cape Town, the Air Force Base Waterkloof in Pretoria, 4 SA Infantry Battalion in Middelburg, and 35 Engineer Squadron in Dunnottar. Over the medium term, the programme will be extended to include other defence facilities.

### Savings and reprioritisation

Over the MTEF period, savings of R372.2 million, R427.2 million and R470.1 million have been identified in goods and services, transfers to public entities, and capital investment. The largest reduction is in goods and

services: R293 million (2009/10), R326.3 million (2010/11) and R373.6 million (2011/12). Capital investment is reduced by R75.1 million (2009/10), R94.6 million (2010/11) and R89.9 million (2011/12). The balance is made up of smaller transfers to the Armaments Corporation of South Africa and the Safety and Security Sector and Education Training Authority.

## Departmental receipts

Departmental receipts are mainly from the sale of redundant or obsolete equipment and defence matériel, the rental of accommodation to personnel, and board and lodging. In 2005/06, the reimbursements from the UN were reclassified from sales of goods and services to financial transactions in assets and liabilities. In 2006/07, they were classified back to sales of goods and services, which explains the decrease and increase under the relevant receipt types. The reason for the fluctuations in real departmental receipts, specifically financial transactions in assets and liabilities, is that reimbursement for peace support operations are unpredictable.

**Table 19.3 Departmental receipts**

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

## Programme 1: Administration

### Expenditure estimates

**Table 19.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.9	0.9	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.7	0.7	0.8	1.3	1.4	1.5	1.6
Ministerial Direction	12.9	15.0	15.7	18.0	16.1	18.2	21.9
Departmental Direction	10.4	13.9	16.4	20.3	24.4	25.5	27.5
Policy and Planning	107.5	114.7	100.7	131.0	76.7	82.3	86.8
Financial Services	155.8	165.9	179.6	208.8	221.7	229.4	243.7
Human Resources Support Services	476.1	482.2	414.6	467.7	491.7	509.0	547.4
Legal Services	73.8	81.5	86.2	107.3	134.3	139.7	150.9
Inspection Services	36.9	35.9	38.4	48.4	51.1	53.2	56.5
Acquisition Services	39.5	41.1	50.7	60.1	67.8	70.3	73.2
Communication Services	17.9	19.4	21.9	24.1	25.2	26.2	29.2
South African National Defence Force Command and Control	6.1	7.1	29.1	63.3	70.9	73.1	75.0
Religious Services	4.5	5.4	5.5	5.2	5.8	5.7	6.5
Defence Reserve Direction	11.4	9.9	7.8	11.6	13.2	13.1	13.9
Defence Foreign Relations	69.4	77.4	103.0	109.2	122.5	130.9	142.7
Property Management	845.7	941.3	1 082.7	1 237.1	1 536.2	1 762.3	2 026.6
<b>Total</b>	<b>1 869.5</b>	<b>2 012.3</b>	<b>2 153.9</b>	<b>2 515.0</b>	<b>2 860.8</b>	<b>3 142.1</b>	<b>3 505.2</b>
Change to 2008 Budget estimate				88.1	119.0	119.2	94.8

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

Table 19.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 831.0</b>	<b>1 960.7</b>	<b>2 085.9</b>	<b>2 478.3</b>	<b>2 815.2</b>	<b>3 096.1</b>	<b>3 459.2</b>
Compensation of employees	648.9	703.9	773.7	902.1	945.1	995.8	1 056.1
Goods and services	1 165.5	1 245.1	1 305.3	1 576.2	1 870.1	2 100.3	2 403.1
<i>of which:</i>							
<i>Administrative fees</i>	3.1	3.3	3.5	4.3	4.9	5.0	5.1
<i>Advertising</i>	2.3	2.4	2.5	3.1	3.6	2.9	3.0
<i>Assets less than R5 000</i>	3.6	3.8	4.0	4.9	5.8	4.8	5.0
<i>Communication</i>	7.6	8.2	8.5	10.4	12.3	12.8	13.8
<i>Computer services</i>	63.1	67.4	70.7	86.4	97.1	99.3	107.7
<i>Consultants and professional services: Business and advisory services</i>	14.5	15.5	16.2	23.9	20.4	21.0	22.7
<i>Contractors</i>	586.5	626.5	656.8	803.3	946.8	1 112.2	1 277.4
<i>Agency and support / outsourced services</i>	8.0	8.5	8.9	10.9	12.0	11.5	10.9
<i>Entertainment</i>	1.7	1.8	1.9	2.4	2.8	3.0	3.1
<i>Inventory: Food and food supplies</i>	7.5	8.0	8.3	10.2	12.0	10.3	10.4
<i>Inventory: Fuel, oil and gas</i>	5.8	6.2	6.5	18.7	9.3	9.5	30.8
<i>Inventory: Learner and teacher support material</i>	1.2	1.3	1.4	1.7	2.0	1.9	1.9
<i>Inventory: Materials and supplies</i>	0.9	1.0	1.1	1.3	1.5	1.4	1.4
<i>Inventory: Other consumables</i>	3.3	3.5	3.7	4.5	5.3	4.8	5.0
<i>Inventory: Stationery and printing</i>	7.6	8.2	8.6	10.5	12.3	12.3	12.6
<i>Lease payments</i>	127.6	136.3	142.9	174.7	204.6	226.0	259.3
<i>Owned and leasehold property expenditure</i>	262.8	280.8	294.4	310.0	424.4	466.0	535.0
<i>Travel and subsistence</i>	39.1	41.8	43.8	53.6	62.0	64.9	67.5
<i>Training and development</i>	7.0	7.5	7.8	9.6	11.3	10.2	10.2
<i>Operating expenditure</i>	9.7	10.4	10.9	28.2	15.4	16.6	16.2
<i>Venues and facilities</i>	2.5	2.7	2.8	3.4	3.9	3.7	3.8
Financial transactions in assets and liabilities	16.5	11.6	6.9	–	–	–	–
<b>Transfers and subsidies</b>	<b>20.5</b>	<b>32.8</b>	<b>42.2</b>	<b>23.5</b>	<b>23.8</b>	<b>25.3</b>	<b>25.4</b>
Provinces and municipalities	1.1	0.3	5.0	–	–	–	–
Departmental agencies and accounts	7.1	7.7	7.7	8.8	8.9	9.2	9.7
Non-profit institutions	2.5	2.5	–	3.9	4.0	4.2	4.4
Households	9.9	22.3	29.5	10.8	10.9	11.9	11.4
<b>Payments for capital assets</b>	<b>18.0</b>	<b>18.8</b>	<b>25.7</b>	<b>13.3</b>	<b>21.8</b>	<b>20.7</b>	<b>20.6</b>
Machinery and equipment	18.0	18.7	25.7	13.1	21.8	20.7	20.6
Software and other intangible assets	0.0	0.1	0.0	0.2	–	–	–
<b>Total</b>	<b>1 869.5</b>	<b>2 012.3</b>	<b>2 153.9</b>	<b>2 515.0</b>	<b>2 860.8</b>	<b>3 142.1</b>	<b>3 505.2</b>

## Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>7.1</b>	<b>7.7</b>	<b>7.7</b>	<b>8.8</b>	<b>8.9</b>	<b>9.2</b>	<b>9.7</b>
Safety and Security Sector Education and Training Authority	7.1	7.7	7.7	8.8	8.9	9.2	9.7
<b>Non-profit institutions</b>							
<b>Current</b>	<b>2.5</b>	<b>2.5</b>	<b>–</b>	<b>3.9</b>	<b>4.0</b>	<b>4.2</b>	<b>4.4</b>
Reserve Force Council	2.5	2.5	–	3.9	4.0	4.2	4.4
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>9.9</b>	<b>22.3</b>	<b>29.5</b>	<b>10.8</b>	<b>10.9</b>	<b>11.9</b>	<b>11.4</b>
Severance packages	9.9	22.3	29.5	10.8	10.9	11.9	11.4



## Expenditure trends

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

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

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

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

## Programme 2: Landward Defence

- *Strategic Direction* directs, orchestrates and controls the South African Army in achieving its mission to provide prepared and supported landward capabilities for the defence and protection of South Africa. Funding is based on the cost of operating the landward defence headquarters and managing centralised funds for scarce commodities and specialist services.
- *Infantry Capability* provides combat ready infantry capabilities through training, preparing, exercising and supporting mechanised, motorised and airborne infantry units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Armour Capability* provides combat ready armour capabilities through training, preparing, exercising and supporting tank and armoured car units. Funding is distributed according to the number and size of units, systems and equipment operating and maintaining requirements, and the number of force preparation exercises and training courses.
- *Artillery Capability* provides combat ready artillery capabilities through training, preparing, exercising and supporting composite and light artillery units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Air Defence Artillery Capability* provides combat ready air defence artillery capabilities through training, preparing, exercising and supporting air defence artillery units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Engineering Capability* provides combat ready engineering capabilities to ensure mobility and establish infrastructure during exercises and deployments, through training, preparing, exercising and supporting field and construction engineer units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Operational Intelligence* provides combat ready operational intelligence capabilities to enable successful planning and execution of operations, through training, preparing, exercising and supporting intelligence units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Command and Control Capability* provides combat ready tactical command and control capabilities for integrated forces during force preparation and force employment. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.



- *Support Capability* provides first and second line support capabilities to units and bases and ensures support to deployed combat units through training, preparing, exercising and supporting first and second line maintenance units and workshops. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, the number of force preparation exercises and training courses, and product systems requirements.
- *General Training Capability* provides general training capabilities through basic military training, junior leader training, common landward training and command and management training at the training depot (and decentralised units), the South African Army gymnasium, the combat training centre and the South African Army College. Funding is distributed according to the number and size of units, equipment operating and maintenance requirements, and the number of exercises and training courses.
- *Signal Capability* provides combat ready signal capabilities to ensure command, control and communications during exercises and deployments, through training, preparing, exercising and supporting signal units. Funding is distributed according to the number and size of units, systems and equipment operations and maintenance requirements, and the number of force preparation exercises and training courses.

### Objectives and measures

- Defend and protect South Africa and its territory by:
  - providing 3 infantry battalions a year for external deployment, 1 air landed battalion and 2 multi-role battalions in reserve, and 4 battalions involved in exercises
  - exercising 1 tank regiment and 1 armoured car regiment a year
  - exercising 1 composite artillery regiment and 1 light (parachute) artillery battery, and having 1 light artillery battery in reserve a year
  - exercising 1 air defence artillery regiment and 1 light (parachute) air defence artillery battery, and having 1 light air defence artillery battery in reserve a year
  - providing 3 engineer squadrons for external deployment, 1 composite engineer squadron for internal deployment and 1 composite engineer squadron for internal reserve, and exercising 1 light (parachute) engineer squadron a year
  - providing 2 signal regiments a year for external deployment, internal reserve and involvement in exercises.

### Service delivery and spending focus

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

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

Over the MTEF period, *Landward Defence* spending will provide for forces for internal and external deployments according to government requirements, as confirmed by the department's strategic guidelines. The South African Army will continue to prepare its forces to comply with military strategic objectives, and

facilitate individual formal training to ensure career progress. Assets will be maintained and managed within budget to support deployments and force preparation. The South African Army will renew its capabilities according to government imperatives and national strategic objectives.

## Expenditure estimates

**Table 19.5 Landward Defence**

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	appropriation	2009/10	2010/11	2011/12
R million							
Strategic Direction	131.5	122.0	178.8	242.1	819.3	892.1	1 003.1
Infantry Capability	1 713.9	2 066.1	2 230.1	2 415.5	2 807.1	2 785.4	3 131.4
Armour Capability	344.4	371.6	348.1	216.2	235.2	222.6	239.6
Artillery Capability	293.3	528.3	485.6	309.0	302.6	369.8	314.5
Air Defence Artillery Capability	404.7	219.1	262.4	303.1	380.1	461.4	279.4
Engineering Capability	180.5	211.9	243.7	243.0	318.3	330.5	329.9
Operational Intelligence	78.3	79.7	133.5	199.4	277.6	143.5	154.3
Command and Control Capability	59.7	75.6	78.1	78.7	94.9	99.9	104.1
Support Capability	1 808.8	2 120.1	2 492.3	3 139.5	2 732.5	3 395.6	3 607.8
General Training Capability	137.3	154.0	177.8	189.9	256.7	258.4	272.5
Signal Capability	451.4	474.0	497.7	522.6	524.9	543.4	552.2
<b>Total</b>	<b>5 603.8</b>	<b>6 422.4</b>	<b>7 128.0</b>	<b>7 859.0</b>	<b>8 749.3</b>	<b>9 502.6</b>	<b>9 988.8</b>
Change to 2008 Budget estimate				1 066.8	1 019.8	999.4	937.4

### Economic classification

	4 011.9	4 668.6	4 955.3	5 773.8	6 344.0	6 706.0	7 374.2
<b>Current payments</b>							
Compensation of employees	3 303.6	3 898.3	4 113.0	4 648.4	4 958.9	5 141.2	5 341.2
Goods and services	688.1	766.1	838.8	1 125.4	1 385.1	1 564.8	2 033.0
<i>of which:</i>							
Advertising	0.1	0.2	0.2	0.2	0.3	0.3	0.3
Assets less than R5 000	31.2	34.8	38.1	49.4	65.0	102.8	105.4
Communication	10.7	12.0	13.1	17.0	22.4	23.0	24.1
Computer services	44.4	49.4	54.1	70.3	92.4	99.8	101.3
Consultants and professional services: Business and advisory services	7.4	8.3	9.1	11.8	15.5	17.9	19.6
Consultants and professional services: Infrastructure and planning	5.8	6.4	7.0	9.1	12.0	13.0	15.2
Contractors	145.9	162.5	177.9	231.1	303.9	344.6	376.2
Agency and support / outsourced services	20.5	22.8	25.0	32.4	7.6	7.5	19.6
Entertainment	7.3	8.1	8.9	11.5	15.2	14.6	15.1
Inventory: Food and food supplies	126.0	140.3	153.6	199.5	262.3	318.1	369.3
Inventory: Fuel, oil and gas	67.1	74.7	81.8	125.6	139.7	149.5	497.2
Inventory: Learner and teacher support material	0.8	0.9	1.0	1.3	1.8	1.5	1.5
Inventory: Materials and supplies	55.9	62.2	68.1	88.5	116.4	113.7	119.7
Inventory: Medical supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inventory: Military stores	2.2	2.4	2.6	3.4	4.5	19.0	5.0
Inventory: Other consumables	14.7	16.4	18.0	23.3	30.7	34.5	36.6
Inventory: Stationery and printing	14.6	16.2	17.7	23.1	30.3	31.7	34.9
Lease payments	5.5	6.1	6.7	8.7	11.4	12.1	12.4
Owned and leasehold property expenditure	2.1	2.4	2.6	3.3	4.4	4.8	4.9
Travel and subsistence	63.9	71.2	77.9	101.3	132.9	131.4	137.1
Training and development	34.2	38.0	41.6	50.1	58.6	59.3	74.7
Operating expenditure	19.5	21.7	23.7	50.9	40.6	46.8	45.0
Venues and facilities	8.4	9.4	10.3	13.3	17.5	18.9	17.9
Financial transactions in assets and liabilities	20.2	4.2	3.4	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 567.6</b>	<b>1 689.3</b>	<b>2 125.3</b>	<b>2 041.1</b>	<b>2 367.7</b>	<b>2 762.1</b>	<b>2 574.8</b>
Provinces and municipalities	5.9	1.5	11.6	–	–	–	–
Departmental agencies and accounts	1 538.6	1 643.7	2 065.9	2 018.3	2 281.8	2 672.8	2 485.3
Households	23.2	44.0	47.8	22.8	85.8	89.3	89.5

Table 19.5 Landward Defence (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Payments for capital assets</b>	<b>24.3</b>	<b>64.5</b>	<b>47.4</b>	<b>44.1</b>	<b>37.6</b>	<b>34.5</b>	<b>39.7</b>
Machinery and equipment	24.2	64.5	47.4	43.6	36.6	33.5	38.7
Software and other intangible assets	0.1	0.0	0.0	0.5	–	–	–
Specialised military assets	–	–	–	–	1.0	1.0	1.0
<b>Total</b>	<b>5 603.8</b>	<b>6 422.4</b>	<b>7 128.0</b>	<b>7 859.0</b>	<b>8 749.3</b>	<b>9 502.6</b>	<b>9 988.8</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>1 538.6</b>	<b>1 643.7</b>	<b>2 065.9</b>	<b>2 018.3</b>	<b>2 281.8</b>	<b>2 672.8</b>	<b>2 485.3</b>
Special defence account: Procurement services	1 073.5	1 208.9	1 249.5	1 203.0	1 365.4	1 296.9	1 004.0
Special defence account: Operating	465.1	434.8	816.4	815.3	916.5	1 375.9	1 481.3
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>23.2</b>	<b>44.0</b>	<b>47.8</b>	<b>22.8</b>	<b>85.8</b>	<b>89.3</b>	<b>89.5</b>
Severance packages	23.2	44.0	47.8	22.8	85.8	89.3	89.5

## Expenditure trends

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

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

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

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

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

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

## Programme 3: Air Defence

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

### Objectives and measures

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

## Service delivery and spending focus

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

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

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

## Expenditure estimates

**Table 19.6 Air Defence**

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	appropriation 2008/09	2009/10	2010/11	2011/12
R million							
Strategic Direction	12.2	12.5	11.7	12.1	14.9	16.6	19.9
Operational Direction	157.1	139.7	169.5	85.2	69.7	91.6	88.4
Helicopter Capability	1 358.0	1 490.7	1 232.1	1 194.0	823.5	1 042.1	844.3
Transport and Maritime Capability	236.5	715.8	851.7	1 636.2	2 662.4	3 059.5	3 210.5
Air Combat Capability	4 502.0	3 085.4	3 133.7	2 990.4	4 299.9	2 040.0	1 945.9
Operational Support and Intelligence Capability	143.0	121.6	143.4	162.8	209.0	255.9	569.0
Command and Control Capability	180.0	191.6	200.1	223.1	208.2	256.7	282.0
Base Support Capability	710.9	779.8	783.2	923.1	1 074.3	1 073.1	1 193.9
Command Post	40.5	65.4	32.1	26.7	30.2	30.8	32.3
Training Capability	190.6	200.3	237.7	287.6	385.6	500.7	666.7
Technical Support Services	394.1	458.9	519.7	500.0	494.4	518.2	549.5
<b>Total</b>	<b>7 924.7</b>	<b>7 261.7</b>	<b>7 314.8</b>	<b>8 041.4</b>	<b>10 272.0</b>	<b>8 885.1</b>	<b>9 402.4</b>
Change to 2008 Budget estimate				(965.1)	1 922.9	(27.6)	(92.3)

Table 19.6 Air Defence (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>2 449.0</b>	<b>2 450.3</b>	<b>2 690.5</b>	<b>3 075.9</b>	<b>3 350.6</b>	<b>3 594.1</b>	<b>4 190.4</b>
Compensation of employees	1 362.3	1 376.0	1 502.3	1 643.5	1 772.9	1 856.8	1 956.7
Goods and services	1 086.0	1 072.8	1 187.9	1 432.4	1 577.7	1 737.3	2 233.7
<i>of which:</i>							
Advertising	0.4	0.4	0.5	0.5	0.6	0.6	0.6
Assets less than R5 000	11.0	10.9	12.0	14.0	16.0	24.4	25.9
Communication	5.4	5.3	5.9	6.8	7.8	8.3	8.8
Computer services	34.0	33.6	37.2	43.1	49.4	51.9	51.8
Consultants and professional services: Business and advisory services	28.5	28.2	31.2	36.1	41.4	41.6	38.7
Consultants and professional services: Infrastructure and planning	1.7	1.7	1.8	2.1	2.4	3.3	3.6
Contractors	473.8	468.1	518.3	600.7	688.2	754.9	792.5
Agency and support / outsourced services	151.2	149.4	165.4	191.7	219.7	230.7	244.2
Inventory: Food and food supplies	44.4	43.9	48.6	56.3	64.5	65.7	63.5
Inventory: Fuel, oil and gas	163.5	161.6	178.9	262.9	237.5	292.1	734.2
Inventory: Learner and teacher support material	4.6	4.6	5.0	5.8	6.7	6.9	7.3
Inventory: Materials and supplies	12.3	12.2	13.5	15.6	17.9	17.5	18.6
Inventory: Military stores	5.3	5.2	5.8	6.7	7.6	8.1	8.6
Inventory: Other consumables	20.1	19.8	22.0	25.5	29.2	37.1	32.7
Inventory: Stationery and printing	8.3	8.2	9.1	10.5	12.0	12.4	13.6
Lease payments	12.9	12.8	14.1	16.4	19.1	20.0	21.3
Owned and leasehold property expenditure	1.6	1.5	1.7	2.0	2.3	2.3	2.5
Travel and subsistence	36.5	36.1	39.9	46.3	53.0	53.7	57.4
Training and development	22.6	22.3	24.7	28.6	32.8	34.4	35.8
Operating expenditure	47.3	46.7	51.7	59.9	68.6	70.5	70.9
Venues and facilities	0.5	0.5	0.5	0.6	0.7	0.8	0.9
Financial transactions in assets and liabilities	0.7	1.5	0.2	–	–	–	–
<b>Transfers and subsidies</b>	<b>5 439.1</b>	<b>4 767.2</b>	<b>4 567.9</b>	<b>4 942.5</b>	<b>6 900.5</b>	<b>5 267.6</b>	<b>5 186.4</b>
Provinces and municipalities	2.3	0.6	6.3	–	–	–	–
Departmental agencies and accounts	5 427.9	4 729.6	4 537.9	4 924.0	6 886.4	5 252.9	5 172.2
Households	8.9	37.0	23.8	18.5	14.1	14.7	14.2
<b>Payments for capital assets</b>	<b>36.6</b>	<b>44.2</b>	<b>56.3</b>	<b>23.0</b>	<b>20.9</b>	<b>23.5</b>	<b>25.6</b>
Machinery and equipment	34.9	43.8	55.7	23.0	15.7	18.0	19.8
Software and other intangible assets	1.7	0.4	0.7	0.0	–	–	–
Specialised military assets	–	–	–	–	5.2	5.5	5.7
<b>Total</b>	<b>7 924.7</b>	<b>7 261.7</b>	<b>7 314.8</b>	<b>8 041.4</b>	<b>10 272.0</b>	<b>8 885.1</b>	<b>9 402.4</b>

## Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	5 427.9	4 729.6	4 537.9	4 924.0	6 886.4	5 252.9	5 172.2
Special defence account: Operating services	20.1	30.3	28.4	5.7	49.3	7.7	14.2
Special defence account: Equipment procurement	632.5	1 361.2	1 648.1	2 260.0	3 158.0	3 574.2	3 854.3
Special defence account: Strategic defence programme	4 775.3	3 338.1	2 861.4	2 658.4	3 679.1	1 670.9	1 303.7
Households							
Social benefits							
Current	8.9	37.0	23.8	18.5	14.1	14.7	14.2
Severance packages	8.9	37.0	23.8	18.5	14.1	14.7	14.2



## Expenditure trends

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

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

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

## Programme 4: Maritime Defence

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

## Objectives and measures

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

## Service delivery and spending focus

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

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

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

## Expenditure estimates

**Table 19.7 Maritime Defence**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Maritime Direction	289.0	276.0	273.9	362.2	365.5	404.0	492.9
Maritime Combat Capability	2 127.3	1 705.2	1 160.7	476.6	529.1	568.0	485.7
Maritime Logistic Support Capability	175.0	190.7	409.5	489.8	436.9	450.8	475.0
Maritime Training Capability	108.4	134.8	144.3	168.5	219.9	207.5	192.4
Base Support Capability	320.1	336.4	408.4	393.3	416.9	471.9	499.1
<b>Total</b>	<b>3 019.8</b>	<b>2 643.1</b>	<b>2 396.7</b>	<b>1 890.4</b>	<b>1 968.3</b>	<b>2 102.2</b>	<b>2 145.1</b>
Change to 2008 Budget estimate				80.8	(40.8)	97.1	34.6

Table 19.7 Maritime Defence (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 171.7</b>	<b>1 268.4</b>	<b>1 328.4</b>	<b>1 467.7</b>	<b>1 533.2</b>	<b>1 626.5</b>	<b>1 739.9</b>
Compensation of employees	805.7	880.8	916.4	969.3	999.7	1 057.1	1 158.2
Goods and services	365.6	387.2	411.0	498.5	533.6	569.4	581.6
<i>of which:</i>							
<i>Assets less than R5 000</i>	8.7	9.2	9.7	11.2	13.1	14.3	15.5
<i>Communication</i>	7.1	7.5	8.0	9.2	10.7	11.1	11.4
<i>Computer services</i>	17.5	18.6	19.7	22.8	26.5	14.9	15.7
<i>Consultants and professional services: Business and advisory services</i>	9.8	10.3	11.0	12.6	14.7	15.5	16.3
<i>Consultants and professional services: Infrastructure and planning</i>	4.1	4.4	4.6	5.3	6.2	6.8	7.1
<i>Contractors</i>	87.0	92.1	97.8	112.8	131.3	133.8	135.7
<i>Agency and support / outsourced services</i>	15.7	16.6	17.7	20.4	23.7	5.8	5.8
<i>Inventory: Food and food supplies</i>	34.6	36.6	38.9	44.8	52.2	59.3	60.1
<i>Inventory: Fuel, oil and gas</i>	84.5	89.5	95.0	133.9	109.3	138.9	132.2
<i>Inventory: Learner and teacher support material</i>	0.3	0.4	0.4	0.4	0.5	0.5	0.5
<i>Inventory: Materials and supplies</i>	14.2	15.1	16.0	18.5	21.5	27.6	29.4
<i>Inventory: Military stores</i>	11.4	12.1	12.8	14.8	17.2	22.6	23.9
<i>Inventory: Other consumables</i>	14.0	14.9	15.8	18.2	21.2	25.8	27.8
<i>Inventory: Stationery and printing</i>	4.1	4.3	4.6	5.3	6.2	6.6	6.9
<i>Lease payments</i>	6.0	6.4	6.8	7.8	9.1	10.9	12.7
<i>Owned and leasehold property expenditure</i>	5.3	5.7	6.0	6.9	8.1	8.7	9.7
<i>Travel and subsistence</i>	26.0	27.5	29.2	33.7	39.1	36.3	38.1
<i>Training and development</i>	6.2	6.6	7.0	8.0	9.4	13.3	14.1
<i>Operating expenditure</i>	6.6	7.0	7.4	8.6	10.0	13.2	14.7
<i>Venues and facilities</i>	2.3	2.4	2.5	2.9	3.4	3.6	3.7
Financial transactions in assets and liabilities	0.4	0.3	1.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 814.0</b>	<b>1 339.0</b>	<b>1 034.4</b>	<b>403.3</b>	<b>395.9</b>	<b>403.1</b>	<b>328.9</b>
Provinces and municipalities	1.1	0.3	11.7	–	–	–	–
Departmental agencies and accounts	1 804.8	1 316.9	948.2	255.5	272.1	268.3	188.5
Public corporations and private enterprises	–	–	58.5	117.7	101.1	111.4	117.0
Households	8.1	21.7	16.0	30.1	22.7	23.4	23.4
<b>Payments for capital assets</b>	<b>34.1</b>	<b>35.8</b>	<b>33.8</b>	<b>19.4</b>	<b>39.1</b>	<b>72.6</b>	<b>76.3</b>
Buildings and other fixed structures	–	–	13.7	–	22.3	54.4	57.2
Machinery and equipment	33.5	35.1	20.0	19.1	13.0	14.8	15.6
Software and other intangible assets	0.7	0.7	0.1	0.3	0.2	0.3	0.3
Specialised military assets	–	–	–	–	3.6	3.2	3.2
<b>Total</b>	<b>3 019.8</b>	<b>2 643.1</b>	<b>2 396.7</b>	<b>1 890.4</b>	<b>1 968.3</b>	<b>2 102.2</b>	<b>2 145.1</b>

## Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 804.8	1 316.9	948.2	255.5	272.1	268.3	188.5
Special defence account: Operating services	50.3	30.9	53.6	46.3	69.1	56.1	39.0
Special defence account: Equipment procurement	100.3	87.9	141.8	101.0	134.1	160.6	125.8
Special defence account: Strategic defence programme	1 654.1	1 198.1	752.8	108.2	68.9	51.6	23.7
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	–	58.5	117.7	101.1	111.4	117.0
Armaments Corporation of South Africa: Dockyard	–	–	58.5	117.7	101.1	111.4	117.0
Households							
Social benefits							
Current	8.1	21.7	16.0	30.1	22.7	23.4	23.4
Severance packages	8.1	21.7	16.0	30.1	22.7	23.4	23.4

## Expenditure trends

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

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

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

## Programme 5: Military Health Support

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

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

## Objectives and measures

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

## Service delivery and spending focus

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

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

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

## Expenditure estimates

**Table 19.8 Military Health Support**

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	appropriation	2009/10	2010/11	2011/12
R million				2008/09			
Strategic Direction	81.3	88.4	119.0	154.3	191.3	186.7	190.8
Mobile Military Health Support	56.9	64.7	77.8	73.6	79.7	117.0	146.7
Area Military Health Service	585.1	632.9	678.6	699.3	779.4	822.8	859.7
Specialist/Tertiary Health Service	561.9	585.7	649.1	769.3	820.9	866.6	888.9
Military Health Product Support Capability	91.6	109.3	103.6	152.0	219.1	226.2	238.0
Base Support Capability	85.7	120.8	114.5	132.8	132.7	138.4	212.2
Military Health Training Capability	94.9	103.5	135.2	167.0	217.5	248.3	255.6
<b>Total</b>	<b>1 557.2</b>	<b>1 705.2</b>	<b>1 877.7</b>	<b>2 148.2</b>	<b>2 440.6</b>	<b>2 605.9</b>	<b>2 791.8</b>
Change to 2008 Budget estimate				29.0	(6.0)	(3.1)	29.5

Table 19.8 Military Health Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 489.7</b>	<b>1 592.6</b>	<b>1 793.3</b>	<b>2 051.3</b>	<b>2 374.9</b>	<b>2 512.9</b>	<b>2 673.0</b>
Compensation of employees	1 032.9	1 063.0	1 194.1	1 389.7	1 560.4	1 647.2	1 806.6
Goods and services	455.2	529.3	597.4	661.7	814.4	865.7	866.3
<i>of which:</i>							
<i>Assets less than R5 000</i>	10.9	12.7	14.4	16.0	20.3	20.4	20.8
<i>Communication</i>	5.0	5.8	6.5	7.3	9.2	9.8	10.2
<i>Computer services</i>	46.5	54.0	61.0	67.9	86.0	87.6	89.8
<i>Consultants and professional services: Business and advisory services</i>	3.5	4.0	4.5	5.1	6.4	6.4	6.4
<i>Consultants and professional services: Infrastructure and planning</i>	0.3	0.3	0.4	0.4	0.5	0.5	0.5
<i>Consultants and professional services: Laboratory service</i>	10.1	11.7	13.2	14.7	18.7	21.6	21.9
<i>Contractors</i>	128.4	149.3	168.5	187.8	209.6	237.6	246.7
<i>Agency and support / outsourced services</i>	13.8	16.1	18.2	20.2	25.6	27.9	29.1
<i>Inventory: Food and food supplies</i>	16.8	19.5	22.0	24.5	31.0	32.9	33.3
<i>Inventory: Fuel, oil and gas</i>	12.4	14.5	16.3	18.2	23.0	22.9	31.3
<i>Inventory: Learner and teacher support material</i>	0.7	0.8	0.9	1.0	1.3	1.3	1.3
<i>Inventory: Materials and supplies</i>	3.1	3.7	4.1	4.6	5.8	6.0	6.1
<i>Inventory: Medical supplies</i>	138.6	161.1	181.9	198.6	256.5	266.6	241.4
<i>Inventory: Military stores</i>	0.5	0.5	0.6	0.7	0.8	0.9	0.9
<i>Inventory: Other consumables</i>	14.2	16.5	18.6	20.7	26.3	26.6	26.8
<i>Inventory: Stationery and printing</i>	6.6	7.7	8.7	9.7	12.2	12.7	13.0
<i>Lease payments</i>	4.1	4.8	5.4	6.0	7.6	8.0	8.2
<i>Owned and leasehold property expenditure</i>	8.4	9.8	11.0	12.3	15.5	16.9	17.7
<i>Travel and subsistence</i>	15.8	18.4	20.8	23.1	29.3	30.0	31.1
<i>Training and development</i>	6.2	7.2	8.1	9.0	11.4	11.4	11.4
<i>Operating expenditure</i>	6.8	7.9	8.9	10.0	12.6	12.8	12.9
<i>Venues and facilities</i>	2.3	2.7	3.0	3.4	4.3	4.5	4.8
Financial transactions in assets and liabilities	1.6	0.2	1.7	–	–	–	–
<b>Transfers and subsidies</b>	<b>10.1</b>	<b>25.0</b>	<b>15.2</b>	<b>14.5</b>	<b>9.2</b>	<b>32.8</b>	<b>55.0</b>
Provinces and municipalities	2.0	0.5	0.3	–	–	–	–
Departmental agencies and accounts	–	0.9	1.1	1.5	1.8	24.5	46.6
Non-profit institutions	0.3	0.3	–	0.6	0.4	0.4	0.4
Households	7.8	23.3	13.8	12.4	7.0	8.0	8.0
<b>Payments for capital assets</b>	<b>57.5</b>	<b>87.6</b>	<b>69.3</b>	<b>82.4</b>	<b>56.5</b>	<b>60.2</b>	<b>63.9</b>
Buildings and other fixed structures	–	–	0.8	0.1	0.1	0.1	0.1
Machinery and equipment	57.5	87.6	68.5	81.8	56.4	60.1	63.7
Biological and cultivated assets	–	–	–	0.1	–	–	–
Software and other intangible assets	–	0.1	–	0.3	0.0	0.0	0.0
<b>Total</b>	<b>1 557.2</b>	<b>1 705.2</b>	<b>1 877.7</b>	<b>2 148.2</b>	<b>2 440.6</b>	<b>2 605.9</b>	<b>2 791.8</b>

**Details of selected transfers and subsidies**

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	–	0.9	1.1	1.5	0.8	23.5	45.5
Special defence account: Equipment procurement	–	0.9	1.1	1.5	0.8	23.5	45.5
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	7.8	23.3	13.8	12.4	7.0	8.0	8.0
Severance packages	7.8	23.3	13.8	12.4	7.0	8.0	8.0



## Expenditure trends

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

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

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

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

## Programme 6: Defence Intelligence

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

## Objectives and measures

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

## Service delivery and spending focus

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

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

initiatives in the Democratic Republic of the Congo and Burundi. Members of the department contributed to the Zimbabwean and Angolan elections processes as observers.

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

## Expenditure estimates

**Table 19.9 Defence Intelligence**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Strategic Direction	0.1	1.2	1.3	1.3	1.5	1.5	1.5
Operations	47.0	206.9	301.4	336.2	393.0	411.6	431.7
Defence Intelligence Support Services	172.4	145.4	158.4	180.9	195.2	199.8	213.5
<b>Total</b>	<b>219.5</b>	<b>353.6</b>	<b>461.1</b>	<b>518.4</b>	<b>589.8</b>	<b>612.9</b>	<b>646.8</b>
Change to 2008 Budget estimate				8.6	10.1	4.4	4.9

### Economic classification

<b>Current payments</b>	<b>141.7</b>	<b>147.4</b>	<b>158.0</b>	<b>182.7</b>	<b>195.4</b>	<b>202.2</b>	<b>216.1</b>
Compensation of employees	131.4	138.0	147.0	164.2	170.7	177.6	188.7
Goods and services	10.3	9.4	11.0	18.5	24.7	24.6	27.5
<i>of which:</i>							
<i>Assets less than R5 000</i>	0.5	0.4	0.5	0.8	1.2	0.7	0.7
<i>Communication</i>	0.8	0.7	0.8	1.3	1.9	1.9	1.9
<i>Contractors</i>	1.4	1.3	1.5	2.4	3.5	2.6	2.7
<i>Inventory: Food and food supplies</i>	0.9	0.9	1.0	1.6	1.5	2.4	2.4
<i>Inventory: Fuel, oil and gas</i>	0.8	0.7	0.8	2.0	1.9	1.8	4.4
<i>Inventory: Learner and teacher support material</i>	0.4	0.4	0.5	0.8	1.1	1.1	1.1
<i>Inventory: Materials and supplies</i>	0.4	0.3	0.4	0.6	0.9	0.9	0.9
<i>Inventory: Other consumables</i>	0.5	0.5	0.5	0.9	1.2	1.3	1.3
<i>Inventory: Stationery and printing</i>	0.5	0.5	0.6	0.9	1.3	1.3	1.4
<i>Lease payments</i>	0.4	0.3	0.4	0.7	0.9	1.4	1.5
<i>Travel and subsistence</i>	2.5	2.3	2.6	4.3	6.2	6.2	6.3
<i>Training and development</i>	0.7	0.7	0.8	1.3	1.8	1.9	1.9
<i>Operating expenditure</i>	0.2	0.2	0.2	0.4	0.5	0.2	0.2
<i>Venues and facilities</i>	0.2	0.2	0.2	0.4	0.5	0.5	0.5
Financial transactions in assets and liabilities	0.0	0.0	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>73.5</b>	<b>203.1</b>	<b>302.4</b>	<b>335.0</b>	<b>393.7</b>	<b>410.1</b>	<b>429.9</b>
Provinces and municipalities	0.2	0.1	0.0	–	–	–	–
Departmental agencies and accounts	70.3	201.0	296.2	332.4	391.5	410.1	429.9
Households	2.9	2.0	6.2	2.6	2.2	–	–
<b>Payments for capital assets</b>	<b>4.2</b>	<b>3.1</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>
Machinery and equipment	4.2	3.1	0.7	0.7	0.6	0.7	0.7
<b>Total</b>	<b>219.5</b>	<b>353.6</b>	<b>461.1</b>	<b>518.4</b>	<b>589.8</b>	<b>612.9</b>	<b>646.8</b>

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>70.3</b>	<b>201.0</b>	<b>296.2</b>	<b>332.4</b>	<b>391.5</b>	<b>410.1</b>	<b>429.9</b>
Special defence account	30.7	–	–	–	–	–	–
Special defence account: Intelligence related	39.6	201.0	74.8	76.9	391.5	410.1	429.9
Special defence account: Operating	–	–	221.4	255.5	–	–	–
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>2.9</b>	<b>2.0</b>	<b>6.2</b>	<b>2.6</b>	<b>2.2</b>	<b>–</b>	<b>–</b>
Severance packages	2.9	2.0	6.2	2.6	2.2	–	–

## Expenditure trends

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

## Programme 7: General Support

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

## Objectives and measures

- Provide general support capabilities and services by:
  - ensuring 90 per cent serviceability of deployed equipment by providing a joint logistic operational support group
  - repairing and maintaining the department's infrastructure at 33 bases over the next 3 years (12 in 2009/10, 9 in 2010/11 and 12 in 2011/12).
- Provide the department with key information and communication systems by:
  - ensuring that the mainframe service is available 98 per cent of the time and the wide area network 95 per cent of the time
  - providing information and communication systems solutions in accordance with the defence enterprise information systems master plan, as per the programme and project milestones and associated deliverables.
- Reduce the number of new criminal cases under investigation by the military police by 5 per cent a year by sustaining 1 provost company for deployment, 22 area offices and 22 detachments for investigations and crime prevention, and 2 military correctional facilities.

## Service delivery and spending focus

In 2007/08, a logistics intervention and repositioning programme was established to address critical logistical issues in the South African National Defence Force. Good progress was made with repairs at 3 Military

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

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

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

## Expenditure estimates

**Table 19.10 General Support**

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Joint Logistic Services	378.1	458.9	651.2	1 190.9	1 353.7	1 449.8	1 709.7
Command and Management Information Services	484.5	574.1	641.6	829.0	824.5	929.5	951.6
Military Police	217.8	230.7	248.8	287.8	303.0	315.2	332.3
Technology Development	225.1	184.9	235.7	259.3	258.2	350.1	334.2
Departmental Support	395.5	457.1	489.5	544.4	594.9	623.9	624.0
British Peace Support and Training Team	9.6	5.6	–	7.1	7.6	7.9	8.4
<b>Total</b>	<b>1 710.5</b>	<b>1 911.4</b>	<b>2 266.8</b>	<b>3 118.6</b>	<b>3 341.9</b>	<b>3 676.4</b>	<b>3 960.1</b>
Change to 2008 Budget estimate				(815.2)	(895.4)	(1 010.6)	(835.3)

Table 19.10 General Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>944.6</b>	<b>1 129.6</b>	<b>1 338.4</b>	<b>1 875.9</b>	<b>2 059.4</b>	<b>2 377.4</b>	<b>2 548.2</b>
Compensation of employees	285.4	344.7	400.2	444.3	610.7	650.3	738.0
Goods and services	659.1	784.8	919.3	1 431.6	1 448.8	1 727.1	1 810.1
<i>of which:</i>							
<i>Administrative fees</i>	1.5	1.8	2.2	3.3	3.6	3.8	4.0
<i>Assets less than R5 000</i>	4.1	4.9	5.8	8.7	9.8	10.2	10.8
<i>Audit costs: External</i>	19.7	23.4	27.4	41.3	46.3	48.6	51.0
<i>Communication</i>	4.6	5.5	6.5	9.7	10.9	11.3	12.1
<i>Computer services</i>	261.7	311.6	365.0	550.0	593.1	632.0	656.4
<i>Consultants and professional services: Business and advisory services</i>	33.5	40.0	46.8	70.5	78.7	79.0	101.2
<i>Consultants and professional services: Legal costs</i>	3.2	3.8	4.5	6.8	7.6	7.9	8.3
<i>Contractors</i>	287.6	342.5	401.2	635.1	598.9	833.5	858.7
<i>Agency and support / outsourced services</i>	2.4	2.9	3.4	5.1	5.8	6.0	6.4
<i>Entertainment</i>	0.9	1.0	1.2	1.8	2.0	2.1	2.2
<i>Inventory: Food and food supplies</i>	7.2	8.6	10.1	15.2	15.6	16.2	17.2
<i>Inventory: Fuel, oil and gas</i>	6.6	7.8	9.1	29.6	15.4	15.2	18.7
<i>Inventory: Materials and supplies</i>	4.5	5.3	6.2	9.4	10.5	9.4	10.1
<i>Inventory: Military stores</i>	0.4	0.4	0.5	0.8	0.9	0.8	0.9
<i>Inventory: Other consumables</i>	3.7	4.4	5.1	7.7	8.7	7.7	6.5
<i>Inventory: Stationery and printing</i>	1.8	2.2	2.5	3.8	4.3	5.3	5.5
<i>Lease payments</i>	1.9	2.2	2.6	3.9	4.4	4.6	4.9
<i>Owned and leasehold property expenditure</i>	0.3	0.3	0.4	0.6	0.7	0.7	0.8
<i>Travel and subsistence</i>	8.5	10.1	11.9	17.9	20.0	20.5	21.8
<i>Training and development</i>	2.7	3.2	3.7	5.6	6.3	6.6	6.8
<i>Operating expenditure</i>	1.4	1.6	1.9	2.9	3.3	3.6	3.9
<i>Venues and facilities</i>	0.7	0.8	0.9	1.4	1.6	1.5	1.6
Financial transactions in assets and liabilities	0.1	0.1	18.9	–	–	–	–
<b>Transfers and subsidies</b>	<b>636.5</b>	<b>677.6</b>	<b>718.8</b>	<b>864.1</b>	<b>853.1</b>	<b>1 007.7</b>	<b>968.9</b>
Provinces and municipalities	2.1	0.5	0.6	–	–	–	–
Departmental agencies and accounts	267.0	249.2	274.6	404.0	365.1	496.2	433.3
Public corporations and private enterprises	359.5	396.3	415.3	448.1	482.8	505.0	529.1
Non-profit institutions	–	–	2.9	–	–	–	–
Households	7.9	31.6	25.4	12.0	5.3	6.6	6.4
<b>Payments for capital assets</b>	<b>129.4</b>	<b>104.1</b>	<b>209.6</b>	<b>378.6</b>	<b>429.3</b>	<b>291.2</b>	<b>443.1</b>
Buildings and other fixed structures	73.9	49.2	77.1	286.2	346.3	210.1	371.3
Machinery and equipment	55.5	54.9	124.8	92.3	65.6	62.8	52.5
Software and other intangible assets	0.1	0.0	7.7	–	–	–	–
Specialised military assets	–	–	–	–	17.5	18.4	19.3
<b>Total</b>	<b>1 710.5</b>	<b>1 911.4</b>	<b>2 266.8</b>	<b>3 118.6</b>	<b>3 341.9</b>	<b>3 676.4</b>	<b>3 960.1</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>267.0</b>	<b>249.2</b>	<b>274.6</b>	<b>404.0</b>	<b>365.1</b>	<b>496.2</b>	<b>433.3</b>
Special defence account: Operating services	34.4	59.4	33.8	45.1	46.8	38.8	34.5
Special defence account: Intelligence related	0.1	0.1	0.1	0.5	0.5	0.5	0.6
Special defence account: Equipment procurement	232.5	189.6	240.7	358.3	317.8	456.8	398.2
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>359.5</b>	<b>396.3</b>	<b>415.3</b>	<b>448.1</b>	<b>482.8</b>	<b>505.0</b>	<b>529.1</b>
Armaments Corporation of South Africa	359.5	396.3	415.3	448.1	482.8	505.0	529.1
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>7.9</b>	<b>31.6</b>	<b>25.4</b>	<b>12.0</b>	<b>5.3</b>	<b>6.6</b>	<b>6.4</b>
Severance packages	7.9	31.6	25.4	12.0	5.3	6.6	6.4

## Expenditure trends

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

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

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

## Programme 8: Force Employment

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

## Objectives and measures

- Provide and manage defence capabilities, including an operational capability, to conduct operations and joint and multinational military exercises by:
  - providing and employing special operations capability in line with national requirements
  - conducting an average of 12 external peace missions per year in accordance with requirements to promote peace and security
  - conducting 24 joint, interdepartmental and multinational military force preparation exercises over the next 3 years (excluding Special Force exercises)
  - undertaking missions in support of other government departments, and complying with international obligations.



## Service delivery and spending focus

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

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

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

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

## Expenditure estimates

**Table 19.11 Force Employment**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Strategic Direction	90.3	101.1	50.8	65.7	68.2	72.9	80.7
Operational Direction	87.3	99.1	160.2	159.2	182.1	192.9	211.9
Special Operations	314.5	321.2	343.5	382.0	404.3	408.9	460.0
Regional Security	–	135.4	29.1	134.5	110.4	187.2	180.9
UN Peace Mission in the DRC	366.3	273.5	325.3	440.7	552.9	544.8	593.9
Protection Support Detachment in Burundi	330.3	202.7	223.3	207.1	–	–	–
Special Advice Team to the FARDC	–	–	–	–	12.9	13.5	–
Military Observers	0.7	1.1	1.6	197.7	–	–	–
African Union/United Nations Mission in Sudan	54.4	195.2	143.3	59.0	292.8	264.8	283.5
Support to the People	355.0	163.4	293.2	147.3	157.7	155.9	145.6
Defence Capability Management	6.6	15.5	10.8	14.8	20.4	21.1	22.0
<b>Total</b>	<b>1 605.4</b>	<b>1 508.0</b>	<b>1 581.2</b>	<b>1 808.0</b>	<b>1 801.8</b>	<b>1 862.0</b>	<b>1 978.5</b>
Change to 2008 Budget estimate				172.9	34.3	10.1	13.5

Table 19.11 Force Employment (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 342.5</b>	<b>1 282.9</b>	<b>1 405.6</b>	<b>1 589.7</b>	<b>1 576.3</b>	<b>1 657.3</b>	<b>1 778.7</b>
Compensation of employees	626.1	632.8	689.1	746.7	733.4	783.3	900.3
Goods and services	655.7	650.1	716.5	843.0	842.9	874.0	878.4
<i>of which:</i>							
<i>Assets less than R5 000</i>	9.6	9.6	10.5	11.1	12.8	11.4	12.0
<i>Communication</i>	9.5	9.5	10.4	11.0	12.7	11.9	11.3
<i>Computer services</i>	2.8	2.8	3.0	3.2	3.7	4.0	3.8
<i>Consultants and professional services: Business and advisory services</i>	9.2	9.1	10.1	10.7	12.1	6.0	7.8
<i>Contractors</i>	250.0	247.9	273.2	288.9	303.8	342.9	317.7
<i>Agency and support / outsourced services</i>	4.2	4.2	4.6	4.9	5.6	5.7	5.8
<i>Inventory: Food and food supplies</i>	29.9	29.6	32.6	34.5	39.7	49.0	42.7
<i>Inventory: Fuel, oil and gas</i>	9.5	9.4	10.3	20.0	12.6	13.2	49.7
<i>Inventory: Materials and supplies</i>	34.9	34.6	38.2	40.4	46.4	46.5	47.0
<i>Inventory: Medical supplies</i>	5.2	5.2	5.7	6.1	7.0	7.0	7.0
<i>Inventory: Military stores</i>	2.0	2.0	2.2	32.0	2.7	2.7	2.7
<i>Inventory: Other consumables</i>	9.4	9.3	10.2	10.8	12.4	13.2	13.3
<i>Inventory: Stationery and printing</i>	3.7	3.7	4.1	4.3	5.0	5.2	5.4
<i>Lease payments</i>	162.8	161.4	177.9	234.8	216.4	214.0	210.3
<i>Owned and leasehold property expenditure</i>	0.9	0.9	1.0	1.1	1.2	1.2	0.6
<i>Travel and subsistence</i>	100.3	99.4	109.6	115.8	133.3	124.6	125.2
<i>Training and development</i>	4.6	4.6	5.1	5.4	6.2	6.4	6.6
<i>Operating expenditure</i>	5.6	5.5	6.1	6.4	7.4	7.3	7.6
<i>Venues and facilities</i>	0.6	0.6	0.7	0.7	0.8	0.8	0.9
Financial transactions in assets and liabilities	60.6	0.0	0.0	–	–	–	–
<b>Transfers and subsidies</b>	<b>154.5</b>	<b>148.9</b>	<b>120.6</b>	<b>163.9</b>	<b>170.6</b>	<b>153.0</b>	<b>156.2</b>
Provinces and municipalities	0.4	0.1	1.3	–	–	–	–
Departmental agencies and accounts	150.3	139.4	111.8	152.1	156.8	139.7	141.9
Households	3.8	9.4	7.5	11.8	13.8	13.3	14.2
<b>Payments for capital assets</b>	<b>108.5</b>	<b>76.2</b>	<b>54.9</b>	<b>54.4</b>	<b>54.8</b>	<b>51.7</b>	<b>43.7</b>
Buildings and other fixed structures	–	–	1.8	0.4	1.1	0.6	0.6
Machinery and equipment	108.4	76.2	53.2	54.0	53.4	50.8	42.7
Software and other intangible assets	0.0	–	–	–	–	–	–
Specialised military assets	–	–	–	–	0.3	0.3	0.3
<b>Total</b>	<b>1 605.4</b>	<b>1 508.0</b>	<b>1 581.2</b>	<b>1 808.0</b>	<b>1 801.8</b>	<b>1 862.0</b>	<b>1 978.5</b>
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>150.3</b>	<b>139.4</b>	<b>111.8</b>	<b>152.1</b>	<b>156.8</b>	<b>139.7</b>	<b>141.9</b>
Special defence account: Intelligence related	4.9	5.8	6.6	6.6	7.7	7.7	7.9
Special defence account: Operating services	29.4	34.7	67.6	81.7	119.9	125.9	133.6
Special Defence Account: Equipment procurement	116.0	98.9	37.5	63.8	29.2	6.0	0.4
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>3.8</b>	<b>9.4</b>	<b>7.5</b>	<b>11.8</b>	<b>13.8</b>	<b>13.3</b>	<b>14.2</b>
Severance packages	3.8	9.4	7.5	11.8	13.8	13.3	14.2

## Expenditure trends

Expenditure in the *Force Employment* programme increases at an average annual rate of 3.5 per cent, rising from R1.6 billion in 2005/06 to an expected R2 billion in 2011/12. The *Regional Security* subprogramme remains the dominant subprogramme, consuming an average 52.4 per cent of the programme budget. It

increases from R751.8 million in 2005/06 to R1.1 billion in 2011/12, mainly due to increased peace support missions in Africa.

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

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

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

## Public entities

### Armaments Corporation of South Africa

#### Strategic overview: 2005/06 – 2011/12

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

The Armaments Corporation of South Africa disposes of matériel in accordance with the regulatory framework, and supports and maintains the facilities that are identified as strategic by the Department of Defence. The corporation also undertakes acquisitions for the South African Police Service and other government departments with security mandates, with the approval of the Minister of Defence.

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

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

#### Selected performance and operations indicators

**Table 19.12 Armaments Corporation of South Africa**

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

#### Service delivery and spending focus

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

## Expenditure estimates

**Table 19.13 Armaments Corporation of South Africa: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Statement of financial position</b>							
Carrying value of assets	194.7	198.1	203.5	211.0	217.9	220.6	225.0
<i>of which: Acquisition of assets</i>	14.8	20.7	28.0	27.8	29.8	27.0	27.3
Inventory	3.0	2.4	6.8	7.0	7.3	7.8	8.3
Receivables and prepayments	147.8	174.8	183.6	158.6	136.6	139.6	144.6
Cash and cash equivalents	268.5	288.0	312.5	299.5	258.4	199.4	132.8
<b>Total assets</b>	<b>613.9</b>	<b>663.2</b>	<b>706.4</b>	<b>676.1</b>	<b>620.2</b>	<b>567.5</b>	<b>510.7</b>
Accumulated surplus/deficit	412.7	470.6	514.6	511.3	446.9	386.2	320.9
Trade and other payables	180.4	170.3	92.1	95.1	100.1	105.1	110.1
Provisions	20.8	22.2	99.7	69.7	73.2	76.2	79.7
<b>Total equity and liabilities</b>	<b>613.9</b>	<b>663.2</b>	<b>706.4</b>	<b>676.1</b>	<b>620.2</b>	<b>567.5</b>	<b>510.7</b>

**Expenditure trends**

The Armaments Corporation of South Africa's operating funds are largely funded by a transfer payment from the Department of Defence. Together with interest earned on the payment, these funds are used to finance operating expenditure. The fixed capital requirements of subsidiaries are financed from own income generated and additional funding from the department, if required. All reserves are considered to be non-distributable. The full share capital and reserves are required for the total net capital requirements of the group. Cash is therefore retained to meet future commitments and is therefore not available for the distribution of dividends.

## Additional tables

**Table 19.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	2 143.3	2 046.2	2 153.9	2 482.7	32.3	2 515.0	2 515.0
2. Landward Defence	6 221.3	6 435.8	7 128.0	7 588.6	270.4	7 859.0	7 839.0
3. Air Defence	7 964.9	8 000.9	7 314.8	9 026.6	(985.2)	8 041.4	8 041.4
4. Maritime Defence	2 336.5	2 352.0	2 396.7	1 825.4	65.0	1 890.4	1 890.4
5. Military Health Support	1 832.8	1 845.8	1 877.7	2 119.1	29.0	2 148.2	2 128.2
6. Defence Intelligence	458.3	402.2	461.1	515.4	3.0	518.4	518.4
7. General Support	3 382.1	3 573.5	2 266.8	3 015.4	103.2	3 118.6	3 018.6
8. Force Employment	1 582.9	1 635.4	1 581.2	1 659.9	148.1	1 808.0	1 798.0
<b>Total</b>	<b>25 922.3</b>	<b>26 291.8</b>	<b>25 180.1</b>	<b>28 233.2</b>	<b>(334.1)</b>	<b>27 899.0</b>	<b>27 749.0</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>15 930.3</b>	<b>16 102.9</b>	<b>15 755.5</b>	<b>18 050.9</b>	<b>444.4</b>	<b>18 495.3</b>	<b>18 375.3</b>
Compensation of employees	9 474.2	9 726.7	9 735.9	10 687.3	220.8	10 908.1	10 908.1
Goods and services	6 456.1	6 376.2	5 987.4	7 363.6	223.6	7 587.2	7 467.2
Financial transactions in assets and liabilities	–	–	32.2	–	–	–	–
<b>Transfers and subsidies</b>	<b>9 607.2</b>	<b>9 654.0</b>	<b>8 926.9</b>	<b>9 760.6</b>	<b>(972.7)</b>	<b>8 787.8</b>	<b>8 787.8</b>
Provinces and municipalities	–	–	36.7	–	–	–	–
Departmental agencies and accounts	9 019.9	9 087.7	8 243.4	9 105.0	(1 008.4)	8 096.6	8 096.6
Public corporations and private enterprises	488.3	467.4	473.8	530.6	35.1	565.8	565.8
Non-profit institutions	3.4	3.4	2.9	4.0	0.5	4.5	4.5
Households	95.5	95.5	170.0	121.0	–	121.0	121.0
<b>Payments for capital assets</b>	<b>384.8</b>	<b>534.9</b>	<b>497.7</b>	<b>421.7</b>	<b>194.2</b>	<b>615.9</b>	<b>585.9</b>
Buildings and other fixed structures	78.1	218.1	93.4	112.1	174.6	286.7	286.7
Machinery and equipment	305.8	308.7	395.9	308.1	19.6	327.7	297.7
Cultivated assets	–	–	–	0.1	–	0.1	0.1
Software and intangible assets	0.9	8.1	8.4	1.4	–	1.4	1.4
<b>Total</b>	<b>25 922.3</b>	<b>26 291.8</b>	<b>25 180.1</b>	<b>28 233.2</b>	<b>(334.1)</b>	<b>27 899.0</b>	<b>27 749.0</b>

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

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	8 068.7	8 868.0	9 531.6	10 733.1	11 518.6	12 098.6	12 890.7
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Personnel numbers (head count)	71 705	79 925	78 243	74 494	77 291	77 516	75 750
<b>Part time and temporary contract employees</b>							
Compensation (R million)	127.6	169.6	204.3	175.1	233.2	210.8	255.2
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>8 196.4</b>	<b>9 037.6</b>	<b>9 735.9</b>	<b>10 908.1</b>	<b>11 751.9</b>	<b>12 309.4</b>	<b>13 145.9</b>
<b>Unit cost (R million)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Personnel numbers (head count)</b>	<b>71 705</b>	<b>79 925</b>	<b>78 243</b>	<b>74 494</b>	<b>77 291</b>	<b>77 516</b>	<b>75 750</b>

**Table 19.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	8 196.4	9 037.6	9 735.9	10 908.1	11 751.9	12 309.4	13 145.9
Training expenditure (R million)	71.1	85.6	87.4	117.7	113.6	122.7	127.9
Training as percentage of compensation	0.9%	0.9%	0.9%	1.1%	1.0%	1.0%	1.0%



Table 19.D Summary of donor funding

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

Table 19.D Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Medium-term expenditure estimate				
						2005/06	2006/07	2007/08	Estimate 2008/09	2009/10	2010/11	2011/12	
R thousand													
In kind													
Germany	Evaluation and assistance with training and onboard procedures on the new frigates	Maritime Defence	–	Goods and services	Operational sea training and evaluation for strategic defence packages	–	180	–	–	–	–	–	–
United Kingdom	Evaluation and assistance with training and onboard procedures on the new frigates	Maritime Defence	–	Goods and services	86 members trained	–	92	–	–	–	–	–	–
African Contingency Operations Training Assistance, United States of America	Donation of a mobile peacekeeping training simulation capability	Force Employment	–	Goods and services	Provided pre-mission training to personnel deployed in peacekeeping missions	–	2 100	–	–	–	–	–	–
United States of America	Expenses incurred by Africa and European countries participating in the multinational exercise held in South Africa	Force Employment	–	Goods and services	The exercise was conducted successfully and the United States of America paid all accounts as contracted	–	605	–	–	–	–	–	–
France	Command and control training course	Force Employment	–	Goods and services	1 member attended a course	–	–	138	–	–	–	–	–
Sweden	Peace operations training course	Force Employment	–	Goods and services	1 member attended a course	–	–	39	–	–	–	–	–
United States of America	Leadership training	Administration	–	Goods and services	2 members attended a course	–	–	73	–	–	–	–	–
United States of America	Aviation safety training	Air Defence	–	Goods and services	1 member attended a course	–	–	144	–	–	–	–	–
United States of America	Senior non-commissioned officer development training	Administration	–	Goods and services	1 member attended a course	–	–	112	–	–	–	–	–
Department for International Development, United Kingdom	Capacity building: Antiretroviral training	Military Health Support	–	Goods and services	50 members attended courses	–	–	938	–	–	–	–	–
<b>Total</b>			–			<b>87 944</b>	<b>46 555</b>	<b>221 871</b>	<b>100 000</b>	–	–	–	–

Table 19.E Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation			
					2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)</b>											
	Repair and maintenance of infrastructure	Military bases and hospitals	Construction	673.7	-	-	-	70.0	207.7	249.7	64.2
	Repair and maintenance of infrastructure	Military bases	Planning	439.9	-	-	-	-	218.9	214.4	89.4
	Repair and maintenance of infrastructure	Military bases	Identification	1 088.5	-	-	-	-	-	172.4	515.9
	Repair and maintenance of infrastructure	Runway	Construction	1 126.0	117.7	50.0	330.0	486.3	412.0	328.0	-
<b>Small projects or programmes (costing less than R50 million per annum)</b>											
	Construction/Upgrading of Medical Health Facilities	Hospitals and sickbays	Construction	246.0	-	-	-	-	34.0	23.9	30.4
	Construction/Upgrading of Office Accommodation	Administrative support to members of the Department of Defence	Construction	9.6	73.9	47.8	76.6	81.8	1.2	3.9	3.9
	Upgrading of Kitchens	Kitchens	Construction	11.5	-	-	-	-	1.1	-	-
	Construction of Boat Facilities	Workshop and storage facility	Construction	106.5	-	-	-	-	27.3	42.7	21.3
	Installation of Burglar Bars and Security Gates	Security	Construction	3.5	-	-	-	-	0.6	0.8	0.3
	Construction of Ammunition Storage Facility	Store	Planning	16.5	-	-	-	-	8.3	3.6	1.0
	Construction of Training Facilities	Training	Construction	72.3	-	-	-	-	12.4	4.3	5.5
	Construction of Living Accommodation	Living	Identification	62.0	-	-	-	-	0.7	10.8	32.1
	Construction of Roads, Security Fences and Water Supply	Roads and water supply	Construction	52.4	-	-	-	-	0.2	-	-
	<b>Total</b>			<b>3 908.2</b>	<b>191.5</b>	<b>97.8</b>	<b>406.6</b>	<b>638.1</b>	<b>924.4</b>	<b>1 054.5</b>	<b>764.0</b>

