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VOTE 19: ANALYSIS OF THE 2016/17 DEPARTMENT OF MILITARY VETERANS BUDGET ALLOCATION

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1. INTRODUCTION

The Department of Military Veterans (DMV) is intended to administer the affairs of military veterans with dignity and compassion and to ensure that the unique needs of all military veterans are provided for. The Department derives its mandate from the Military Veterans Act (No 18 of 2011).¹ Since 2014/15, the Department of Military Veterans reports separately on its annual budget and strategic plans. As such, increased scrutiny of the utilisation of these funds vis-a-vis the targets set in the Strategic Plan and Annual Performance Plan (APP) for 2016/17 is required.

2. OVERVIEW OF THE 2015/16 FINANCIAL YEAR²

Spending patterns during the 2015/16 financial year remained a major concern for the DMV. The DMV received an adjusted allocation of R582.201 million for the year. By the end of the Third Quarter, only 35 per cent of this allocation had been spent. Of specific importance is the low level of spending in the programmes actually relating to service delivery. By the end of the

¹ Department of Military Veterans. (2013). p. 14.

² Department of Military Veterans. (2016a).



Third Quarter, only 20 per cent of the allocation for Socio-economic Support Services had been spent while only 39 per cent was spent on Empowerment and Stakeholder Management.

The slow spending as noted above impacted negatively on the DMV's performance against set targets. By the end of the Third Quarter, only 53 per cent of targets were achieved. Of specific importance were the following targets which reflect on the core mandate of the DMV:

- Number of Veterans with housing: 41 houses supplied by the end of the Third Quarter against a set target of 3 000 for the year.
- Number of military veterans with access to relevant training and skills development: 1 410 achieved against an annual target of 3 000
- Percentage of bona fide military veterans verified and captured in a secured National Military Veterans' Database: 26 per cent against a target of 75 per cent
- Number of military veterans with access to public transport: zero against a target of 3 000 for the year.

While these focus areas remain a major concern, the Department did increase the number of military veterans with access to healthcare.

3. POLICY PRIORITIES FOR 2016/17

Selected aspects of the priorities of the Minister of Defence as well as the Acting Accounting Officer is highlighted in Table 1.

Table 1: Strategic priorities of the Minister of defence and Acting Accounting Officer

Minister of Defence Priorities ³	Acting Accounting Officer priorities ⁴
Linked priorities	
Database: The introduction of e-citizen will ease the registration of military veterans on the database.	Credible Database: The database will be cleaned through a verification process.
Empowerment and employment: Reskilling and the formation of cooperatives will be prioritised. Policy will be developed to allow a preferential Supply Chain Management processes towards veterans. MOU's should ensure increased employment opportunities for veterans.	Supply Chain Management: The Policy will be revised during the 2016/17 financial year to allow preferential treatment to companies owned by veterans.
	A functional call centre: This will be revamped and operationalised in 2016/17.
	Education and training: Cooperation with other organs of state to employ and reskill veterans.
Additional priorities	
Task team: The Minister noted that the input of the [Turnaround] Task Team is key to moving the DMV forward.	Education: Education regarding the role of military veterans will form part of the Military Digitisation project.
Health Care: The DMV will be required to change the financing of this benefit due to the inclusion of dependents with access thereto.	Honouring and memorialisation: The DMV will start the process of memorialising the lives of military veterans. The Military Veterans Heritage Fund will also be explored further.

³ Department of Military Veterans. (2016b). p. 7-8

⁴ Department of Military Veterans. (2016b). p. 9-10



Minister of Defence Priorities ³	Acting Accounting Officer priorities ⁴
Compensation: There is an expected increase in the compensation to veterans for injuries and trauma sustained during the struggle.	Corporate governance and accountability: Monitoring and fiscal evaluation will be prioritised and require a stronger staff compliment. An MPAT score of Level 4 or above will be targeted.
Housing: The DMV will accelerate the delivery of houses to deserving veterans.	Information and communication Technology: the DMV will improve its ICT capabilities during 2016/17.

4. BUDGET ANALYSIS

4.1. General overview of the 2016/17 budget⁵

The Department of Military Veterans received a total allocation of R597.6 million for the 2016/17 financial year, increasing from R582.2 million in 2015/16. While this reflects a small nominal increase in allocation, when adjusted for inflation it equates to a real percentage reduction of 3.71 per cent. The largest real percentage reduction is for the Administration Programme (14.41 per cent) while the Socio Economic Support Services Programme received a 3.6 per cent real increase.

The overall reduction in the Administration allocation vis-à-vis an increase in the Socio Economic Support Services programme may be viewed as a step in the right direction as it directs money towards service delivery oriented programmes. If executed correctly, this would align the budget with the primary mandate of the DMV and thus support the NDP and MTSF goals. However, in past financial years the ability of the DMV to spend its funds has severely undermined service delivery and this should be monitored throughout the 2016/17 financial year.

For details on these increases and decreases, Members should consult the sections below dealing with programme-specific allocations.

Table 2: DMV Increase/decrease per programme from 2015/16 to 2016/17

Programme	Budget		Nominal Increase / Decrease in 2016/17	Real Increase / Decrease in 2016/17	Nominal Percent change in 2016/17	Real Percent change in 2016/17
	2015/16	2016/17				
Programme 1: Administration	157.5	143.7	- 13.8	- 22.7	-8.76 per cent	-14.41 per cent
Programme 2: Socio Economic Support Services	266.3	294.1	27.8	9.6	10.44 per cent	3.60 per cent
Programme 3: Empowerment and stakeholder management	158.4	159.8	1.4	- 8.5	0.88 per cent	-5.36 per cent
TOTAL	582.2	597.6	15.4	- 21.6	2.6 per cent	-3.71 per cent

⁵ National Treasury. (2016). p. 333.



4.2. Personnel information and salaries⁶

Similar to 2015/16, personnel figures are set to remain at 169 for 2016/17. The total cost associated with employees rises from R97.5 million in 2015/16 to R102.7 million in 2016/17. Personnel figures are expected to remain stable over the MTEF period. It should be noted, however, that a number of additional personnel are working at the DMV which are seconded from the Department of Defence. The additional personnel numbers are as follows:

- Programme 1: 39
- Programme 2: 19
- Programme 3: 3

Furthermore, Programme 1 has a vacancy rate of 22 per cent while Programme 3 has a vacancy rate of 33 per cent. This is of concern as it may hamper service-delivery. Finally, during a recent engagement between the DMV and the Standing Committee on Public Accounts (SCOPA), it was made clear that there is a significant capacity shortage in terms of the DMV's Internal Audit capability. This was, in part, as a result of personnel limitations.

The Committee may seek further clarity on:

- A total of 61 employees additional to the structure is working at the DMV. Where are these members seconded from, who pays their salaries? Why is this large number of seconded people required to run the DMV?
- What is the current vacancy rate at the DMV and at what levels are these vacancies? How will this be addressed in 2016/17?
- Is the DMV planning to hire additional staff for the Internal Audit purposes? If so, how will this be funded? If not, how will the Internal Audit concerns be rectified?
- The Accounting Officer is not yet a permanent appointment. When will the appointment of the Accounting officer be finalised?

4.3. Programme 1: Administration

4.3.1 2016/17 Allocations to Programme 1 (Administration)⁷

In line with the overall real percentage reduction of the programme, the majority of subprogrammes received a real percentage reduction. The largest reduction is for Sub-programme 6 (Office Accommodation) which received a 31.4 per cent real reduction in its allocation. Sub-programme 5 (Strategic Planning, Policy Development, Monitoring and Evaluation) also received an 8.36 per cent real reduction. The Internal Audit Capacity is the only capability to receive an increased allocation in this programme.

In terms of economic classifications, two major decreases should be noted. First, the allocation for Communication decreases from R12.6 million in 2015/16 to R5.2 million in 2016/17. Second, the allocation for Infrastructure and Planning Services decreases from R20.3 million in 2015/16 to R7.5 million in 2016/17. Finally, the allocation for contractors increases from R1.5 million in 2015/16 to R6.4 million in 2016/17.

⁶ National Treasury. (2016). p. 351.

⁷ National Treasury. (2016). p. 352.



Table 3: Nominal and real increases/decreases in the Administration Programme

Programme	Budget		Nominal Increase / Decrease in 2016/17	Real Increase / Decrease in 2016/17	Nominal Percent change in 2016/17	Real Percent change in 2016/17
	R million	2015/16				
Sub-programme 1: Management	8.1	8.4	0.3	- 0.2	3.70 per cent	-2.72 per cent
Sub-programme 2: Corporate Services	56.9	51.7	- 5.2	- 8.4	-9.14 per cent	-14.76 per cent
Sub-programme 3: Financial Administration	17.4	18.2	0.8	- 0.3	4.60 per cent	-1.88 per cent
Sub-programme 4: Internal audit	14.7	16.1	1.4	0.4	9.52 per cent	2.74 per cent
Sub-programme 5: Strategic Planning, Policy Development, Monitoring and Evaluation	21.6	21.1	- 0.5	- 1.8	-2.31 per cent	-8.36 per cent
Sub-programme 6: Office Accommodation	38.7	28.3	- 10.4	- 12.2	-26.87 per cent	-31.40 per cent
TOTAL	157.5	143.7	- 13.8	- 22.7	-8.8 per cent	-14.41 per cent

The Committee may seek further clarity on:

- In 2015/16, R38.7 million was spent on Office Accommodation, while the budget for 2016/17 is reduced to R28.3 million. It should be inquired as to how the DMV was able to save more than R10 million on this item and reasons should be provided as to why such lower rates were not negotiated in the previous financial years?
- Internal Audit was highlighted as a major concern by SCOPA in a recent meeting. The DMV should thus be congratulated on increasing the allocation for this competency. How will this increased allocation be utilised?
- What will the impact be of the decreased allocation for communication?
- The allocation for Planning Services decreases from R20.3 million in 2015/16 to R7.5 million in 2016/17. The impact of this should be explained by the Department.
- An additional R4.9 million is allocated for Contractors in this programme for 2016/17. Reasons for this should be provided. (Members should note the use of consultants and contractors was previously noted by the AG as a concern in the DODMV).

4.3.2 Performance Indicators for Programme 1 (Administration)⁸

Programme 1 includes 12 set targets for 2016/17. The majority of these refer to the routine submission of required documents such as APP's and Strategic Plans. Of potential interest to Members of the PCDMV is the planned staffing of 90 per cent of vacant funded posts. Members should monitor this as it is essential to the effectiveness of the DMV. The target for

⁸ Department of Defence. (2016b). p. 55-96



the payment of 'legitimate' invoices is set at 90 per cent. Members should monitor this throughout 2016/17 and also request an inclusion of how many illegitimate invoices are received.

Table 4: Selected performance targets for Programme 1

Performance Indicator	Audited Outcome	Estimated Performance	Estimated Performance
	2014/15	2015/16	2016/17
Percentage of Communication Strategy activities implemented	New target	50%	75%
Percentage cases from the Presidential Hotline resolved	New target	100%	100%
Percentage of staff attending training initiative	New target	100%	100%
Percentage of signed performance agreements submitted to HRM	100%	100%	100%
Percentage staffing of vacant funded posts	80%	90%	90%
Percentage of legitimate invoices paid in 30 days	New target	New target	90%

The Committee may seek further clarity on:

- Are there currently any outstanding performance agreements for 2015/16? How will this process be approached in 2016/17?
- Can the target of 90 per cent staffing of funded posts be achieved in 2016/17 given the current vacancy rate?
- The target for the payment of 'legitimate' invoices is set at 90 per cent. Members should monitor this throughout 2016/17 and also request an inclusion of how many illegitimate invoices are received.
- Members may request a briefing on the skills audit completed in the DMV.

4.4. Programme 2: Socio Economic Support Services

4.4.1 2016/17 Allocations to Programme 2 (Socio Economic Support Services)⁹

Programme 2 received a real percentage increase in its allocation of 3.6 per cent. This should be lauded as the programme related to the core business of the DMV, namely delivering services to veterans. The overall increase is largely attributed to the 37.93 per cent real increase in the allocation to Health Care and Wellbeing Support. Of concern, however, is the 12.45 per cent real decrease in the allocation to the Database and Benefits Management, which Members of the PCDMV have previously identified as an area of concern for the DMV.

In terms of economic classifications, the allocations remained relatively stable. There is an increase in the allocation for Contractors from R17.3 million in 2015/16 to R24.5 million in

⁹ National Treasury. (2016). p. 353.



2016/17. The allocation for Travel and Subsistence decreases from R6.2 million to R2.6 million over the same period.

Table 5: Nominal and real increases/decreases in the Socio Economic Support Services Programme

Programme	Budget		Nominal Increase / Decrease in 2016/17	Real Increase / Decrease in 2016/17	Nominal Percent change in 2016/17	Real Percent change in 2016/17
	2015/16	2016/17				
Sub-programme 1: Database and Benefits Management	12.0	11.2	- 0.8	- 1.5	-6.67 per cent	-12.45 per cent
Sub-programme 2: Health Care and Wellbeing Support	38.7	56.9	18.2	14.7	47.03 per cent	37.93 per cent
Sub-programme 3: Socio economic Support Management	215.6	226.0	10.4	- 3.6	4.82 per cent	-1.67 per cent
TOTAL	266.3	294.1	27.8	9.6	10.4 per cent	3.60 per cent

The Committee may seek further clarity on:

- The increased allocation for Health Care and Well Being Support should be lauded as it will offer veterans a better quality of life. Members may inquire how the DMV plans to utilise the increased allocation.
- The reduction in the allocation to Database Management is of concern. Members of the PCDMV have previously identified this as an area of concern for the DMV. How will the reduced funding impact on the finalisation of the database?
- There is an increase in the allocation for Contractors from R17.3 million in 2015/16 to R24.5 million in 2016/17. What are the reasons for this?
- Travel and Subsistence decreases from R6.2 million to R2.6 million. Although this is in line with National Treasury guidelines, will it impact on the DMV's ability to render services, notably in rural areas?

4.4.2 Performance Indicators for Programme 2 (Socio Economic Support Services)¹⁰

Programme 2 has five strategic objective annual targets and five annual performance targets. Selected targets which are key to service delivery to military veterans are reflected in the table below. Of specific concern is the targets related to housing and the finalisation of the database, as past performances in this regard has been significantly lower than the set targets.

Table 6: Selected strategic and performance targets for Programme 2

¹⁰ Department of Military Veterans. (2016b). p. 51-52.



Performance Indicator	Audited Outcome	Estimated Performance	Estimated Performance
	2014/15	2015/16	2016/17
A secured military veterans database	31%	80%	85%
Days taken to register veterans on the database	-	-	60 days
Number of military veterans with access to healthcare	6 795	13 923	14 500
Number of military veterans with access to decent housing	0	1 000	1 000
Number of bursaries provided to veterans and their dependents	645	3 650	4 000
Number of military veterans provided with counselling	New target	New target	1 500

The Committee may seek further clarity on:

- Given that only 31 per cent of the database was finalised in 2014/15, is the target of 85 per cent for 2016/17 realistically achievable? (Members should note that Database Management received a reduced allocation for 2016/17).
- How long does it currently take to register a veteran on the database? (If this is more than 60 days, Members should inquire as to how this will be sped up to achieve the set target).
- The number of veterans with access to healthcare increases only slightly from 13 923 in 2015/16 to 14 500 in 2016/17. However, Health Care and Wellbeing Support received an additional R18 million for the year. It should thus be explained how this increase will be used.
- By the end of the Third Quarter of 2015/16, the DMV only provided 41 houses for veterans. Is the target of 1 000 houses for 2016/17 thus achievable? Are MOU's and other commitments from provincial and local governments in place to ensure that this target is met? (Members should constantly track whether arrangements have been made with the relevant authorities for these targets to be achieved).
- Who will provide the counselling services to veterans? (Members should note that if this is outsourced to the SA Military Health Services, the question of capacity should be raised and whether it will impact on service delivery to current serving SANDF members).

4.5. Programme 3: Empowerment and Stakeholder Management

4.5.1 2016/17 Allocations to Programme 3 (Empowerment and Stakeholder Management)¹¹

In line with the general real percentage reduction in the allocation to the DMV, all subprogrammes of Programme 3 received a real percentage reduction. The largest reduction is for the empowerment and skills development capability (6.0 per cent). In terms of economic

¹¹ National Treasury. (2016). p. 354



classifications, the allocations remained stable between the 2015/16 and 2016/17, with little noticeable variations. Both Stationary as well as Machinery and Equipment received slightly lower allocations. This can most likely be attributed to the fact that the programme is by now well established and is in less need for Machinery and Equipment.

Table 7: Nominal and real increases/decreases in the Empowerment and Stakeholder Management Programme

Programme	Budget		Nominal Increase / Decrease in 2016/17	Real Increase / Decrease in 2016/17	Nominal Percent change in 2016/17	Real Percent change in 2016/17
	2015/16	2016/17				
Sub-programme 1: Provincial offices and stakeholder relations	43.3	44.2	0.9	- 1.8	2.08 per cent	-4.24 per cent
Sub-programme 2: Empowerment and skills development	100.5	100.7	0.2	- 6.0	0.20 per cent	-6.00 per cent
Sub-programme 3: Heritage, Memorials, Burials and Honours	14.6	14.9	0.3	- 0.6	2.05 per cent	-4.26 per cent
TOTAL	158.4	159.8	1.4	- 8.5	0.9 per cent	-5.36 per cent

The Committee may seek further clarity on:

- How many Provincial offices are operational? Will the decreased allocation affect these operations and/or the opening of further provincial offices?
- What are the reasons for the reduced allocation for Stationary as well as Machinery and Equipment?

4.5.1 Performance Indicators for Programme 3 (Empowerment and Stakeholder Management)¹²

Programme 2 has five strategic objective annual targets and five annual performance targets. In line with the Accounting Officer's priorities, the DMV looks to support 100 veteran's businesses in 2016/17. Furthermore, the target for burial support will be a welcome addition to the list of targets as it is a factor that affects hundreds of families of veterans around South Africa.

Table 8: Selected strategic and performance targets for Programme 3

Performance Indicator	Audited Outcome	Estimated Performance	Estimated Performance
	2014/15	2015/16	2016/17
Number of private sector companies and organs of state in partnership with the DMV	107	25	60

¹² National Treasury. (2016). p. 354



Performance Indicator	Audited Outcome	Estimated Performance	Estimated Performance
	2014/15	2015/16	2016/17
Number of veterans with access to training and skills development	2 450	3 000	3 000
Number of veteran's business entities supported per year	New target	40	100
Number of international engagements per year	1	25	30
Number of veteran's families supported with burial support per year	New target	New target	200
Number of memorial sites erected per year	0	4	2

The Committee may seek further clarity on:

- The Accounting Officer notes that the DMV does not currently practice preferential procurement. The Supply Chain Management policy will be reviewed in 2016/17 to ensure preference to veterans. However, given that the aim is only to revise the Policy in 2016/17, how will the DMV ensure that the target of 100 for support to veteran's businesses will be achieved? Will the Policy be in place in time to achieve this target?
- The DMV should be congratulated for the addition of a target related to burial support as it is a factor that affects hundreds of families of veterans around South Africa. Members should monitor this target throughout the year.
- During its briefing to the PCDMV on its Third Quarter performance, the DMV noted that it remains in contact with the Department of International Relations and Cooperation regarding international engagements, but that progress is slow. Is the target of 30 international engagements thus realistic and has engagements with the DIRCO been successful?
- How many memorial sites were erected thus far in 2015/16? How much are the 2 memorial sites expected to be built in 2016/17 expected to cost and where will these be built?



5. KEY ISSUES FOR CONSIDERATION BY PARLIAMENT

The sections above highlighted a number of focus areas and questions related to the specific programmes and subprogrammes. However, several broad themes can be identified on which Members of the PCDMV may focus in the 2016/17 financial year as in the figure below.

Figure 1: Selected proposed DMV focus areas for the PCDMV in 2016/17

<p>Veterans Housing (NDP Chapter 8: Transformation of human settlements)</p>	<ul style="list-style-type: none"> • By the end of the Third Quarter of 2015/16, only 41 houses of a planned 1 000 were delivered by the DMV. The target for 2016/17 is also 1 000 and Members should monitor progress on delivery • Also linked to MTSF outcome 6.8: Sustainable human settlements
<p>Skills development (NDP Chapter 9: Education and Training)</p>	<ul style="list-style-type: none"> • The target for skills development of veterans for 2016/17 is 3 000. In 2014/15, this target was not achieved. Members should monitor this, especially since skills development received a decreased allocation of 6.0 per cent in real terms • Also linked to MTSF Outcome 6.5: A skilled and capable workforce
<p>Health and Wellness (NDP Chapter 10: Promoting Health)</p>	<ul style="list-style-type: none"> • The allocation for Health and Wellbeing Support increases by 37.93 per cent for 2016/17, yet the target for veterans with access to healthcare hardly increases. Members should monitor the spending of these funds. • Also linked to MTSF Outcome 6.2: A healthy life for all South Africans
<p>Business opportunities for veterans (NDP Chapter 3: Economy and employment)</p>	<ul style="list-style-type: none"> • Members should monitor the the Policy Review on preferential procurement from businesses owned by veterans. • The DMV should report on the number of business and employment opportunities it creates in 2016/17. • Also linked to MTSF Outcome 6.4: Decent employment
<p>Internal Audit (NDP Chapter 14: Promoting Accountability)</p>	<ul style="list-style-type: none"> • SCOPA noted Internal Audit as one of the major concerns in underperformance of the DMV in previous financial years. Members should monitor staffing and spending of this capacity and should request briefings from the Internal Audit capacity of the DMV.
<p>Database Management</p>	<ul style="list-style-type: none"> • The allocation for the Database has been decreased for 2016/17, yet it suffered from significant delays in previous financial years. Members should monitor the finalisation of the database as it is essential to service delivery for veterans.

6. REFERENCES

Department of Military Veterans. (2016a) *Presentation on the Third Quarter performance for 2015/16 to the Portfolio Committee on Defence and Military Veterans.*

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