**Report of the Oversight visit of the Portfolio Committee on Defence and Military Veterans to Selected Armscor Facilities, Denel’s Lyttelton Campus, Special Forces School and the Department of Military Veterans’ Headquarters, 21 and 22 April 2022, Dated 01 June 2022.**

**1. INTRODUCTION**

The Portfolio Committee on Defence and Military Veterans (PCODMV) arranged an oversight visit to four of Armscor facilities, Denel’s Lytleton Campus, the Special Forces School and Department of Military Veterans’ (DMV) Headquarters on 21 and 22 April 2022. This formed part of the execution of the Committee’s oversight responsibilities over the DMV, Armscor and on request to Denel’s Lytleton Campus to be briefed and inspect the Badger Infantry Fighting Vehicles (IFVs) as part of the Department of Defence’s (DOD) Project Hoefyster.

* 1. **Primary aim of the Oversight Visit**

The primary aim of the Oversight visit was for the PCODMV to conduct site visits to the above-mentioned facilities to acquaint itself of the conditions and challenges experienced, as well as to facilitate inputs and insights to enhance its oversight functions.

**1.2 Defence Committee Members and Support Staff**

The Delegation comprised of the following:

**Members of the Defence Committees:**

**African National Congress**

Mr TN. Mmutle – Delegation Leader

Me TI Legwase

Dr M Basopu

Me M Mothapo

**Democratic Alliance**

Mr SJF Marais

Mr ML Shelembe

**Economic Freedom Fighters**

Mr TWI Mafanya

**Support Staff**

Peter Daniels - Content Advisor

Wilhelm Janse van Rensburg - Researcher

Bryan Mantyi - Committee Secretary

Jabulani Majozi - Communication Official

**Officials from entities, DOD and DMV**

Dr P Dexter - Armscor: Chair of the Board

Adv SP Mbada - Armscor CEO

Mr JG Grobler - Armscor CFO

Dr N Mkaza - Group Executive: Research and Development

Mr W Hlakoane - Denel Interim Group CEO

Mr P Petje - Denel: CEO PMP

Brig Gen HG Mashego - GOC Special Forces

Col JL Mogotsi - Senior Staff Officer Logistics

Col C Ndouvhada - Officer Commanding Special Forces School

Col M Motloung - Senior Staff Officer: Parliamentary Liaison Officer

Ms I Mpolweni - DMV: Director- General

Mr S Monakali - PLO - Defence Ministry

**1.3 Programme**

On Thursday, 21 April 2022, the Delegation visited the Gerotek Facility of Armscor in Pretoria-West, where a brief overview by the entity’s the CEO, Adv S.P. Mbada, the Group Executive: Research and Development, Dr N.M. Mkaza, and the Board’s Chairperson Dr Dexter, was received.

The Delegation then divided into two groups who alternatively were taken on the Skidding pan and the High speed track. Members were then allowed to link up with the respective Caucuses while en route to Centurion where four Armscor Defence Evaluation and Research Institutes (DERI’s) were visited. On conclusion of this visit, the Delegation travelled to Denel’s Lytleton Campus to receive a short overview of the site where the Badger IFVs were being assembled. After this Members were driven in the Badgers to the Denel’s new parts storage facility, the driver training simulators, and the auditorium where a briefing took place.

On Friday, 22 April 2022, Members went to the South African National Defence Force (SANDF) Special Forces School in Murray Hill to receive briefings on the Special Forces Brigade and on the School. Subsequently, the Delegation drove past the living quarters and was shown the dilapidated houses, after which the Urban Fighting Facility inside the base was visited. The Delegation was shown the damage caused by the theft of electrical cables along the fence of 4 Vehicle Reserve Park, which led to the units in the area being without electricity for an extended period.

The Delegation then departed to Hatfield, Pretoria, where the DMV’s headquarters is situated, to be briefed by the DG, which included a short overview of the Call Center. The visit was concluded with a short question and answer session.

**2. OVERSIGHT VISIT TO ARMSCOR FACILITIES 21 APRIL 2022**

The Delegation visited Armscor’s Gerotek Test Facilities in Pretoria West on 21 April 2022. After being welcomed by the Chairperson of the Board and the CEO, Adv SP Mbada, the Group Executive: Research and Development, Dr Mkaza, presented a brief overview of the facilities.

**2.1 Gerotek Test Facilities**

The Gerotek Test Facilities is a multi-disciplinary organization, providing accredited, independent test and evaluation services; product launch promotions and corporate events; and advanced driver training-and development programmes for the automotive, electronics, defence industries including security forces, and other local and international industries. In recent years, Armscor has been using its own funds to maintain the facility. Gerotek has seven (7) operations/divisions with their own cost centres;

* **Five (5) income generating divisions:**

‒Gerotek Testing (Vehicle, Environmental and EMC)

‒Paardefontein National Antenna Testing Range (PNATR)

‒Gerotek Advanced Driver Training

‒Gerotek Events

‒Sidibane Restaurant

* **Two (2) support divisions:**

‒Technical Support (Maintenance and Facilities) and SHEQ,

‒Finance, Administration, Business Development and Marketing.

**Successes:** Someof the successes achieved at Gerotek include the vehicle testing by, for instance, Mercedes Benz; the hosting of Events by private organisations such as the Cars.co.za; and Armscor capability demonstrations.

**Challenges**: These include the lack of investment to stay ahead of competition; the high cost of infrastructure; urbanisation around Gerotek; escalated maintenance costs; Competitors such as Kayalami and Zwartkops; and, the need to upgrade continuously vs Gerotek’s limited budget available for upgrades.

**Mitigation:** Some of the mitigation strategies include the sweating of land at Gerotek; plans for a small 12-person accommodation facility; and reprioritising the budget to ensure new test equipment to improve the service offering (e.g. electric vehicle; autonomous-vehicle test facility).

**2.1.1 Observations and questions by Members**

* One question related to whether other state entities are using the facility and the response was that it was mostly utilised by Denel, but that Denel’s testing has significantly declined in recent years due to internal challenges. Armscor is reaching out to metros and the Department of Trade and Industry to assist with marketing Armscor’s service offerings. This, however, is not enough since the cost of running Gerotek is significant.
* On the question how market competitiveness is maintained, the response was that this is done through the variety of test tracks available, but it was stressed that there was a need to improve marketing efforts, especially since the state of facility is criticised by the private sector.
* In response to a question whether there are any SA Defence Industry (SADI) companies testing at Gerotek, it was stated that all SADI companies use Gerotek.
* Another response was that not all of the land facility is being utilised. It was suggested that if more funds could be made available, the facility could be extended to improve its service offerings.
* With regards to engagement with Metropolitan Municipalities, it was pointed out that there is an ongoing engagement, but that the drive is now to market Gerotek more to other entities in order for it to become the preferred supplier of their service offerings.
* Given the land occupation around Gerotek, it was enquired what Gerotek is doing in this regard. The response was that the land belongs to DPWI, and Armscor needs to reach out to this Department. There was an engagement, but it did not yield any results and there is not much more Armscor can do at this stage. They also pointed out that this encroachment impacts on Gerotek’s water and electricity supply, hence they are trying their best to manage the situation without antagonizing the “illegal invaders.” The Committee encouraged Armscor to seek to gain control of the land around it.
* The SAPS is using the facility for VIP driver training, but not extensively as there is an opportunity to increase driver training for the state sector in general.

Dr Mkaza also outlined some of the Defence, Evaluation and Research Institutes(DERI’s) in the Armscor’s stable which the Committee later visited in Centurion namely:

**2.2 Protechnik Laboratories (Protechnik)**

Protechnik conducts project work in the field of chemical and biological (CB) defence on behalf of the SANDF. The institute also provides technical support to the South African Council for the Non-Proliferation of Weapons of Mass Destruction on aspects related to the implementation of the Chemical Weapons Convention (CWC). South Africa is a signatory to the CWC, an international statute that prohibits the development, production, stockpiling and use of chemical weapons. Protechnik has a staff complement of thirty employees of which twenty are 20 females.

**Successes:** Some of the include the Covid-19 hand sanitizer production and testing; Covid-19 protective gear testing; Testing of carbon filters; and, Synthesis of small scale chemical warfare agents, biomedical metabolites and fine chemicals.

**Challenges:** These include Funding; loss of skills; and, delays in certification of sanitizers by the South African Bureau of Standards (SABS).

**Mitigation:** These strategies includeCommercialisation; increasing the pool of specialists for Talent Development; and, engaging the SABS to expedite sanitizer approvals.

**2.3 Ergonomics Technologies (ERGOTECH)**

ERGOTECH is a leading ergonomics consultancy, providing a comprehensive service in ergonomics, occupational health and safety, both locally and internationally. The various methods deployed by ERGOTECH have evolved over the years to provide solutions which are in line with world standards and best practice, but also take the South African context into consideration.

**2.4 Hazmat Protective Systems**

Hazmat manufactures and markets a comprehensive range of respiratory products. Hazmat started its business by supplying Full Face Masks, Chemical and Biological Warfare (CBW) filters to the DOD. No local manufacturer of respiratory products was available and the establishment of this manufacturing capability was identified as strategic (sovereign) to ensure availability of these controlled items to the DOD.

**2.5 Fluid and Mechanical Engineering Group (Flamengro)**

Flamengroforis mandated to develop, maintain and manage a modelling and simulation capability for the DOD. It offers an additive manufacturing, computational mechanics, test measurement and software development capabilities to its main client, the DOD, as well as to the commercial clients in the defence industry. This type of work involves investigation on Weapon Systems Launch Response, Integrated Ballistics Simulation, Artillery Range Extension Mechanisms, Ammunition Technology, 3D Printing Hybrid Rocket Motor Grain and Weapon Mounting Dynamics.

**2.6 Observations by Committee Members**

* The Committee enquired into the cooperation/competition between the CSIR, Armscor and Denel. It was pointed out that there are areas where Armscor can work with private sector. Armscor subsidiaries focus specifically on the military and CSIR/others do not. Armscor also takes care not to duplicate the work of the CSIR and they indicated that they even outsource some work to the CSIR.
* A question directed at the work of Ergotech related to the problems that the SANDF had with boots in DRC, which some Members observed personally during an oversight in March 2018. The response was that although Ergotech could provide guidelines and recommend the standards and quality that equipment should adhere to, they were not responsible for the final procurement of such products. Most complaints are on the quality of materials used to manufacture the boots and uniform, but Ergotech only provide anthromorphologic data.
* It was further pointed out that Ergotech assists with the recommendation of specifications for the type of boots to be used but the DOD does not manufacture and relies on what is available in the market. e.g. when Special Forces could not find the type of boot they wanted in South Africa, they then needed to import. However, the DTI restricted them from importation, insisting on local procurement, despite the fact that these boots were not locally available. When requesting an exemption from DTI, it added to the time to procure the boots, which impacts on the Special Forces’ operational capacity. After several engagements with DTI on sourcing boots from abroad, the DTI came back the previous week with an exemption to procure, but limited it to 500 pairs of boots.
* Armscor agreed that given the confidential DOD information that they are privy to, they keep medical information confidential and stressed that all scientists are vetted.
* The Armscor Board Chair indicated that military procurement is not centralised and that it could make sense to develop a capability to produce military requirements internally, if needed.
* Regarding Protechnik, it was asked to what extent Chemical and Biological Warfare (CBW) is still a threat and whether the capability is still justified. The response was that it is still justified and that the unique capabilities and skill-sets in this entity, speaks to sovereignty and strategic independence, and that the country needs such capabilities to be readily available.
* On the questions of some of the reasons why they are losing scare skills, the response was that scientists are in demand and that they get “poached” by entities such as Prasa/Transnet and the private sector.

At the conclusion of the Armscor facilities visit, an opportunity was allowed for Members to join their respective Caucus meetings while en route to Denel Lytleton Campus.

**3. SITE VISIT TO DENEL LYTLETON CAMPUS ON 21 APRIL 2022**

On arrival at the hangar where*, inter alia*, the Badger Infantry Fighting Vehicle is assembled, the Delegation was shown the various aspects in assembling the Badger by some of the engineers and personnel involved in Project Hoefyster. It was emphasised that no photo taking was allowed given the confidential nature of the project.

The Committee was shown the various components of the Badger, i.e. such as the platform on which it is built and the Turret. After the assembly, a system check is performed in order to ensure the functionality of the system. The Committee was informed that it takes the Engineering team a total of 1 200 hours to complete a single system. The Delegation was then taken to the second workshop where spray-painting is being done. Members were shown the 15 Badger Systems that have gone through the assembly stage and are partially complete/operational. The Training Simulators, where the drivers are trained to operate the system, was also shown to the Delegation. Members were also shown the parts storage facility where various new and unused component parts of the Badger system are stored. The Committee was informed that the parts have been in storage in excess of 5 years.

On conclusion of the tour of the facility, the Delegation was invited for a short ride in four Badgers to the presentation venue. The presentation on Denel Land Systems (DLS), was marked “controlled confidential” focused on the following:

**Key aspects emerging from the Denel Presentation on Project Hoefyster:**

The DLS manpower history was reflected as follow:

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Manpower** | **Reduction** | **Percentage** |
| May 2020 | 476 | - | - |
| December 2021 | 427 | 49 | 10,22 |
| May 2021 | 379 | 97 | 20,25 |
| December 2021 | 263 | 213 | 44,74 |

**The DLS’s Business risks were listed as:**

|  |  |
| --- | --- |
| **RISKS** | **MITIGATION** |
| **Non Payment of salaries/related payments**  •Salaries outstanding: R 147 m  Related payments: R163 m  •Suppliers Estimate: R 700 m  **Loss of Critical Skills due to salary payment inconsistencies results in:**  •Resignations lead to single resources and no skills to sustain business (243 resignations since May 2020/ 78% critical skills) | **Work stoppage by Organised labour**  • Ring fencing of projects to generate cash (110 employees)  • Business sustainability Denel.5Y  Critical Skills required due to resignations to ensure cash generating sales  • Approval of Policy (Flexible Resources |

DLS also provided a development overview of Project Hoefyster:

* The design and development phase of the programme is, to a large extent, complete and only about 9% of work by value to update and complete the data packs is outstanding. The current major issue is delays in processing the lead variant project product baseline deliverables with Armscor since April 2020.
* Overdue intervention from executives (SA Army, Denel and Armscor) of these organisations in dispute resolution mechanisms to unlock Development finalisation has become extremely critical.

The DLS Development schedule, according to what Denel claims is possible going forward, was presented as follow:

|  |  |
| --- | --- |
| **BADGER VARIANT** | **FORECASTED FINISH DATE** |
| **SECTION** | Armscor still doing internal processes which impact conclusion of other variants. Position Paper with Armscor since March 2021 |
| **FIRE SUPPORT** | 3 – 5 months – Armscor response |
| **MISSILE** | 14 – 18 months – Armscor response |
| **COMMAND** | 8 – 12 months – Armscor response |
| **MORTAR** | 10 – 14 months – Armscor response |

**Production Phase Overview**

* The production phase has been on hold uncontractually mainly due to Armscor’s refusal to accept deliverables according to terms and conditions of contract.
* This has, as a main contributing factor, led to inability of Denel to meet its contractual obligations with Hoefyster suppliers, leading to a huge liability exposure on Denel with associated litigations –e.g. SAAB, SME, Patria, Parker etc. Denel view based on current Armscor cancellation recommendations is that:
* This ill-considered alternative to suit only Armscor is likely not to succeed as it will result in a R5 bn write-down in Denel, to be funded by Government.
* The SANDF to spend circa R 2.6 Billion, as informed by the termination clauses.

**Capability to Deliver**

* In Section variant, which is the major deliverable, all jigs and fixtures are in place, all production documentation is completed (the production recipe has been written).
* Only limited delta work to be done on the other variants (Industrialisation).
* Given the delay in Production Phase, there will be a level of re-industrialisation required in the production environment.
* Majority of the work (70%) is done by SADI for this phase -Denel conducts the integration of units that are supplied through SADI.
* Uncertainty on the future of Denel and limited operations disable any planning and will be key to support the above when properly addressed, hopefully in near future as the situation is deteriorating beyond control threshold.

**Why continue with the Programme?**

* Support SA Army to fulfil its constitutional mandate through deployable capability
* Reposition South Africa in the world as a force to be reckoned with in the defence sector
* Sustainability of Denel Capability base to support SANDF maintenance of its fleet, and major contracts
* The already developed level of ballistic protection, mobility, and firepower already far exceed that of the aging Ratel
* Upgrading of the Ratel as an alternative will face major obsolescence issues, making it a lengthy and expensive alternative
* Retention and creation of Jobs and stimulation of the economy
* Enhancement of skills in Science, Defence Technology, Engineering and Maths
* Sustainability of local defence sector and establishment of BBBEE suppliers.

**Way Forward**

The following key decisions need to be aligned and taken across all stakeholder levels until the final position has been agreed and approved contractually:

* An agreed meeting between Denel CEO, Armscor CEO and Secretary of Defence to advise on moving the programme forward.
* Chairpersons of the respective Boards of Directors, respective CEOs, Ministries of Defence and Public Enterprises, National Treasury and cabinet support for this programme to proceed as proposed.
* Acceptance of Section Variant Development Baseline by all stakeholders to unlock Phase 2.
* Unlocking sales of Pre-Production Models (PPMs –R170 million) and Line Replaceable Units (LRUs –major components –R400 million) to generate much needed cashflow.
* Continued sitting of the joint Armscor/ Denel EXCO and STEERCOM respectively to ensure execution alignment on the programme.

**3.2 Armscor’s response to the presentation**

The CEO of Armscor and the Group Executive: Acquisition and SCM, Mr M Teffo, responded to the presentation as follow:

* A letter from Denel in 2018 noted that they are unable to meet all the specifications of the Project Hoefyster contract.
* Subsequently, after a number of engagements, there was a proposal to move forward, but some capability gaps remained and especially the funding of the Project remained a concern given that significant funds have already been invested.
* It was agreed by both Armscor and Denel that Phase 1 has not been completed.
* Challenges that remained include the fact that the 30mm gun was not fully developed; that the gun’s accuracy remained a problem; and that the smoke extractors did not work effectively.
* Denel is therefore not able to deliver on Project Hoefyster according to the timelines and system requirements put forth by Armscor as contract management agent for the SANDF.

**3.3 Observations and questions by Committee Members**

* The Committee enquired about the reasons why Denel was unable to finalise the project to specifications.
  + Denel’s CEO responded that there was complexity in the project and that there were decisions made on Project Hoefyster in the past that were outside the scope of the project. For example, with only 70% of engineering design completed, Denel started production, which was wrong. Denel and Armscor agreed on this and stated it to be one of the reasons why the Project was facing so many challenges today.
  + Denel’s CEO further stated that Armscor, the DOD and Denel need to reach consensus on outstanding issues and then decide on a way forward.
  + Armscor CEO in turn pointed out that Armscor needs to determine what Denel can and cannot do. He stressed that DOD, as the client, wants certainty on what Denel can and cannot do and they want to know whether Denel can deliver and, if not, what were alternative vehicles that will then be delivered.
  + He further pointed out that there was an agreement to establish a team to guide the way forward, but emphasised that Armscor remains liable for the contract if the product is not delivered.
* One question related to how far Denel is to deliver fully completed vehicles to Armscor, even if it is not the full number of Badgers as specified in the original contract, as well as whether they have the cash-flow to fund the completion of some of the variants. Members were referred to the Forecast Finish Dates in the Denel presentation, with a focus on the finalisation of the development phase that can be completed rapidly. Denel’s CEO also pointed out that the Entity specialise in integration and most of the contracts have made use of SA Defence Industry role-players. He remains hopeful that if there is agreement, Denel can deliver part of the contract.
* Members expressed concern around the significant loss of skills at Denel, specifically engineers, which could limit the capacity of the entity to deliver on Project Hoefyster. On the question of whether they are able to get engineers and other specialists to return when needed if the go-ahead is given, the response was that they know where some of these specialists are and some have indicated that they are willing to return if requested to do so.
* On the parlous financial situation Denel finds it in, the response was that the R1.8 billion bail-out went to suppliers (R900m) and SARS (R400m), and that not much was left for salaries. Denel then started ring-fencing specific projects to allow some projects to run, however, this means that the rest of Denel is “crumbling.” Their salary bill was R10m per month and DLS generates only about R4m per month of which R2m is for ring-fenced projects. The Denel CEO stressed that if Project Hoefyster collapses, DLS will collapse.
* On the question whether they still have the capacity to deliver, the CEO responded that there is a small number of people who are still with them, but the bulk of the work (70%) will have go to SA Defence Industry role-players while Denel will focus on systems integration.
* In response to the question how they will get out of this situation, it was stated that Armscor and Denel is working on a solution and that Denel have to look how they can fund the estimated R171m required to complete Phase 1 (the Development Phase). Of the 244 original order, Denel has different scenarios where it can deliver between 150 and 176, but that it is important that Denel and Armscor decide whether they can meet each other half-way.

**4. OVERSIGHT SPECIAL FORCES SCHOOL ON 22 APRIL 2022**

The Delegation was met by the Officer Commanding of the School and invited to a presentation on the Special Forces Brigade as a whole and the School in particular. The first presentation was done by Col Jerry Mogorosi, the Brigade’s Logistics Senior Staff Officer in the absence of the General Officer Commanding Special Forces, Brig Gen Mashego who was attending a handing and taking over parade of the Brigade’s Sergeant Major.

**4.1 Presentation**

The presentation highlighted the following:

**Strategic Profile**

Focus was on the Special Forces’ mandate, vision and mission as well as the values of military professionalism; integrity; respect and accountability. The latter in view of the fact that operators are entrusted with equipment worth millions of rands. The next section dealt with its Command and Control where it was emphasised that they report to Chief of Joint Operations (CJOPS), who are tasked by the Chief of the SANDF regarding special operations. Their different units in the country center on the Special Forces’ Headquarters, School, Supply Unit, and the two operational units namely 4 Special Forces Regiment (SFR) in Langebaan and 5 SFR in Phalaborwa, each with its own specialised training.

**Role and Functions**

These include:

* Special Reconnaissance to enhance situational awareness
* Direct action missions- jointly, independently or in conjunction with allied partners
* Combatting terrorism
* Countering threats and support to RSA Government departments.
* Advise, organise, train and assist allied nations
* Conduct unconventional warfare missions
* Conduct special search and rescue operations

**State of infrastructure and facilities**

Here emphasis was placed on issues such as the:

* Encroachment of informal settlements near/close to the bases in Wallmansthal and Phalaborwa
* At the Madimbo corridor challenges are being experienced with land claims and potential mining rights on the military property
* Serous infrastructure and living accommodation challenges are being at 4 SFR, 5SFR and te SF Supply Unit.
* The State of the road infrastructure at the SF Headquarters, and potholes at 5SFR, are some of the other challenges.
* Related to the encroachment, is the security of the bases, especially the fences such as at SF School and at the SAWONG (SA Weermag Opleidingsgebied) training area near Phalaborwa.

**Critical Success Factor: Facilities Master Plan at the SF School**

The SF Brigade proposed that the SF School be extended to allow for a state of the art facility to assist with the very specialised training of special force members. The proposed extension’s cost analysis amount to a projected final cost of R510 m which include the design costs; construction costs; pre-contact escalation as well as contract price adjustments. The projection is that the total project will be done in phases over six years.

**Strategic and administrative challenges**

The following challenges were listed:

* Procurement and especially the role of Armscor especially related to specialised equipment that can only be sourced from abroad
* Budget cuts and its impact on for instance flying and sea hours for especially training purposes
* Land claims and the resultant uncertainty for future projects and planning
* Staffing especially the appointment of Public Service Administration Personnel (PSAP) members and critical logistic personnel.
* Others include challenges with maintenance contracts; impaired mobility due to lack of sufficient log, combat vehicles and boats
* Electricity challenges at SF School where the generator cannot supply the server due to lack of electricity at Wallmansthal; that the Computer Aided Logistics Management Information System (CALMIS) can’t operate with a generator, and that the School has been without electricity for almost 15 months.
* Shortage of water within SF School where water pipes have been vandalised, while there are also water challenges in the SAWONG training area, which forced the SF Brigade to utilise water tanks (jo-jo tanks), and water bunkers.

Concerns around the conditions of service related to, inter alia, security clearances; vetting; aging and deteriorating infrastructure; and, no replacement of PSAP members when they exit the system.

**4.2 Observations and questions by Committee Members**

* One of the first questions related to the state of Special Force’s equipment and the kind of equipment they require as well as what their intelligence requirements were.
* Concern was also raised about Special Forces’ need for air support which has not been as forthcoming from the SAAF, and the impact this has on air-time for parachute training.
* A question was raised about what has been done by SFs management to address the situation in terms of accommodation for their members, the general poor state of these facilities and, especially, what kind of recommendations they have in this regard.
* The presenters were also requested to explain what they mean by ‘we are working independently.’
* One Member stressed that the Committee needs the SANDF/SF to note what really needs to be prioritised and what kind of interventions are required.
* In this context the Committee felt that issues of water, electricity and land claims/invasions should be prioritised, given its knock effect on other activities.
* Given that various departments, entities and municipalities are involved to address some of their challenges, the question was asked whether there is a multi-party platform where all these aspects are considered.
* The fact that the restricted budgetary allocation impact on their activities led to the question what they can actually do with what you have.
* Concerns were also expressed around Supply Chain Management/procurement challenges, especially given that the SFs need to be able to respond to developments in a short space of time.
* The Committee enquired with whom the School has spoken to address the electricity challenges and who should be replacing the stolen electricity cables. The response was that there were several engagements with the City of Tshwane regarding the electricity cables. As they are utilising diesel for the generators, the Committee enquired about the amount and whether these figures can be provided, which the presenter undertook to do.
* Regarding the water supply, the Committee was informed that Magalies Water supply water to the area, but that the water problem has been with them for a long time. They informed the Delegation that members of the public resident in the informal settlement nearby intercepted the water, but the current situation was that the infrastructure has been permanently damaged. It was also asked why they are not drilling bore holes for water.
* On the question what they have been doing to address the matter of land invasions around military facilities across the board, the response was that many letters have been written through DWF to relevant institutions.
* Lastly, the Committee enquired whether the extension plans for the project to build a new state of the art SF school, has been approved to Military Command Council. The response was that these have been shared with higher authorities, but to date no feedback has been received at the level where they are operating.

The Committee subsequently visited the Special Forces Urban area training facility in the Base, after which it was shown where the electricity cables have been stolen along the 4 Vehicle Reserve Park fence line. Members were also shown the high number of unserviceable and old vehicles at 4 Vehicle Reserve Park (4VRP) which is at an increasing risk of vandalism and theft. It was indicated that these vehicles need to be disposed of, as these increased the risks of fires that often flare up. This concluded the Oversight visit to Special Forces School, after which the Delegation departed to Irene where the DMV Headquarters are situated.

**5. OVERSIGHT VISIT TO THE DMV HEADQUARTERS IN IRENE ON 22 APRIL 2022**

The concluding oversight visit was to the DMV Headquarters in Hatfield, Pretoria, which was shortened due to time constraints. The DG, Ms Irene Mpolweni, welcomed the Delegation and after a few introductory remarks, was invited by the Leader of the Delegation, Mr Thabo Mmutle, to proceed with the short presentation.

**5.1 Presentation**

The presentation covered the following aspects:

* **DMV Headquarters**

The DMV’s HQ lease expired at end November 2018 and has since been leased on a month to month basis. The DMV is engaging National Treasury with the assistance of DPWI to acquire the PRASA building and on 14 October 2021 DPWI indicated that they have commenced with these engagements.

* **Provincial Offices**

An outline was given of the expiry and renewal of the various lease agreements of the provincial offices. In KZN a shared building was acquired, while in Limpopo the DMV was invited to a site inspection on 14 October 2021 and DPWI is finalising the evaluation. In Johannesburg DPWI indicated they received an approval for the DMV request and a Bid Specification Committee was supposed to be arranged for 15 October 2021.

The DMV indicated that they will continue to engage DPWI weekly and on monthly bilateral meetings to finalise the acquisition of the DMV HQ.

* **DMV Call center**

The DMV, through its business agreement with SITA, has entered into a Service Level Agreement which include the Annexure for Service Desk Services. The technical aspects of the Call Center include the following:

* Call Center equipment
* Maintenance and functional support
* Call payback (a toll free number which allows for DMV to consume the costs of calls)
* Training of DMV Call Center users
* Reporting tool for systems uptime.

**5.2 Observations by Committee Members**

* Members enquired whether the Department is enjoying legal protection if they do not provide the eleven benefits as provided for in the Military Veterans Act (No. 18 of 2011). It was for instance noted that the DMV had committed to delivering the pension benefit by the 1st April 2022, and this has not materialised. A concern was raised that this may open up the DMV to litigation.
* Members also questioned whether the housing benefit includes assistance with the removal of asbestos roofs if these are the military veterans’ own properties and if other benefits exit such as settling the bond. The DG responded that housing is implemented at provincial and municipal levels, and that plans have been requested from the provinces and municipalities.
* Members inquired what is being done to assist military veterans to access the medical benefits, as they are complaining to Members of Parliament that they are far from the medical facilities and get little assistance from DMV, when they required these services. The DMV noted that the SA Military Health Services (SAMHS) remain the primary healthcare provider through which the DMV provides services. For non-elective procedures, SAMHS refers veterans to private facilities and for elective procedures the DMV transfers patients.
* Concerns were also raised around the school benefit such as school fees where in one case it required the assistance of a Member of Parliament to see that a disabled child is being assisted. The DMV admitted that a major challenge is the fact that all applications are processed manually, which is problematic and slow. Further, some schools do not comply with required legislation which complicates the roll-out of the education benefit in some cases.
* Members lamented the fact that given the restricted time available for engagement, that they will not be able to do justice to, for instance, the continued lack of progress to cleanse and finalise the military veterans’ database.
* Pertinent questions were raised around the fact that the headquarters lease expired at the end of November 2018, yet no new lease has been signed and, in particular, no new/alternative headquarters could be sourced in this period. In addition, and very concerning, is the fact that the headquarters rental is now being paid on a month to month basis, which is not only more expensive but also incurring additional costs which could have been prevented.
* Related to the headquarters lease, questions were raised around the ownership of the building given this protracted process. The DG noted that the current building used is owned by NMI Group Limited.
* The question of access to the DMV and staff at the headquarters was again raised as Members are continuously approached by military veterans regarding the disrespectful treatment by DMV staff. It was reiterated that this is unacceptable and that the DMV needs to improve on its service delivery and especially treatment of military veterans.
* The Committee noted the number of vacant Senior Management positions leading to officials acting in these positions. This was lamented against the background of four Senior Staff members who are on precautionary suspension. Clarity was sought on whether provincial offices were fully capacitated to assist military veterans, and what the relationship between the headquarters and the provincial offices are.
* The Committee raised its concern around the statement by the DG that the building was not secure and that this poses security risks to staff and wanted to know how this impact on the core business of the Department.
* Questions were raised around the functioning of the Call Center, whether it’s is fully staffed and operating optimally to assist military veterans with their queries. The DMV noted that the Call Centre is currently functional, but that some problems still exist. The Department is trying to address problems with SITA and is currently looking for a different operating system.

**6. RECOMMENDATIONS BY THE COMMITTEE**

Given the briefings the various defence-related facilities, the SF School and DMV Headquarters as well as the responses to questions by the Delegation, the PCODMV makes the following recommendations:

**7.1 Armscor Facilities**

* Concerns raised in several units during the Committee’s oversight visits were around the lack of adequate military uniform and boots, which ought to be addressed urgently as this relates to the basic operational needs of any military force. The Committee recommends that the DOD calculate the requirements in this regard and shift funds in the 2022 adjustments budget to address the problem. The DOD should report back to the Committee during deliberations on the adjusted budget for 2022/23. Armscor’s ergonomics division should also be consulted to ensure the appropriate uniform and footwear are procured for the SANDF.
* The Committee is aware of the financial constraints under which the DOD is functioning and that the sweating of assets to raise funds is a ministerial priority. To this end, the Committee is concerned about the high number of old and unserviceable vehicles at military facilities that ought to be sold for scrap metal and/or parts. The Committee recommends that the DOD and Armscor jointly develop a plan to speed up the generation of revenue through the sale of old equipment. The DOD and Armscor should report progress on this plan to the Committee during deliberations on the adjusted budget for 2022, including how the projected revenue will be spent.

**7.2 Denel – Project Hoefyster**

* The Committee observed a disjuncture between the views of Armscor and Denel on the prospects of Project Hoefyster. The Committee therefore notes the urgent need for a final decision on Project Hoefyster as further delays impact negatively on the SANDF’s operational capability, Armscor’s contract management responsibilities and Denel’s future planning. The Committee recommends urgent engagements between Armscor, Denel and the SANDF on the future of the project. Armscor should report back to the Committee in writing, not later than 21 July 2022, on the outcome of such engagements and the way forward for project Hoefyster.
  1. **Special Forces Brigade and School**
* During several recent oversight visits, the Committee has noted the impact of human settlements on military areas, notably land invasions of areas adjacent to military bases and Defence Entities. While the Committee is cognisant of the sensitivities around human settlement requirements in South Africa, it is concerned about the security of military bases and the safety of surrounding communities. The Committee therefore recommends that the DOD and other relevant departments work together to find a lasting solution to land invasions around military bases. The DOD should also provide updates in its Annual Reports, starting with the 2021/22 Annual Report, on progress in this regard with a detailed breakdown of affected areas and relevant engagements to address the matter.
* The Committee noted the observation that several SANDF areas are subject to the land claims process. The Committee is also aware that, by 2021, the DOD was still awaiting the Regional Land Claims Commissioner to submit the official Request for the Release of State Land to DPWI. The DOD should, in subsequent Annual Reports, provide a more detailed breakdown of the specific bases and military areas under land claim and the progress on this specific claim.
* The Committee noted the special equipment requirements of the SA Special Forces and the need for the Force to maintain constant operational readiness. In this regard, the Committee recommends an engagement between the DOD, the DTI and National Treasury on the establishment of a permanent, reasonable, departure or special dispensation for foreign procurement for specialised equipment unique to the Special Forces’ environment. The DOD should prioritise this engagement and provide feedback on its outcome to the PCODMV during deliberations on the adjusted budget for 2022.
* The non-availability of electricity and water at several military bases in the Wallmansthal area is of extreme concern to the Committee, especially since this has been the case since 2017. The Committee recommends urgent intervention from the DOD, Eskom and the City of Tshwane to address this matter. The DOD should report in writing to the Committee on progress in this regard no later than 2 months after adoption of the report. Should a permanent solution to the repair of electricity lines not be possible, the DOD should consider the use of solar or other power generation as an alternative means to supply units in the area.
* The Committee noted the non-availability of electricity at for instance 4 Vehicle Reserve Park, and its impact on the proper storage of Prime Mission Equipment (PME) which need to be stored under certain climatic conditions. The Committee thus recommend that during its third quarterly meeting, the DOD should brief the Committee on measures to address the lack of electricity at military bases, and the subsequent impact thereof on the proper storage of PME, including at 4 Vehicle Reserve Park.
* The Committee further recommends that in order to process the issues of the Special Forces Brigade, the Committee should convene a closed meeting with the Senior Management of the DOD to deal with the challenges faced by the Special Forces.

**7.4 DMV Headquarters**

* The Committee recommends that the DMV should prioritise the delivery of medical benefits to military veterans, as Members continue to receive complaints in this regard. It was also stressed that the bursaries for school fees should be enhanced especially in the case of disabled children, as challenges in this regard from DMV side further complicate an already challenging situation.

* The DMV should during its Third Quarterly meeting with the PCODMV report specifically on the DMV Headquarters lease, and in particular what they have done to address the situation, as the first lease has expired in November 2018. They should also report on all leases for the Provincial Offices and also whether these offices are functional and fully staffed. The DMV should explain what they are doing in the interim to make the DMV Headquarters more secure given the security risk that the building poses.
* The DMV was encouraged to further enhance the Call Center and actively improve awareness of the Call Center amongst military veterans, given the reported challenges to access the DMV Headquarters and provincial offices. Progress on the finalisation and improvement of the Call Centre and the Integrated Database Management System should be reported to the Committee during the Third Quarterly meeting.

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The Committee would like to extend its gratitude to all the personnel at the Armscor and Denel facilities, the Special Forces School and the DMV Headquarters for their cooperation and sharing their challenges with the Committee in an open and transparent manner. The Committee also extends its appreciation to the Members of Parliament and Committee Support Staff who made this oversight visit possible and ensured that it was successful.

***Report to be considered.***