**Report of the Portfolio Committee on Defence and Military Veterans on Budget Vote 26 Department of Military Veterans, Dated 17 May 2023**

The Portfolio Committee on Defence and Military Veterans (PCDMV), having considered Budget Vote 26, Military Veterans, and its 2023/24 Annual Performance Plan (APP) on 10 May 2023, reports as follows:

**1. INTRODUCTION**

**1.1 Mandate of the Committee**

Section 55 (2) of the Constitution of the Republic of South Africa (1996) states that “The National Assembly must provide for mechanisms (a) to ensure that all executive organs of state in the national sphere of government are accountable to it and (b) to maintain oversight of (i) the exercise of national executive authority, including the implementation of legislation; and (ii) any organ of state.”

**1.2 Process**

The Portfolio Committee considered the Department of Military Veterans’ (DMV) 2023/24 APP as well as its budget allocation on 10 May 2023. The Committee made several observations that led to recommendations to the DMV, to enhance their performance for the remainder of the financial year. The Department’s annual budget allocation is outlined in National Treasury’s 2023/24 Estimates of National Expenditure (ENE) as Vote 26. The DMV submitted its APP for 2023/24 to Parliament late, on 10 May 2023, and not in compliance with parliamentary regulations.

**2. FOREWORD BY THE MINISTER AND DEPUTY MINISTER**

The Minister points out that the Department’s priorities are, *inter alia*:

* The finalisation and implementation of its integrated human resource management strategy in the Department.
* The finalisation and implementation of its desired organizational design to support its mandate.
* The Development and promulgation of regulations of the: Advisory Council: Appeal Board and the National Military Veterans Association.
* Human settlement for Military Veterans.
* Consolidating the social wage through reliable and quality basis services.
* Education, Skills and Health for Military Veterans and their dependents
* Economic Transformation and Job Creation for Military Veterans.

Crucially, in relation to previous concerns expressed by the PCDMV and the Auditor-General of South Africa, the Minister concludes in her foreword that “The Ministry is fully aware of the organizational, managerial and leadership challenges faced by the Department of Military Veterans which impact negatively on its ability and capacity to deliver services to the stakeholders. This is a matter that needs to be attended to with the necessary speed to finally restore the dignity of the Military Veterans and to be aligned to the constitutional injunction to honour those who fought and sacrificed to bring about this democracy.”

**3. CONTRIBUTIONS OF THE DMV**

**3.1** **Main objective of the Department of Military Veterans**

The main objective of the DMV is to provide national policy and standards on socio-economic support to Military veterans and their dependants, as well as policies and standards on heritage and empowerment programmes including those that contribute to nation-building and reconciliation.

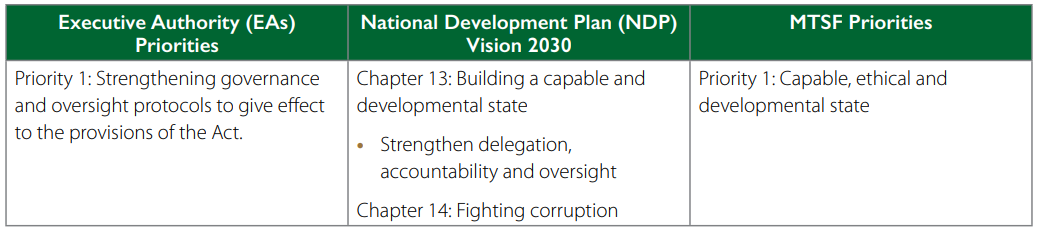
**3.2 The State of the Nation Address, National Development Plan, Medium Term Strategic Framework and the Executive Authority Priorities**

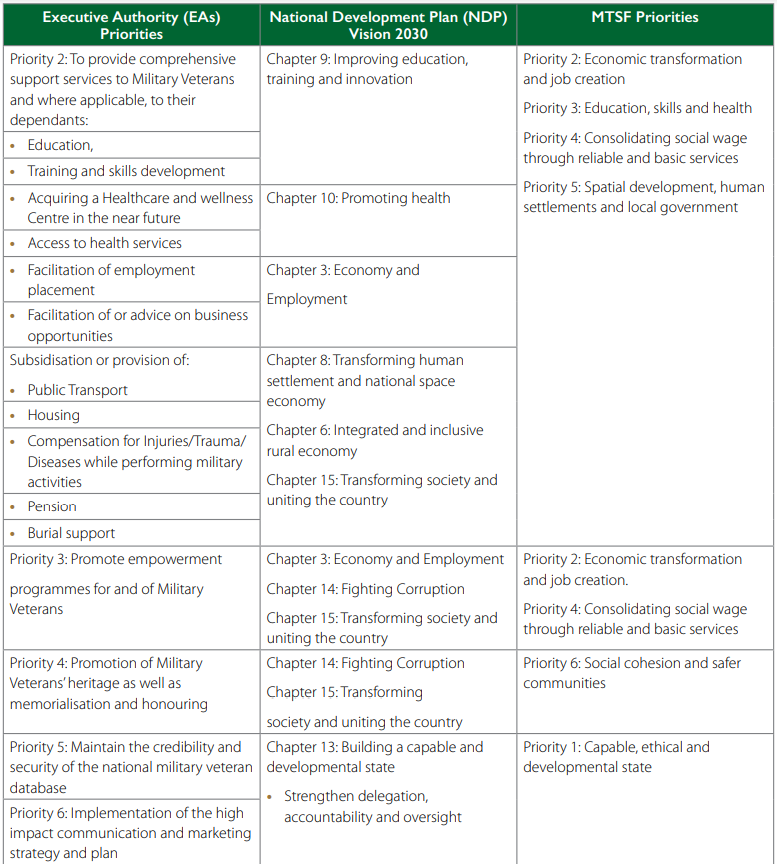
Similar to the previous APP, the DMV’s 2023/24 APP makes reference to the State of the Nation Address (SONA), the Medium-term Strategic Plan 2020 – 2025 and the National Development Plan (NDP).

During the SONDA of 9 February 2023, the President highlighted that the most of the issues concerning South Africans are, amongst other things, load shedding, unemployment, poverty and the rising cost of living and crime and corruption with the immediate priority is to restore energy security. In 2023/24, the Department will look at how to implement the rooftop solar energy solutions in the newly build houses of military Veterans. The Department will also conduct fraud risk assessments to determine areas of possible fraud in the Department.

The DMV also states that, within the context of a developmental state as envisaged in the NDP Vision 2030 and the SONA, the Department acknowledges the importance of the objective of building a fully functional Department over the MTEF in order to enable it to provide the socio-economic support services and benefits to Military Veterans where necessary their dependants in an effective, efficient and sustainable manner.

It lists the contributions to the NDP, the Medium Term Strategic Framework Outcomes and the Executive Authority Priorities in a tabular format, as follows:

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**Table 1: DMV contributions to the NDP, MTSF and Executive Authority’s Priorities**

**4. COMMITTEE 2022/23 BUDGET REPORT**

In order to include a holistic review by the Committee, past recommendations are included. The Committee made the following recommendations in terms of the 2022/23 APP of the DMV:

1. The Committee recommended, as in the past, that the DMV should speed up the capacitation of all provincial offices during this financial year, as it has been informed of such attempts for the last five years. In addition, it should report on all leases at its next quarterly engagement with the to the Committee.
2. It was recommended that the DMV look into their Organisational Culture during the team building sessions to address some of the reasons why recently-appointed personnel, in some cases, leave soon after their appointment. The Department should indicate to the Committee whether its Human Resources Plan has a retention strategy and especially how well it is being implemented if it is in place, at the next quarterly meeting.
3. The Committee recommended that the Department should prioritise the verification of its moveable assets to address the audit query as this will also allow them to ensure that all these assets are accounted for and not open to abuse.
4. The determination of the monthly quantum for the pensions was welcomed and the Committee encouraged the Department to move speedily to roll out this benefit based on the dire situation of many military veterans.
5. It is recommended that against the background of the already restricted Human Resources capacity, and the continued number of vacancies at especially senior management level; that the suspension of the four senior officials should be addressed as a matter of urgency. This against the background that the Department has previously justified its poor performance and underspending on a lack of sufficient HR capacity. Quarterly feedback on the resolution of the suspensions should be provided.
6. The Committee once again urged the Department to address the challenges in the IA division as soon as possible given its crucial role in being an early warning system as well as assisting with good governance.
7. It was stressed that the Department should endeavour to deliver benefits as humanely and efficiently as possible as the lack thereof may be a matter of life and death for beneficiaries who are often due to their age, in dire straits.
8. The Committee recommended that the DMV should clear the backlog payments to NSFAS as soon as possible as some date back as far as 2018, to ensure that students are accommodated and not being penalised due system problems between the Department and NSFAS. The Department should provide a progress report in this regard at their next quarterly engagement with the Committee.
9. The Committee advised that the Executive Authority and the Department should address the issues of concurrence and ensure that agreement in this regard is reached before engaging the Committee.
10. The Department was advised to properly engage with municipalities with regards to the District Development Model, to ensure that the needs of military veterans are optimally catered for at this level of government.
11. Given that the means test has been put on hold, the Committee advised that the Department speed up the finalisation of the amendment bill to ensure that benefits are more effectively delivered to military veterans. The Department is, however, encouraged to ensure that it executes its functions in line with existing legislation.
12. While appreciating the work and progress made by the Presidential Task Team on Military Veterans, the Committee encouraged the Department to use this opportunity to its fullest to solicit the support of other departments, the provincial and local governments, to ensure that benefits are delivered speedier and effectively.

**5. DMV MANDATE AND STRATEGIC FOCUS**

**5.1. DMV Mandate**

This section lists the Constitutional mandate as derived from the 1996 Constitution and refers to its legislative mandate originating in the Military Veterans Act (No. 18 of 2011), the Military Veterans Benefits Regulations and several other acts and policies that relate to its mandate. They also list various institutional policies including the White Paper on Military Veterans, a Beneficiary Support Services Policy and the Subsidised Public Transport Policy.

The DMV notes two relevant court rulings. In the first, the DMV was ordered to pay monthly compensation payments retrospectively from 2016 in relation to a military veterans’ death. The matter is currently being appealed by the DMV. Secondly, in relation to the Zeal Health matter, the court ruled in favour of the DMV and set aside the irregularly awarded contract. The matter is under appeal by the litigant in the Supreme Court of Appeal.

**5.2 DMV Strategic Focus**

This Part deals with the DMV’s vision, mission, organisational values, situational analysis, external environment analysis, and internal environment analysis.

The DMV’s APP refers to the NDP 2030 Vision and points out that the APP aims to reinforce the role played by military veterans in the past and creating awareness of current benefits. The 2023/24 APP – as with previous APPs - outlines the DMV’s contribution to the Executive Authority (EA) Priorities, National Development Plan (NDP) Vision 2030 and Medium Term Strategic Framework (MTSF) Priorities 2019-2024 under the heading Updated Situational Analysis. The EA priorities align with the various benefits, and these are linked to the relevant NDP chapters which are further expounded upon in the MTSF priorities such as Priority 2: economic transformation, etc.

**External Environment**

This section of the APP explains that the economic growth pattern of South Africa shows that the economy has for some time expanded at a rate significantly below what is required to meaningfully address the triple challenges of poverty, inequality, and unemployment. This is compounded from the lingering effect of the Covid-19 pandemic. The DMV thereafter notes performance against its 2020 Strategic Plan and highlights several areas of non-performance and how the external environment impacted on this, as follows:

* The DMV has received unqualified audits in 2021/22.
* For the 2021/22 financial year, the Department planned to achieve 19 performance areas. Of the 19 targeted performance areas planned, eight (8) targets were achieved which constituted to 42% overall achievement.
* Programme 1 planned 5 targets and achieved 4; Programme 2 planned 8 targets and achieved 2 and Programme 3 planned 6 targets and achieved 3.
* In Programme 1 the reasons for non-achievement was mainly due to non-adherence to the IDBMS project timeline.
* In Programme 2 reasons for non-achievement was mainly due to slow progress on construction of houses for military veterans across provinces; pension policy not implemented as planned
* In Programme 3 reasons for non-achievement was mainly due to inadequate systems and process including the capacity to deliver on the planned targets.
* During 2021/22 financial year, the Allocation Vote 26: Department of Military Veterans in the Estimates of National Expenditure was R607.4 million. The Department managed to spend R515.6 million or 89.4% against an allocation of R607.4 million with an underspending of R91.7 million or 15.1% of the total allocated budget.

### **Internal Environment**

The Department notes that it is continuing working on ensuring that there is an enabling legislation, regulations, policies, relevant systems, infrastructure and organisational design to ensure an effective and efficient functional department with capable human capital that will assist to improve service delivery to the Military Veterans’ community. The internal environment covers the institution’s capacity to deliver on its mandate. The DMV has received unqualified audit in the previous financial year. In achieving a clean audit, the DMV will continue to be in partnerships with Risk Management and Internal Audit to identify further policy/ process gaps and strengthen internal controls.

Nonetheless, the DMV has been facing challenges of delivering the service benefits to military veterans as espoused in the Act. The demands of service benefits include housing, pension, education, healthcare, memorial sites, and others.

# **6. DMV PROGRAMMES FOR 2023/24**

The 2023/24 ENE Vote 26: Military Veterans, states that the purpose of the Vote is to formulate policies and standards aimed at providing a comprehensive delivery system to military veterans and their dependants in recognition of their role in the democratisation of South Africa. As such, the DMV will over the medium term, continue to focus on providing key benefits such as health care, housing, education, training and skills development programmes to military veterans and their dependants.

# **6.1 Overview of the 2023/24 Budget and MTEF Estimates**

The DMV’s 2023/24 budget has increased with R224.7 million from the previous year in nominal terms and in real terms with 27.3% after adjustment for inflation. The biggest increase in nominal terms was in Programme 2 with an additional R171.8 million allocated. Programme 3 also sees a major proportional increase of R69.6 million (47.15% nominal increase).

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| --- | --- | --- | --- | --- | --- | --- |
| **VOTE 26: MILITARY VETERANS** | | | | | | |
| **Programme** | **Budget** | | **Nominal Increase / Decrease in 2023/24** | **Real Increase / Decrease in 2023/24** | **Nominal Percent change in 2023/24** | **Real Percent change in 2023/24** |
| **R million** | **2022/23** | **2023/24** |
| Programme 1: Administration | 151,4 | 135,5 | - 15,9 | - 22,2 | -10,50% | -14,68% |
| Programme 2: Socio-economic Support | 370,3 | 542,1 | 171,8 | 146,5 | 46,39% | 39,56% |
| Programme 3: Empowerment &Stakeholder | 147,6 | 217,2 | 69,6 | 59,5 | 47,15% | 40,28% |
| **TOTAL** | **670,0** | **894,7** | **224,7** | **182,9** | **33,5%** | **27,30%** |

**Table 2: Overview of the 2022/23 Budget for the DMV**

In terms of economic classifications, the following should be noted:

* Compensation of employees remains stable and increases only marginally from R133.4 million in 2.22/23 to R134.4 million in 2023/24.
* Expenditure on travel and subsistence is set to decrease from R57.5 million in 2022/23 to R42.4 million in 2023/24. This reduction is aligned to previous actual expenditure patters as the DMV did not spend more than R28 million in a single year on Travel and subsistence in the past three financial years.
* The allocation for Training and Development increases from R28.2 million in 2022/23 to R38 million in 2023/24.
* The biggest increase in the budget allocation is in terms of Households, which increases from R214.1 million in 2022/23 to R442.3 million in 2023/24. This is largely due to Social Benefits for veterans that increases from R48.041 million in 2022/23 to R344.15 million in 2023/24.

The latter point on social benefits is aligned to the statement of National Treasury that the increase in the DMV allocation “is mainly due to the allocation of additional funding amounting to R839 million for rolling out pension benefit to military veterans and their dependants, as well as R11.3 million over the same period to cover cost‐of‐living adjustments.”

### **6.2 Programme 1: Administration**

The main purpose of the programme is to provide management and strategic administration support to the Ministry, and overall management of the department.

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| --- | --- | --- | --- | --- | --- | --- |
| **Programme 1** | | | | | | |
| **Programme** | **Budget** | | **Nominal Increase / Decrease in 2023/24** | **Real Increase / Decrease in 2023/24** | **Nominal Percent change in 2023/24** | **Real Percent change in 2023/24** |
| **R million** | **2022/23** | **2023/24** |
| Management | 13,7 | 10,2 | - 3,5 | - 4,0 | -25,55% | -29,03% |
| Corporate Services | 75,8 | 70,4 | - 5,4 | - 8,7 | -7,12% | -11,46% |
| Financial Administration | 18,7 | 14,3 | - 4,4 | - 5,1 | -23,53% | -27,10% |
| Internal Audit | 12,5 | 10,3 | - 2,2 | - 2,7 | -17,60% | -21,45% |
| Strategy, Planning, Policy Development and M&E | 12,9 | 12,2 | - 0,7 | - 1,3 | -5,43% | -9,84% |
| Office Accommodation | 17,8 | 18,1 | 0,3 | - 0,5 | 1,69% | -3,06% |
| **TOTAL** | 151,4 | 135,5 | - 15,9 | - 22,2 | -10,5% | -14,68% |

**Table 3: DMV Programme 1 expenditure for 2023/24**

The biggest change in the allocation of funds in Programme 1 relates to the reduction in the Management as well as Financial Administration subprogrammes, which sees a nominal reduction of 25.55% and 23.53% respectively.

The reduction in allocation to Management and, specifically, Financial Management, is of specific concern, given the findings by the AGSA as follows:

* *Financial Management Findings by the AGSA:*
  + During the prior year, audit material misstatements were identified because of inaccurate and incomplete supporting schedules and reporting. This was due to the manual process required to compile and collate information, and the lack of adequate reviews and quality assurance processes.
  + The LOGIS system is not yet fully functional.
  + In the 2021-22 financial year, the department made use of a consultant to assist with preparation of the annual financial statements for a period of two (2) years. Despite the department making use of a consultant in the prior year for the preparation of the annual financial statements there were still material misstatements that needed to be adjusted in the annual financial statements submitted for audit.
* *Compliance management Findings by the AGSA:*
  + No investigations have been undertaken to address the reported fruitless and wasteful expenditure. Management has indicated that the matter is in progress, but no evidence was provided by management of the actual progress or actions that the department is taking.

The Table below highlights the **Performance targets** for Programme 1, which remain the same as in 2022/23.

|  |  |  |  |
| --- | --- | --- | --- |
| **Output indicator** | **2021/22 Performance (audited)** | **2022/23 Estimated performance** | **2023/24 Planned performance** |
| Audit outcome | Unqualified | Unqualified | Unqualified |
| Percentage of legitimate invoices paid within 30 days | 90% | 100% | 100% |
| Number of IDMS modules implemented | New target | 4 | 4 |
| Percentage representation of persons with disability | 2% | 2% | 2% |
| Percentage representation of women at SMS level | 54% | 50% | 50% |
| Number of liberation struggle history research outputs | Discontinued | 6 | 6 |

**Table 4: Administration programme performance targets**

**6.3 Programme 2: Socio-economic Support**

The main purpose of the programme is to develop and monitor the implementation of legislation, policy frameworks and service delivery cooperation agreements on compensation for injury in military service, counselling, education, healthcare, public transport, pension and housing benefits to Military Veterans eligible for such support.

The major increase in the 2023/24 budget allocation for the DMV relates to the additional allocation for Pension Benefits. This is managed under the Subprogramme Socioeconomic Support Management. The allocation for this subprogramme increases from R225.4 million in 2022/23 to R395.8 million in 2023/24, reflecting a 75.6% increased allocation in nominal terms.

The major questions around expenditure on the Pension Benefits relates to the non-finalisation of the Pension Benefit Regulations. These regulations are yet to be finalised and published and, until such time, it cannot be implemented. As such, the DMV is unlikely to be able to spend the increased allocation for 2023/24.

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| --- | --- | --- | --- | --- | --- | --- |
| **Programme 2** | | | | | | |
| **Programme** | **Budget** | | **Nominal Increase / Decrease in 2023/24** | **Real Increase / Decrease in 2023/24** | **Nominal Percent change in 2023/24** | **Real Percent change in 2023/24** |
| **R million** | **2022/23** | **2023/24** |
| Database and Benefits management | 31,0 | 32,3 | 1,3 | - 0,2 | 4,19% | -0,67% |
| Health Care and Wellbeing support | 113,9 | 113,9 | 0,0 | - 5,3 | 0,00% | -4,67% |
| Socioeconomic Support Management | 225,4 | 395,8 | 170,4 | 151,9 | 75,60% | 67,40% |
| **TOTAL** | **151,4** | **135,5** | **- 15,9** | **- 22,2** | **-10,5%** | **-14,68%** |

**Table 5: Programme 2 expenditure for 2023/24**

The Table below highlights the **Performance targets** for Programme 2 for 2023/24:

|  |  |  |  |
| --- | --- | --- | --- |
| **Output indicator** | **2021/22 Performance (audited)** | **2022/23 Estimated performance** | **2023/24 Planned performance** |
| Number of confirmed military veterans registered in the database | 81 392 | 82 392 | 83 392 |
| Number of military veterans provided with newly built houses per year | 71 | 355 | 480 |
| Number of Military Veterans approved for the compensation benefit per annum | 120 | 100 | 100 |
| Total number of military veterans and their dependants receiving pension benefit | Policy in draft | 2 000 | 4 000 |
| Strategy on subsidised public transport | 0 | Draft Strategy | Draft Strategy |
| Total number of military veterans approved to access to health care services | 19 100 | 19 700 | 20 200 |
| Number of Military Veterans and dependants provided with dedicated counselling services and treatment | 488 | 600 | 600 |
| Number of Military veterans approved to access mortgage bond subsidy per year | New indicator | 20 | 25 |

**Table 6:** **Socio-economic support programme targets for 2023/24**

### **6.4 Programme 3: Empowerment and Stakeholder Management**

The main purpose of this programme is to manage and facilitate the implementation of military veteran empowerment and stakeholder management programmes. The allocation for Programme 3 increases substantively from R148.3 million in 2022/23 to R217.2 million in 2023/24. The main increase relates to subprogramme 2 (Empowerment and Skills Development) which sees its allocation increase by 84.6%. The allocation for Heritage, Memorials, Burials and Honours also increases by 89%. However, the allocation for Provincial Offices decreases by 18.7%.

In terms of economic classifications, the following should be noted for Programme 3:

* The DMV aims to spend R10.6 million on ‘heritage assets’ in 2023/24.
* The major increase relates to ‘Households’ which includes Veterans’ benefits and this allocation increases from R5.9 million in 2022/23 to R70.7 million in 2023/24.

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| --- | --- | --- | --- | --- | --- | --- |
| **Programme 3** | | | | | | |
| **Programme** | **Budget** | | **Nominal Increase / Decrease in 2023/24** | **Real Increase / Decrease in 2023/24** | **Nominal Percent change in 2023/24** | **Real Percent change in 2023/24** |
| **R million** | **2022/23** | **2023/24** |
| Provincial Offices and Stakeholder Relations | 56,1 | 45,6 | - 10,5 | - 12,6 | -18,72% | -22,51% |
| Empowerment and Skills Development | 67,6 | 124,8 | 57,2 | 51,4 | 84,62% | 75,99% |
| Heritage, Memorials, Burials and Honours | 24,7 | 46,7 | 22,0 | 19,8 | 89,07% | 80,24% |
| **TOTAL** | **148,3** | **217,2** | **68,9** | **58,8** | **46,5%** | **39,62%** |

**Table 7: Programme 3 expenditure for 2023/24**

The Table below highlights the **Performance targets** for Programme 3 for 2023/24:

| **Output indicator** | **2021/22 Performance (audited)** | **2022/23 Estimated performance** | **2023/24 Planned performance** |
| --- | --- | --- | --- |
| Number of memorial lectures | 5 | 4 | 4 |
| Percentage of approved burial claims paid within 30 days | 100% | 100% | 1005 |
| Number of Military Veterans and their dependants approved for skills development programmes | 1 753 | 1 000 | 1 000 |
| Number of bursaries provided to Military Veterans and their dependants per year | 3 711  (2 920 for Basic Education and 791 for Higher Education) | 3 500 | 3 500 |
| Number of Military Veterans businesses provided with access to business facilitation programmes | 117 | 110 | 110 |
| Number of Military Veterans provided with access to employment placement opportunities | 0 | 30 | 30 |
| Number of Military Veterans memorial sites facilitated per year | 0 | 3 | 3 |
| Number of Public Private Partnerships in agreement with the Department | New Indicator | New Indicator | 4 |

**Table 7: Empowerment and Stakeholder Management programme performance targets**

# **7. HUMAN RESOURCES**

The APP outlines the total staff including vacancies as 196 with the current staff being 127; vacancies at 23; contract workers at 46 with no interns. It further states that as at January 2023, the department had filled a total of 129 posts (16.2% of total funded). The PCDMV has, in the past, pointed to ongoing concerns around senior management vacancies which impacts negatively on the ability of the DMV to focus on service-delivery.

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| --- | --- | --- | --- | --- | --- |
|  | **Permanent**  **Employees** | **Contract**  **Workers** | **Vacancies** | **Interns** | **Total** |
| FY2020/21 | 144 | 63 | 26 | 28 | **261** |
| FY2021/22 | 128 | 61 | 43 | 14 | **264** |
| FY2022/23 | 129 | 48 | 26 | 0 | **203** |
| FY 2023/24 | 127 | 46 | 23 | 0 | **196** |

**Table 8: DMV human Resources**

# **8**. **KEY RISKS AND MITIGATIONS**

This section deals with the Key risks and Mitigating factors in the Department. Importantly, as in previous APPs, the Department states that it will strive to ensure that a culture of risk management is institutionalised to reduce risk exposure. They will regularly monitor and scrutinise these risks. Crucially, there is no change in the risk profile of the DMV in 2023/24 when compared to 2022/23.

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| --- | --- | --- |
| **OUTCOME** | **KEY RISKS** | **RISK MITIGATION** |
| Socio-economic status of military veterans’ community improved and sustained | Inadequate and non-integrated business systems to support the strategy of the department. | Successful adoption and implementation of integrated business system |
| Instability at leadership level. | Strict adherence by all to the DPSA stated period of filling SMS vacancies |
| Misalignment of the organizational structure with the Service Delivery Model (SDM). | Finalisation of the approval of the Act which will determine the departmental structure |
| Gaps in the current MVs legislation and policy framework | Introduce amendments to Military  Veterans Act 18 of 2011 |
| Alignment of the regulations to the Act and introduction of other sec 24 regulations |
| Development of policies in line with the Amended Act. |
| Inadequate stakeholder management | Develop and implement stakeholder  management strategy framework |
| Fraud and corruption within the Department | Implementation of an integrated fraud and corruption risk management process |
| Business interruptions | Approve and implement business continuity management framework |

**Table 9: DMV Key risks and mitigations**

**9. COMMITTEE OBSERVATIONS**

During deliberations with the Department of Military Veterans on 10 May 2023, Members of the PCDMV made several observations related to the budget allocation, the performance indicators and the targets as set out in the APP of the Department. The following concerns were noted:

1. The Committee expressed its dissatisfaction with the DMV on its late submission of the APP that was only submitted to the Committee hours before it had to be considered. The Committee noted that the DMV was continuously reminded by the PCDMV’s support staff to submit their APPs on time, yet failed to do so.
2. The Committee welcomed the appointment of Vice Admiral (ret) M. Hlongwane as the new acting Director-General of the DMV.
3. The Committee noted with concern the ongoing delays in the finalisation of the Pension Benefit Regulations and highlighted the need for this to be finalised urgently, specifically as funds have already been allocated for this in 2023/24. Moreover, the Committee notes the need for the Regulations to be published in accordance with legislative requirements. Constant delays with the finalisation of the Regulations impact negatively on the payment of pensions to deserving military veterans. The Committee also required clarity on the envisaged number of veterans to benefit from Pension Regulations in 2023/24 and over the MTEF. The Department indicated that the revised Pension Benefit Regulations were published for further public comment and will be considered (and incorporated) before the final Regulations are tabled in Parliament.
4. Similar to previous years, the Committee noted poor progress in terms of the achievement on housing provision to military veterans. The DMV admitted to constraints in this regard, but that there are ongoing efforts between the DMV and the Department of Human Settlements to unlock some of the challenges. By the end of 2022/23, the DMV spent only about 10% of its allocated funding available for Housing, resulting in 68 houses being built against a target of 355.
5. The Committee highlighted that there is a misalignment between the DMV organisation structure and the benefits provision, and noted that this problem has existed since the start of the 6th Parliament. The Committee further stated that it requires Ministerial intervention to be resolved.
6. The Committee expressed concern around the capacity at provincial DMV offices as was observed during its recent oversight visits. The DMV indicated that, in the past year, they have appointed administrative assistants in each of the Provincial Offices to allow personnel to focus on service delivery matters.
7. The Committee expressed serious concern around the absence of quarterly targets on the sub-programmes on Socio-economic support, including housing; healthcare and counselling. The Committee noted that in terms of the current reporting structure of the APP, the DMV would only report on these essential benefits annually, thus not affording the Committee an opportunity to measure performance on a quarterly basis, as is the norm.
8. The Committee raised its concern with regards to the reduction in the budget allocations for the Financial Management and Provincial Offices subprogrammes respectively, noting the financial accountability challenges of the DMV, as well as the capacity challenges within the Provinces.
9. The Committee noted that the presentation did not cover the 2023/24 Budget allocation upon which the Committee is required to express its endorsement on.

**10. RECOMMENDATIONS**

Based on is engagement on the 2023/24 DMV Budget and APP, the Committee makes the following recommendations:

1. The Minister of Defence and Military Veterans should seek condonement from the Speaker of Parliament for the late submission of the DMV 2023/24 APP. The outcome of the application must be shared with the Committee.
2. The Committee welcomed the appointment of Vice Admiral (ret) M. Hlongwane as the new acting Director-General of the DMV and wishes him well in stabilising the Department and ensuring that it is focussed and oriented towards service delivery to deserving military veterans.
3. The Committee wishes to express its disappointment in the quality of the APP and, specifically, the presentation made to the Committee on 10 May 2023 which failed to include budgetary aspects and selected quarterly targets. The DMV must ensure a higher standard of presentation when engaging with the PCDMV throughout 2023/24.
4. The Department must prioritise the finalisation of the Pension Benefit Regulations as a matter of urgency. This must be done in accordance to existing legislation and must be cognisant of public input received. The Committee will source a legal opinion from Parliament’s Legal Services Division on the process, and also provide guidance to the DMV in this regard.
5. The DMV should be upfront with military veterans regarding the timelines for the roll-out of the Pension Benefit(s) and this should be reflected in all communication with veterans and advertising by the DMV.
6. The new acting Director-General of the DMV should prioritise an engagement with the Department of Human Settlements to address service delivery constraints and ensure better delivery of houses to veterans in 2023/24. Housing delivery against set targets have been a historic area of poor performance for the DMV, despite various PCDMV recommendations in this regard. The Committee urges the new acting Director-General of the DMV to prioritise this matter.
7. The Committee urges the Minister of Defence and Military Veterans and the DMV to jointly address, and finalise, an appropriate organisational structure for the DMV.
8. The DMV should ensure that provincial offices are fully capacitated with qualified and relevant personnel that can adequately assist veterans.
9. The DMV must ensure that its Financial Management and Internal Audit Components are fully funded and capacitated.

The PCDMV will request a feedback from the DMV during the third quarter of 2023 based on the recommendations above:

* The Committee requests the Minister to report on a quarterly basis to the Committee on the status of all personnel that are on suspension with full pay.
* The Committee expressed serious concern around the absence of quarterly targets in the sub-programmes on Socio-economic support, including housing; healthcare and counselling. The DMV should reflect in all quarterly presentations the relevant quarterly targets for 2023/24.
* The Committee requested the Department to provide clarity on the second set of the Pension Benefit Regulations published for public comment. The Committee noted a disjuncture between the status report from the Department and from the Ministry. The Committee agreed that the DMV and the Ministry should resolve the disjuncture and provide a feedback to the Committee.
* The Committee noted that the presentation did not cover the Department’s 2023/24 Budget which the Committee is required to express its endorsement on. The Committee resolved that the DMV must submit to the Committee, by 17 May 2023, an amended presentation with an outline of its projected budget expenditure. The Committee appreciates that the submission of this document was made on 16 May 2023.

***Report adopted on 17 May 2023.***