

# Annual Report 2006/07



**the doc**

Department:  
Communications  
**REPUBLIC OF SOUTH AFRICA**

iParioli Office Park  
399 Duncan Street  
Hatfield, Pretoria  
South Africa

Private Bag X860  
Pretoria, 0001  
South Africa

**Telephone:**

+27 (0) 12 427 8000

**Facsimile:**

+27 (0) 12 427 8016

[www.doc.gov.za](http://www.doc.gov.za)

ISBN:978-0-621-37420-9

No:RP204/2007

I have the honour of submitting  
the 2006/07 Annual Report of the  
Department of Communications  
in terms of the Public Finance  
Management Act, 1999



**LYNDALL SHOPE-MAFOLE**  
**Director-General**  
**21 September 2007**



**the doc**

---

Department:  
Communications  
**REPUBLIC OF SOUTH AFRICA**

# Table of Contents

<b>FOREWORD</b>	<b>5</b>
<b>GENERAL INFORMATION</b>	<b>9</b>
Vision and Mission	11
Legislative and Constitutional Mandate	12
Information on the Ministry	13
Institutions reporting to the Executive Authority	15
<b>PROGRAMME PERFORMANCE</b>	<b>18</b>
Programme Overview	
Voted funds	
Key measurable objectives, programmes and achievements	
Departmental receipts and payments	24
Programme 1: Administration	26
Programme 2: Strategic Policy Co-ordination and Integration	32
Programme 3: Policy Development	38
Programme 4: Finance, State Owned Enterprises and SMMEs	41
Programme 5: Innovative Applications and Research	45
Programme 6: Presidential National Commission on Information Society and Development	49
<b>HUMAN RESOURCE MANAGEMENT REPORT</b>	<b>55</b>
Human Resource Management Report	56
<b>FINANCIALS</b>	<b>87</b>
Report of the Audit Committee	88
Management Report	89
Report of the Auditor-General	99
Statement of Accounting Policies	102
Appropriation Statement	112
Notes to the Appropriation Statement	129
Statement of Financial Performance	130
Statement of Financial Position	131
Cash Flow Statement	132
Statement of changes to Net Assets	133
Notes of the Annual Financial Statements	134
Disclosure notes	153
<b>ANNEXURES</b>	<b>164</b>



# FOREWORD



In introducing the 2006 – 2009 Strategic Plan of the Department, we committed ourselves to several key objectives. Among others, we committed the Department to accelerate the use of ICT for service delivery throughout the three spheres of Government; to facilitate the growth and development of SMMEs in the ICT and other sectors and improve their sustainability through the development of new applications.

These commitments, we said, hinged on the Department working together with stakeholders such as the ICT sector, the three spheres of Government, civil society private sector and the international community. This Annual Report reflects on the work done in the 2006/2007 financial year to deliver on these commitments.

The 2006/07 financial year will be remembered as the start of an increased level of awareness of the role of ICTs in socio-economic development. This period of accelerating the ICT agenda commenced with the critical announcements made by the Minister in her Budget Vote address. The Department

achieved a number of key milestones in our effort to carry out our mandate to ensure robust, reliable and affordable ICT infrastructure.

Important policy and legislative achievements of the previous financial year, most notably the promulgation of both the Electronic Communications Act and the ICASA Act, set the Department on a path to confront the challenges of broadband availability, convergence and e-awareness.

The Broadcasting Digital Migration working group was established by the Minister and tasked with developing recommendations in that regard to ensure that the country meets its international commitments, as set out by the International Telecommunications Union in that all regions should be switched over to digital terrestrial broadcasting by June 2015. At the close of the financial year, the Working Group had reported to the Minister. The Cabinet approved 1 November 2008 as the switch-on date of the digital signal and 1 November 2011 as the switch-off date of the analogue signal, providing for a three-year dual illumination period.

The Local Loop Unbundling Committee (LLUC), chaired by Dr Tshilidzi Marwala, was also established to oversee the development and the implementation of our local loop unbundling process and to make appropriate recommendations. The final report of this Committee is expected at the beginning of the next financial year. The Broadband Advisory Council, chaired by Dr Victor Lawrence and comprising African experts of international caliber, was established to address the challenges related to access to affordable

broadband.

The Department also focused on measures to ensure that all of government embraces ICTs as tools for socio-economic development. In this regard, the launch of the Information Society and Development Intergovernmental Relations Forum (ISAD IGRF) was another important milestone we achieved during the reporting period. This Forum was launched in compliance with the Intergovernmental Relations Framework Act, No 13 of 2005, which was passed by Parliament in order to establish a framework for all spheres of government to promote and facilitate intergovernmental relations.

By the end of the reporting period the Cabinet approved the National Information Society and Development (ISAD) Plan, developed under the leadership of the Presidential National Commission (PNC) on ISAD, as a framework for building an inclusive Information Society in South Africa. It was also approved that a Ministerial ISAD Committee, chaired by the Presidency, will be set up to co-ordinate government activities in this regard. The Committee will be supported by a FOSAD ISAD Cluster.

The DoC during this financial year, ensured that the country is part of the initiatives to develop a robust broadband infrastructure for the country's and continent's economic development. Costly telephony has been cited as hampering the economic development of the continent. This is due, in part, to the lack of affordable and reliable communication infrastructure. In this financial year, the Department positioned Sentech as the core provider of

national wireless broadband. During the reporting period, attention was also given to the issue of access to international communications networks. In this regard, South Africa was one of the first countries to sign the Policy and Regulatory Framework for NEPAD ICT Broadband Infrastructure Network for Eastern and Southern Africa. This important project, which encompasses both coastal and land-locked countries, will support regional integration and the achievement of our socio-economic objectives through providing affordable connectivity.

Internally, we have continued with efforts to build the Department, employer of choice in the public service and preferred place in the ICT sector for intellectual stimulation, leadership growth and national contribution. Our human capital development initiatives include the implementation of a training initiative that included a leadership and management development programme. This programme was implemented with the assistance of a reputable institute.

I am proud to report that the Department again received an unqualified Audit Report and that no emphasis of matter was raised. The Audit Committee needs to be commended for the sterling work they did under the leadership of the Chairperson, Ms Thebi Moja. The assistance received from both the Audit Committee and the Office of the Auditor-General is appreciated.

In his report, the Auditor-General indicated that the following occurred in the 2006/07 financial year:

- Certain policies and procedures were not updated/implemented as required by section 38(1)(i) of the PFMA.
- Non-compliance with the performance management policy of the department was noted during the audit.
- The Department has not approved the updated organisational structure and no human resource plan is in place.

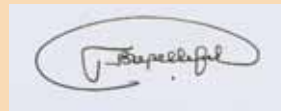
I can report that these matters are being addressed as a matter of urgency. All human resource policies have been completed and will be consulted in Bargaining Chamber during August 2007. In respect of the non-compliance with the performance management policy, Management has committed themselves to take corrective action and to ensure that the Department complies with the policy. Compliance will be monitored on a monthly basis. The Department will also be completing its organisational design process during the first quarter of the new financial year. Thereafter the organisational structure will be reviewed and submitted to the Minister in order to obtain concurrence and approval from the Minister of Public Service and Administration and approval. The Human Resource Plan will be completed once the organizational structure has been approved.

We also implemented policies to assist the Department in meeting the national equity targets of 50% gender equity in decision making and 2% disability across all employee levels. The employee wellness and health programme has

also been implemented after thorough research, and the Department now boasts a comprehensive strategy for the wellness of Team DoC.

This annual report is a salute to the employees who have enabled the gains outlined herein. They have been exemplary in their commitment to the mission.

The report is presented with pride, through their elected representatives, to the people of South Africa who we are honoured to serve.



**Lyndall Shope-Mafole**

Director-General:

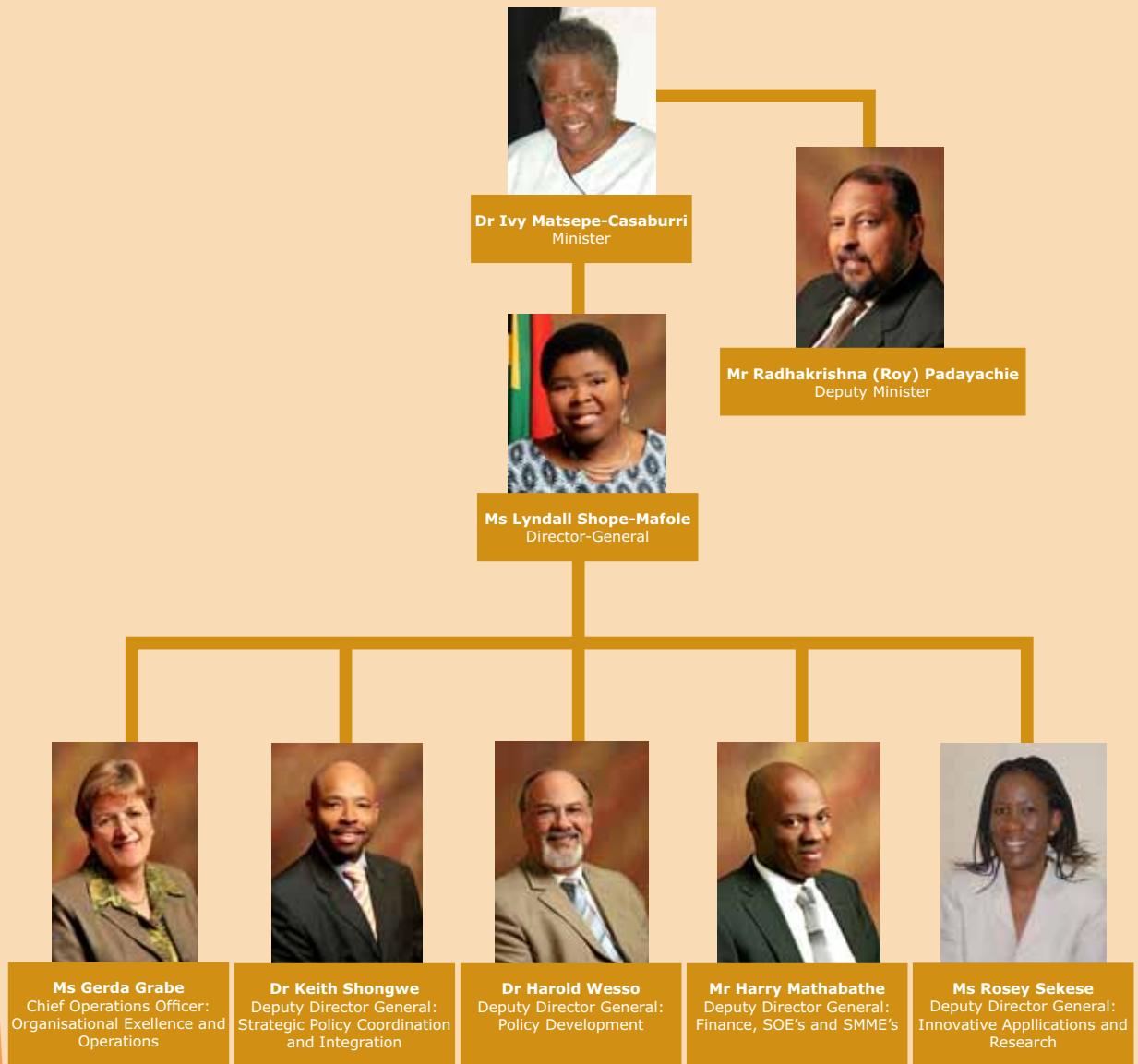
Department of Communications





**GENERAL INFORMATION**

## DEPARTMENT OF COMMUNICATIONS ORGANISATIONAL STRUCTURE



## Vision

"A global leader in harnessing Information Communication Technologies for socio-economic development."

## Mission

"To enhance the well-being of the people of South Africa, the African continent and the world, through the creation of a sustainable and enabling Information Communication Technology environment".

## LEGAL AND CONSTITUTIONAL MANDATES

The mandate of the Department of Communications (DoC) is derived from relevant Legislation and is as follows:

***"To create a favourable ICT environment that ensures South Africa has the capacity to advance its socio-economic development goals, support the renewal of Africa and contribute to building a better world".***

Consequently the core functions of the Department of Communications are:

- To develop ICT policies and legislation that create conditions for an accelerated and shared growth of the South African economy, which positively impacts on the well-being of all our people and is sustainable;
- To ensure the development of a robust, reliable and affordable ICT infrastructure that supports and enables the provision of a multiplicity of applications and services to meet the needs of the country and its people.
- To strengthen both the ICT Regulator and the Independent Communications Authority of South Africa (ICASA) in order to enable it to regulate the sector in the public interest and ensure growth and stability in the sector.
- To enhance the capacity of, and exercise oversight over, State Owned Enterprises (SOEs) as the delivery arms of government; and
- To fulfil South Africa's continental and international responsibilities in the ICT field.

The mandate of the Department of Communications is further embedded in legislation as well as other policy documents. The legislative framework for the work of the Department is contained mainly in the –

- Broadcasting Act (Act 4 of 1999)
- Department of Communications Act (Act 25 of 2002)
- Electronic Communications and Transactions Act (Act 25 of 2002)
- Electronic Communications Act (Act 36 of 2005)
- Independent Broadcasting Authority Act (Act 153 of 1993)
- Independent Communications Authority of South Africa Act (Act 13 of 2000)
- Sentech Act (Act 63 of 1996)
- Telecommunications Act (Act 103 of 1996)
- Post Office Act (Act 44 of 1958)
- Postal Services Act (Act 124 of 1998)
- Telegraph Messages Protection Act (Act 44 of 1963)

In executing its role, the Department is also guided, amongst others, by:

- The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)
- Public Service Act, 1994 (Act 103 of 1994) as amended
- Public Finance Management Act, 1999 (Act 1 of 1999) as amended

## INFORMATION ON THE MINISTRY

The main purpose of the Ministry is to render parliamentary, media liaison, administrative, secretariat and advisory support to the Minister and the Deputy Minister, and to ensure that they are able to execute their governmental obligations and mandated functions effectively.



**Dr Ivy Matsepe-Casaburri**  
Minister



**Mr Radhakrishna (Roy) Padayachie**  
Deputy Minister

### **Ministerial visits abroad**

The Minister, Dr Ivy Matsepe-Casaburri and Deputy Minister, Mr Radhakrishna L. Padayachie undertook the following visits:

Date	Country	Event	Participation
7-15 March 2006	Doha, Qatar	World Telecommunication Development Conference	Minister
18-20 April 2006	Cairo, Egypt	African Union Meeting of the African Ministers Responsible for Information and Communications Technology	Minister
28 April 2006	Berne, Switzerland	UPU International Bureau Meeting: Development models in the Postal Sector	Minister
4-6 May 2006	Rwanda	Information and Communications Technology African Investment Summit 2006	Minister
8-11 May 2006	Havana, Cuba	Finalisation and signing of SA/CUBA ICT Programme of Action; Inauguration of the SA/Cuba ICT Joint Working Committee.	Deputy Minister
14-15 June 2006	Addis Ababa, Ethiopia	Conference of Ministers on Information and Communication	Minister
3-4 July 2006	Republic of Guinea and Republic of Niger	President's visit with a view to strengthening existing bilateral relations and paving the way for promoting various areas of co-operation between SA and these countries.	Deputy Minister
03-12 July 2006	Berlin, Germany	Official handover ceremony and unveiling of 2010 FIFA World Cup emblem – on invitation by the SABC and SAPO	Minister
14-19 July 2006	Libya	ATU Plenipotentiaries	Minister
28-29 August 2006	Rwanda, Kigali	Signing of NEPAD Protocol on the Policy and Regulatory Framework for the NEPAD ICT Broadband Infrastructure network for Eastern and Southern Africa	Minister
4-12 November 2006	Antalya, Turkey	Plenipotentiary ITU Conference	Minister
11-16 November 2006	Portugal and Ireland	Deputy President's visit which focused on Investment and Growth matters that included BPO and ICT investments	Deputy Minister
3-8 December 2006	Hong Kong, China	ITU Telecom World Forum 2006.	Deputy Minister
25- 27 March 2007	Cairo, Egypt	Bureau meeting of the Communications and Information Technologies (CIT) Ministerial Conference of the AU.	Deputy Minister

## INSTITUTIONS REPORTING TO OR THROUGH THE EXECUTIVE AUTHORITY

The following portfolio organisations of the Department of Communications are the public enterprises (parastatals), which account to the South African Government through the Cabinet portfolio of the Ministry of Communications:

### REGULATORY AUTHORITY

#### **Independent Communications Authority of South Africa**

The Independent Communications Authority of South Africa Act, (2000), provided for the merging of the South African Telecommunications Regulatory Authority and the Independent Broadcasting Authority in order to form the Independent Communications Authority of South Africa (ICASA). ICASA reports administratively and financially to the Executive Authority. ICASA is responsible for regulating the telecommunications and broadcasting industries in the public interest and ensuring affordable services of a high quality for all South Africans. In addition to the development of regulations and policies, ICASA issues licenses to telecommunications and broadcasting service providers, enforces compliance with rules and regulations, protects consumers from unfair business practices and poor quality services, hears and decides on disputes and complaints brought against licensees, and controls and manages the frequency spectrum.

### PORTFOLIO ORGANISATIONS

#### **South African Post Office**

The South African Post Office Ltd (SAPO) was established in accordance with the Post Office Act (1958) as a government business enterprise to provide postal and related services to the South African public. SAPO was granted an exclusive mandate to conduct postal services to South Africa by the Postal Services Act (1998). The Act makes provision for the regulation of postal services and the operational functions of the company, including, its universal service obligations.

#### **South African Broadcasting Corporation**

The South African Broadcasting Corporation (SABC) was established in terms of the Broadcasting Act (1936) as a government enterprise to provide radio and television broadcasting services to South Africa. As provided for in the Broadcasting Amendment Act (2002), from October 2004, the SABC has been incorporated into a limited liability company with two operational divisions: public broadcasting services and commercial broadcasting services. The SABC is South Africa's national public services broadcaster and operates 17 radio stations. Its operations are based on the broadcasting charter, which guarantees

independence and freedom of expression in creative, journalistic and programming terms. The charter also requires the SABC to encourage South African expression by providing a wide range of programming in all official languages.

### **Sentech**

Sentech Ltd was established in terms of the Sentech Act (1996) as a common carrier to provide signal distribution for broadcasting licensees. In 2002, Sentech was licensed, by the Telecommunications Amendment Act (2001), to provide international carrier-to-carrier voice services as well as multimedia services.

### **National Electronic Media Institute of South Africa**

The National Electronic Media Institute of South Africa (NEMISA) was established as a non-profit organisation in terms of the Companies Act (1973). It provides much needed skills training at an advanced level for the broadcasting industry. It is accredited by the Council for Higher Education and offers diploma courses, short courses and internships in three subjects: TV production, radio production and creative multimedia. The emphasis is on equipping students to be market-ready in a wide range of broadcasting disciplines and to have the ability to work effectively in constantly changing conditions.

### **Universal Service and Access Agency of South Africa**

The Universal Service and Access Agency of South Africa (USAASA) was established in terms of section 58 of the Telecommunications Act (1996). The main role of the agency is to promote universal services and access to communications technologies and services for all South Africans. It also facilitates and offers guidance on the evaluation, monitoring and implementation of schemes which propose to improve universal access and service. In addition, it is involved in setting up telecentres, which provide ICT services, especially in rural areas, on a cost recovery basis.

The agency is mandated by the Telecommunications Act (1996) to manage the Universal Service Fund. The fund, with monies appropriated by Parliament, is used for infrastructure of universal services area licensees, telecentres and school cyberlabs (computer laboratories with ICT equipment which enable access to the internet and provide multimedia services)

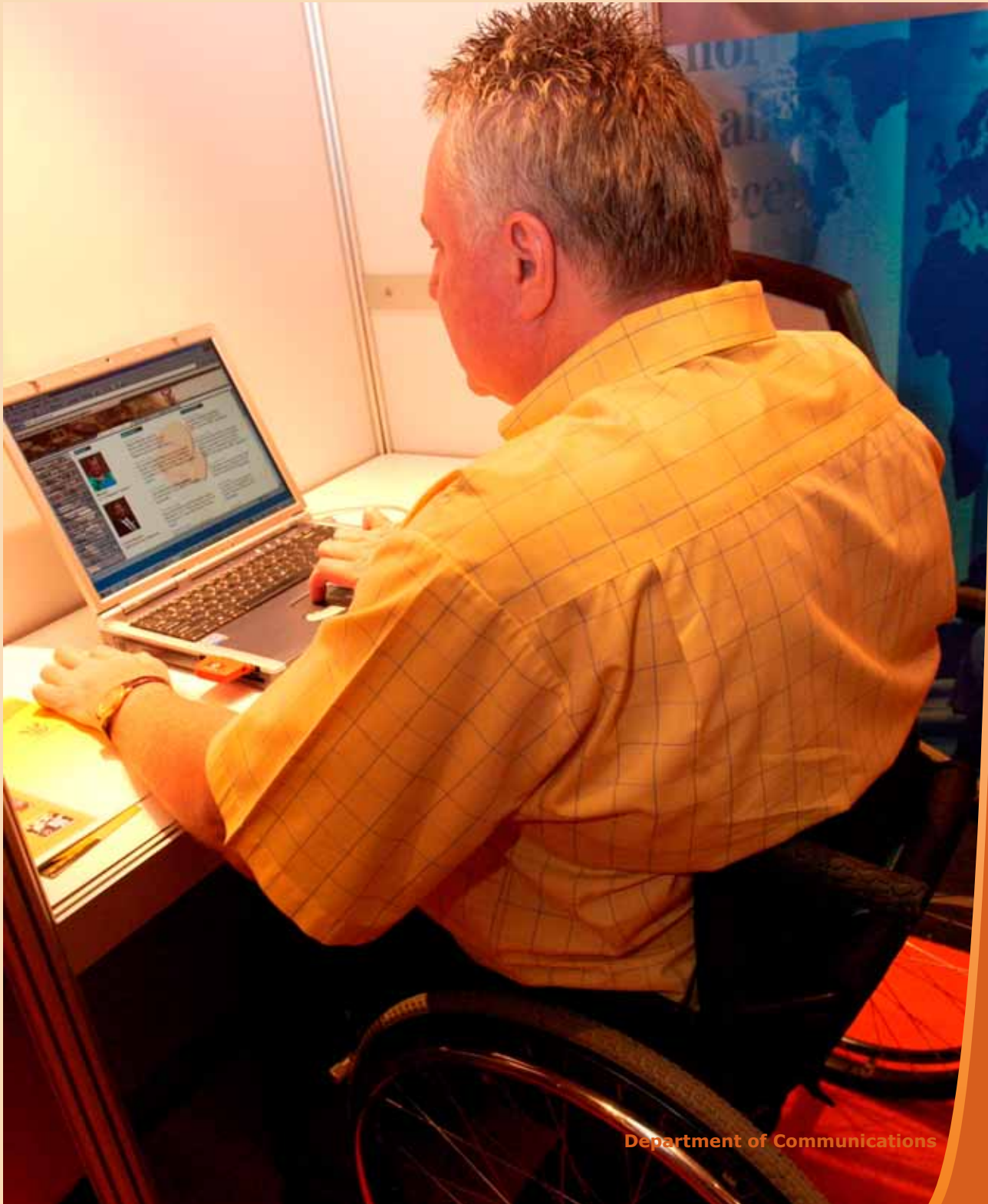
### **.za Domain Name Authority**

The **.za Domain Name Authority** (.zaDNA) was established for the purpose of assuming responsibility for the .za Domain Name Space. The .zaDNA was established in terms of Chapter X of the Electronic Communications and Transactions Act, 2002.

The .zaDNA is in the process of finalizing its policies and business plan. The department currently provides funding for the .zaDNA. However, when the Authority is fully



operational, funding will be sourced through a funding model developed in accordance with section 66 (3) of the said Act. The .za DNA will also oversee the implementation of the alternative dispute resolution mechanism. The DoC is actively involved in the .za DNA and will continue its participation until the Authority is fully operational and sustainable.



## PROGRAM OVERVIEW

### VOTED FUNDS 2006/7

Appropriation	Main Appropriation R'000	Adjusted Appropriated R'000	Actual Amount Spent R'000	Over/Under Expenditure R'000
	1 280 194	1 322 306	1 319 597	2 709
<b>Responsible Minister</b>		<b>Minister of Communications</b>		
<b>Administering Department</b>		<b>Department of Communications</b>		
<b>Accounting Officer</b>		<b>Director-General of Communications</b>		

#### AIM OF THE VOTE

The aim of the Department of Communications is to develop the ICT sector and ensure that it contributes to and stimulates the sustainable economic development of the South African economy and positively impacts on the social well-being of all South Africans. The Department also aims to oversee the performance of state-owned entities within its portfolio.

#### KEY MEASURABLE OBJECTIVES, PROGRAMMES AND ACHIEVEMENTS

As ICTs play a critical role in achieving government's broader agenda, the Department has once again rooted its priorities in the Government Medium Term Strategic Framework (MTSF) aimed at meeting certain socio-economic development objectives by 2014. Therefore the Department's strategic objectives are grouped in terms of the following five Key Focus Areas (KFAs):

##### **KFA 1: Achieve higher rates of investment in the economy**

- Develop and implement ICT policies and strategies, that encourage investment in the ICT sector
- Monitor and evaluate the impact of the ICT sector on South Africa's development agenda
- Facilitate investment by the State in Strategic ICT infrastructure
- Build a shared vision with key stakeholders on the national ICT agenda

**KFA 2: Increase competitiveness of the SA economy**

- Facilitate the modernisation of the ICT infrastructure
- Enable the reduction of the cost to communicate
- Contribute to improving the ICT capacity and skills base in South Africa

**KFA 3: Broaden participation in the economy**

- Accelerate the usage of ICT as a tool in all spheres of government delivery for socio economic development
- Facilitate the growth and development of SMMEs in the ICT and other sectors and improve their sustainability
- Contribute to national safety and security through ICTs
- Facilitate access to ICTs by women, people with disabilities, youth and children

**KFA 4: Improve the capacity of the state to deliver**

- Integrate and align operational processes and systems
- Build an efficient and effective leadership cadre for the developmental State
- Audit internal management processes, systems and plans
- Maximise the utilisation of our human resources for intellectual stimulation, performance and growth appreciation
- Provide efficient and effective oversight of and support to SOEs
- Assess the sustainability of SOEs
- Participate in and promote all relevant government initiatives
- Ensure the alignment of regulations with government policies and support implementation thereof

**KFA 5: Contribute to a better world**

- Support the African Agenda
- Strengthen South-North Cooperation
- Strengthen bilateral relations
- Reform institutions of global governance and multilateral engagement
- Follow-up on major Summits and Conferences

**PROGRAMMES**

**Programme 1: Administration**

Provide overall strategic leadership and management of the Department of Communications.

**Programme 2: Strategic Policy Co-ordination and Integration**

Provide strategic direction to international relations, stakeholder relations, intergovernmental relations and empowerment, with the aim of advancing and enhancing

the delivery mandate of the Department.

### **Programme 3: Policy Development**

Develop policies that will create the best conditions for investment and the rollout of infrastructure and services. Contribute to nation building and social cohesion in order to achieve sustainable economic development.

### **Programme 4: Financial and Shareholder Management**

Provide support services to stakeholders in pursuit of service delivery by the Department and to manage the government's shareholding interest in Telkom SA Ltd. Provide performance oversight as well as manage financial transfers to the South African Post Office, the South African Broadcasting Corporation, the Universal Services Agency, the Universal Service Fund, National Electronic Media Institute of South Africa and the Independent Communications Authority of South Africa. Furthermore, to provide financial management support to the Department as a whole.

### **Programme 5: Innovative Applications and Research**

Enhance government's service delivery through the identification of innovative ICT applications, services and research options to address specific ICT challenges.

### **Programme 6: Presidential National Commission**

To provide planning and foresight for co-ordination, integration, evaluation and impact assessment of government ICT policies and programmes on the different spheres of government. Also, to provide strategies to bridge the digital divide and coordinate the building of the Information Society in South Africa with clear targets and milestones.

### **KEY ACHIEVEMENTS:**

In the period under review, the Department focused highly on increasing access, uptake and usage of ICTs as well as improving corporate governance and financial performance by State Owned Enterprises (SOEs) reporting to Minister. The performance of the Department for the 2006/07 financial year is detailed in this document. The following key achievements are however, highlighted:

#### **Institutional Mechanisms for Building the Information Society**

In February 2007 the Cabinet approved the National Information Society and Development (ISAD) Plan as a framework for building an inclusive information society in South Africa. The Framework includes the following vision: "Establish South Africa as an advanced Information Society in which ICT tools and information are key drivers of economic and societal development." In addition, the Cabinet also approved the following Institutional mechanisms for building the Information Society in South Africa,'

A Ministerial ISAD Committee, chaired by the Presidency, and its corresponding FOSAD ISAD Cluster; and the Information Society and Development Intergovernmental Relations Forum (ISAD IGRF).

### **Information Society and Development Intergovernmental Relations Forum**

The ISAD IGR Forum was launched on 12 December 2006. This structure will serve as a consultative Forum with respect to ICT matters, facilitate the building of an inclusive Information Society as well as contribute to the development of ICT policies, programs and the coordinated implementation of initiatives so as to increase the impact of ICTs in order to promote more effective, efficient and timely service delivery.

### **Broadcasting Digital Migration**

Broadcasting Digital Migration is a flagship project of the Department with numerous benefits for the country. The most significant of these benefits are - specialized television services, increased local content, more regional content of national interest, additional local language content and new channels to cater for education, health, youth, sports and SMMEs. Other ICT services that will be provided due to freed up frequencies include access to government information and services, also known as e-Government.

The Department developed the Digital Broadcasting Migration Policy for South Africa. Furthermore, the Cabinet approved both the switch-on date for the digital TV signal and the switch-off date for the analogue signal.

***Delegates representing, among others, civil society and Broadcasters listen to a presentation at a workshop on Broadcasting Digital Migration held at Gallagher Estate in Midrand***



### Infrastructure Projects

Crucial to increasing access, uptake and usage of ICTs, is the existence of robust, reliable and affordable ICT broadband infrastructure. To this end, the Department participated in the development of the NEPAD ICT Broadband Infrastructure Network for Eastern and Southern Africa. A Protocol on Policy and Regulatory Framework was signed on behalf of South Africa by the Minister of Communications in Rwanda during August 2006.



With regard to the 2010 FIFA World Cup, the Department has provided leadership in the ICT sector's preparation for the 2010 FIFA World Cup in collaboration with its State-Owned Enterprises, Telkom and the LOC. The Department will ensure that the country meets the Information Technology and Telecommunications Requirements of FIFA by working with the LOC, HBS and MATCH.

### SOE Performance

Corporate governance has significantly improved across all State Owned Entities in general and this is evident in the submission of Business Plans for 2006/07, Annual Reports and financial statements by the entities as required in terms of the PFMA. An analysis of these documents was undertaken and all the Articles of Association of the entities were audited, specifically, the provisions addressing the position of executive directors of these Boards with a view to, and in preparation for, reviewing of such clauses as appropriate. The audit

sought to clarify the appointment of CEOs, COOs and CFOs as executive directors to the Boards.

### **Financial Management**

Through the use of an early warning system, the Department improved its spending patterns which resulted in only 28% of the total budget being spent in the last quarter of the financial year as compared to 39.31% in the previous financial year. The Department surrendered only R2,7m of its baseline allocation (0,2% of the total budget) for the period under review. Furthermore, there was a significant improvement in the implementation of and adherence to Supply Chain Management controls as evidenced by a 79% reduction in irregular expenditure.

An amount of R3,673 million was received as additional funding through the Adjustment Estimates for the termination of the selling and written-off expenditure incurred as bridging finance for Capital Radio and R38,439 million for the VAT liability due by the South African Post Office.

Other virements between main appropriation allocations occurred mainly between: Programme 3 (Policy Development) and Programme 4 (Finance and Shareholder Management). The Postal Regulator was transferred to ICASA during the 2006/07 financial year. R1,8 million under transfers and subsidies was for the compensation of the Postal Regulator which the Department agreed to fund for the 2006/07 financial year. The funds transferred to Programme 4 under current payments were mainly due to the refurbishment of offices. No roll-overs were requested from the previous financial year.

### **Departmental Receipts and Payments**

Most receipts under sales of goods and services relate to license fees collected by ICASA from the telecommunications operators. The license fees will increase steadily over the 2007 MTEF.

Departmental receipts for the 2006/07 financial year amounts to R3,442 billion of which R1,561 billion is for license fees collected by ICASA and is made up as follows: R2,9 million from telecommunications service providers, R1,298 billion from cellular companies for cellular network licenses, R234 million for private radio station licenses, R20,7 million for private television licenses and R5,5 million for telephone equipment licenses. The Department also received R1,863 billion as an ordinary dividend from its shareholding in Telkom SA Ltd, R1,780 million for interest on the SABC loan, R6,5 million from the South African Post Office for its license and R1,575 million interest

## DEPARTMENTAL RECEIPTS

	2002/03 R'000	2003/04 R'000	2004/05 R'000	2005/06 R'000	2006/07 R'000	% Deviation from target
Sales of goods and services	25 353	749 075	1 247 694	1 311 954	1 568 098	117.2
Transfers received	2 707	3 000	3 700	110	360	0
Interest, dividends and rent on land	24 233	222 121	272 455	1 866 217	1 866 809	0
Fines, penalties and forfeits	-	-	-	-	962	100
Sales of Capital Assets	-	-	-	20	20	100
Financial transactions in assets and liabilities	678	1480	451	581	5 776	506.7
<b>TOTAL</b>	<b>52 971</b>	<b>975 676</b>	<b>1 524 300</b>	<b>3 178 882</b>	<b>3 442 025</b>	

## SUMMARY OF EXPENDITURE PER PROGRAMME

Programmes	Voted for 2006/07	Roll- over and adjusted	Virement	Total Voted	Actual Expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1: Administration	108 279	3 000	638	111 917	109 937	1 980
Programme 2: Strategic Policy Co-ordination, Integration & International Affairs	42 475	4 174	(1 157)	45 492	45 466	26
Programme 3: Policy Unit	77 181	(2 501)	(3 040)	71 640	71 436	204
Programme 4: Financial and Shareholder Management	969 085	37 439	5 338	1 011 862	1 011 811	51
Programme 5: Innovative Applications and Research	58 185		(391)	57 794	57 598	196
Programme 6: Presidential National Commission	24 989		(1 388)	23 601	23 349	252
<b>TOTAL</b>	<b>1 280 194</b>	<b>42 112</b>	<b>-</b>	<b>1 322 306</b>	<b>1 319 597</b>	<b>2 709</b>



**TRANSFERS TO THE PUBLIC ENTITIES REPORTING TO THE MINISTER**

<b>Name of the Institution</b>	<b>Amount transferred R'000</b>
Universal Service Agency	20 100
Universal Service Fund	31 164
Independent Communications Authority of South Africa	201 538
NEMISA	19 199
South African Broadcasting Corporation: Public Broadcaster	203 482
South African Broadcasting Corporation: Channel Africa	31 393
South African Post Office: Subsidy	351 439
Sentech	100 000

**OTHER TRANSFERS TO SOEs REPORTING TO THE MINISTER OF COMMUNICATION**

<b>Name of the Institution</b>	<b>Reason for transfer</b>	<b>Amount transferred R'000</b>
Sentech	Community Radio Stations	8 000
Sentech	Broadcasting signal distribution for Community Radio Stations	18 621

**TRANSFER TO OTHER ORGANIZATIONS**

<b>Name of the Institution</b>	<b>Amount transferred R'000</b>
NEPAD	2 000
Meraka Institute	4 000
.za Domain Name Authority	1 500

## PROGRAMME 1: ADMINISTRATION

### PURPOSE

To provide overall strategic leadership and management of the Department of Communications.

### MEASURABLE OBJECTIVE

The Programme's aim is to provide effective strategic and operational leadership and support, necessary to enable the Department to deliver on its mandate, provide professional and administrative services across the organization to enable it to function smoothly, efficiently and professionally in its service-delivery; provide organizational excellence through the coordination of the strategic and business planning processes to ensure alignment, linkages and integration across the whole of government, and to provide effective strategic operational support, enabling the Department to deliver on its mandate.

### SERVICE DELIVERY OBJECTIVES AND ACHIEVEMENTS

The Administration Programme is divided into five sub-programmes:

- The Minister's office : Provides administrative and executive support to the Office of the Minister and includes Parliamentary and Ministerial support services.
- The Deputy Minister's office: Support the Deputy Minister administratively and also provide Parliamentary and Ministerial support services.
- Management: Provides support for the Office of the Director-General.
- Operations: Provides support to the Department. This includes the administration, secretariat and smooth running of the Department.
- Property Management: Provides for the management of the property of the Department.

### KEY ACHIEVEMENTS

The following information reflects the achievements in terms of the Programme's strategic objectives set for the period under review.

#### **Contribute to improving the ICT capacity and skills base in South Africa**

The Department complied with the implementation of the Scarce Skill Framework with regard to the identification of occupations through the Workplace Skills Plan (WSP), which was submitted to the relevant SETAs on 30 June 2006. The following occupations were identified as scarce skills: Software Network Engineers, Economists, Frequency Spectrum Managers, Software Developers, Network Engineers and Information Technology Technicians.

**Facilitate and co-ordinate strategic planning and organisational performance monitoring and reporting in DoC**

As required by Section 27(4) read with section 36(5) of the PFMA regarding the evaluation of organisational performance, the Department conducted organisational performance reviews against the 2006/07 Business Plan, which culminated in quarterly, mid-year and year-end reports submitted to the Minister. A performance review was also conducted on the work of the PNC.

In line with legislative requirements, the 2007-2010 DoC Strategic Plan was timeously developed, tabled in Parliament and presented to the Portfolio Committee on Communications. Subsequently, annual Business and Operational Plans were also developed, to facilitate the implementation of the Strategic Plan.

**Provide effective human resource management services to DoC aligned with all legislative requirements**

The Department has approved 17 HRM policies which are currently in force. A behavioural risk management audit was also conducted to establish the state of wellness amongst the departmental staff. The results will be used to guide future wellness interventions as well as inform into the planned Organisational Development interventions. Each staff member that participated in the audit received their results, which indicated their state of health as well as recommendations to improve their well-being.

Wellness champions have commenced with their work, following the launch of the Employee Wellness and Health Programme (EWHP) in December 2006. Throughout the reporting period, attention was given to constantly remind staff about the availability of the service. There has been an increase in managers consulting and requesting advice in dealing with challenges related to personal problems of staff. The Department also implemented an HIV and AIDS programme, which included an HIV and AIDS industrial theatre on World AIDS Day that was used to educate and encourage staff to know their status and live positively with HIV and AIDS.

The Employee Relations Strategy was partially implemented. Line managers were trained on discipline and grievance management. 42% of the targeted 50% of line managers were trained.

The Departmental Bargaining Chamber successfully ensured the transfer of Postal Regulator Staff to ICASA by means of adhering to both the ICASA Amendment Act as well as the Labour Relations Act.

During the reporting period, the Department also initiated a Job Profiling Project and almost 50% of all positions in the Department were profiled. The appointments of the DDG: Innovative Applications and Research and Chief Directors for the 2010 Office were finalized.

The DoC Internship Programme 2007/2008 was implemented on 1 March 2007 and thirty (30) interns were appointed.

Furthermore, a Leadership and Management Development Programme (LMDP) has been developed and implemented for all SMS members.

Lastly, in support of the Batho Pele principles, the first DoC Service Delivery Improvement Plan was developed and incorporated into the 2007-2010 DoC Strategic Plan.

### **Render effective communications and marketing services to the Ministry and the Department**

The main role of the sub-programme: Marketing and communication is to communicate the government plans, programmes and the opportunities they present for the public in areas in which the Department is involved. The sub-programme seeks to manage the reputation and influence perceptions about the Ministry and the Department in the public arena, and to build and promote a positive image of the work and achievements of the DoC to the staff, stakeholders and the public. In the period under review, this was achieved through the implementation of a marketing and communication strategy. The work centered around establishing and increasing awareness about the work of the DoC among youth, women and people with disabilities; highlighting the Department's leadership role in and contribution to the growth and transformation of the ICT sector; supporting departmental and sector public relations and communications activities; as well as actively participating in government's communication programme.

The priority areas focused on progress on the ICT guarantees for the FIFA 2010 World Cup, the NEPAD ICT Infrastructure Network, the establishment of the Intergovernmental Forum for Information Society and Development, as well as Broadcasting Digital Migration. Information on issues and debates in the public arena sparked by, among others, Minister's Budget speech, the promulgation of the Electronic Communications Act and the Postal Services Amendment Act as well as the Alternative Dispute Resolution Regulations were disseminated via the media. Stakeholders, portfolio organisations and major players in the sector were encouraged to participate to strengthen relationships and to foster better understanding among the public on the roles of portfolio organizations as the implementing arms of Government in the ICT sector.

The Department also participated in premier conferences, exhibitions and marketing events of the industry. The most significant of these were the Highway Africa Conference, the African ICT Achievers Awards, and the 5th World Summit on Children and Media.

### **Ensure reliable and secure Information Technology infrastructure**

The development and integration of the network upgrade strategy with respect to a Virtual Private Network (VPN) was completed. An entirely secure converged network (bullet proof) was implemented and all specifications were adhered to. Other achievements are as follows:

- The installation of the new Telephone Management System (TMS) and Electronic Fax Solution (EFS) was completed during February 2007. The TMS is fully operational and the billing module is being tested with regards to the monthly invoices from Telkom.
- A new security firewall to grant and deny access to the DoC network, monitor all incoming, outgoing and internal network traffic was installed.
- The bandwidth utilization for future network growth was analysed.
- A new network cabling infrastructure was installed to provide a 10GB Ethernet platform to ensure sufficient bandwidth for current and future business needs.
- The server environment was upgraded to a centrally managed server and Storage Area Network (SAN) to reduce footprints and to ensure maximum uptime, high-speed connectivity and business continuity.

### **Provide effective and professional legal services**

Due diligence services were provided in support of the whole Department and the Ministry. With regard to drafting legislation, legal services were provided with respect to the Postal Services Amendment Bill, 2006, the Alternative Dispute Resolution Regulations, Accreditation Regulations and Guidelines on the Recognition of Industry Representative Bodies of Information System Service Providers under the Electronic Communications and Transactions Act.

Furthermore, legal support was provided through the handling of various litigious matters, assisting with contract vetting, drafting and negotiations, assisting with the drafting of various legal documents, preparation of opinions, ratification of International Agreements as well as legal advisory work.

### **Oversee and manage effective and professional administrative support services to the Department**

Professional administrative support services were rendered to the DoC through the provision of secretariat services to the Departmental Governance structures and Ministerial bilateral meetings with SOEs so as to enhance informed decision-making, effective documentation and timeous actioning of decisions.

### **Develop and Implement ICT Strategies for Youth, Women, Children and People with Disabilities**

The Department participated in the Youth Month celebration to commemorate the 30th Anniversary of the 1976 Soweto Uprising. An environmental scan has been concluded and will form the basis for the development of the Youth and ICT Strategy as well as a Disability and ICT Situational Analysis. The Department supported the FET ICT Skills Program coordinated jointly by DoC, DoE and ISETT SETA through providing strategic guidance on the inclusion of learners with disabilities in the program and facilitating linkages between the program and the work of the Department.

As part of the work on children and ICTs, the Department participated in the Ministerial Task Team on Child Pornography, led by the Deputy Minister of the Department of Home Affairs, as well as the 5th World Summit on Children and Media where delegates from more than eighty eight countries globally including three hundred children participated. The Department also participated in the Inter-departmental Committee on Children's Issues, led by the Office on the Rights of Children to ensure the integration of Children and ICT issues in the work of other government departments.

Furthermore, the Department participated in the Inter-departmental Committee on Disability, led by the Office on the Status of Disabled People (OSDP) to ensure mainstreaming of Disability and ICT issues in the work of government departments.

DOC was also part of the South African delegation whose work contributed to the official adoption of the United Nations Convention on Disability in December 2006.

***Ready for television broadcasting-children from countries across the globe receive their certificates for successfully completing the Television Broadcasting Training Programme at the 5<sup>th</sup> World Summit on Children and Media***





***Participants at the 5<sup>th</sup> World Summit on Children and Media, trying out their skills in news reporting***

### **Internal Audit Activity**

The Department's Internal Audit Activity (IAA) provides independent, objective assurance and consulting services designed to add value and improve the organisation's operations. To this end, it has adopted a risk based approach to assist the DoC in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

During the period under review, the control environment within the Department has drastically improved. The Internal Audit Activity has focused on the following projects as per the annual plan that was approved by the Audit committee:

- Governance review
- Usage of consultants
- Recruitment, appointment and terminations
- Information and physical security
- Business Continuity and Disaster Management Plan
- Unauthorized expenditure

The size, effectiveness and functioning of the Audit Committee has also greatly improved.

## PROGRAMME 2: STRATEGIC POLICY COORDINATION AND INTEGRATION

### PURPOSE

Give strategic direction to international relations, stakeholder relations, intergovernmental relations and facilitate empowerment.

### MEASURABLE OBJECTIVES

Improve stakeholder relations and service delivery by timeously developing and co-ordinating strategic business plans.

Develop an effective Intergovernmental Relations Framework that will enable the recognition and effective use of ICTs for socio-economic development and give effect to South Africa's foreign policy priorities on ICT-related matters; and

Establish a dynamic, effective and mutually beneficial multi-stakeholder partnership, in the ICT sector.

### SERVICE DELIVERY OBJECTIVES AND ACHIEVEMENTS

The Strategic Policy Co-ordination and Integration programme has been restructured to focus on strategic international relations and to be a link between the Department and other government spheres to promote the use of ICTs as an enabler for socio-economic development.

The Postal Regulator sub-programme has been placed under ICASA from 2006/07, so there are now two sub-programmes:

- The Co-ordination and integration sub-programme is responsible for international relations, stakeholder management, intergovernmental relations, special projects and broad-based BEE, with the aim of advancing and enhancing the Department's service delivery mandate.
- The International sub-programme is responsible for ensuring the timely, effective and comprehensive co-ordination of functions and responsibilities of the Department to meet the country's ICT international obligations.

### KEY ACHIEVEMENTS

The following information reflects the achievements in terms of the Programme strategic objectives set for the period under review.

#### **Establish ISAD Intergovernmental Relations Forum**

The Intergovernmental Relations Framework Act, No 13 of 2005, encourages Cabinet to establish a National Intergovernmental Relations Forum to facilitate and promote policy and related matters in their functional areas. In this regard the Information Society and Development Intergovernmental Relations Forum (ISAD IGRF) was launched on 12 December 2006.





### ***The Information Society and Development Intergovernmental Relations Forum***

This Forum is chaired by the Minister of Communications, with the Minister of Public Service and Administration as the First Deputy Chairperson and the Deputy Minister of Communications as the Second Deputy Chairperson. The other members are 18 MECs (two MECs per Province dealing with economic and socio-economic matters respectively), the Chairperson of SALGA and the Chairperson of the National House of Traditional Leaders.

The objective of the Forum is to:

- Serve as a consultative Forum with respect to ICT matters across all three spheres of government and industry;
- Facilitate the building of an inclusive Information Society across all spheres of government in an integrated and coordinated manner; and
- Contribute to the development of ICT policies, programs and the coordinated implementation of initiatives so as to increase the impact of ICTs in support of more effective, efficient and timely service delivery.

Furthermore, the DoC has audited most of the ICT projects that the Department launched in the past 6 years across the 9 provinces. Overall there has been greater development in assisting municipalities to develop websites in Mpumalanga. The Department has also been extensively involved in the IDP hearings of several municipalities. The DoC further supported the Growth and Development Summit of the Ilembe District in Kwazulu-Natal and was subsequently involved in the Growth and Poverty Summit of Marquassi Hills Municipality in the North-West Province. The Department is consistently involved in rolling out services and monitoring delivery jointly with DPLG and the GCIS on the Nodal Points areas of Intergrated Sustainable Rural Development Program (ISRDP) and Urban Renewal

Program (URP). Lastly, the Cyber labs and TeleCenters, including training of pensioners to utilize ICTs. This has increased through greater collaboration with USAASA. Furthermore, the ICT Stakeholder Management Strategy was finalised and a Strategy Implementation Plan was developed.

**Ensure that the ATU is incorporated into the AU structure and provide support to PAPU's integration into the AU structure:**

South Africa was elected to the Bureau of the African Union (AU) structure of Ministers. South Africa participated in the Second Ordinary Conference of Plenipotentiaries in Tripoli, Libya, from 16 to 17 July 2006, where the issue of the integration of African Telecommunications Union (ATU) under AU was debated. However not much progress was made with this matter. South Africa therefore took a position to denounce its status and membership pending the finalization of this incorporation. The SADC Ministers of ICTs further reiterated this decision, by passing a resolution on SADC suspending its membership until ATU, Pan African Postal Union (PAPU) and URTNA are incorporated under the AU Commission.

**Facilitate Involvement of Stakeholders in Supporting NEPAD e-Africa Commission and ICT Projects**

The NEPAD e-Schools demo project, which, in South Africa, is spearheaded by the DoC, working with the Department of Education, was in final preparations for its launching by the President in Mpumalanga at the beginning of the new financial year.

The Department facilitated increased stakeholder involvement in the NEPAD ICT projects, most notably the NEPAD ICT Broadband Infrastructure Network. Furthermore, the Department hosted the meeting of SADC/East Africa Ministers dealing with Communications and Information Technologies in June 2006.

South Africa signed the NEPAD Protocol in Rwanda in August 2006 and the ratification process is well advanced. The Department also hosted the 1st Inter-Governmental Assembly (IGA) meeting in December 2006 where the Chairperson, first and second Deputy Chairpersons from signatory countries were elected as Zimbabwe, Zambia and Uganda respectively. The 2nd IGA meeting was held in Zimbabwe on 30 March 2007.

The Department also hosted the NEPAD Youth Programme preparatory meeting in April 2006, which produced the draft Terms of Reference and the structure of the Programme. The launch of the NEPAD ICT Youth Programme in June was organized as part of the youth month activities in which youth from the participating countries also visited the Hector Peterson and President Samora Machel Monuments. Furthermore, a programme was developed to be implemented over a three-year period.



*Youth from African countries participated in the NEPAD Youth Programme in June 2007. The week-long programme was held in Mpumalanga, South Africa.*

#### **Facilitate a Strategic Programme involving Portfolio Organisations Specifically Targeting Post War Reconstruction:**

The SA/Sudan Joint Bi-national Commission JBC was launched in May 2006 in Pretoria. In accordance with the priorities identified by the Cabinet Lekgotla, the DoC identified areas of co-operation with Sudan involving portfolio organizations mainly based on capacity and institutional building. The Department also hosted a study tour of a delegation from Somalia in May 2006. Furthermore, the initial involvement of TELKOM SA, SABC and Sentech in Guinea – Conakry in November 2006 and the visit to Vodacom, Telkom SA and SABC by the Minister of Telecomm and Minister of Broadcasting from the Government of Southern Sudan respectively, has yielded promising indications of their formal engagement in reconstruction projects.

#### **Support prioritised countries on the Continent:**

With regards to supporting prioritised countries of the Continent, the Department identified Somalia and Guinea-Bissau, and started with the implementation of a support programme. DoC also prepared a programme for the Sudanese delegation visiting portfolio organizations on a capacity building project.

The Department commenced with a process to revise the Strategy for International Engagement with the assistance of a team of consultants. The strategy intends to streamline international engagement process to facilitate a coherent approach by the Department, Portfolio Organisation and SOEs.

#### **Implement IBSA ICT Projects**

In June 2006, the India, Brazil and South Africa (IBSA) Working Group on Information Society drafted a Plan of Action for 2006/07 and identified projects to be implemented during the 2006/07 financial year. The Department worked with the IBSA Working Group

on Information Society to finalise the Framework of Co-operation. During the IBSA Summit in September 2006, under the leadership of the Department, the IBSA Framework of Co-operation was signed. Following the request of the Ministerial trilateral meeting, the IBSA Website, developed by the Meraka Institute, was launched by the Department and is now used by most of the IBSA focal groups as a means of communication, inter-action and information sharing.

### **Strengthening our role in and benefit from multilateral engagements**

A key event in the ICT sector globally is the Plenipotentiary Conference of the International Telecommunications Union (ITU). The Plenipotentiary Conference takes place every four years, and in 2006 it took place in Antalya, Turkey, from the 6th to the 23rd November 2006.

The ITU Plenipotentiary Conference delegation was led by the Minister, and attended by the Director-General, officials from the Department of Communications, the Department of Foreign Affairs, State Owned Enterprises, the Private Sector and Parliament. South Africa was re-elected to ITU Council and will continue to be represented by Ms. Ingrid Poni: Councilor Communications.

The Marrakesh Final Acts of the ITU Plenipotentiary Conference (2002) were ratified by Parliament in November 2006. The instruments were signed by the Minister of Foreign Affairs and deposited at the office of the Secretary General of the ITU

The Minister participated in a High Level Round Table discussion on Postal issues, which was organized by the Universal Postal Union (UPU). The DoC also supported the Post Office in hosting the Commonwealth Conference of Postal Administrators (CCPA). DoC also attended International strategic meetings such as the Conference of Administration meeting held in Berne, Switzerland and the Dubai Strategic meeting on the preparations for the 24th UPU Congress, to be held in Kenya in 2008.



**Minister Ivy Matsepe-Casaburri, greets her counterpart from Swaziland at the National World Post day event at Oshoek in Mpumalanga**

South Africa was elected to Chair the African Support Committee to provide support for Kenya in the 2008 Congress. The 2nd meeting of the African Support Committee (ASC) for the Congress, took place in September 2006, in Kenya, and the main focus of this meeting was to assess progress so far, as per the action plan adopted during the 1st ASC meeting, and to develop a programme to guide the activities of the ASC for the 2006/07 period. As Chair of the ASC, South Africa coordinated all the necessary information to be incorporated to the Ministerial Conference held in Dubai, in November 2006, where South Africa submitted a status report on the preparations of the 2008 Nairobi Congress.

Furthermore, the DoC attended the Annual General Meeting of Southern African Postal Operators Association and the Southern African Postal Regulators Association meeting. It also attended the Consultative meeting organized by the senior officials of the Government of Kenya to review work that has been undertaken so far, and map out the strategy to realize the goals of the preparatory process ahead of the full ASC meeting.

### **Coordinate Post World Summit on the Information Society (WSIS)**

#### **Implementation**

The following post WSIS activities were organized:

- The 2nd Post WSIS workshop was held in August 2006;
- Inputs were made by the Department with respect to the restructuring of the Economic and Social Committee of the United Nations (ECOSOC) and the Committee for Scientific and Technological Development (CSTD)

In addition, the Information Ethics Conference was hosted by the DoC in February 2007 in conjunction with the PNC on ISAD, the Department of Arts and Culture, the University of Pretoria, the NEPAD e-Africa Commission, UNESCO and the International Centre for Information Ethics. The event was the first in Africa to look at the Ethical dimensions of Information Society and brought together academics and government representatives from Africa together with International experts. The Tshwane Declaration on Information Ethics made a commitment towards enhancing values for the African Information Society.

***Mr Mokwining Nhlapo, Chief Operating Officer of the Presidential National Commission on Information Society and Development, chairs a panel discussion at the African Information Ethics Conference which was held in Pretoria in February 2007***



## PROGRAMME 3: POLICY DEVELOPMENT

### PURPOSE

Develop policies, legislation and strategies that will create optimal conditions for investment and rollout of ICT infrastructure and services, and contribute to nation-building and social cohesion to achieve sustainable economic development.

### MEASURABLE OBJECTIVE

Promote investment and rollout of infrastructure and services in the ICT sector by continuously developing, reviewing and implementing ICT policies.

### SERVICE DELIVERY OBJECTIVES AND ACHIEVEMENTS

The Policy Development programme comprises of the policy units of telecommunications, postal and multimedia. The Programme focuses on the development and realignment of existing policies which will create optimal conditions for investment and the rollout of infrastructure to provide efficient and cost-effective communications services.

There are seven subprogrammes:-

- Telecommunications Policy
- Postal Policy
- Multimedia Policy
- IT Policy
- Economic Modeling
- Community Radio Stations
- Programme Production

### KEY ACHIEVEMENTS

The following information reflects the achievements in terms of the Programme strategic objectives set for the period under review.

#### Broadcasting Digital Migration

The Broadcasting Digital Migration Working Group, comprising of industry, labour, consumer bodies, Government and the Regulator conducted an economic feasibility study of digital migration to understand the economic implications of the process of migrating from analogue to digital broadcasting services. Based on the outcome of this study some policy recommendations were presented to the Presidential International Advisory Council (PIAC) in September 2006. Furthermore, the Department participated in the ITU's Regional Radio Conference, which was held from 15 May 2006 to 16 June 2006 in Geneva, to deal with, amongst others, the issue of digital terrestrial broadcasting services.



***Mr Linden Petzer, Chairperson of the Digital Migration Working Group, hands over the Final Report on its work to Dr Ivy Matsepe-Casaburri, Minister of Communications.***

With regard to Broadcasting Digital Migration, Funding Plan Options were also completed and a financial modeling exercise was conducted. The findings were incorporated in the Draft Broadcasting Digital Migration Strategy for South Africa. The modeling exercise also provided the initial costing of the digital migration process.

The draft Broadcasting Digital Migration Strategy was finalized and presented to industry for inputs. Thereafter a Broadcasting Digital Migration implementation plan was finalized and presented to stakeholders. Cabinet approved 1 November 2008 as the digital signal switch-on and 1 November 2011 as the analogue signal switch-off dates, providing for a three-year dual illumination period. Also approved were the new channels to cater for education, health, youth, sports, SMMEs and government services.

### **Broadband Strategy**

An input on ICTs was provided for the National Industrial Policy Framework of the Department of Trade and Industry. Furthermore, the Broadband Advisory Council has been established. A database framework has been developed to provide both economic and financial trends for the ICT strategy including broadband. Data on ICT penetration and statistics on broadband penetration in South Africa were provided and an analysis of the telecommunications prices since 1996 to 2005 was also completed.

### **Policy directives for new and upgraded post offices**

The DoC conducted research and benchmarked postal administrations, in particular with Tanzania, Kenya and Canada, after which a concept policy document was developed to guide the process. An infrastructure and address roll-out plan was developed and economic research was completed which resulted in draft policy guidelines being developed.

### **Appropriate policy directives to reduce the cost to communicate**

Minister announced policy measures aimed at accelerating the reduction of telecommunications costs in her 2006 Budget Vote speech to Parliament. Furthermore, policy directives on the cost to Communicate have been finalized and will be issued in the next financial year.

### **Monitoring the implementation of ICT related legislation**

The Postal Services Amendment Bill was passed in Parliament and signed into law by the President in March 2007.

Following recommendations for licensing by ICASA, more USALS were licensed. A report from ICASA regarding the licensing of USALs was analysed and recommendations were sent to Minister.

### ***Dr Ivy Matsepe-Casaburri talks to three cyclists from the Post Office Cycling Team before the World Post Day event at Oshoek in Mpumalanga on 5<sup>th</sup> October 2006***





## PROGRAMME 4: FINANCE AND SHAREHOLDER MANAGEMENT

### PURPOSE

Provide support services to stakeholders and manage government's shareholding interest in ICT related state-owned entities.

### MEASURABLE OBJECTIVE

Develop and implement policies and best practices in order to provide overall financial and supply chain management to the Department, and to manage shareholding in and improve governance of public entities

### SERVICE DELIVERY OBJECTIVES AND ACHIEVEMENTS

The Financial and Shareholder Management Programme is made up of two Chief Directorates. The finance chief directorate is responsible for overall internal financial management while the shareholder management chief directorate provides leadership for and monitoring of the activities of all public entities in the Department of Communications' portfolio. This unit makes sure that all the public entities' strategies are aligned with government's priorities and mandate and that there is adequate return on investment.

There are nine sub-programmes:

- Financial Management provides overall financial management services to the Department.
- Universal Services Agency promotes the goal of universal services.
- Universal Services Fund is managed by the Universal Service Agency to construct infrastructure in under-served areas.
- South African Post Office Subsidy funds postal outlets in rural areas that do not generate enough revenue to cover their expenses.
- South African Broadcasting Corporation: Public Broadcaster-provides radio and television services, including broadcasting educational programmes.
- South African Broadcasting Corporation: Channel Africa-provides a broadcasting service to communicate South Africa's foreign policies across Africa.
- Independent Communications Authority of South Africa regulates the broadcasting industry in the public interest to ensure fairness and a diversity of views that represent South African society.
- National Electronic Media Institute of South Africa is responsible for providing training in the broadcasting industry, especially to historically disadvantaged groups.
- Sentech is primarily responsible for broadcasting signal distribution.

## KEY ACHIEVEMENTS

The following information reflects the achievements in terms of the Programme strategic objectives set for the period under review.

### Secure funding and monitor expenditure on key projects

Sentech's Business Plan was analysed and the financial implication of the wireless broadband roll out was identified. The DoC engaged National Treasury to secure funding for Sentech's wireless Broadband roll out and other Sentech projects. Other potential funding sources such as the Industrial Development Corporation, Development Bank of South Africa (DBSA) and Nedbank have been approached and they have indicated their willingness to consider the request to fund Sentech's Broadband Wireless roll out. The funding requirements of Sentech have been included into the 2007/10 MTEF requests that have been submitted to the National Treasury as part of the DoC MTEF request. A total of R600 million for the Wireless Broadband Network has been submitted. The remaining amount of R900 million will be sourced through borrowing with the financial institutions. A request has been prepared for consideration by the Minister, seeking the concurrence of the Minister of Finance to borrow R900 million from the financial institutions.

A proposal will be prepared to ring-fence the Wireless Broadband Network of Sentech from the rest of Sentech, in order to protect the signal distribution assets and to accommodate those financing institutions that in addition to lending have indicated an interest in taking up equity in the Broadband Business.

### Coordinate, prepare and allocate budget according to National and departmental priorities

The budget was prepared in accordance with the MTEF guidelines issued by the National Treasury and was in line with the Departmental policy priorities that were outlined by the Minister. Budget and expenditure management improved significantly during the period under review. Through the use of an early warning system the Department improved its spending patterns, which resulted in only 28% of the total budget being spent in the last quarter of the financial year. Further, the Department surrendered only R2,7million of its baseline allocation (0,2% of the total budget) for the period under review.

The Department was successful in obtaining the following funding through the Adjustment Estimates:

- R38,439 million for the payment of VAT for the South African Post Office
- R3,673 million to terminate the sale of Capital Radio.

During the 2007 MTEF the Department received additional funding over the MTEF period:

- R15 million for the strengthening of the Independent Communications Authority of South Africa
- R123,1 million constitutes the VAT liability of the South African Post Office
- R200 million for rehabilitation and digitization of signal distribution for Sentech
- R21 million during the 2007/08 financial year)for the Sentech – EASSy project
- R18 million for the Meraka Institute

#### **Maintain effective, efficient and transparent financial and other systems**

In order to strengthen the internal and accounting control environment, a number of policies were developed, reviewed and updated. These include the Supply Chain Management Policy, Supply Chain Management delegations, Supply Chain Management procedure manual (which are in line with the Supply Chain Management Framework) and the Transport Manual. The Financial Delegations and the Petty Cash Management policy were also reviewed in line with the requirements of the PFMA and Treasury Regulations.

#### **Ensure compliance with PFMA/TR requirements regarding risk management**

A number of initiatives were undertaken to ensure compliance by the Department with the PFMA, Treasury regulations and other legislative requirements. The Department appointed a service provider to assist with the development of the Risk Management Strategy including the conducting of a risk assessment. Furthermore, the Corporate Governance Framework was developed and a Fraud Prevention Plan, including a response plan, has been reviewed and approved in line with the requirements of the PFMA and Treasury Regulations. In addition, a Draft Loss Management Policy and Draft Security Management Policy were developed and will be finalized and implemented in the 2007/08 financial year.

#### **Ensure effective, efficient and transparent supply chain management systems**

In line with the Supply Chain Management Framework, the Supply Chain Management Policy and Procedure Manuals were reviewed and updated. In addition the Asset Management Strategy and an implementation plan were developed. There was a significant improvement in the implementation and adherence to Supply Chain Management controls, evidenced by a 79% reduction in irregular expenditure.

#### **Ensure effective functioning of SOE governance structures**

In order to ensure the effective functioning of the SOE governance structures, the Department has monitored the Board complements of SOEs on a continuous basis. The Department has also made submissions with regards to the remuneration of Directors, non-executive Directors, Councilors and CEOs. Furthermore, the Department has facilitated the submission of Shareholder Compacts for the Minister's approval.

Annual General Meetings of SAPO, SABC and Sentech have been successfully conducted.

### **Ensure founding documents of SOEs are up to date**

During the reporting period the Memoranda and Articles of Association for Telkom, SAPO, NEMISA and the .za Domain Name Authority was reviewed. Consensus was reached with SAPO on the proposed amendments to their Articles of Association.

The Articles of Association of SAPO, Sentech and the SABC were considered and adopted at their respective Annual General Meetings. Recommendations on the proposed amendments to the Articles of Association of Telkom were submitted and considered by the Minister and will be tabled at the Annual General Meeting of the company, which will be held early in the new financial year

All the Articles of Association of the entities were reviewed, looking specifically at the provisions that deals with the position of the executive directors with a view to and in preparation for reviewing of these clauses. The review sought to ensure consistency between the terms of appointment of executives (CEO, COO and CFO), their roles, and terms of participation as executive directors to the Boards.

The Department analysed the Corporate Plans, Materiality frameworks and Shareholder Compacts of entities after which recommendations were prepared and submitted to the Minister. All the entities submitted their business plans for the 2006/07 financial year as required in terms of the Public Finance Management Act. Detailed analyses of these Business Plans will be finalised in the 2007/08 financial year and submitted to the Minister for consideration.

### **Review funding models of SOEs**

A service provider was contracted to undertake a specific scope of the financial analysis review of three SOEs, namely SABC, SAPO and Sentech. The purpose of the study was to assist DoC to determine how these entities could efficiently make use of their limited financial resources. A draft report was submitted to the Department. The work will be continued in 2007/08 financial year.

## PROGRAMME 5: INNOVATIVE APPLICATIONS AND RESEARCH

### PURPOSE

Improve government's delivery of services by promoting ICT mediums and increasing the use of ICT applications

### MEASURABLE OBJECTIVE

Build capacity for a sustainable ICT sector to improve the delivery of services by implementing and managing knowledge-based ICT projects.

### SERVICE DELIVERY OBJECTIVES AND ACHIEVEMENTS

The Innovative Applications and Research programme is responsible for managing knowledge and applications for improving service delivery through ICT projects that build capacity for a sustainable ICT sector. There are four sub-programmes:

- Applications and Research
- The Meraka Institute does research and develops ICT applications that aim to benefit all citizens.
- The 112 Emergency Call Centre provides a single national emergency number, from which all emergency calls will be rerouted to the most suitable local response unit.
- The .za Domain Name Authority is responsible for administering and managing the .za Domain Name space.

### KEY ACHIEVEMENTS

The following information reflects the achievements in terms of the Programme strategic objectives set for the period under review.

#### Participate in South African Space initiatives

During the period under review, the analysis and review of the SATCOM study was completed and a conceptual document was produced. Recommendations were made for discussions with the aim of formulating a South African Geostationary Satellite Technology and Space Application Roadmap. This review sought to investigate the feasibility of acquiring and operating a communications satellite to serve primarily the South African domestic market. The DoC also continued its efforts in contributing to the work of the National Working Group on Space Science and Technology. Furthermore, the Department contributed towards the establishment of the Space Council and South African Space Agency as well as to the Square Kilometer Array (SKA). In terms of the SKA and the Karoo Telescope Array (KTA) as well as frequency filling to the ITU for the control and operation of the launch of SumbandilaSAT. The Department's contribution was to strengthen the bid in terms of formulating directives to ensure low levels of radio frequency interference in respect of SKA and KTA chosen sites and to ensure

commitment to maintain non-interference radio environment as well as improving the radio environment over the telescopes' life span.

The Department also made ongoing contributions to the development of South African Earth Observation Strategy (SAEOS), which was developed and approved in 2006. The Department contributed to the development of the concept paper on SAEOS to the Department of Science and Technology (DST). Furthermore, there is an ongoing collaboration between DST, DoC and other stakeholders on the SAEOS initiative.

The DoC has also contributed to the formulation of a National Space Policy Framework and was part of the South African delegation attending the 49th Session of the Committee for Peaceful Uses of Outer Space (COPUOS) in Vienna during June 2006.

Furthermore, the DoC took part in a DST led initiative of building a Low Earth Orbiting micro satellite as an educational tool and technology pathfinder. This satellite was integrated, tested, and assembled at ISSA's facilities. The satellite is due for launch in June 2007 in the Federal Republic of Russia. The Russian launch agency requires an ITU ratified frequency registration clearance as proof of compliance to ITU radio frequency regulations hence the DoC together with ICASA has taken on the responsibility to fast track the process of applying for the radio frequencies required for operating and commissioning the satellite through the ITU Spectrum Orbit Coordination Procedures (SOCP). ICASA issued a national license to DST and the characteristics of the SumbandilaSAT satellite network were published in the BRIFIC 2579 by the ITU Head of Space Publication and Registration Division. This process entails frequency application and coordination through the International Telecommunications Union's Radio Communication sector.

#### **Prioritise Universal Service and Access**

With regard to Universal Service and Access, the DoC conducted a survey on ICTs for social development through the HSRC and an analysis of e-services in nodal points. The survey is still underway. The research and fieldwork have been successfully completed, and a first draft of the report has been presented to the Department. Furthermore, the DoC has finalized a report on the technology models adopted by most UnderServed Area Licensees (USALs) and it also participated in the process to determine the technical and administrative feasibility to use channel 65 as described in the Annual Terrestrial Broadcasting Frequency Plan (822-830MHz) for non-broadcasting. The Department also participated in the USALs licensing hearings.



### **Develop DOC's 2010 ICT Strategy**

The Department undertook a recruitment process in order to fully capacitate the 2010 Project Office. The DoC has provided leadership in the ICT sector's preparation for the 2010 FIFA World Cup in collaboration with its State-Owned Enterprises, Telkom, and the LOC. The Department ensures that the country meets the Information Technology and Telecommunications Requirements of FIFA by working with the LOC, HBS and MATCH. The DoC also provided input to the selection panel for the IBC location. Furthermore, a business case for funding was submitted to National Treasury based on joint project plans and costing from SOEs. The DoC also established Non-Disclosure Agreements with Telkom and Sentech.

### **DoC Contribution to JIPSA**

In collaboration with NEMISA, the DoC implemented a training programme for website development in nodal points. Training initiatives have commenced as well as the sourcing of further suppliers as close as possible to the nodal points that will do the required web development training. This will be an ongoing initiative for nodal point development and upliftment.

### **Develop a Registry of Crypto Providers and Critical Databases**

The Regulations were published in the Government Gazette. The Registry was developed and final reporting is being developed to allow for queries to be done on the database. Registration is ongoing and the Department frequently addresses queries with regards to conformance to the new set regulations.

### **National Emergency Communications**

With regard to the 112 Emergency Call Centre, the Public Private Partnership (PPP) document as well as the PPP feasibility study have been completed. Various stakeholders such as SAPS and EMS have been consulted to gain their position on the PPP model. The Department has drawn up a plan in conjunction with a contractor to launch 112 in Western Cape. The DoC also continued to participate in the Telecommunication Standardization Advisory Group meetings.

### **Participate in Bilateral and Multilateral Engagements**

With regard to the SADC Workshop on the development of the broadcasting digital frequency plan for digital migration and Conference Preparatory Meeting (CPM) preparations, two consultative workshops were successfully organized.

The outcome was agreed, upon spectrum harmonization guidelines for Southern Africa and a unified presentation to the Regional Radiocommunication Conference of 2006 (RRC-06). The WRC committee was established to prepare for the World Radiocommunication Conference of 2007. Furthermore, SADC meetings were successfully completed to develop a common position paper to RRC-06. The Digital Frequency Plan was also successfully completed at RRC-06 in May/June 2006.



## PROGRAMME 6: PRESIDENTIAL NATIONAL COMMISSION

### PURPOSE

Advise government on the development of an overall government ICT policy framework, and recommend strategies to bridge the digital divide.

### MEASURABLE OBJECTIVE

Co-ordinate and assess the impact of government ICT policies and programmes on the different spheres of government, and provide strategies to bridge the digital divide and define an information society for South Africa with clear targets and milestones.

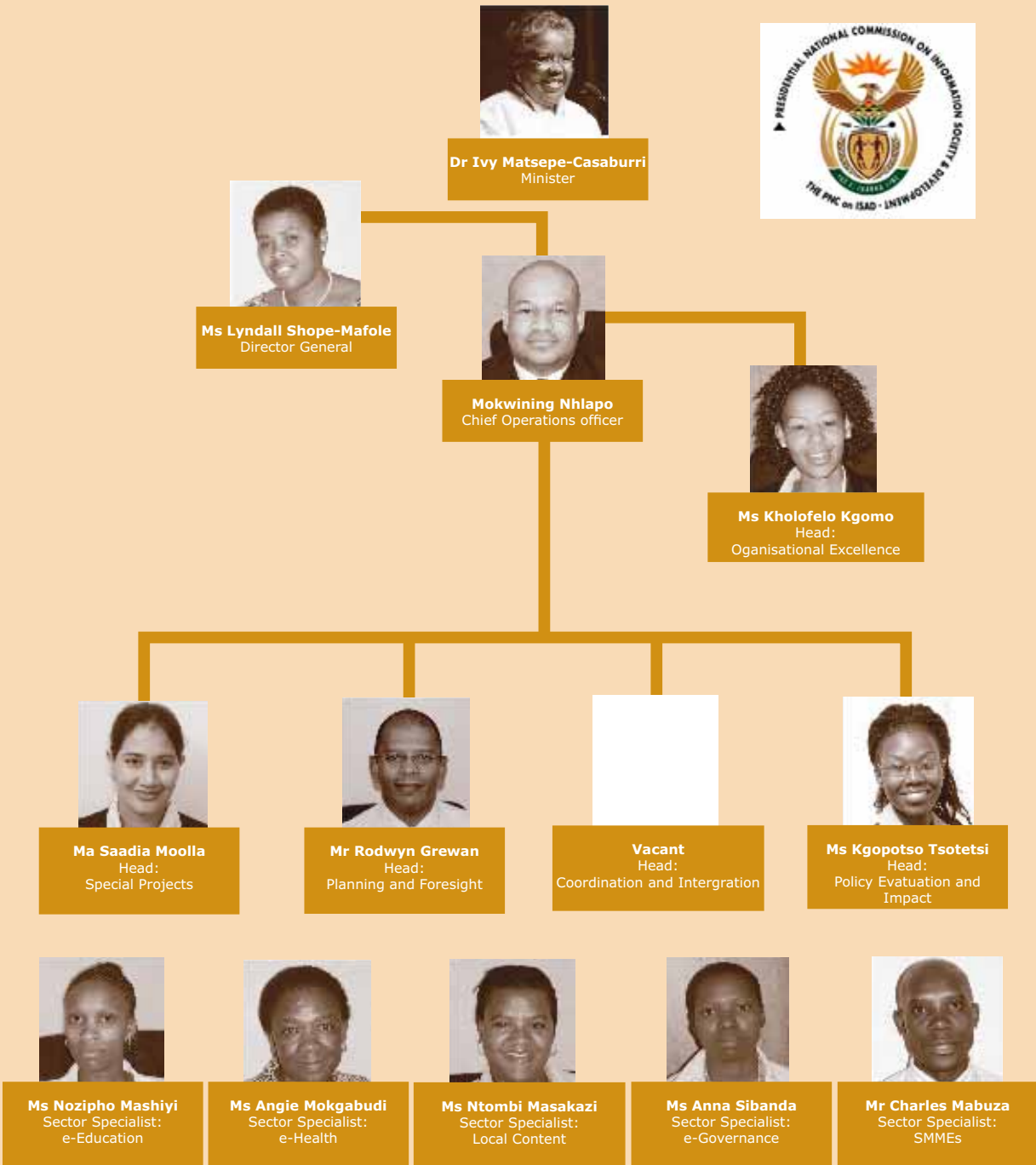
### SERVICE DELIVERY OBJECTIVES AND ACHIEVEMENTS

The role of the Presidential National Commission Programme is to facilitate the co-ordinated and accelerated development of an inclusive information society in South Africa, aligned with and contributing to the global Information Society.

The Programme is divided into the following six sub-programmes:

- **Policy Planning and Foresight:** Aims to insure that South Africa has proactive and progressive national plans, with sectoral, provincial and local government components.
- **Policy Co-ordination and Integration:** Ensures that the national information society and development plan is implemented in a co-ordinated way, and that policies, legislation and programmes are well co-ordinated and integrated with development plans.
- **Policy Evaluation and Impact Assessment:** Assesses whether policies and legislation support or hinder the development of an inclusive information society and assesses the impact of ICT programmes and projects.
- **Special Projects:** Develops special programmes to maximize the benefits of the information society for the benefit of women, children, youth, people with disabilities and poor communities.
- **Intergovernmental Relations:** Ensures that all spheres of government participate in the Presidential National Commission's national information society and development plan.
- **Organisation Excellence:** Provides responsive, timely and comprehensive strategic administrative support to the Presidential National Commission.

## PRESIDENTIAL NATIONAL COMMISSION ORGANISATIONAL STRUCTURE



## KEY ACHIEVEMENTS

The following information reflects the achievements in terms of the Programme strategic objectives set for the period under review.

### Policy Planning and Foresight

During the reporting period, major focus was given to the ISAD Plan, which was approved by Cabinet, as a framework for the development of an inclusive Information Society in the country. The Cabinet further approved the Institutional Mechanisms for the development of an inclusive Information Society in South Africa, which included the establishment of the Ministerial ISAD Committee and ISAD IGR Forum. The Ministerial ISAD Committee, which is to be chaired by the Presidency, will be supported by the newly formed Forum of South African Directors General (FOSAD) ISAD Cluster. The ISAD Plan has been adopted by the ISAD IGR Forum and a draft Programme of Action of the ISAD Plan was developed, following the approval of the ISAD Plan.

With regard to addressing the challenges of funding and access to infrastructure in the implementation of the e-Education Policy, a report was developed that reflected on the status of funding and access to ICT infrastructure in the country. The report is expected to be published early in the new financial year.

Following the consultation process with stakeholders in the e-government sector, a decision was taken to conduct research to determine the challenges and lessons from the Phase 1 implementation of e-Government in the country. The project has commenced and is expected to be completed in the first quarter of the 2007/08 financial year.

### Policy Coordination and Integration

The lack of an e-Health Policy was identified as one of the major challenges in the deployment of ICTs in the health sector, hence the PNC on ISAD contributed to the development of an e-Health discussion document. This document was workshopped with all relevant stakeholders from National and Provincial governments. The PNC also contributed to the development of an Electronic Health Records Strategic Framework, which was used in the evaluation of the national electronic health record tender that was advertised by the Department of Health (DoH). Both documents were adopted and presented to the management of DoH and the National Health Information System of South Africa Committee. A research proposal was also written for the emerging information and communications technologies for the health sector study.

With regard to accelerating documenting and preservation of arts, and heritage content in local languages through digitization, the PNC has prioritised the development of digital content in South African languages. After consultation with stakeholders regarding the

current digitization initiatives already underway, it was decided that the development of the National Digital Repository be prioritised. The focus of the project is to facilitate the development of a National Digital Repository (NDR) on arts, culture and heritage. The Digital Repository will allow one to deposit (upload) files and describe them with "metadata" while it will also allow one to visit the repository to search for information. The project started in January 2007.

Furthermore, the PNC has been an active member of the India/Brazil/South Africa (IBSA) Working Group on Information Society. Following South Africa's hosting of the 2nd country visit from the 12th to the 15th December 2005, the Working Group held its third country visit in Brazil in July 2006. The purpose of these country visits was to share experiences and to showcase the Information Society and e-Government initiatives of member countries.

The Working Group developed the 2006/07 Plan of Action where it identified three main areas of co-operation, namely, Digital Inclusion, e-Government and Information Society and ICT for Development.

The Working Group decided on the establishment of a forum of municipalities and/or local governments to exchange experiences on the use of Information Communications Technologies (ICTs). South Africa was tasked with coordinating this task and developed a discussion document proposing the functioning of the forum. A workshop was held with municipalities after which the discussion document was developed by South Africa and circulated to both India and Brazil.

With regard to the development of an Information Society Coordination and Integration Framework, research on the status of coordination and integration of ICT programmes and projects in government departments and across the three spheres of government was initiated. Central to the research is the evaluation of government coordination and integration processes as led by the Presidency. The process covers the National Spatial Development Perspective (NSDP), Provincial Growth and Development Strategies (PGDS) and the Integrated Development Planning (IDP) at local government level.

### **Policy Evaluation and Impact Assessment**

During the reporting period, the focus was on the impact of ICTs in building a better life for all. The strategic framework for measuring the impact of ICTs on South Africa's development was finalized and approved by the Working Committee. Furthermore, relevant stakeholders assisted in developing Information Society indicators. An indicator conceptual framework was formulated, a proposed indicator list was compiled and an indicator system template was also designed. An IBSA discussion/concept document

with regard to the IBSA cooperative project on measuring the Information Society was compiled for consideration by the Working Group and feedback from India and Brazil is awaited.

The University of South Africa (UNISA) was appointed to research the status of the provision of government information and services in local languages of choice. A report which addressed the provision of government information and services in South African languages using ICT platforms, was compiled and will be finalized in the new financial year.

A report on e-cooperatives, an implementation framework and model, was finalised and stakeholders were mobilised to rally their efforts in establishing ICT cooperatives and consolidating a basket of support services. Approximately 460 youth were identified from all nine provinces to be trained and to form cooperatives.

### **Special Projects**

The National Youth Information Society and Development (ISAD) Workshop was held in April 2006. A discussion document was developed which introduced the concept of the Information Society and Development (ISAD) and its relevance to improving the lives of young people in South Africa. The document was developed with a view to trigger debate and discussion on how best the Information Society can contribute towards meeting the needs and addressing development challenges facing young people. The workshop was hosted with the National Youth Commission and this created a platform for young people to participate directly and indirectly on issues of ICT and Development. A national task team, comprising of young people, and representative of the five key ICT sectors (education and skills development, e-Health, e-Government, local content development and SMMEs), was formed. The Youth ISAD programme was subsequently adopted in principle in February 2007 with additions to be made on the NEPAD section, to include the African Youth Charter. On the issue of the Youth e-Village, research was done on various similar initiatives internationally in order to guide the articulation of a South African youth e-village with a specialized focus on youth in a developmental context. The project developed a business model framework that provided a model in terms of both the location as well as sustainability through a service model. A task team consisting of various National Government departments as well as ICT State Owned Enterprises and ICT sector companies has been established.

### **Organizational Excellence**

During the reporting period, high emphasis was placed on implementing the Master Systems Plan (MSP) and Project Management within the PNC.

The PNC installed and configured an uninterruptible Power Supply Battery, and developed

an online resource centre and a document management system on the Intranet. As part of improving the PNC connectivity the Internet and Intranet websites were launched and a website hosting agreement was signed with SITA and a Wiki Portal hosting agreement was also signed.

In an effort to projectise the PNC environment, a Project management (PM) policy was developed and implemented. A survey to evaluate the effectiveness of the PM policy and procedures was conducted and the analysis, results and recommendations of the PM survey were presented to executive project sponsor.

Furthermore, in an effort to make PNC a model information society organisation, a consolidated annual Organisational Excellence Performance Report was compiled. The PNC also co-hosted the Africa Ethics Conference, and published ISAD Plan publications.

Furthermore, the new PNC organisational structure was developed and jobs were profiled in line with the new structure. A Knowledge Management (KM) framework was also developed and in order to communicate to the world the progress the country is making towards the building of an Information Society. Furthermore, e-Mzansi, which is an online newsletter, has also been launched.

### **Inter Governmental Relations**

In its efforts to improve inter-governmental relations, the PNC developed a comprehensive multi-stakeholder management strategy. An implementation Plan for the strategy has also been developed and training sessions with the PNC staff on stakeholder management has been conducted. Furthermore a handbook on best practice stakeholder management for the PNC was also developed.

In order for the PNC to understand the status of ICTs in Nodal Points, the organisation developed a report on the profile and challenges of the Nodal Points in order to map a way towards the building of the inclusive Information Society. Working closely with the Technical Champions in these nodes, the PNC conducted a work study visit to twelve of the thirteen nodal areas to introduce the work of the PNC on ISAD and to source first hand information on the challenges the nodes face. These workstudy visits resulted in the development of a report with specific focus on the following areas:

- demographic information of the node;
- key driving forces of economic development of the area;
- challenges facing the node;
- implications of these challenges on the PNC on ISAD; and
- recommendations to address the identified challenges.



HUMAN RESOURCE MANAGEMENT  
REPORT

## HUMAN RESOURCE MANAGEMENT REPORT

### HR Oversight statistics for the period April 2006 to March 2007

#### 1. Service Delivery

During the reporting period, the department developed its first Service Delivery Improvement Plan (SDIP) and submitted it to the Department of Public Service and Administration (DPSA). During the 2007/08 financial year, the Department intends to implement the SDIP as well as monitor and evaluate actual achievements against the desired standards, subsequent to being published in the next Annual Report.

#### 2. Expenditure

The Department budgets in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each programme or salary band within the Department.

**TABLE 2.1**

<b>Personnel costs by programme, 2006/07</b>						
Programmes	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percentage of total expenditure	Average personnel cost per employee (R'000)
Administration	109,937	39,136	14,772	3,377	35.6	305
Strategic Policy Coordination and Integration	45,466	16,864	539	1,090	37.1	468
Policy Unit	71,436	6,839	123	4,508	9.6	273
Finance and Shareholder Management	1,011,811	10,787	593	4,048	1.1	229
Innovative Applications and Research	57,598	15,061	535	19,875	26.1	273
Presidential National Commission	23,349	10,321	165	39,927	44.2	294
<b>TOTAL</b>	<b>1,319,597</b>	<b>99,008</b>	<b>16,727</b>	<b>75,825</b>	<b>7.5</b>	<b>304</b>



TABLE 2.2

Personnel costs by salary band, 2006/07			
Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	56	0.05	56
Skilled (Levels 3-5)	3,043	3.07	1,014
Contract (Levels 3-5), Permanent	9	0	9
Highly skilled production (Levels 6-8)	17,250	17.42	133
Highly skilled supervision (Levels 9-12)	36,802	37.17	299
Contract (Levels 9-12), Permanent	758	0.76	379
Senior Management (Levels 13-16)	38,653	39.04	614
Contract (Levels 13-16), Permanent	2,437	2.46	812
<b>TOTAL</b>	<b>99,008</b>	<b>100</b>	<b>304</b>

The following tables provide a summary per programme (Table 2.3) and salary band (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners allowances and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget used for these items.

**TABLE 2.3**
**Salaries, Overtime, Home Owners Allowances and Medical Assistance by programme, 2006/07**

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Administration	22,837	58.4	65	0.2	136	0.3	1,350	3.4
Strategic Policy Coordination and Integration	10,200	60.5	79	0.5	131	0.8	491	2.9
Policy Unit	4,430	64.8	14	0.2	34	0.5	220	3.2
Finance and Shareholder Management	7,277	67.5	105	1.0	140	1.3	344	3.2
Innovative Applications and Research	10,171	67.5	31	0.2	47	0.3	403	2.7
Presidential National Commission	7,055	68.4	31	0.3	95	0.9	300	2.9
<b>TOTAL</b>	<b>61,970</b>	<b>62.5</b>	<b>325</b>	<b>0.32</b>	<b>583</b>	<b>0.58</b>	<b>3,108</b>	<b>3.14</b>

TABLE 2.4

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	39	69.6	0	0	0	0	7	12.5
Skilled (Levels 3-5)	2097	68.9	25	0.82	38	1.2	153	5.0
Contract (Levels 3-5), Permanent	8	88.9	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	12251	71.0	129	0.74	211	1.2	791	4.6
Highly skilled supervision (Levels 9-12)	24364	66.2	171	0.46	234	0.63	1090	3
Contract (Levels 9-12), Permanent	547	72.2	0	0	0	0	12	1.6
Senior Management (Levels 13-16)	21533	55.7	0	0	100	0.25	1017	2.6
Contract (Levels 13-16), Permanent	1131	46.4	0	0	0	0	38	1.6
<b>TOTAL</b>	<b>61970</b>	<b>62.6</b>	<b>325</b>	<b>0.32</b>	<b>583</b>	<b>0.58</b>	<b>3108</b>	<b>3.1</b>

### 3. Employment and vacancies

The following tables are a summary of the number of posts on the establishment, employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 3.1), salary band (Table 3.2) and critical occupation (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information on the key critical occupations of the Department. The vacancy rate reflects the percentage of posts that are currently not filled.

**TABLE 3.1**

Employment and vacancies by programme, 31 March 2007				
Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Programme 1: Administration	206	128	37.86	2
Programme 2: Strategic Policy Co-ordination and Integration	56	36	35.71	0
Programme 3: Policy	43	25	41.86	0
Programme 4: Finance and Shareholder Management	83	47	43.37	1
Programme 5: Innovative Applications and Research	83	55	33.73	1
Programme 6: PNC	52	35	32.69	0
<b>TOTAL</b>	<b>523</b>	<b>326</b>	<b>37.66</b>	<b>4</b>

**TABLE 3.2**

Employment and vacancies by salary band, 31 March 2007				
Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	5	4	20	0
Contract (Levels 3-5), Permanent	1	1	0	1
Highly skilled production (Levels 6-8)	209	130	37.79	0
Highly skilled supervision (Levels 9-12)	201	123	38.80	0
Contract (Levels 9-12), Permanent	2	2	0	1
Senior Management (Levels 13-16)	102	63	38.23	0
Contract (Levels 13-16), Permanent	3	3	0	2

TABLE 3.3

### Employment and vacancies by critical occupation, 31 March 2007

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administrative-related	147	89	39.5	0
Communication and information-related	15	9	40	0
Finance and economics-related	7	6	14.3	0
Financial and related professionals	9	5	44.4	0
General legal administration & related professionals	5	1	80	0
Head of Department	1	1	0	0
Human resources, organisational development & related	15	10	33.3	0
Human resource clerks	11	6	45.5	0
Human resource-related	10	8	20	0
Information technology-related	8	4	20	0
Language practitioners, interpreters & other communication staff	14	11	21.4	0
Legal-related	4	2	50	0
Library mail and related clerks	1	1	0	0
Logistical support personnel	17	15	11.8	0
Messengers, porters and deliverers	6	5	16.7	0
Other administration-related clerks and organisers	135	77	43	0
Other information technology personnel	14	9	35.7	0
Other occupations	2	2	0	0
Secretaries & other keyboard operating clerks	4	2	50	0
Senior managers	101	63	37.6	0
<b>TOTAL</b>	<b>523</b>	<b>326</b>	<b>37.7</b>	<b>0</b>

The information in each case reflects the situation as at 31 March 2007. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

#### 4. Job evaluation

The Public Service Regulations, 1999, introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled.

The following table (Table 4.1) is a summary of the number of jobs evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

**TABLE 4.1**

Job Evaluation, 1 April 2006 to 31 March 2007							
Salary band	Number of posts	Number of Jobs Evaluated	% posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% posts evaluated	Number	% posts evaluated
Lower skilled (Levels 1-2)	1	0	0	0	0	0	0
Skilled (Levels 3-5)	31	13	42%	0	0	0	0
Highly skilled production (Levels 6-8)	102	24	23%	0	0	0	0
Highly skilled supervision (Levels 9-12)	128	46	36%	0	0	0	0
Senior Management Service Band A	39	20	51%	0	0	0	0
Senior Management Service Band B	19	11	58%	0	0	0	0
Senior Management Service Band C	5	0	0%	0	0	0	0
Senior Management Service Band D	1	0	0%	0	0	0	0
<b>TOTAL</b>	<b>326</b>	<b>114</b>	<b>35%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2006 to 31 March 2007**

Due to the fact that the Job Evaluation process within the Department is still ongoing, the results have not as yet been implemented

**TABLE 4.3 – Employees whose salary levels exceed the grade determined by job evaluation, 1 April 2006 to 31 March 2007 (in terms of PSR 1.V.C.3) NONE**

Due to the fact that the Job Evaluation process within the Department is still ongoing, the results have not as yet been implemented

**TABLE 4.4 – Profile of employees whose salary levels exceed the grade determined by job evaluation, 1 April 2006 to 31 March 2007 (in terms of PSR 1.V.C.3)**

Due to the fact that the Job Evaluation process within the Department is still ongoing, the results have not as yet been implemented

## 5. Employment changes

This section provides information on changes in employment over the financial year. The turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band (Table 5.1) and critical occupation (Table 5.2).

**TABLE 5.1**

Annual turnover rate by salary band for the period 1 April 2006 to 31 March 2007				
Salary Band	Number of employees per band as on 1 April 2006	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	1	0	0	0
Skilled (Levels 3-5)	3	3	6	200
Skilled (Levels 3-5), Contract	0	1	0	0
Highly skilled production(Levels 6-8)	149	11	20	13.42
Highly skilled supervision(Levels 9-12)	124	22	25	20.16
Highly skilled supervision (Levels 9-12), Contract	0	3	0	0
Senior Management (Level 13-16)	64	12	17	26.56
Senior Management Service Band B	0	0	0	0
Senior Management Service Band C	0	0	0	0
Senior Management Service Band D	0	0	0	0
<b>TOTAL</b>	<b>341</b>	<b>52</b>	<b>68</b>	<b>19.94</b>

**TABLE 5.2**

**Annual turnover rates by critical occupation for the period  
1 April 2006 to 31 March 2007**

<b>Occupation</b>	<b>Number of employees per occupation as on 1 April 2006</b>	<b>Appointments and transfers into the Department</b>	<b>Terminations and transfers out of the Department</b>	<b>Turnover rate</b>
Administrative-related	87	17	32	36.78
Communication and Information-related	9	1	0	0
Finance and economics-related	5	0	0	0
Financial and related professionals	6	3	3	50
General legal admin and related professionals	0	0	0	0
Head of Department/Chief Executive Officer	1	0	0	0
Human Resources, organizational development and related	11	0	0	0
HR Clerks	5	2	3	60
HR-related	7	0	1	14.2
IT-related	2	0	0	0
Language practitioners and interpreters	10	1	0	0
Legal-related	2	1	0	0
Library mail and related clerks	1	0	0	0
Logistical support personnel	17	1	2	11.76
Messengers, porters and deliverers	4	2	0	0
Other admin and related clerks	98	11	8	8.16
Other IT personnel	11	0	0	0
Other occupations	2	0	0	0
Rank: Minister	1	0	0	0
Secretaries and other keyboard operating clerks	2	2	3	150
Senior Managers	60	11	16	26.66
<b>TOTAL</b>	<b>341</b>	<b>52</b>	<b>68</b>	<b>19.94</b>



Table 5.3 identifies the major reasons why staff left the Department.

**TABLE 5.3**

Reasons why staff left the Department		
Termination Type	Number	% of total
Death	1	1.47
Resignation	32	47.05
Expiry of contract	3	4.41
Dismissal – operational changes	0	0
Dismissal – misconduct	3	4.41
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfers to other Public Service Departments	29	42.64
Other	0	0
<b>Total</b>	<b>68</b>	<b>0</b>
Total number of employees who left as a % of the total employment		19.94

TABLE 5.4

Promotions by critical occupation					
Occupation	Employees as at 1 April 2006	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Administrative-related	87	15	17.24	66	75.86
Communication and Information-related	9	0	0	0	0
Finance and economics-related	5	2	40	2	40
Financial and related professionals	6	2	33.33	1	16.66
General legal admin and related professionals	0	0	0	0	0
Head of Department/Chief Executive Officer	1	0	0	0	0
HR and organizational development and related	11	2	18.18	4	436.36
HR Clerks	5	0	0	4	80
HR-related	7	1	14.28	0	0
IT-related	2	0	0	0	0
Language practitioners and interpreters	10	0	0	1	10
Legal-related	2	1	100	0	0
Library mail and related clerks	1	2	200	0	0
Logistical support personnel	17	2	11.76	6	35.29
Messengers, porters and deliverers	4	0	0	2	50
Other administration and related clerks	98	7	7.14	19	19.38
Other IT Personnel	11	0	0	4	36.36
Other occupations	2	0	0	0	0
Rank: Minister	1	0	0	0	0
Secretaries and other keyboard operating clerks	2	0	0	4	200
Senior Managers	60	4	6.66	0	0
<b>TOTAL</b>	<b>341</b>	<b>38</b>	<b>11.14</b>	<b>113</b>	<b>33.13</b>

**TABLE 5.5**

<b>Promotions by salary band</b>					
<b>Salary Band</b>	<b>Employees 1 April 2006</b>	<b>Promotions to another salary level</b>	<b>Salary band promotions as a % of employees by salary level</b>	<b>Progressions to another notch within a salary level</b>	<b>Notch progres- sions as a % of employees by salary band</b>
Lower skilled (Levels 1-2)	1	0	0	1	100
Skilled (Levels 3-5)	3	2	66.66	23	766.66
Highly skilled production (Levels 6-8)	149	10	6.71	45	30.20
Highly skilled supervision (Levels 9-12)	124	19	15.32	44	35.48
Senior management (Levels 13-16)	64	7	10.93	0	0
<b>TOTAL</b>	<b>341</b>	<b>38</b>	<b>11.14</b>	<b>113</b>	<b>33.13</b>

## 6. Employment equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

**TABLE 6.1**

**Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2007**

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	17	3	5	7	11	2	1	1	47
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	73	3	2	10	95	14	5	11	213
Clerks	11	0	0	1	39	2	1	5	59
Service and sales workers	0	0	0	0	0	0	0	1	1
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	2	0	0	0	4	0	0	0	6
<b>TOTAL</b>	<b>103</b>	<b>6</b>	<b>7</b>	<b>18</b>	<b>149</b>	<b>18</b>	<b>7</b>	<b>18</b>	<b>326</b>
Employees with disabilities	1	0	0	1		0	0	0	2

**TABLE 6.2**

**Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2007**

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	1	0	1	3	0	0	1	9
Senior Management	18	4	5	7	19	2	1	0	56
Professionally qualified and experienced specialists and mid-management	43	0	1	8	52	6	4	8	122
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	24	1	1	1	60	5	2	7	101
Semi-skilled and discretionary decision making	12	0	0	0	12	5	0	2	31
Unskilled and defined decision making	0	0	0	0	1	0	0	0	1
Contract (Senior Management)	2	0	0	1	0	0	0	0	3
Contract (Professionally qualified)	1	0	0	0	1	0	0	0	2
Contract (Semi-skilled)	0	0	0	0	1	0	0	0	1
<b>TOTAL</b>	<b>103</b>	<b>6</b>	<b>7</b>	<b>18</b>	<b>149</b>	<b>18</b>	<b>7</b>	<b>18</b>	<b>326</b>

TABLE 6.3

Recruitment for the period 1 April 2006 to 31 March 2007									
Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	2	3	0	0	3	2	1	0	11
Professionally qualified and experienced specialists and mid-management	11	0	0	1	7	0	0	0	19
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	0	0	0	4	1	1	0	7
Semi-skilled and discretionary decision making	3	1	0	0	4	0	0	0	8
Unskilled and defined decision making	2	0	0	0	0	0	0	0	2
Contract (Professionally qualified)	2	0	0	0	1	0	0	0	3
Contract (Semi-skilled)	0	0	0	0	1	0	0	0	1
<b>TOTAL</b>	<b>21</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>21</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>52</b>
Employees with disabilities	1	0	0	0	0	1	0	0	2

TABLE 6.4

Promotions for the period 1 April 2006 to 31 March 2007									
Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	1	0	1	0	4
Professionally qualified and experienced specialists and mid-management	21	0	0	5	22	4	3	6	61
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	10	0	1	1	38	4	1	4	59
Semi-skilled and discretionary decision making	10	0	0	2	12	5	0	2	31
Unskilled and defined decision making	0	0	0	0	1	0	0	2	3
Contract (Professionally qualified)	0	0	0	0	1	0	0	0	1
<b>TOTAL</b>	<b>43</b>	<b>0</b>	<b>1</b>	<b>8</b>	<b>75</b>	<b>13</b>	<b>5</b>	<b>14</b>	<b>159</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

**TABLE 6.5**

Terminations for the period 1 April 2006 to 31 March 2007									
Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	1	0	0	0	0	2
Senior Management	6	0	1	1	7	0	0	0	15
Professionally qualified and experienced specialists and mid-management	12	0	0	1	6	1	1	0	21
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	6	0	0	1	11	1	1	0	20
Semi-skilled and discretionary decision making	3	0	0	0	7	0	0	0	10
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>28</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>31</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>68</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

**TABLE 6.6**

Disciplinary action for the period 1 April 2006 to 31 March 2007									
Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	1	0	0	0	8	2	0	0	0



**TABLE 6.7**

Skills development for the period 1 April 2006 to 31 March 2007									
Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	80	8	14	14	103	2	3	5	229
Professionals	47	0	0	6	37	1	0	6	97
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	82	3	8	2	187	23	5	28	338
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>209</b>	<b>11</b>	<b>22</b>	<b>22</b>	<b>327</b>	<b>26</b>	<b>8</b>	<b>39</b>	<b>0</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

## 7. Performance rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability (Table 7.1), salary band (table 7.2) and critical occupation (Table 7.3).

**TABLE 7.1**

Performance Rewards by race, gender and disability, 1 April 2006 to 31 March 2007					
	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Male	43	102	42.2	369	8.588
Female	75	149	50.3	644	8.589
<b>Indian</b>					
Male	1	7	14.3	7	6.708
Female	5	7	71.4	64	12.863
<b>Coloured</b>					
Male	0	6	0	0	0
Female	13	18	72.2	86	6.611
<b>White</b>					
Male	8	17	47.1	154	19.229
Female	14	18	77.8	131	9.366
Employees with a disability	0	2	0	0	0
<b>TOTAL</b>	<b>159</b>	<b>326</b>	<b>48.8</b>	<b>1.455</b>	<b>9.153</b>

**TABLE 7.2**

Performance Rewards by salary band for personnel below Senior Management Service, 1 April 2006 to 31 March 2007						
Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% total within salary band	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	1	1	100	1	1,000	1.79
Skilled (Levels 3-5)	25	3	833.33	86	3,440	2.83
Contract (Levels 3-5)	0	1	0	0	0	0
Highly skilled production (Levels 6-8)	71	130	54.6	443	6,239	2.57
Highly skilled supervision (Levels 9-12)	56	123	45.52	797	14,232	2.1
Contract (Levels 9-12)	2	2	100	16	8,00	0.04
<b>TOTAL</b>	<b>155</b>	<b>260</b>	<b>59.61</b>	<b>1343</b>	<b>8,665</b>	<b>1.36</b>

TABLE 7.3

Performance Rewards by critical occupation, 1 April 2006 to 31 March 2007					
Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% total within occupation	Total Cost (R'000)	Average cost per employee
Administrative-related	75	89	84.26	786	10.48
Communication and information-related	0	9	0	0	0
Finance and economics-related	3	6	50	31	10.33
Financial and related professionals	2	5	40	13	6.5
General legal administration & related professionals	0	1	0	0	0
Head of Department	0	1	0	0	0
Human resources & organisational development & related	6	10	60	68	11.333
Human resource clerks	4	6	66.66	13	3.25
Human resource-related	1	8	12.5	34	34
Information technology-related	1	4	25	26	26
Language practitioners interpreters & other communication staff	1	11	9.09	10	10
Legal-related	1	2	50	21	21.000
Library mail and related clerks	1	1	100	6	6
Logistical support personnel	13	15	86.7	82	6.308
Messengers, porters and deliverers	2	5	40	3	1.5
Other administration-related clerks and organisers	34	77	44.15	179	5.26
Other information technology personnel	6	9	66.66	69	11.5
Other occupations	0	2	0	0	0
Secretaries & other keyboard operating clerks	5	2	250	24	4.8
Senior managers	4	63	6.34	90	22.5
<b>TOTAL</b>	<b>159</b>	<b>326</b>	<b>48.77</b>	<b>1455</b>	<b>9.150</b>

TABLE 7.4

Performance related rewards (cash bonus), by salary band, for Senior Management Service						
Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% total within band			
SMS Members (Levels 13-16)	4	68	5.9	112	2.800	22.971
<b>TOTAL</b>	<b>4</b>	<b>68</b>	<b>5.9</b>	<b>112</b>	<b>2.800</b>	<b>22.971</b>

## 8. Foreign workers

The table below is a summary of the employment of foreign nationals in the Department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

TABLE 8.1

Foreign Workers, 1 April 2006 to 31 March 2007, by salary band						
Salary Band	1 April 2006		31 March 2007		Change	
	Number	% total	Number	% total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	1	100	1	100	0	0
<b>Total</b>	<b>1</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>0</b>	<b>0</b>

TABLE 8.2

Foreign Workers, 1 April 2006 to 31 March 2007, by salary band						
Major Occupation	1 April 2006		31 March 2007		Change	
	Number	% total	Number	% total	Number	% change
Senior Manager	1	100	1	100	0	0
<b>TOTAL</b>	<b>1</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>0</b>	<b>0</b>

## 9. Leave utilisation for the period 1 January 2006 to 31 December 2006

The Public Service Commission identified the need for the careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

**TABLE 9.1**

Sick leave, 1 January 2006 to 31 December 2006						
Salary Band	Total days	% Days with medical certification	Number of Employees using sick leave	% total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	3	100	1	0.4	3	0
Skilled (Levels 3-5)	123	54.5	28	10.4	4	29
Highly skilled production (Levels 6-8)	590	65.3	91	33.8	6	234
Contract (Levels 6-8)	6	100	1	0.4	6	2
Highly skilled supervision (Levels 9-12)	601	64.4	98	36.4	6	500
Contract (Levels 9-12)	9	77.8	3	1.1	3	5
Senior management (Levels 13-16)	236	81.8	45	16.7	5	458
Contract (Levels 13-16)	12	66.7	2	0.7	6	22
<b>TOTAL</b>	<b>1580</b>	<b>66.8</b>	<b>269</b>	<b>100</b>	<b>6</b>	<b>1250</b>

**TABLE 9.2**

Disability leave (temporary and permanent), 1 January 2006 to 31 December 2006						
Salary Band	Total days taken	% Days with medical certification	Number of Employees using disability leave	% total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	233	100	9	56.3	26	112
Highly skilled supervision (Levels 9-12)	19	100	4	25	5	11
Senior management (Levels 13-16)	18	100	3	18.8	6	34
<b>TOTAL</b>	<b>270</b>	<b>100</b>	<b>16</b>	<b>100</b>	<b>17</b>	<b>157</b>

Table 9.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions of the PSCBC held in 2000, requires management of annual leave to prevent high levels of accrued leave being paid out at the time of termination of service.

**TABLE 9.3**

Annual Leave, 1 January 2006 to 31 December 2006		
Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	24	24
Skilled (Levels 3-5)	597.92	17
Highly skilled production (Levels 6-8)	2131	18
Highly skilled supervision (Levels 9-12)	2522.92	17
Senior management (Levels 13-16)	1368.56	18
Contract (Levels 6-8)	12	12
Contract (Levels 9-12)	55	11
Contract (Levels 13-16)	48	10
<b>TOTAL</b>	<b>6759.4</b>	<b>17</b>

**TABLE 9.4**

Annual Leave, 1 January 2006 to 31 December 2006			
Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2006
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	1	1	18
Highly skilled production (Levels 6-8)	13	3	6
Highly skilled supervision (Levels 9-12)	26	4	13
Senior management (Levels 13-16)	34	11	33
<b>TOTAL</b>	<b>74</b>	<b>5</b>	<b>17</b>

**TABLE 9.5**

The following table summarises payments made to employees as a result of leave that was not taken.

<b>Leave payouts for the period 1 April 2006 to 31 March 2007</b>			
<b>Reason</b>	<b>Total Amount (R'000)</b>	<b>Number of Employees</b>	<b>Average payment per employee</b>
Leave payout for 2006/07 due to non-utilisation of leave from the previous cycle	0	0	0
Capped leave payouts on termination of service for 2006/07	240	27	8889
Current leave payout on termination of service for 2006/07	240	30	8000
<b>TOTAL</b>	<b>480</b>	<b>57</b>	<b>8421</b>

## 10. HIV and AIDS & health promotion programmes

**TABLE 10.1**

Steps taken to reduce the risk of occupational exposure	
Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
<p>The Department is in the process of conducting a business impact study. The aim is to determine HIV prevalence, as well as to evaluate a range of HIV and AIDS-related human and financial costs within the Department. Employee demographics will allow for the incorporation of specific risk criteria. These include the number of employees in the organisation stratified by gender, skills level, racial composition, average age, income and length of service</p>	<p>Conducted awareness and educational programmes through the dissemination of brochures and departmental newsletters; condom distribution; educational sessions conducted by peer educators; commemoration of HIV and AIDS national events and health promotion programmes.</p> <p>The EAP support services provided counselling, resources and information on HIV and AIDS.</p>



TABLE 10.2

Details of Health Promotion and HIV and AIDS Programmes			
Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		Ms. M.A. Mnisi Specialist: Employee Wellness and Health Programme
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well being of employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	✓		The Employee Wellness and Health Programme (EWHP) is situated within the HRM Chief Directorate. Two staff members have been appointed - an EWHP Specialist and EWHP consultant. In addition, a professional service provider has been appointed to render wellness and health services to all employees and their dependents. The annual budget allocated for the programme is R500, 000.
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	✓		An EWHP has been introduced which entails a 24-hour toll free number call centre as well as face-to-face counselling. The key elements of the programme is the provisioning of telephonic EAP; face-to-face counselling; trauma management; HIV and AIDS Programme; health promotion and life management programme; access to electronic health information and monthly health newsletter.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	✓		The Department has selected and trained the following wellness champions that are actively involved in the programme: <ul style="list-style-type: none"> <li>• Lindiwe Madi</li> <li>• Nana Mokgojwa</li> <li>• Tlago Modise</li> <li>• Gabisile Buhali</li> <li>• Pretty Molefe</li> <li>• Allie Mnisi</li> <li>• Lindeka Dimbaza</li> <li>• Noma- Efese Mngenta</li> </ul> The above-mentioned staff members represent employees from all the Branches within the Department and the EWHP.
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	✓		The Employee Wellness and Health programme, and the HIV and AIDS related policies and procedures.
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	✓		The HIV and AIDS policy has clear procedures on dealing with managers and staff who discriminate against employees living with HIV and AIDS; A peer education programme that educate staff on HIV and AIDS in order to address stigma and discrimination as well as the EWHP programme that provides counselling, support, information and referral to staff members were also introduced.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	✓		The Department has embarked on "Know Your Status" campaign to encourage employees to participate in the VCT programme. This included educational sessions by peer educators, industrial theatre, a survey to determine staff's readiness and willingness to participate in VCT and support services. This was made available to staff through the EAP. The actual VCT is still to be conducted.
8. Has the Department developed measures/ indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	✓		Programme utilisation; feedback from staff utilising the services, trends analysis of problem handled by the EWHP.

## 11. Labour relations

During the reporting period, the Department did not enter into any collective agreements with trade unions within the Department.

The following table is a summary of the outcome of disciplinary hearings conducted within the Department for the year under review.

**TABLE 11.1**

<b>Misconduct and disciplinary hearings finalised, 1 April 2006 to 31 March 2007</b>		
<b>Outcomes of disciplinary hearings</b>	<b>Number</b>	<b>% total</b>
Correctional counselling	0	0
Verbal warning	3	27
Written warning	0	0
Final written warning	2	18
Suspended without pay	0	0
Fine	0	0
Demotion	1	9
Dismissal	3	27
Not guilty	1	9
Case withdrawn	1	9
<b>TOTAL</b>	<b>11</b>	<b>100</b>

**TABLE 11.2**

<b>Types of misconduct addressed at disciplinary hearings</b>		
<b>Type of misconduct</b>	<b>Number</b>	<b>% total</b>
Fraud	3	75
Pornography	1	25
<b>TOTAL</b>	<b>4</b>	<b>100</b>

**TABLE 11.3**

<b>Grievances lodged for the period 1 April 2006 to 31 March 2007</b>		
	<b>Number</b>	<b>% total</b>
Number of grievances resolved	10	63
Number of grievances not resolved	6	37
Total number of grievances lodged	16	100

**TABLE 11.4**

<b>Disputes lodged with Councils for the period 1 April 2006 to 31 March 2007</b>		
	<b>Number</b>	<b>% total</b>
Number of disputes upheld	0	0
Number of disputes dismissed	1	100
Total number of disputes lodged	1	100

**TABLE 11.5**

<b>Strike actions for the period 1 April 2006 to 31 March 2007</b>	
Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

**TABLE 11.6**

<b>Precautionary suspensions for the period 1 April 2006 to 31 March 2007</b>	
Number of people suspended	4
Number of people whose suspension exceeded 30 days	4
Average number of days suspended	60
Cost (R'000) of suspensions	R34000,00

## 12. Skills development

This section highlights the efforts of the Department with regard to skills development.

**TABLE 12.1**

Training needs identified for the period 1 April 2006 to 31 March 2007						
Occupational Categories	Gender	Number of employees as at 1 April 2006	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	11	0	55	2	57
	Male	34	0	76	1	77
Professionals	Female	130	0	70	5	75
	Male	94	0	56	4	60
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	55	0	157	10	167
	Male	12	1	80	3	84
Service and sales workers	Female	1	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	3	0	0	0	0
	Male	1	0	0	0	0
Sub-total	Female	200	0	282	17	299
	Male	141	1	212	8	221
<b>TOTAL</b>		<b>341</b>	<b>1</b>	<b>494</b>	<b>25</b>	<b>520</b>

**TABLE 12.2**

Training provided for the period 1 April 2006 to 31 March 2007						
Occupational Category	Gender	Number of employees as at 1 April 2006	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	11	0	82	31	113
	Male	34	0	85	31	116
Professionals	Female	130	0	34	10	44
	Male	94	0	43	10	53
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	55	0	172	71	243
	Male	12	1	80	14	95
Service and sales workers	Female	1	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	3	0	0	0	0
	Male	1	0	0	0	0
Sub-total	Female	0	0	0	0	0
	Male	0	0	0	0	0
<b>TOTAL</b>		<b>341</b>	<b>1</b>	<b>496</b>	<b>167</b>	<b>664</b>

**13. Injury on duty**

The following tables provide basic information on injury on duty.

**TABLE 13.1**

Injury on duty for the period 1 April 2006 to 31 March 2007		
Nature of injury on duty	Number	% total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

#### 14. Utilisation of consultants

The table below is a summary of the consultant appointed using appropriated funds.

ITEM	BID NR.	PROJECT TITLE	CONTRACT VALUE IN RANDS	WOMEN %	DISABILITY %	HDI %
1	DOC/02/2006/RM	Appointment of a service provider to conduct a risk assessment for the Department of Communications	R689 675.00	-	-	-
2	DOC/06/2006/SM	Appointment of a service provider to render physical security services for the Department of Communications for a period of 2 years	R4 229 609.76	40%	-	100%
3	DOC/08/2006/FSS	Appointment of a service provider to develop a SOEs funding model for the Department of Communications	R1 800 000.00	-	-	-
4	DOC/09/2006/FS	Appointment of a service provider to acquire an Ionosonde for DoC	R2 381 490.00	-	-	-
5	DOC/10/2006/FSS	Appointment of a service provider to develop an ICT SMME strategy for the Department of Communications	R4 742 400.00	-	-	-
6	DOC/12/2006/PNC	Appointment of a service provider to conduct a study on the status of coordination and integration of ICT programmes and projects in government across depts.	R551 450.00	100%	-	-
7	DOC/13/2006/PNC	Appointment of a service provider to conduct a study on the evaluation of e-Government for PNC on ISAD.	R1 480 860.00	100%	-	100%
8	DOC/14/2006/PNC	Appointment of a service provider to conduct e-Readiness for the PNC on ISAD.	R1 820 000.00	-	-	-
9	DOC/16/2006/PNC	Appointment of a service provider to develop Knowledge Management strategy for the PNC on ISAD	R576 384.00	-	-	-
10	DOC/18/2006/RM	Appointment of a service provider to render travelling and accommodation services for the Department of Communications	Still running	-	-	-
11	DOC/21/2006/IR	Appointment of a service provider to develop an International engagement strategy for the DoC	R474 552.50	-	-	-
12	DOC/19/2006/PNC	Appointment of a service provider to conduct/collect impact data and undertake an analysis with the aim of measuring the impact on the growth of the ICT SMME sector	Still running	-	-	-
13	DOC/22/2006/RIA	Appointment of a service provider to develop an ICT Disaster Management Framework for the Department of Communications	R3 350 108.00	100%	-	-
14	DOC/23/2006/RIA	Appointment of a service solution provider for the technical support and maintenance of the 112 Emergency Call centre in Cape for a period of one year.	R4 847 494.68	-	-	-
15	DOC/21/2006/IR	Appointment of a service provider to develop an International Engagement Strategy for the DoC	R474 552.50	-	-	-



FINANCIALS

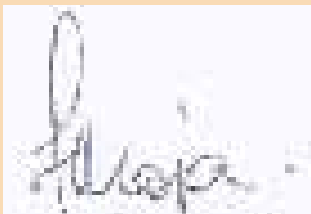
## REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2007. The committee consists of three (3) members as listed hereunder and meets at least twice (2) per annum as per its approved terms of reference. During the current year six (6) meetings were held.

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted an appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with its charter and has discharged all its responsibilities as contained therein.

The system of internal control is adequate as reflected by various reports of the Internal Auditors and the Auditor-General. Where significant weaknesses in the internal control have been identified during the year under review, these matters have been reported to management for appropriate remedial action.

The Audit Committee accepts the conclusions of the Auditor-General on the annual financial statements and advises that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



**Ms Thebi Moja**  
Chairperson

**Audit Committee Members:**

Ms. T Moja (Chairperson)

Ms. N Harding

Ms. B Francis



## DEPARTMENT OF COMMUNICATIONS-VOTE 26 MANAGEMENT REPORT For the year ended 31 March 2007

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

### 1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The Department's approved budget allocation for the 2006/07 financial year amounted to R1 322,3 million, made up of a baseline allocation of R1 280,1 million and Adjustment Estimates allocation of R42,2 million.

The Adjustment Estimates include an additional allocation of R38,4 million for the South African Post Office Limited (SAPO) for the refund of VAT on the subsidy received from the Department. A further R3,6 million was approved as additional funding for the writing-off of the Capital Radio debt.

Spending for the 2006/07 financial year amounts to R1 319,6 million and the underspending of R2,7 million represents 0,2% of the total budget and is made up as follows:

- R 589 thousand for Compensation of employees;
- R1,792 million for Goods and Services;
- R 166 thousand for transfers and subsidies; and
- R 162 thousand for capital payments.

The Department is structured into six programmes: Administration, Strategic Policy Coordination and Integration, Policy Unit, Finance and Shareholder Management, Innovative Application and Research and Presidential National Commission. Finance and Shareholder Management unit accounts for the highest budget allocation of 76,25% of the total budget of the Department. This is due mainly to transfers to public entities in the Department's portfolio namely; Independent Communication Authority of South Africa (ICASA), South African Post Office Ltd (SAPO), South African Broadcasting Corporation Ltd (SABC), Sentech Ltd, Universal Service and Access Agency of South Africa (USAASA), Universal Service and Access Fund (USAF) and The National Electronic Media Institute of South Africa (NEMISA).

These transfers constitute 94.8% of the programme expenditure and are made up as follows:

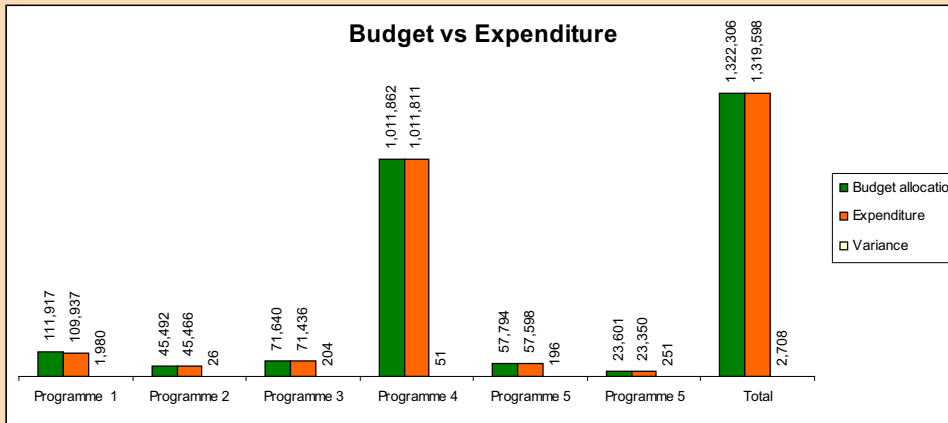
<b>Portfolio Organisation</b>	<b>Allocated funds</b>	<b>Expenditure at 31 March 2007</b>
	<b>R'000</b>	<b>R'000</b>
Universal Service and Access Agency of South Africa	20,100	20,100
Universal Service and Access Fund	31,164	31,164
Independent Communications Authority of SA	201,538	201,538
South African Post Office Ltd Subsidy	351,439	351,439
South African Broadcasting Corporation Ltd: Public Broadcaster	203,482	203,482
South African Broadcasting Corporation Ltd: Channel Africa	31,393	31,393
National Electronic Media Institute of SA	19,199	19,199
Sentech Ltd	100,000	100,000
<b>Total</b>	<b>958,315</b>	<b>958,315</b>

The second highest budget allocation is for the Administration Unit, made up of the offices of the Minister, the Deputy Minister, the Director-General and the Chief Operational Officer.

The Department's budget versus expenditure for the 2006/07 financial year is as follows:

<b>Programme</b>	<b>Budget allocation</b>	<b>Expenditure at 31 March 2007</b>
	<b>R'000</b>	<b>R'000</b>
Administration	111 917	109 937
Strategic Policy Co-ordination and Integration	45 492	45 466
Policy Unit	71 640	71 436
Finance and Shareholder Management	1 011 862	1011 811
Innovative Application and Research	57 794	57 598
Presidential National Commission	23 601	23 349
<b>Total</b>	<b>1 322 306</b>	<b>1 319 597</b>

**Graph 1: Budget vs Expenditure**



**1.1 Departmental Receipts**

Departmental receipts for the year amounts to R3,442 billion of which R1,561 billion is made up of license fees collected by the Independent Communications Authority of South Africa as follows:

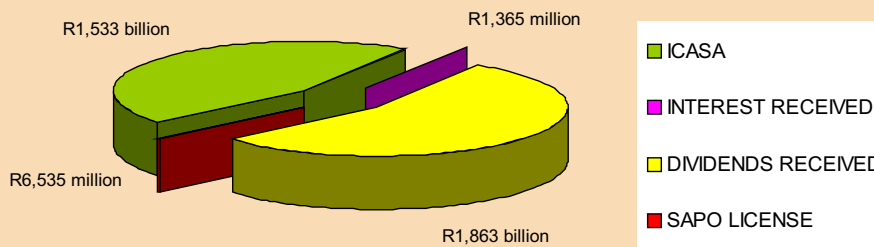
- R2,9 million from telecommunication service providers;
- R1,298 billion from cellular companies for cellular network licenses;
- R234 million for private radio station licenses;
- R20,7 million for private television licenses; and
- R5,5 million for telephone equipment licenses.

The Department also received:

- R1,863 billion as an ordinary dividend payout from its shareholding in Telkom SA Ltd.;
- R1,780 million for interest on the SABC loan;
- R1,575 million interest; and
- R6,5 million from the South African Post Office for its license.

**Graph 2: Departmental Receipts**

Graph 2: Department Receipts



## 1.2 Services rendered by the Department

The Department's core business is policy formulation and implementation on behalf of the telecommunications, broadcasting and postal sectors. In addition, the Department controls transfers to and manages shareholding in SAPO, SABC, ICASA, NEMISA, Sentech and the USAASA. Detailed descriptions of services provided by the different programmes are listed in the report.

## 1.3 Tariff Policy

National Treasury approved the tariff structure for electromagnetic compatibility testing services rendered at the Institute for Satellite and Software Application (ISSA). The tariff will be reviewed annually as required by Treasury Regulations.

## 1.4 Free Services

There are no free services provided by the Department.

## 2. CAPACITY CONSTRAINTS

### 2.1 Personnel

The Department continues to face challenges to recruit and retain suitably qualified personnel. This is mainly due to a growing ICT sector which requires critical ICT skills and is willing to pay a premium for these critical and scarce skills. This therefore had an impact on the Department's ability to fill critical vacant positions during the reporting period.

## 3. UTILISATION OF DONOR FUNDS

*The Department did not receive any donation during the 2006/07 financial year. The opening balance for the 2006/07 financial year on donor funds amounted to R2,9million (R97 thousand from Isett-Seta, R32 thousand from Post Office and R2,819 million from Vodacom). An amount of R59 thousand was therefore spent on capital equipment for the interns at the Institute of Satellite and Software Applications.*

## 4. TRADING ENTITIES/PUBLIC ENTITIES

The preliminary results as at 31 March 2007 of Portfolio Organisations under the control and ownership of the Government through the Department are provided in Annexure 2A.

#### 4.1 Universal Service and Access Agency

USAASA was established in terms of section 58 of the Telecommunications Act, 1996 and continues to exist in terms of section 80 of the Electronic Communications Act, No 36 of 2005 (ECA). The mandate of the USAASA is to "strive to promote the goal of universal access and universal service and, encourage universal access or universal service". One of its functions in terms of the ECA is to manage the Universal Service and Agency Fund (USAF).

In the 2006/07 business plan, the Agency had highlighted five focus areas, namely:

- Increase Universal Service and Access
- Improve ICT literacy
- Promote Universal Service and Access
- Research and monitoring; and
- Building Organizational Excellence

USAASA and USAF were allocated R20,100 million and R31,164 million respectively during the 2006/07 financial year, which are used for the operations of the Agency.

#### 4.2 South African Post Office Limited

SAPO was established in terms of the Post Office Act of 1958 as a government business entity to provide postal and related services to the South African public. SAPO was granted an exclusive mandate to conduct postal services to South Africa by the Postal Services Act of 1998. The Act makes provision for the regulation of postal services and operational functions of the company, including its universal service obligations.

The South African Post Office's 2006/07 business plan identified five key strategic objectives that will determine the focus of their activities for the next five years, and these are:

- To drive operational excellence to achieve top quality at benchmark cost;
- To achieve customer intimacy and use this to grow in communication, logistics and financial services;
- To be a government preferred partner for economic enablement within the product service offerings and the delivery of government services;
- To build a high performance culture and develop skills throughout the organization;
- To strengthen the public perception of SAPO as the trusted brand.
- To deliver on these strategic objectives, SAPO intended to position itself as a premier commercial organization that provides SA economy with integrated solutions in areas of commercial, logistics, financial services and access to government information services.

### 4.3 National Electronic Media Institute of South Africa (NEMISA)

National Electronic Media Institute of South Africa (NEMISA) was established by the Department of Communication with a mandate to provide individuals from previous disadvantaged communities with expertise in the various fields within the electronic media sector.

For the period under review, NEMISA's strategic approach as outlined in its corporate plan for 2006/07 is to:

- Establish a new NEMISA that answers to new market demands in a converged environment;
- Identification of additional business opportunities that will make the institution financially viable, sustainable and independent;
- Create partnership and linkages that will add value to the institution; and
- Market the institution and the student product aggressively.

### 4.4 Independent Communications Authority of South Africa

ICASA is the regulator of the telecommunications and broadcasting sectors in the country and derives its mandate from four statutes, namely; ICASA Amendment Act no 3 of 2006, The Independent Broadcasting Act of 1993, the Broadcasting Act of 1999 and the Telecommunications Authority Act No. 102 of 1993. The Electronic Communication Act repealed both the Independent Broadcasting Act and the Telecommunications Authority Act. This Act contains the full substance of the regulations for telecommunications and broadcasting. The main functions of ICASA are to:

- Make regulations and policies that govern broadcasting and telecommunications;
- Issue licenses to providers of telecommunication services and broadcasters;
- Monitor the environment and enforce compliance with rules, regulations and policies;
- Attend and decide on disputes and complaints brought by industries or members of the public against licenses;
- Plan, control and manage the frequency spectrum; and
- Protect consumers from unfair business practices, poor quality services and harmful or inferior products.

During the period under review ICASA conducted the following broadcasting projects:

- Renewal and amendment of SABC licenses,
- Renewal of commercial broadcasting licenses for Radio 72 and Midi TV,
- Amended commercial broadcasting licenses for Kaya FM and 702 Talk,
- Renewal of 9 Community Sound Broadcasting Licenses,

- Amended 3 Community Sound Broadcasting Licenses,
- Commenced licensing process for additional Commercial Sound Broadcasting licenses in secondary markets,
- Publication of Regulations regarding Code of Good Practice for broadcasters for services provided to people with disabilities,
- Publication of Position paper and Regulation on Community Sound Broadcasting Services, and
- Licensing of Community Sound broadcasting services in Nodal Point areas.

Further to the above, the following telecommunication licenses were issued:

- 169 Telecommunication Line Terminal equipment Licenses
- 52 Switching Systems licenses
- 17 line maintenance organization type 1 licenses
- 1 line maintenance organization type 2 license
- 88 300 Radio-communication frequency licenses, and 5 550 licences cancelled due to non-payment or upon request for cancellation.

Furthermore, ICASA conducted monitoring and enforcement inspections to ensure compliance with the usage of the allocated frequency spectrum, conducted 200 high site inspections, and attended to 661 interface cases, clearing 446 of them.

#### 4.5 Sentech

Sentech is a wholly state owned enterprise that provides broadcasting signal distribution for broadcasting licensees. Sentech is Africa's largest broadcasting signal distributor and operates a large number of terrestrial broadcasting transmitter sites, which carry short wave, medium wave, FM, television and microwave.

The chosen corporate theme for Sentech for the 2006/07 financial year was "Delivery through excellence", which was achieved through the following functional areas:

- Digitisation
- Network Operating Centre (NOC)
- Human Capital
- East African Submarine System (EASSy)
- Regulatory Environment
- Education and Health
- International Business
- Economic Development
- Marketing

In its corporate plan Sentech committed itself to playing the vital role in the Accelerated and Share Economic Growth programme, through the development of SMMEs and

the second economy as well as helping the government to meet their commitment to attaining the Millennium Development goals.

During the period under review Sentech was allocated R95 million to kickstart the first phase of migration from analogue terrestrial television to digital. These funds were utilized and committed in totality towards the migration project and the following was achieved:

- Space was created at high and medium power transmitter stations by replacing old analogue klystron and valve transmitters as well as their associated infrastructure;
- Upgrading of infrastructure which included upgrading of heating, ventilation and air generators. Transmission facilities have been upgraded through the replacement of antenna systems to increase power output required for the additional DTT transmitter; and
- Additional antenna systems and feeder cables have been procured and will be installed shortly.

#### **4.6 South African Broadcasting Corporation**

The SABC is a public broadcaster, established in terms of the Broadcasting Act (22 of 1936), to provide radio and television services that informs, educate and entertains. It is operationally regulated in terms of a license granted by ICASA. The company's general objectives are outlined in the SABC's Broadcasting Charter, which is set out in the Broadcasting Act. In terms of this Charter, the SABC, in pursuit of its objectives and by exercising its powers, enjoys freedom of expression and journalistic, creative and programming independence as enshrined in the constitution.

#### **5. OTHER ORGANISATIONS TO WHOM TRANSFER PAYMENTS WERE MADE**

In addition to transfers made to those organisations referred to in paragraph 5, the Department also transferred funds to the Tshwane Regional Council for regional council levies which were abolished on 30 June 2006 due to the fact that it does not reflect in the main budget revenue line because the levy was collected at municipal level and did not form part of the National Revenue Fund.

#### **6. PUBLIC/PRIVATE PARTNERSHIPS (PPP)**

The Department submitted a Treasury Approval for the 112 project to National Treasury.

#### **7. CORPORATE GOVERNANCE ARRANGEMENTS**



The Department has complied with the corporate governance requirements as stipulated in the Public Finance Management Act, (Act No. 1 of 1999) and the Treasury Regulations. The initiatives undertaken by the Department to this effect, during the financial year, has been the following:

### **7.1 Audit Committee:**

An audit committee was established in terms of section 76 and 77 of the PFMA. The committee operates in accordance with an approved audit charter as its terms of reference.

The Audit Committee had four meetings during the period under review. The internal audit presented the following reports in accordance with its approved plan:

- Governance Report
- Supply Chain Management: Use of consultants
- Supply Chain Management: Irregular, Unauthorized, Wasteful and Fruitless expenditure
- Human Resources: Appointments and Terminations

### **7.2 Internal Audit**

An Internal Audit unit tasked with the auditing and rendering of advisory services to management of the Department is in existence. The head of internal audit (Chief Audit Executive) reports directly to both the accounting officer and the Audit Committee respectively.

### **7.3 Risk Management and Fraud Prevention**

The Department has a corporate governance and risk management component accountable to the DDG: Finance and Shareholder Management.

In an effort to improve corporate governance within the Department, the Department facilitated the development of a risk management strategy and undertook both a corporate governance framework and control self assessment of internal controls for the period under review. The risk assessment has been conducted and includes a risk profile to guide management in the improvement of internal controls. The Department also reviewed its fraud prevention plan and internal policies are periodically reviewed to take into account changed environments within the Department.

### **7.4 Chief Operations Officer (COO)**

The COO is the custodian of all the corporate operations of the Department and is accountable to the accounting officer.

**7.5 Auditor-General**

The office of the Auditor-General is the external auditor and is responsible for the statutory audit of the Department.

**7.6 Other governance matters**

The Department has a Departmental Bidding Committee which has an oversight role on ensuring that the tendering process in the Department is undertaken in a fair manner that is transparent and complies with the statutory requirements of the country. Members serving on this committee are appointed by the accounting officer on a rotational basis.

**8. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED**

None

**9. NEW/PROPOSED ACTIVITIES**

None

**10. EVENTS AFTER THE REPORTING DATE**

No significant events occurred after the reporting date.

**11. OTHER****11.1 Inventory balances on hand at year end**

The Stock Taking Board conducted an inventory stock take from the 30<sup>th</sup> to 31<sup>st</sup> March 2007 and no discrepancies between the physical stores items, bin cards and Logis count sheet were identified.

**SCOPA AND SCOF resolutions**

Reference to previous audit report and SCOPA and SCOF resolutions	Subject	Progress made on SCOPA and SCOF resolutions
None	None	None

**12. APPROVAL**

The annual financial statements set out on pages 112 to 180 have been approved by the Accounting Officer.



Gerda Grabe  
Acting Director-General  
**2007/05/31**

**REPORT OF THE AUDITOR-GENERAL  
TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE  
INFORMATION OF THE DEPARTMENT OF COMMUNICATION FOR THE YEAR  
ENDED 31 MARCH 2007**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I have audited the accompanying financial statements of the Department of Communication which comprise the statement of financial position as at 31 March 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 112 to 180.

**Responsibility of the accounting authority for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:
  - designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
  - selecting and applying appropriate accounting policies; and
  - making accounting estimates that are reasonable in the circumstances.

**Responsibility of the Auditor-General**

3. As required by section 188 of the Constitution of the Republic of South Africa, read with Section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing, *General Notice 647 of 2007*, issued in *Government Gazette no. 29912 of 25 May 2007*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
6. An audit also includes evaluating the:
  - appropriateness of accounting policies used
  - reasonableness of accounting estimates made by management
  - overall presentation of the financial statements.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Basis of accounting**

8. The public entities policy is to prepare financial statements on the basis of accounting determined by National Treasury, as set out in note 1.1 of the Accounting Policies to the financial statements.

#### **Opinion**

9. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Communication as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury of South Africa, as set out in note 1.1 of the Accounting Policies to the financial statements, and in the manner required by the PFMA.

#### **OTHER MATTERS**

I draw attention to the following matters which are ancillary to my responsibilities on the audit of the financial statements.

##### **10. Matters of Governance**

Due to a lack of establishing an adequate control environment the following occurred:

- o Certain policies and procedures were not updated/implemented as required by section 38(1)(i) of the PFMA.
- o Non-compliance with the performance management policy of the department was noted during the audit.
- o The department has not approved the updated organisational structure and no human resource plan is in place.

##### **11. Delay in finalisation of audit**

Due to the national public sector strike action during June 2007, the Auditor-General had to delay the finalisation of affected departments. As a result, the Auditor-General's consistency review process could only be conducted subsequent to 31 July 2007, the consequence of which was a delay in the finalisation of the audit of this department for the 2006/07 financial year.

#### **OTHER REPORTING RESPONSIBILITIES**

##### **REPORTING ON PERFORMANCE INFORMATION**

12. I have audited the performance information as set out on page 88.

##### **Responsibility of accounting officer**

13. The accounting officer has additional responsibilities as required by section 40(3) (a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the department, trading entity or constitutional institution.

### Responsibility of the Auditor-General

14. I conducted my engagement in accordance with Section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 647 of 2007*, issued in *Government Gazette* No. 29919 of 25 May 2007 and *General Notice 646 of 2007*, issued in *Government Gazette* No. 29919 of 25 May 2007.
15. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
16. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit conclusions reported below.

### Audit findings

17. I have not observed any matter that enquires inclusion in my report.

### APPRECIATION

18. The assistance rendered by the staff of the Department of Communication during the audit is sincerely appreciated.



P Bhana for Auditor-General

Pretoria

13 August 2007



## Department of Communications Vote-26 Accounting Policies for the year ended 31 March 2007

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

### 1. Presentation of the Financial Statements

#### 1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid.

#### 1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R), which also is the functional currency of the Department.

#### 1.3 Rounding

Unless otherwise stated, all financial figures have been rounded to the nearest one thousand Rand (R'000).

#### 1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. When necessary, figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

#### 1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the appropriation statement.

## **2. Revenue**

### **2.1 Appropriated funds**

Appropriated and adjusted appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process, are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

### **2.2 Departmental revenue**

All departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year, are recognised in the statement of financial position. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

#### **2.2.1 Tax revenue**

Tax revenue consists of all compulsory unrequited amounts collected by the Department in accordance with laws and or regulations (excluding fines, penalties and forfeits).

Tax receipts are recognised in the statement of financial performance when received.

#### **2.2.2 Sales of goods and services other than capital assets**

The proceeds received from the sale of goods and/or the provision of services are recognised in the statement of financial performance when the cash is received.

#### **2.2.3 Fines, penalties and forfeits**

Fines, penalties and forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the Department. Revenue arising from fines, penalties and forfeits, is recognised in the statement of financial performance when the cash is received.

#### **2.2.4 Interest, dividends and rent on land**

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

#### **2.2.5 Sale of capital assets**

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

#### **2.2.6 Financial transactions in assets and liabilities**

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds.

Cheques issued in previous accounting periods expiring before being banked are recognised as revenue in the statement of financial performance when they become stale. When such cheques are reissued, the payment involved, are made from Revenue.

Forex gains are recognised on payment of funds.

#### **2.2.7 Gifts, donations and sponsorships (transfers received)**

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the financial statements.

### **2.3 Local and foreign aid assistance**

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the Department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements.

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. The value of



assistance expensed prior to the receipt of funds, is recognized as a receivable in the statement of financial position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts, are recognised as payables in the statement of financial position.

### **3. Expenditure**

#### **3.1 Compensation of employees**

Salaries and wages comprise payments to employees. Salaries and wages are recognised as expenses in the statement of financial performance when payments are effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance<sup>1</sup>.

All other payments are classified as current expenses.

Social contributions include employer contributions to social insurance schemes paid on behalf of employees. Social contributions are recognised as expenses in the statement of financial performance when payments are effected on the system.

##### **3.1.1 Short term employee benefits**

Short term employee benefits comprise of leave entitlements (including capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance when payment are effected on the system (by no later than 31 March of each year).

Short-term employee benefits that give rise to present legal or constructive obligations are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance.

##### **3.1.2 Long-term employee benefits**

###### **3.1.2.1 Termination benefits**

Termination benefits such as severance packages are recognised as expenses in the statement of financial performance as transfers (to households) when the payments are effected on the system (by no later than 31 March of each year).

<sup>1</sup> This accounting policy is only relevant where the departments elects to capitalise the compensation paid to employees involved on capital projects.

### 3.1.2.2 Post employment retirement benefits

The Department provides retirement benefits (pension benefits) to certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when payments to the fund are effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the Department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

The Department provides medical benefits to certain of its employees. Employer contributions to medical funds are expensed when payments to the fund are effected on the system (by no later than 31 March of each year).

### 3.2 Goods and services

Payments made for goods and/or services are recognised as expenses in the statement of financial performance when payments are effected on the system (by no later than 31 March of each year). The expenses are classified as capital if the goods and services were used for capital projects or assets of R5 000 or more is purchased. All assets costing less than R5 000 will also be reflected under goods and services.

### 3.3 Interest and rent on land

Interest and rental payments are recognised as expenses in the statement of financial performance when payments are effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under *goods and services*.

### 3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The writing off of debts occur at year-end or when funds are available. Although no provision is made for irrecoverable amounts, such amounts are disclosed in a disclosure note.

Forex losses are recognised on payment of such funds.

All other losses are recognised when authorisation has been granted for the recognition thereof.

### **3.5 Unauthorised expenditure**

When discovered, unauthorised expenditure is recognised as assets, in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is recognised in the statement of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to the availability of savings, in the statement of financial performance, on the date of approval.

### **3.6 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is recognised assets in the statement of financial position until such time as the expenditures are recovered from the responsible persons or written off as irrecoverable in the statement of financial performance.

### **3.7 Irregular expenditure**

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority, it is treated as an asset until it is recovered or written off as irrecoverable.

### **3.8 Transfers and subsidies**

Transfers and subsidies are recognised as expenses when payments are effected on the system (by no later than 31 March of each year).

### **3.9 Expenditure for capital assets**

Payments made for capital assets are recognised as expenses in the statement of financial performance when payments are effected on the system (by no later than 31 March of each year).

## **4. Assets**

### **4.1 Cash and cash equivalents**

Cash and cash equivalents are carried at cost in the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

#### **4.2 Prepayments and advances**

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

#### **4.3 Receivables**

Receivables included in the statement of financial position arise from cash payments made, being recoverable from another party.

Revenue receivable not yet collected, is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

#### **4.4 Investments**

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of investments are recognised in the statement of financial performance when the cash is received.

Investments are tested for an impairment loss whenever events or changed circumstances indicate that investments might be impaired. Any impairment losses are included in disclosure note 31.

#### **4.5 Loans**

Loans are recognised in the statement of financial position at the nominal amounts when cash is paid to beneficiaries. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in disclosure note 31.

#### **4.6 Inventory**

Inventories purchased during the financial year are disclosed at cost in the notes.

#### **4.7 Capital assets**

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the capital asset may be stated at fair value. Where fair value cannot be determined, the capital asset is

included in the asset register at R1.

Projects (of construction/development) running over more than one financial year relating to assets, are only capitalised as assets on completion of the project and at the total cost incurred over the duration of the project.

Disclosure Notes 32 and 33 reflects the total movement in the asset register for the current financial year.

## **5. Liabilities**

### **5.1 Payables**

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

### **5.2 Lease commitments**

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures and disclosure notes to the financial statements.

### **5.3 Accruals**

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payments has not been effected on the system.

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

### **5.4 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not controllable by the Department; or

A contingent liability is a present obligation that arises from past events but not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the disclosure notes.

## **5.5 Commitments**

Commitments represent goods/services that have been approved and/or contracted but deliveries have not taken place at the reporting dates involved. Commitments are not recognised in the statement of financial position as liabilities or expenditures in the statement of financial performance. They are, however included in the disclosure notes.

## **6. Net Assets**

### **6.1 Capitalisation reserve**

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but recognised in the statement of financial position for the first time in the current reporting period. Amounts are transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

### **6.2 Recoverable revenue**

Amounts are recognised as recoverable revenue when payments made in previous financial years become recoverable from debtors in the current financial year.

## **7. Related party transactions**

Related parties are departments that control or significantly influence entities in making financial and operating decisions. Specific information with regards to related party transactions is included in the disclosure notes.

## **8. Key management personnel**

Key management personnel are those persons having the authority and responsibility for the planning, directing and controlling the activities of the Department.

Compensation paid to both key management personnel and their family members where relevant, is included in the disclosure notes.

## 9. Public private partnerships

A public private partnership (PPP) is a commercial transaction between the Department and a private party in terms of which the private party:

- performs an institutional function on behalf of the institution; and/or
- acquires the use of state property for its own commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- receives a benefit for performing the institutional function or from utilizing the state property, either by way of:
  - o consideration to be paid by the Department which derives from a Revenue Fund;
  - o charged fees to be collected by the private party from users or customers of a service provided to them; or
  - o a combination of such consideration and such charged fees.

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement, is included in the disclosure notes.

Department of Communications - Vote 26  
**Appropriation Statement**  
 for the year ended 31 March 2007  
 Appropriation per Programme

	2006/07							2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>1. Administration</b>										
Current payment	108,571	(1,797)	(258)	106,516	104,600	1,916	98.2%	81,793	81,285	
Transfers and subsidies	91	481	-	572	508	64	88.8%	1,310	1,311	
Payment for capital assets	2,617	1,316	896	4,829	4,829	-	100%	5,850	5,834	
<b>2. Strategic Policy Co-ordination and Integration</b>										
Current payment	42,142	(4)	(393)	41,745	41,745	-	100%	46,969	46,823	
Transfers and subsidies	3,476	4	-	3,480	3,456	24	99.3%	52	52	
Payment for capital assets	1,031	-	(764)	267	265	2	99.3%	305	291	
<b>3. Policy Unit</b>										
Current payment	33,540	1,309	(2,275)	32,574	32,500	74	99.8%	27,401	27,172	
Transfers and subsidies	40,035	(1,309)	-	38,726	38,692	34	99.9%	41,386	41,290	
Payment for capital assets	1,105	-	(765)	340	244	96	71.8%	230	230	
<b>4. Finance and Shareholder Management</b>										
Current payment	48,781	-	2,584	51,365	51,145	220	99.6%	29,786	29,786	
Transfers and subsidies	956,565	-	1,800	958,365	958,328	37	100%	703,367	703,367	
Payment for capital assets	1,178	-	954	2,132	2,338	(206)	109.7%	1,842	1,842	



Department of Communications - Vote 26  
**Appropriation Statement**  
 for the year ended 31 March 2007 (Continued)  
 Appropriation per Programme

	2006/07							2005/06	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>5. Innovative Applications and Research</b>									
Current payment	52,089	(7)	(391)	51,691	51,665	26	99.9%	57,116	57,097
Transfers and subsidies	5,507	7	-	5,514	5,514	-	100%	8,560	8,558
Payment for capital assets	589	-	-	589	419	170	71.1%	2,656	2,656
<b>6. Presidential National Commission</b>									
Current payment	24,505	(150)	(1,256)	23,099	22,954	145	99.4%	22,425	21,768
Transfers and subsidies	14	-	-	14	7	7	50.0%	23	29
Payment for capital assets	470	150	(132)	488	388	100	79.5%	612	612
<b>Total</b>	<b>1,322,306</b>	<b>-</b>	<b>-</b>	<b>1,322,306</b>	<b>1,319,597</b>	<b>2,709</b>	<b>99.8%</b>	<b>1,031,683</b>	<b>1,030,003</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b> Prior year unauthorised expenditure approved with funding				-					-
Departmental receipts				3,442,025				3,178,882	
Local and foreign aid assistance				-				1,000	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				4,764,331				4,211,565	
<b>Add:</b> Local and foreign aid assistance					59				172
<b>Actual amounts per Statement of Financial Performance Expenditure</b>					<b>1,319,656</b>				<b>1,030,175</b>

Department of Communications - Vote 26  
**Appropriation Statement**  
 for the year ended 31 March 2007 (Continued)  
 Appropriation per Economic classification

	2006/07							2005/06	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	99,597	-	-	99,597	99,008	589	99.4%	89,906	88,362
Goods and services	206,358	(5,249)	(2,126)	198,983	197,191	1,792	99.1%	175,479	175,464
Financial transactions in assets and liabilities	3,673	4,600	137	8,410	8,410	-	100%	105	105
<b>Transfers &amp; Subsidies</b>									
Provinces & Municipalities	238	1	-	239	73	166	30.5%	328	328
Departmental agencies & accounts	271,801	(100)	1,800	273,501	273,501	-	100%	217,152	217,052
Universities & technicians	-	-	-	-	-	-	-	100	100
Foreign governments & international organisations	1,439	-	-	1,439	1,439	-	100%	-	-
Public corporations & private enterprises	730,210	(1,356)	-	728,854	728,854	-	100%	536,026	536,026
Non-profit institutions	2,000	452	-	2,452	2,452	-	100%	100	100
Households	-	186	-	186	186	-	100%	992	1,001
<b>Payment for capital assets</b>									
Machinery & equipment	6,950	1,326	189	8,465	8,311	154	98.2%	8,890	8,844
Software & other intangible assets	40	140	-	180	172	8	95.6%	2,605	2,621
<b>Total</b>	<b>1,322,306</b>	<b>-</b>	<b>-</b>	<b>1,322,306</b>	<b>1,319,597</b>	<b>2,709</b>	<b>99.8%</b>	<b>1,031,683</b>	<b>1,030,003</b>

Department of Communications - Vote 26  
**Detail per programme 1 - Administration**  
 for the year ended 31 March 2007

Programme per subprogramme	2006/07						2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>1.1 Minister</b>									
Current payment	887	-	-	887	885	2	99.8%	843	837
<b>1.2 Deputy Minister</b>									
Current payment	655	-	-	655	654	1	99.8%	623	625
<b>1.3 Management</b>									
Current payment	32,048	2,345	(1,878)	32,515	31,428	1,087	96.7%	27,788	28,039
Transfers and subsidies	36	481	-	517	485	32	93.8%	920	921
Payment for capital assets	830	-	-	830	266	564	32%	916	941
<b>1.4 Operations</b>									
Current payment	58,738	(4,142)	1,620	56,216	55,059	1,157	97.9%	52,539	51,784
Transfers and subsidies	55	-	-	55	23	32	41.8%	390	390
Payment for capital assets	1,787	1,316	896	3,999	4,563	(564)	114.1%	4,934	4,893
<b>1.5 Property Management</b>									
Current payment	16,243	-	-	16,243	16,574	(331)	102%	-	-
<b>Total</b>	<b>111,279</b>	<b>-</b>	<b>638</b>	<b>111,917</b>	<b>109,937</b>	<b>1,980</b>	<b>98.2%</b>	<b>88,953</b>	<b>88,430</b>

Department of Communications - Vote 26  
**Detail per programme 1 - Administration**  
 for the year ended 31 March 2007 (Continued)

Economic classification	2006/07						2005/06		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	37,653	-	1,679	39,332	39,136	196	99.5%	33,077	32,810
Goods and services	70,918	(1,797)	(1,937)	67,184	65,464	1,720	97.4%	48,716	48,475
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	91	-	-	91	27	64	29.7%	122	122
Universities & technicians	-	-	-	-	-	-	-	100	100
Non-profit institutions	-	352	-	352	352	-	100%	100	100
Households	-	129	-	129	129	-	100%	988	989
<b>Payments for capital assets</b>									
Machinery & equipment	2,577	1,239	896	4,712	4,712	-	100%	5,551	5,550
Software & other intangible assets	40	77	-	117	117	-	100%	299	284
<b>Total</b>	<b>111,279</b>	<b>-</b>	<b>638</b>	<b>111,917</b>	<b>109,93</b>	<b>111,917</b>	<b>98.2%</b>	<b>88,953</b>	<b>88,430</b>

Department of Communications - Vote 26

# Detail per programme 2 - Strategic Policy Co-ordination and Integration

for the year ended 31 March 2007

Programme per subprogramme	2006/07							2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>2.1 Co-ordination and Integration</b>										
Current payment	10,434	(481)	-	9,953	9,953	-	100%	5,559	6,299	
Transfers and subsidies	4	2	-	6	6	-	100%	16	16	
Payment for capital assets	262	-	(163)	99	97	2	98%	140	85	
<b>2.2 Postal Regulator</b>										
Current payment	2,735	4,789	790	8,314	8,314	-	100%	17,504	15,718	
Transfers and subsidies	-	10	-	10	3	7	30%	20	20	
Payment for capital assets	-	-	-	-	-	-	-	25	12	
<b>2.3 International</b>										
Current payment	28,973	(4,312)	(1,183)	23,478	23,478	-	100%	23,906	24,806	
Transfers and subsidies	3,472	(8)	-	3,464	3,447	17	99.5%	16	16	
Payment for capital assets	769	-	(601)	168	168	-	100%	140	194	
<b>Total</b>	<b>46,649</b>	<b>-</b>	<b>(1,157)</b>	<b>45,492</b>	<b>45,466</b>	<b>26</b>	<b>99.9%</b>	<b>47,326</b>	<b>47,166</b>	

Department of Communications - Vote 26  
**Detail per programme 2 - Strategic Policy Co-ordination and Integration**  
 for the year ended 31 March 2007 (Continued)

Economic classification	2006/07						2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current</b>									
Compensation of employees	14,939	-	790	15,729	16,864	(1,135)	107.2%	15,048	15,048
Goods and services	27,203	(4)	(1,183)	26,016	24,881	1,135	95.6%	31,921	31,775
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	37	(2)	-	35	11	24	31.4%	50	50
Foreign governments & international organisations	1,439	-	-	1,439	1,439	-	100%	-	-
Non-profit institutions	2,000	-	-	2,000	2,000	-	100%	-	-
Households	-	6	-	6	6	-	100%	2	2
<b>Capital</b>									
Machinery & equipment	1,031	-	(764)	267	265	2	99.3%	305	291
<b>Total</b>	<b>46,649</b>	<b>-</b>	<b>(1,157)</b>	<b>45,492</b>	<b>45,466</b>	<b>26</b>	<b>99.9%</b>	<b>47,326</b>	<b>47,166</b>

Department of Communications - Vote 26  
**Detail per programme 3 - Policy Unit**  
 for the year ended 31 March 2007

Programme per subprogramme	2006/07						2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>3.1 Telecommunications Policy</b>									
Current payment	8,641	7,327	(1,200)	14,768	14,776	(8)	100.1%	5,262	12,772
Transfers and subsidies	109	(100)	-	9	6	3	66.7%	113	10
Payment for capital assets	277	-	(235)	42	36	6	85.7%	106	24
<b>3.2 Postal Policy</b>									
Current payment	1,454	501	-	1,955	2,379	(424)	121.7%	969	3,074
Transfers and subsidies	5	-	-	5	1	4	20%	2	3
Payment for capital assets	138	-	(115)	23	23	-	100%	-	100
<b>3.3 Multi-Media Policy</b>									
Current payment	18,528	(4,368)	(596)	13,564	13,564	-	100%	13,330	8,567
Transfers and subsidies	15	147	-	162	144	18	88.9%	9	18
Payment for capital assets	414	-	(263)	151	86	65	57%	100	90
<b>3.4 IT Policy</b>									
Current payment	1,909	(1,066)	(479)	364	278	86	76.4%	3,732	177
Transfers and subsidies	5	-	-	5	-	5	-	4	1
Payment for capital assets	138	-	(138)	-	-	-	-	8	-
<b>3.5 Economic Modeling</b>									
Current payment	3,008	(1,085)	-	1,923	1,503	420	78.2%	4,108	2,582
Transfers and subsidies	5	-	-	5	1	4	20%	3	3
Payment for capital assets	138	-	14	124	99	25	79.8%	16	16
<b>3.6 South African Broadcasting Corporation: Community Radio Stations</b>									
Transfers and subsidies	10,870	(124)	-	10,746	10,746	-	100%	10,255	10,255
<b>3.7 South African Broadcasting Corporation: Programme Production</b>									
Transfers and subsidies	29,026	(1,232)	-	27,794	27,794	-	100%	31,000	31,000
Total	74,680	-	(3,040)	71,640	71,436	204	99.7%	69,017	68,692

Department of Communications - Vote 26  
**Detail per programme 3 - Policy Unit**  
 for the year ended 31 March 2007 (Continued)

Economic classification	2006/07							2005/06	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current</b>									
Compensation of employees	8,586	-	(1,679)	6,907	6,839	68	99%	6,027	6,027
Goods and services	21,281	(3,291)	(674)	17,316	17,310	6	100%	21,374	21,145
Financial transactions in assets and liabilities	3,673	4,600	78	8,351	8,351	-	100%	-	-
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	39	-	-	39	5	34	12.8%	31	27
Dept agencies & accounts	100	(100)	-	-	-	-	-	100	-
Public corporations & private enterprises	39,896	(1,356)	-	38,540	38,540	-	100%	41,255	41,255
Non-profit institutions	-	100	-	100	100	-	100%	-	-
Households	-	47	-	47	47	-	100%	-	8
<b>Capital</b>									
Machinery & equipment	1,105	-	(765)	340	244	96	71.8%	230	230
<b>Total</b>	<b>74,680</b>	<b>-</b>	<b>(3,040)</b>	<b>71,640</b>	<b>71,436</b>	<b>204</b>	<b>99.7%</b>	<b>69,017</b>	<b>68,692</b>



Department of Communications - Vote 26  
**Detail per programme 4 - Finance and Shareholder Management**  
 for the year ended 31 March 2007

Programme per subprogramme	2006/07						2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>4.1 Financial Management</b>									
Current payment	48,781	-	2,584	51,365	51,145	220	99.6%	29,786	29,786
Transfers and subsidies	50	-	-	50	13	37	26%	44	44
Payment for capital assets	1,178	-	954	2,132	2,338	(206)	109.7%	1,842	1,842
<b>4.2 Universal Service and Access Agency of South Africa</b>									
Transfers and subsidies	20,100	-	-	20,100	20,100	-	100%	17,500	17,500
<b>4.3 Universal Service and Access Fund</b>									
Transfers and subsidies	31,164	-	-	31,164	31,164	-	100%	29,400	29,400
<b>4.4 South African Post Office</b>									
Transfers and subsidies	351,439	-	-	351,439	351,439	-	100%	300,000	300,000
<b>4.5 South African Broadcasting Corporation: Public Broadcaster</b>									
Transfers and subsidies	203,482	-	-	203,482	203,482	-	100%	150,455	150,455
<b>4.6 South African Broadcasting Corporation: Channel Africa</b>									
Transfers and subsidies	31,393	-	-	31,393	31,393	-	100%	29,616	29,616
<b>4.7 Independent Communications Authority of South Africa</b>									
Transfers and subsidies	199,738	-	1,800	201,538	201,538	-	100%	150,489	150,489

Department of Communications - Vote 26  
**Detail per programme 4 - Finance and Shareholder Management**  
 for the year ended 31 March 2007 (Continued)

Programme per subprogramme	2006/07						2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>4.8 National Electronic Media Institute of South Africa</b>									
Transfers and subsidies	19,199	-	-	19,199	19,199	-	100%	18,163	18,163
<b>4.9 Sentech</b>									
Transfers and subsidies	100,000	-	-	100,000	100,000	-	100%	7,700	7,700
<b>Total</b>	<b>1,006,524</b>	<b>-</b>	<b>5,338</b>	<b>1,011,862</b>	<b>1,011,811</b>	<b>51</b>	<b>100%</b>	<b>734,995</b>	<b>734,995</b>

Department of Communications - Vote 26  
**Detail per programme 4 - Finance and Shareholder Management**  
 for the year ended 31 March 2007 (Continued)

Economic classification	2006/07							2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>Current</b>										
Compensation of employees	12,665	-	(617)	12,048	10,787	1,261	89.5%	10,600	10,600	
Goods and services	36,116	-	3,142	39,258	40,299	(1,041)	102.7%	19,081	19,081	
Financial transactions in assets and liabilities	-	-	59	59	59	-	100%	105	105	
<b>Transfers &amp; subsidies</b>										
Provinces & municipalities	50	(2)	-	48	11	37	22.9%	44	44	
Dept agencies & accounts	270,201	-	1,800	272,001	272,001	-	100%	215,552	215,552	
Public corporations & private enterprises	686,314	-	-	686,314	686,314	-	100%	487,771	487,771	
Households	-	2	-	2	2	-	100%	-	-	
<b>Capital</b>										
Machinery & equipment	1,178	-	954	2,132	2,338	206)	109.7%	1,842	1,842	
<b>Total</b>	<b>1,006,524</b>	<b>-</b>	<b>5,338</b>	<b>1,011,862</b>	<b>1,011,811</b>	<b>51</b>	<b>100%</b>	<b>734,995</b>	<b>734,995</b>	

Department of Communications - Vote 26  
**Detail per programme 5 - Innovative Applications and Research**  
 for the year ended 31 March 2007

Programme per subprogramme	2006/07						2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>5.1 Applications and Research</b>									
Current payment	29,617	(7)	(391)	29,219	27,780	1,439	95.1%	35,916	2,272
Transfers and subsidies	7	7	-	14	14	-	100%	60	58
Payment for capital assets	589	-	-	589	419	170	71.1%	2,656	2,656
<b>5.2 Meraka Institute</b>									
Transfers and subsidies	4,000	-	-	4,000	4,000	-	100%	7,000	7,000
<b>5.3 112 Emergency Call Centre</b>									
Current payment	22,472	-	-	22,472	23,885	(1,413)	106.3%	21,200	14,825
<b>5.4 .za Domain Name Authority</b>									
Transfers and subsidies	1,500	-	-	1,500	1,500	-	100%	1,500	1,500
<b>Total</b>	<b>58,185</b>	<b>-</b>	<b>(391)</b>	<b>57,794</b>	<b>57,598</b>	<b>196</b>	<b>99.7%</b>	<b>68,332</b>	<b>68,311</b>

Department of Communications - Vote 26  
**Detail per programme 5 - Innovative Applications and Research**  
 for the year ended 31 March 2007 (Continued)

Economic classification	2006/07						2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current</b>									
Compensation of employees	14,855	-	206	15,061	15,061	-	100%	14,507	14,507
Goods and services	37,234	(7)	(597)	36,630	36,604	26	99.9%	42,609	42,590
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	7	5	-	12	12	-	100%	58	56
Dept agencies & accounts	1,500	-	-	1,500	1,500	-	100%	1,500	1,500
Public corporations & private enterprises	4,000	-	-	4,000	4,000	-	100%	7,000	7,000
Households	-	2	-	2	2	-	100%	2	2
<b>Capital</b>									
Machinery & equipment	589	(63)	-	526	364	162	69.2%	350	350
Software & other intangible assets	-	63	-	63	55	8	87.3%	2,306	2,306
<b>Total</b>	<b>58,185</b>	<b>-</b>	<b>(391)</b>	<b>57,794</b>	<b>57,598</b>	<b>196</b>	<b>99.7%</b>	<b>68,332</b>	<b>68,311</b>

## Department of Communications - Vote 26

# Detail per programme 6 - Presidential National Commission

for the year ended 31 March 2007

Programme per subprogramme	2006/07						2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>6.1 Policy Planning and Foresight</b>									
Current payment	6,225	700	-	6,925	7,787	(862)	112.4%	8,352	7,470
Transfers and subsidies	2	-	-	2	1	1	50%	8	10
Payment for capital assets	74	12	-	86	86	-	100%	84	-
<b>6.2 Policy co-ordination and Integration</b>									
Current payment	3,531	(393)	(189)	2,949	2,195	754	74.4%	10,090	9,109
Transfers and subsidies	2	-	-	2	2	-	100%	7	9
Payment for capital assets	82	(24)	(58)	-	-	-	-	250	263
<b>6.3 Policy Evaluation and Impact Assessment</b>									
Current payment	3,527	(307)	(688)	2,532	2,396	136	94.6%	3,983	5,189
Transfers and subsidies	3	-	-	3	1	2	33.3%	8	10
Payment for capital assets	83	-	(74)	9	-	9	-	278	349
<b>6.4 Special Projects</b>									
Current payment	1,915	-	(379)	1,536	1,349	187	87.8%	-	-
Transfers and subsidies	3	-	-	3	-	3	-	-	-
Payment for capital assets	62	12	-	74	19	55	25.7%	-	-

Department of Communications - Vote 26  
**Detail per programme 6 - Presidential National Commission**  
 for the year ended 31 March 2007 (Continued)

Programme per subprogramme	2006/07						2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>6.5 Intergovernmental Relations</b>									
Current payment	1,907	(263)	-	1,644	1,629	15	99.1%	-	-
Transfers and subsidies	3	(1)	-	2	1	1	50%	-	-
Payment for capital assets	70	(34)	-	36	-	36	-	-	-
<b>6.6 Organisational Excellence</b>									
Current payment	7,400	113	-	7,513	7,598	(85)	101.1%	-	-
Transfers and subsidies	1	1	-	2	2	-	100%	-	-
Payment for capital assets	99	184	-	283	283	-	100%	-	-
<b>Total</b>	<b>24,989</b>	<b>-</b>	<b>(1,388)</b>	<b>23,601</b>	<b>23,349</b>	<b>252</b>	<b>98.9%</b>	<b>23,060</b>	<b>22,409</b>

**Department of Communications - Vote 26**  
**Detail per programme 6 - Presidential National Commission**  
 for the year ended 31 March 2007 (Continued)

Economic classification	2006/07						2005/06		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current</b>									
Compensation of employees	10,899	-	(379)	10,520	10,321	199	98.1%	10,647	9,370
Goods and services	13,606	(150)	(877)	12,579	12,633	(54)	100.4%	11,778	12,398
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	14	-	-	14	7	7	50%	23	29
<b>Capital</b>									
Machinery & equipment	470	150	(132)	488	388	100	79.5%	612	581
Software & other intangible assets	-	-	-	-	-	-	-	-	31
<b>Total</b>	<b>24,989</b>	<b>-</b>	<b>(1,388)</b>	<b>23,601</b>	<b>23,349</b>	<b>252</b>	<b>98.9%</b>	<b>23,060</b>	<b>22,409</b>



**Department of Communications - Vote 26**  
**Notes to the Appropriation Statement**  
for the year ended 31 March 2007

<b>1.</b>	<b>Detail of transfers and subsidies as per Appropriation Act (after Virement):</b>			
	Detail of these transactions can be viewed in note 7 (Transfers and subsidies) and Annexure 1 (A-G) to the annual financial statements.			
<b>2.</b>	<b>Detail of specifically and exclusively appropriated amounts voted (after Virement):</b>			
	Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the annual financial statements.			
<b>3.</b>	<b>Detail on financial transactions in assets and liabilities</b>			
	Detail of these transactions per programme can be viewed in note 6 (Details of special functions (theft and losses)) to the annual financial statements.			
<b>4.</b>	<b>Explanations of material variances from Amounts Voted (after virement):</b>			
<b>4.1</b>	<b>Per programme:</b>			
	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>
<b>Administration</b>	111,917	109,937	1,980	1.7%
Underspending mainly due to posts that could not be filled and therefore the operational budget was also underspent. An amount of R3 million was transferred to the Government Employees Pension Fund in line with PSCBC Resolution 7 of 2003 for three ex-employees for recognition of service in the former Non-Statutory Forces (NSF) as pensionable services which were not budgeted for and resulted in the Department not being able to fill vacant positions.				
<b>Presidential National Commission</b>	23,601	23,349	252	1.1%
Underspending mainly due to officials at SMS level resigning during the financial year and the positions becoming vacant for the remainder of the financial year.				
<b>4.2</b>	<b>Per economic classification:</b>			<b>R'000</b>
	<b>Current expenditure</b>			
	Compensation of employees			589
	Goods and services			1,792
	<b>Transfers and subsidies</b>			
	Provinces and municipalities			166
	<b>Payments for capital assets</b>			
	Machinery and equipment			154
	Software and other intangible assets			8

**Department of Communications - Vote 26**  
**Statement of Financial Performance**  
for the year ended 31 March 2007

REVENUE	Note	2006/07	2005/06
		R'000	R'000
Annual appropriation	1.	1,322,306	1,031,683
Departmental revenue	2.	3,442,025	3,178,882
Local and foreign aid assistance	3.	-	1,000
<b>TOTAL REVENUE</b>		<b>4,764,331</b>	<b>4,211,565</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4.	99,008	88,362
Goods and services	5.	197,191	175,464
Financial transactions in assets and liabilities	6.	8,410	105
Local and foreign aid assistance	3.	59	64
<b>Total current expenditure</b>		<b>304,668</b>	<b>263,995</b>
<b>Transfers and subsidies</b>	7.	<b>1,006,505</b>	<b>754,607</b>
<b>Expenditure for capital assets</b>			
Machinery and Equipment	8.	8,311	8,844
Software and other intangible assets	8.	172	2,621
Local and foreign aid assistance	3.	-	108
<b>Total expenditure for capital assets</b>		<b>8,483</b>	<b>11,573</b>
<b>TOTAL EXPENDITURE</b>		<b>1,319,656</b>	<b>1,030,175</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3,444,675</b>	<b>3,181,390</b>
<b>RECONCILIATION OF NET SURPLUS/ (DEFICIT) FOR THE YEAR</b>			
Voted Funds to be surrendered to the revenue fund	17.	2,709	1,680
Departmental revenue to be surrendered to the revenue fund	18.	3,442,025	3,178,882
Local and foreign aid assistance	3.	(59)	828
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3,444,675</b>	<b>3,181,390</b>

Department of Communications - Vote 26  
**Statement of Financial Position**  
as at 31 March 2007

	<i>Note</i>	2006/07	2005/06
		R'000	R'000
<b>ASSETS</b>			
<b>Current assets</b>		37,637	10,114
Fruitless and wasteful expenditure	10.	132	13
Cash and cash equivalents	11.	35,529	7
Prepayments and advances	13.	254	337
Receivables	14.	1,722	9,757
<b>Non-current assets</b>		2,298,983	2,298,916
Investments	15.	2,271,321	2,271,321
Loans	16.	27,391	27,391
Other financial assets	12.	271	204
<b>TOTAL ASSETS</b>		2,336,620	2,309,030
<b>LIABILITIES</b>			
<b>Current liabilities</b>		37,375	8,328
Voted funds to be surrendered to the Revenue Fund	17.	2,709	1,680
Departmental revenue to be surrendered to the Revenue Fund	18.	31,769	131
Bank overdraft	19.	-	3,546
Payables	20.	8	23
Local and foreign aid assistance unutilised	3.	2,889	2,948
<b>TOTAL LIABILITIES</b>		37,375	8,328
<b>NET ASSETS</b>		2,299,245	2,300,702
<b>Represented by:</b>			
Capitalisation Reserves		2,298,713	2,298,713
Recoverable revenue		532	1,989
<b>TOTAL</b>		<b>2,299,245</b>	<b>2,300,702</b>

**Department of Communications - Vote 26**  
**Cash Flow Statement**  
for the year ended 31 March 2007

	<i>Note</i>	<b>2006/07</b>	<b>2005/06</b>
		<b>R'000</b>	<b>R'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		2,900,883	2,348,112
Annual appropriated funds received	1.1	1,322,306	1,031,683
Departmental revenue received		1,578,577	1,315,429
Local and foreign aid assistance received	3.	-	1,000
Net (increase)/decrease in working capital		7,984	(3,893)
Surrendered to Revenue Fund		(3,412,067)	(3,210,493)
Current payments		(304,668)	(263,995)
Transfers and subsidies paid		(1,006,505)	(754,607)
<b>Net cash flow available from operating activities</b>	21.	(1,814,373)	(1,884,876)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(8,483)	(11,573)
Proceeds from sale of capital assets	2.	20	20
(Increase)/decrease in other financial assets		(67)	-
<b>Net cash flows from investing activities</b>		(8,530)	(11,553)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		1,863,428	1,863,433
Increase/(decrease) in net assets		(1,457)	-
Increase/(decrease) in non-current payables		-	1,455
<b>Net cash flows from financing activities</b>		1,861,971	1,864,888
Net increase/(decrease) in cash and cash equivalents		39,068	(31,541)
Cash and cash equivalents at beginning of period		(3,539)	28,002
<b>Cash and cash equivalents at end of period</b>	22.	35,529	(3,539)

## Department of Communications - Vote 26 Statement of Changes in Net Assets

for the year ended 31 March 2007

	<i>Note</i>	2006/07	2005/06
		R'000	R'000
<b>Capitalisation Reserves</b>			
Opening balance		2,298,713	2,298,713
Transfers			
Closing balance		2,298,713	2,298,713
<b>Recoverable revenue</b>			
Opening balance		1,989	534
Transfers		(1,457)	1,455
Irrecoverable amounts written off	6.5	1,435	3
Debts recovered (included in departmental receipts)		(3,687)	(569)
Debts raised		795	2,021
Closing balance		532	1,989
<b>TOTAL</b>		<b>2,299,245</b>	<b>2,300,702</b>

Department of Communications – Vote 26  
**Notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

<b>1. Annual Appropriation</b>					
<b>1.1 Annual Appropriation</b>					
<b>Programmes</b>	<b>Final Appropriation R'000</b>	<b>Actual Funds Received R'000</b>	<b>Funds not requested/ not received R'000</b>	<b>Appropriation Received 2005/06 R'000</b>	
Administration	111,917	111,917	-	88,953	
Strategic Policy Co-ordination and Integration	45,492	45,492	-	47,326	
Policy Unit	71,640	71,640	-	69,017	
Finance and Shareholder Management	1,011,862	1,011,862	-	734,995	
Innovative Applications and Research	57,794	57,794	-	68,332	
Presidential National Commission	23,601	23,601	-	23,060	
<b>Total</b>	<b>1,322,306</b>	<b>1,322,306</b>	<b>-</b>	<b>1,031,683</b>	
<b>2. Departmental revenue to be surrendered to Revenue Fund</b>		<i>Note</i>	<b>2006/07 R'000</b>	<b>2005/06 R'000</b>	
Sales of goods and services other than capital assets		2.1	1,568,098	1,311,954	
Fines, penalties and forfeits			962	-	
Interest, dividends and rent on land		2.2	1,866,809	1,866,217	
Sales of capital assets		2.3	20	20	
Financial transactions in assets and liabilities		2.4	5,776	581	
Transfers received		2.5	360	110	
<b>Total</b>			<b>3,442,025</b>	<b>3,178,882</b>	

Department of Communications – Vote 26

## Notes to the Annual Financial Statements

for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
<b>2.1 Sales of goods and services other than capital assets</b>		
Sales of goods and services produced by the Department	1,568,047	1,311,952
Administrative fees	1,568,024	1,311,921
Other sales	23	31
Sales of scrap, waste and other used current goods	51	2
<b>Total</b>	<b>1,568,098</b>	<b>1,311,954</b>
<b>2.2 Interest, dividends and rent on land and buildings</b>		
Interest	3,381	2,784
Dividends	1,863,428	1,863,433
<b>Total</b>	<b>1,866,809</b>	<b>1,866,217</b>
<b>2.3 Sales of capital assets</b>		
Other capital assets	20	20
<b>Total</b>	<b>20</b>	<b>20</b>
<b>2.4 Financial transactions in assets and liabilities</b>		
<b>Nature of loss recovered</b>		
Receivables	1,972	437
Forex Gain	19	-
Other receipts including recoverable revenue	3,785	144
<b>Total</b>	<b>5,776</b>	<b>581</b>

Department of Communications – Vote 26  
**Notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

Note

2006/07  
R'000

2005/06  
R'000

**2.5 Transfers received**

Other governmental units	360	-
Public Corporations and Private enterprises	-	110
<b>Total</b>	<b>360</b>	<b>110</b>

**3. Local and foreign aid assistance**

**3.1 Assistance received in cash: Other**

<b>Local</b>		
Opening Balance	2,947	2,119
Revenue	-	1,000
Expenditure	59	172
Current	59	64
Capital	-	108
Closing Balance	2,888	2,947
<b>Total</b>		
Opening Balance	2,947	2,119
Revenue	-	1,000
Expenditure	59	172
Current	59	64
Capital	-	108
Closing Balance	2,888	2,947



Department of Communications – Vote 26  
**Notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
<b>Analysis of balance</b>		
Local and foreign aid receivable	-	-
Local and foreign aid unutilised	2,889	2,948
Closing balance	2,889	2,948
<b>4. Compensation of employees</b>		
<b>4.1 Salaries and wages</b>		
Basic salary	62,319	57,425
Performance award	1,453	2,226
Service Based	628	1,182
Compensative/circumstantial	1,155	1,381
Periodic payments	978	958
Other non-pensionable allowances	18,317	14,805
<b>Total</b>	<b>84,850</b>	<b>77,977</b>
<b>4.2 Social contributions</b>		
<b>4.2.1 Employer contributions</b>		
Pension	11,040	7,388
Medical	2,834	2,750
Bargaining Council	10	10
<b>Total</b>	<b>13,884</b>	<b>10,148</b>
<b>4.2.2 Post retirement benefits</b>		

Department of Communications – Vote 26

## Notes to the Annual Financial Statements

for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000	Note
Medical	274	237	
<b>Total</b>	<b>274</b>	<b>237</b>	
<b>Total compensation of employees</b>	<b>99,008</b>	<b>88,362</b>	
Average number of employees	332	340	
<p>The increase in pension is mainly due to an amount of R3 million that was transferred to the Government Employees Pension Fund in line with PSCBC Resolution 7 of 2003 for three ex-employees for recognition of service in the former Non-Statutory Forces (NSF).</p>			
<b>5. Goods and services</b>			
Advertising	7,849	4,847	
Attendance fees (including registration fees)	134	156	
Bank charges and card fees	38	104	
Bursaries (employees)	251	217	
Communication	7,411	7,263	
Computer services	4,848	1,800	
Consultants, contractors and special services	39,928	60,653	
Courier and delivery services	223	133	
Tracing agents & debt collections	96	-	
Drivers licenses and permits	3	-	
Entertainment	1,007	1,199	
External audit fees	1,656	1,705	5.1
Equipment less than R5 000	4,357	1,335	

## Notes to the Annual Financial Statements

for the year ended 31 March 2007

	2006/07 R'000	Note	2005/06 R'000
Freight service	92		-
Inventory	28,850	5.2	6,814
Legal fees	1,043		908
Maintenance, repair and running costs	7,072		8,320
Operating leases	20,736		15,271
Personnel agency fees	459		26
Photographic services	-		1
Plant flowers and other decorations	505		238
Printing and publications	55		148
Professional bodies and membership fees	10,593		6,959
Resettlement costs	93		273
School & boarding fees	143		-
Subscriptions	209		160
Storage of furniture	82		-
Owned and leasehold property expenditure	5,278		4,437
Translations and transcriptions	616		1,577
Transport provided as part of the departmental activities	421		95
Travel and subsistence	28,927	5.3	27,169
Venues and facilities	7,478		9,847
Protective, special clothing & uniforms	1		43

Department of Communications – Vote 26

## Notes to the Annual Financial Statements

for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
Training & staff development	16,737	13,766
<b>Total</b>	<b>197,191</b>	<b>175,464</b>

Note

**Advertising:** The increase is mainly due to the Mass Communication Campaign as well as for an awareness campaign to share with South Africans the key policy objectives of the vote speech and how to best use ICTs to improve the socio-economic conditions of citizens.

**Computer services:** The increase is mainly due to the server farm refurbishment upgrade, storage solution and uninterruptible power supply upgrade in the server room. The current server environment had to be upgraded to a centralised managed server solution.

**Consultants, Contractors and Special Services:** The decrease is mainly due to consultants appointed as event promoters for hosting of the World Summit on Information Society, Disability conference and PIAC conference, contractors appointment for the architectural planning and refurbishment of the Department and a feasibility study on a PPP framework for regional television as once off expenses in the 2005/2006 financial year.

**Inventory:** The Department refurbished its offices into open plan offices. The refurbishment started late in the 2005/2006 financial year and continued into the 2006/2007 financial year.

**Operating leases:** The increase is mainly due to the Department that went through a restructuring phase that led to an increase in rented office space.

**Professional bodies and membership fees:** The increase is mainly due to membership fees paid to the Universal Postal Union for the 2005 and 2006 financial years.

### 5.1 External audit fees

Regulatory audits	1,656	1,705
<b>Total external audit fees</b>	<b>1,656</b>	<b>1,705</b>

The decrease is mainly due to comprehensive regularity audits conducted at ISSA and 112 Emergency call centre during the 2005/2006 financial year.

Department of Communications – Vote 26  
**Notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000	Note
<b>5.2 Inventory</b>			
Domestic Consumables	31	28	
Other consumables	17	1	
Parts and other maintenance material	10	13	
Stationery and Printing	6,212	3,544	
Restoration and fittings	22,578	3,196	
Medical Supplies	2	32	
<b>Total Inventory</b>	<b>28,850</b>	<b>6,814</b>	
<p>The Department refurbished its offices into open plan offices. The refurbishment started late in the 2005/2006 financial year and continued into the 2006/2007 financial year.</p>			
<b>5.3 Travel and subsistence</b>			
Local	13,745	16,498	
Foreign	15,182	10,671	
<b>Total travel and subsistence</b>	<b>28,927</b>	<b>27,169</b>	
<b>6. Financial transactions in assets and liabilities</b>			
Material losses through criminal conduct:	4,667	19	
Theft	-	19	6.4
Other material losses	4,667	-	6.1
Other material losses written off	3,685	47	6.2
Debts written off	58	39	6.3
<b>Total</b>	<b>8,410</b>	<b>105</b>	

Department of Communications – Vote 26  
**Notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

**Note**

**2006/07  
R'000**

**2005/06  
R'000**

**6.1 Other Material losses**

Nature of losses

**Incident** **Disciplinary steps taken/criminal proceedings**

Fraud Dismissed from Department and sentenced by the Criminal Court

4,667

-

**Total**

**4,667**

-

Two officials from the Department were involved in fraudulent activities and consequently they were dismissed. One official has already been sentenced by the Criminal Court and is currently serving the sentence. The criminal case of the other official is in progress. A supplier was also sentenced by the Criminal Court.

**6.2 Other material losses written off**

**Nature of losses**

Vehicle expenses

35

Advances

1

8

Capital Radio

3,673

-

Other

11

4

**Total**

**3,685**

**47**

The amount in respect of Capital Radio consist of bridging finance provided by the Department to cover operational expenses of the station and personnel retrenchment costs resulting from closing down the station. All attempts to sell Capital Radio were unsuccessful and Parliament approved on 8 August 2006 to terminate any further attempts to sell the non-operational Capital Radio and the writing off of the Department suspense account amounting to R3 672 805.90.

Department of Communications – Vote 26  
**Notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000	Note
<b>6.3 Debts written off</b>			
<b>Nature of debts written off</b>			
Salary overpayment	13	6	
Medical contributions	-	28	
Cellular accounts	28	-	
Income Tax	16	-	
Other	1	5	
<b>Total</b>	<b>58</b>	<b>39</b>	
<b>6.4 Details of theft</b>			
Stolen laptop	-	19	
<b>Total</b>	<b>-</b>	<b>19</b>	
<b>6.5 Irrecoverable amounts written off</b>			
Receivables written off	(1,435)	(3)	
Interest	-	(1)	
Medical contribution	-	(2)	
Cellular accounts	(28)	-	
Fraud	(1,393)	-	
Salaries	(14)	-	
<b>Total</b>	<b>(1,435)</b>	<b>(3)</b>	

Department of Communications – Vote 26

## Notes to the Annual Financial Statements

for the year ended 31 March 2007

2006/07  
R'000

2005/06  
R'000

Note

### 7. Transfers and subsidies

Provinces and municipalities	ANNEXURE 1A	73	328
Departmental agencies and accounts	ANNEXURE 1B	273,501	217,052
Universities and technikons	ANNEXURE 1C	-	100
Foreign governments and international organisations	ANNEXURE 1E	1,439	-
Public corporations and private enterprises	ANNEXURE 1D	728,854	536,026
Non-profit institutions	ANNEXURE 1F	2,452	100
Households	ANNEXURE 1G	186	1,001
<b>Total</b>		<b>1,006,505</b>	<b>754,607</b>

Mainly due to increases in budget requirements: R93 million to Sentech, R51 million to ICASA, R53 million to SABIC and R51 million to SAPOS in the 2006/07 financial year.

### 8. Expenditure on capital assets

Machinery and equipment	32	8,311	8,844
Software and other intangible assets		172	2,621
Computer Software	33	172	2,621
<b>Total</b>		<b>8,483</b>	<b>11,465</b>

The decrease is mainly due to the purchase of spectrum management software during the 2005/2006 financial year for ISSA in line with the new mandate of IRA.



# Notes to the Annual Financial Statements

for the year ended 31 March 2007

2006/07  
R'000

2005/06  
R'000

Note

	2006/07 R'000	2005/06 R'000
<b>9. Unauthorised expenditure</b>		
<b>9.1 Reconciliation of unauthorised expenditure</b>		
Opening balance	-	9
Transfer to receivables for recovery (not approved)	-	(9)
Unauthorised expenditure awaiting authorisation	-	-
<b>10. Fruitless and wasteful expenditure</b>		
<b>10.1 Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance	13	2
Amounts condoned	(2)	(1)
Current expenditure	(2)	(1)
Transfer to receivables for recovery (not condoned)	121	12
Fruitless and wasteful expenditure awaiting condonement	132	13
<b>10.2 Analysis of current fruitless and wasteful expenditure</b>		
<b>Incident</b>		
Interest/penalties on late payments - various amounts		5
Interest on late payment to Universal Postal Union - foreign payment		105
Interest on late payment to International Telecommunications Union - foreign payment		11
Interest on late payment to Telkom		8
Interest on late payment to Vodashop		3
<b>Total</b>	<b>132</b>	
<b>Disciplinary steps taken/criminal proceedings</b>		
In process		5
In process		105
In process		11
In process		8
In process		3

Department of Communications – Vote 26

## Notes to the Annual Financial Statements

for the year ended 31 March 2007

2006/07  
R'0002005/06  
R'000

Note

The amount of R5 000.00 consists of various small amounts less than R1 000.00

### 11. Cash and cash equivalents

Consolidated Paymaster General Account	7,000	-
Cash on hand	7	7
Cash with commercial banks (Local)	28,522	-
<b>Total</b>	<b>35,529</b>	<b>7</b>

The increase is mainly due to R28.5 million paid into the Department's bank account at Nedbank by ICASA in respect of license fees that could not be transferred to the Reserve bank account before 31 March 2007.

### 12. Other financial assets

<b>Non-Current</b>		
<b>Local</b>		
Deposits	200	204
<b>Total</b>	<b>200</b>	<b>204</b>
<b>Foreign</b>		
Deposits	71	-
<b>Total</b>	<b>71</b>	<b>-</b>
<b>Total Non-Current Other financial assets</b>	<b>271</b>	<b>204</b>

The increase is mainly due to a deposit paid by Foreign Affairs on hired accommodation for an employee stationed in Paris, France.

Department of Communications – Vote 26  
**Notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

2006/07  
R'000

2005/06  
R'000

### 13. Prepayments and advances

Description	2006/07 R'000	2005/06 R'000
Travel and subsistence	246	87
Advances paid to other entities	8	250
<b>Total</b>	<b>254</b>	<b>337</b>

The decrease in advances paid to other entities is mainly due to work completed by Government Communications Information Systems for which the Department received invoices.

### 14. Receivables

	Note	Less than one year		Older than three years	Total
		R'000	R'000		
Households and non profit institutions	14.1	45	132	284	461
Private enterprises	14.2	688	193	122	1,003
Staff debtors	14.3	46	53	22	121
Other debtors	14.4	-	1	6	7
Intergovernmental Receivables	Annex 4	130	-	-	130
<b>Total</b>		<b>909</b>	<b>379</b>	<b>434</b>	<b>1,722</b>
					<b>9,757</b>



Department of Communications – Vote 26  
**Notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
	<b>Note</b>	
<b>14.4 Other Debtors</b>		
Unemployment insurance fund	2	2
Pension fund	-	2
Capital radio	-	3,673
Uncleared expenditure in suspense	5	6
Medical	-	1
<b>Total</b>	<b>7</b>	<b>3,684</b>
The decrease in staff and other debtors is mainly as a result of amounts written off. See also notes 8.1 and 8.2		
<b>15. Investments</b>		
<b>Non-current</b>		
<b>Shares and other equity</b>		
Telkom SA Limited	2,070,380	2,070,380
South African Post Office Limited	200,940	200,940
Sentech (Pty) (Ltd)	1	1
<b>Total non-current</b>	<b>2,271,321</b>	<b>2,271,321</b>
<b>Analysis of non-current investments</b>		
Opening balance	2,271,321	2,271,321
Closing balance	2,271,321	2,271,321

ANNEXURE 2



Department of Communications – Vote 26  
**Notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
<b>Note</b>		

The increase is mainly due to R28.5 million paid into the Department's bank account at Nedbank by ICASA in respect of license fees that could not be transferred to the Reserve bank account before 31 March 2007.

**19. Bank overdraft**

Consolidated Paymaster General Account	-	3,546
<b>Total</b>	<b>-</b>	<b>3,546</b>

The decrease is mainly due to fraudulent payments during the 2005/2006 financial year. Money was withdrawn from the Departments bank account which did not form part of the Department's expenditure. See also note 8.1

**20. Payables – current**

**Description**

	30 Days R'000	30+ Days R'000	Total R'000
Other payables	8	-	8
<b>Total</b>	<b>8</b>	<b>-</b>	<b>8</b>

**20.1 Other payables**

Salary deductions	8	23
<b>Total</b>	<b>8</b>	<b>23</b>

Department of Communications – Vote 26  
**Notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

**2006/07**  
R'000

**2005/06**  
R'000

*Note*

**21. Net cash flow available from operating activities**

Net surplus/(deficit) as per Statement of Financial Performance	3,444,675	3,181,390
Add back non cash/cash movements not deemed operating activities	(5,259,048)	(5,066,266)
(Increase)/decrease in receivables – current	8,035	(3,926)
(Increase)/decrease in prepayments and advances	83	47
(Increase)/decrease in other current assets	(119)	(2)
Increase/(decrease) in payables – current	(15)	(14)
Proceeds from sale of capital assets	(20)	(20)
Proceeds from sale of investments	(1,863,428)	(1,863,433)
Expenditure on capital assets	8,483	11,573
Surrenders to revenue fund	(3,412,067)	(3,210,493)
Other non cash items	-	2
<b>Net cash flow generated by operating activities</b>	<b>(1,814,373)</b>	<b>(1,884,876)</b>

**22. Reconciliation of cash and cash equivalents for cash flow purposes**

Consolidated Paymaster General Account	7,000	(3,546)
Cash on hand	7	7
Cash with commercial banks – Local	28,522	-
<b>Total</b>	<b>35,529</b>	<b>(3,539)</b>



Department of Communications – Vote 26  
**Disclosure notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

These amounts are not recognised in the financial statements and are disclosed to enhance the usefulness of the financial statements.

	Note	2006/07 R'000	2005/06 R'000
<b>23. Contingent liabilities</b>			
<b>Liable to</b>	<b>Nature</b>		
Motor vehicle guarantees	ANNEXURE 3A	391	504
Housing loan guarantees	ANNEXURE 3A	517	737
Other guarantees	ANNEXURE 3A	4,784,819	4,768,765
Claims against the Department	ANNEXURE 3B	2,355	1,270
Other departments (interdepartmental balances)	ANNEXURE 5	1,296	91
<b>Total</b>		<b>4,789,378</b>	<b>4,771,367</b>
<b>24. Commitments</b>			
<b>Current expenditure</b>			
Approved and contracted		246	5,086
<b>Non-current expenditure</b>			
Approved and contracted		1,196	371
<b>Total Commitments</b>		<b>1,442</b>	<b>5,457</b>
<b>25. Accruals</b>			
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>
<b>By economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Goods and services	94	1,213	1,307
Machinery and Equipment	15	6	21
<b>Total</b>	<b>109</b>	<b>1,219</b>	<b>1,328</b>

Department of Communications – Vote 26  
**Disclosure notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

2006/07  
R'000

2005/06  
R'000

Note

26.	Employee benefit provisions				
	Leave entitlement		3,274		2,952
	Thirteenth cheque		2,453		1,831
	Performance awards		1,453		2,226
	Capped leave commitments		1,777		1,969
	<b>Total</b>		<b>8,957</b>		<b>8,978</b>

27.	Lease Commitments	Land R'000	Buildings & other fixed structures R'000	Machinery and equipment R'000	Total R'000
27.1	Operating leases 2006/2007				
	Not later than 1 year	-	-	634	634
	<b>Total present value of lease liabilities</b>	-	-	634	634
	Operating leases 2005/2006				
	Not later than 1 year	-	1,990	677	2,667
	Later than 1 year and not later than 5 years	-	46,263	634	46,897
	Later than five years	-	25,160	-	25,160
	<b>Total value of lease liabilities</b>	-	<b>73,413</b>	<b>1,311</b>	<b>74,724</b>

Department of Communications – Vote 26  
**Disclosure notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

## 27.2 Finance leases 2006/2007

	Land R'000	Buildings & other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	777	777
Later than 1 year and not later than 5 years	-	-	878	878
<b>Total present value of lease liabilities</b>	<b>-</b>	<b>-</b>	<b>1,655</b>	<b>1,655</b>
<b>Analysis</b>				
Condoned	-	-	1,655	1,655
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,655</b>	<b>1,655</b>
<b>Finance leases 2005/2006</b>				
Not later than 1 year	-	-	842	842
Later than 1 year and not later than 5 years	-	-	1,563	1,563
<b>Total value of lease liabilities</b>	<b>-</b>	<b>-</b>	<b>2,405</b>	<b>2,405</b>
<b>Analysis</b>				
Condoned	-	-	2,405	2,405
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,405</b>	<b>2,405</b>

Department of Communications – Vote 26  
**Disclosure notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
<b>28. Irregular expenditure</b>		
<b>28.1 Reconciliation of irregular expenditure</b>		
Opening Balance	10,215	5,010
Irregular expenditure – current year	2,487	11,217
Less: Amounts condoned	1,369	1,743
Current expenditure	1,369	1,743
Less: Not condoned	2,708	4,269
Current expenditure	2,708	4,269
<b>Irregular expenditure awaiting condonement</b>	<b>8,625</b>	<b>10,215</b>
<b>Analysis of awaiting condonement per classification</b>		
Current expenditure	8,625	10,215
	8,625	10,215
<b>Analysis of awaiting condonement per age classification</b>		
Current	6,741	6,587
Prior years	1,884	3,628
<b>Total</b>	<b>8,625</b>	<b>10,215</b>

# Disclosure notes to the Annual Financial Statements

for the year ended 31 March 2007

2006/07  
R'000

2005/06  
R'000

## 28.2 Irregular expenditure

### Incident

### Disciplinary steps taken/criminal proceedings

Procurement procedures not followed	In process	67
Procurement procedures not followed	In process	15
Procurement procedures not followed	In process	7
Procurement procedures not followed	In process	1
Procurement procedures not followed	In process	7
Procurement procedures not followed	In process	870
Procurement procedures not followed	In process	264
Procurement procedures not followed	In process	76
Procurement procedures not followed	In process	48
Procurement procedures not followed	In process	14
Procurement procedures not followed	In process	10
Procurement procedures not followed	In process	9
Procurement procedures not followed	In process	6
Procurement procedures not followed	In process	5
Procurement procedures not followed	In process	4

Department of Communications – Vote 26

## Disclosure notes to the Annual Financial Statements for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
Procurement procedures not followed		3
Procurement procedures not followed		2
Procurement procedures not followed		2
Procurement procedures not followed		1
Procurement procedures not followed		1
Procurement procedures not followed		1
Procurement procedures not followed		1
Procurement procedures not followed	86	
Procurement procedures not followed	90	
Procurement procedures not followed	103	
Procurement procedures not followed	57	
Procurement procedures not followed	34	
Procurement procedures not followed	303	
Procurement procedures not followed	6	
Procurement procedures not followed	21	
Procurement procedures not followed	10	
Procurement procedures not followed	135	
Procurement procedures not followed	1	
Procurement procedures not followed	37	
Procurement procedures not followed	88	

Department of Communications – Vote 26  
**Disclose notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
Procurement procedures not followed	71	71
Procurement procedures not followed	4	4
Procurement procedures not followed	14	
Procurement procedures not followed	16	
Procurement procedures not followed	12	
Procurement procedures not followed	89	
Procurement procedures not followed	20	
Procurement procedures not followed	97	
<b>Total</b>	<b>248</b>	<b>2,460</b>

The Department had expended R2 487 000 in irregular expenditure for the 2006/2007 financial year. The irregular expenditure resulted from inadequate adherence to procurement procedures and policies and not as a result of fraudulent activities. Outstanding items and disciplinary steps will be finalised during the 2007/08 financial year.

**29. Related party transactions**

Telkom SA Limited, South African Post Office Limited and Sentech. See also Annexure 2 and Management report in this regard.

Department of Communications – Vote 26  
**Disclosure notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

30. Key management personnel	Description	No of	Total	Total
		Individuals	R'000	R'000
	Political Office Bearers	2	1,539	1,455
	Officials			
	Level 15 to 16	6	4,718	3,699
	Level 14	6	3,585	2,834
	Family members of key management personnel	1	140	-
	<b>Total</b>		<b>9,982</b>	<b>7,988</b>
			2006/07 R'000	2005/06 R'000
31. Provisions				
	Potential irrecoverable debts			
	Private enterprises		8	-
	Other debtors		2	-
	<b>Total</b>		<b>10</b>	<b>-</b>
32. Tangible Capital Assets				
	<b>MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007</b>			



Department of Communications – Vote 26  
**Disclosure notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

	Opening balance		Current Year Adjustments to prior year balances		Additions		Disposals		Closing balance	
	Cost	R'000	Cost	R'000	Cost	R'000	Cost	R'000	Cost	R'000
<b>MACHINERY AND EQUIPMENT</b>	37,972		547		8,311		1,406		45,424	
Transport assets	3,259		480		-		659		3,080	
Computer equipment	22,410		(83)		5,105		507		26,925	
Furniture and Office equipment	2,200		(175)		2,273		213		4,085	
Other machinery and equipment	10,103		325		933		27		11,334	
<b>TOTAL TANGIBLE ASSETS</b>	<b>37,972</b>		<b>547</b>		<b>8,311</b>		<b>1,406</b>		<b>45,424</b>	
<b>32.1 ADDITIONS TO TANGIBLE CAPITAL ASSET PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007</b>										
	Cash		Non-Cash		(Capital work in progress - current costs)		Received current year, not paid (Paid current year, received prior year)		Total	
	Cost	R'000	Fair Value	R'000	Cost	R'000	Cost	R'000	Cost	R'000
<b>MACHINERY AND EQUIPMENT</b>	8,311		-		-		-		8,311	
Computer equipment	5,105		-		-		-		5,105	
Furniture and Office equipment	2,273		-		-		-		2,273	
Other machinery and equipment	933		-		-		-		933	
<b>TOTAL CAPITAL ASSETS</b>	<b>8,311</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>8,311</b>	

Department of Communications – Vote 26  
**Disclosure notes to the Annual Financial Statements**  
 for the year ended 31 March 2007

**32.2 DISPOSALS OF TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007**

	Sold (cash)		Non-cash		Total		Cash Received	
	Cost	R'000	Fair Value	R'000	Cost	R'000	Actual	R'000
<b>MACHINERY AND EQUIPMENT</b>								20
Transport assets	-	1,406	659	1,406	659	1,406	-	-
Computer equipment	-	-	507	-	507	-	-	-
Furniture and Office equipment	-	-	213	-	213	-	20	20
Other machinery and equipment	-	-	27	-	27	-	-	-
<b>TOTAL</b>	-	-	<b>1,406</b>	<b>1,406</b>	<b>1,406</b>	<b>1,406</b>		<b>20</b>

**32.3 MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2006**

	Opening balance		Additions		Disposals		Closing Balance	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>								
Transport assets	1,807	29,602	1,654	8,976	202	606	3,259	37,972
Computer equipment	15,999	-	6,735	-	324	-	22,410	-
Furniture and Office equipment	1,952	-	328	-	80	-	2,200	-
Other machinery and equipment	9,844	-	259	-	-	-	10,103	-
<b>TOTAL TANGIBLE ASSETS</b>	<b>29,602</b>	<b>29,602</b>	<b>8,976</b>	<b>8,976</b>	<b>606</b>	<b>606</b>	<b>37,972</b>	<b>37,972</b>

Department of Communications – Vote 26

## Disclosure notes to the Annual Financial Statements

for the year ended 31 March 2007

33. Intangible Capital Assets		MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007					
	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing balance		
	Cost	Cost	Cost	Cost	Cost	Cost	
	R'000	R'000	R'000	R'000	R'000	R'000	
COMPUTER SOFTWARE	2,661	(2,505)	172	-	328		
<b>TOTAL INTANGIBLE ASSETS</b>	<b>2,661</b>	<b>(2,505)</b>	<b>172</b>	<b>-</b>	<b>328</b>		
<b>33.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007</b>							
	Cash	Non-cash	(Development work in progress - current costs)	Received current year, not paid (Paid current year, received prior year)	Total		
	Cost	Fair Value	Cost	Cost	Cost		
	R'000	R'000	R'000	R'000	R'000		
COMPUTER SOFTWARE	172	-	-	-	172		
<b>TOTAL</b>	<b>172</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>172</b>		
<b>33.2 CAPITAL INTANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006</b>							
	Opening balance	Additions	Disposals	Closing balance			
	Cost	Cost	Cost	Cost			
	R'000	R'000	R'000	R'000			
COMPUTER SOFTWARE	40	2,621	-	2,661			
<b>TOTAL INTANGIBLE ASSETS</b>	<b>40</b>	<b>2,621</b>	<b>-</b>	<b>2,661</b>			

Department of Communications - Vote 26

## Annexures to the Annual Financial Statements

for the year ended 31 March 2007

### ANNEXURE 1A STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2005/06
	Amount R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	Total Available R'000	
Cape Town	3	-	-	3	2	66.7%	-	-	-	4	
Tshwane	235	-	-	235	71	30.2%	-	-	-	323	
Stellenbosch	-	-	-	-	-	-	-	-	-	1	
<b>Total</b>	<b>238</b>	<b>-</b>	<b>-</b>	<b>238</b>	<b>73</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>328</b>	

RCS Levies and vehicle licenses

Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

DEPARTMENTS/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	2005/06 Actual Transfer R'000
Universal Service and Access Agency of South Africa	20,100	-	-	20,100	20,100	100%	17,500
Universal Service and Access Fund	31,164	-	-	31,164	31,164	100%	29,400
Independent Communications Authority of South Africa	199,738	-	1,800	201,538	201,538	100%	150,489
National Electronic Media Institute of SA	19,199	-	-	19,199	19,199	100%	18,163
Sector Education and Training Authority: ISETT-SETA	100	-	-	100	-	-	-
.ZA Domain Name Authority	1,500	-	-	1,500	1,500	100%	1,500
<b>Total</b>	<b>271,801</b>	<b>-</b>	<b>1,800</b>	<b>273,601</b>	<b>273,501</b>		<b>217,052</b>

Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

**ANNEXURE 1C**  
**STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS**

UNIVERSITY/TECHNIKON	TRANSFER ALLOCATION					TRANSFER			2005/06
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Funds Transferred %	Actual Transfer R'000	
Cape Peninsula University of Technology	-	-	-	-	-	-	-	-	100
<b>Total</b>	-	-	-	-	-	-	-	-	<b>100</b>

Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

**ANNEXURE 1D****STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

NAME OF PUBLIC CORPORATION	TRANSFER ALLOCATION					EXPENDITURE				2005/06
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	Capital R'000	Current R'000	Actual Transfer R'000	
<b>Public Corporations</b>										
<b>Transfers</b>										
SABC: Public Broadcaster	203,482	-	-	203,482	203,482	100%	-	203,482	150,455	
SABC: Channel Africa	31,393	-	-	31,393	31,393	100%	-	31,393	29,616	
Meraka Institute	4,000	-	-	4,000	4,000	100%	-	4,000	7,000	
SABC: Programme Production	29,026	-	-	29,026	27,794	95,8%	-	27,794	31,000	
SABC: Community Radio Stations	10,870	-	-	10,870	10,746	98,9%	-	10,746	10,255	
Sentech	100,000	-	-	100,000	100,000	100%	100,000	-	7,700	
<b>Subtotal</b>	<b>378,771</b>	<b>-</b>	<b>-</b>	<b>378,771</b>	<b>377,415</b>		<b>100,000</b>	<b>277,415</b>	<b>236,026</b>	
<b>Subsidies</b>										
SA Post Office	351,439	-	-	351,439	351,439	100%	-	351,439	300,000	
<b>Subtotal</b>	<b>351,439</b>	<b>-</b>	<b>-</b>	<b>351,439</b>	<b>351,439</b>		<b>-</b>	<b>351,439</b>	<b>300,000</b>	
<b>Total</b>	<b>730,210</b>	<b>-</b>	<b>-</b>	<b>730,210</b>	<b>728,854</b>		<b>100,000</b>	<b>628,854</b>	<b>536,026</b>	

Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

**ANNEXURE 1E**  
**STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS**

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2005/06 Actual Transfer R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred %	
<b>Transfers</b>							
International Telecommunications Union - SA/ITU/UPU joint project	1,439	-	-	1,439	1,439	100%	-
<b>Total</b>	<b>1,439</b>	<b>-</b>	<b>-</b>	<b>1,439</b>	<b>1,439</b>		<b>-</b>



Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

**ANNEXURE 1F  
 STATEMENT OF TRANSFERS/SUBSIDIES TO NON-PROFIT INSTITUTIONS**

NON PROFIT INSTITUTIONS	TRANSFER ALLOCATION					EXPENDITURE			2005/06 Actual Transfer R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Transferred %			
<b>Transfers</b>									
NEPAD	2,000	-	-	2,000	2,000	100%		100	
Sangonet - Sponsorship	-	-	-	-	100	-		-	
Internet Service Providers Association - Sponsorship	-	-	-	-	100	-		-	
Linguamedia - Sponsorship	-	-	-	-	100	-		-	
Radio Grahamstown - Sponsorship	-	-	-	-	52	-		-	
South African Bureau of Standards - Sponsorship	-	-	-	-	100	-		-	
<b>Total</b>	<b>2,000</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>2,452</b>			<b>100</b>	

Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

**ANNEXURE 1G**  
**STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS**

HOUSEHOLD	TRANSFER ALLOCATION					EXPENDITURE		
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Transferred %	Actual Transfer R'000	2005/06 R'000
Employee benefits - cash res	-	-	-	-	43	-	-	797
Pmt/refund and rem-act/grace	-	-	-	-	31	-	-	45
Donation of gifts	-	-	-	-	112	-	-	159
<b>Total</b>	-	-	-	-	<b>186</b>	-	-	<b>1,001</b>

Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

**ANNEXURE 1H**  
**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2007**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2006/07 R'000	2005/06 R'000
Received in cash			
None		-	-
<b>Subtotal</b>		-	-
Received in kind			
None		-	-
<b>Subtotal</b>		-	-

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2006**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/06 R'000	2004/05 R'000
Received in cash			
ISETT-SETA	Law internship project	-	-
Vodacom	ISSA student project	3,500	3,500
SA Post Office Ltd	ISSA student project	200	200
<b>Subtotal</b>		3,700	3,700
<b>Total</b>		-	3,700

Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

**ANNEXURE 11**  
**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2007**

NATURE OF GIFT, DONATION OR SPONSORSHIP	R'000
<b>Paid in cash</b>	
Gifts for Ministers counterparts in Nigeria	1
Gift for the Minister	1
Gifts for Ministers	4
Gifts for Deputy Minister counterparts in India	2
Donation to Kagiso Trust for the late Eric Molobi	1
Sponsorship to SangoNet for 2nd annual SangoNet conference	100
Sponsorship to Internet Service Providers Association for the i-week 2006	100
Sponsorship to the Multilingualism Action Group for the Conference on Multilingualism and the Media	100
Sponsorship to the South African Bureau of Standards to host the Joint Technical Committee Plenary Meeting	100
Sponsorship to Radio Grahamstown for the coverage of Highway Africa	52
Sponsorship to Magantherie Pillay for a per diem allowance to attend Africa Film Festival	4
Sponsorship to the Information Society Institute for the Conference on Community Informatics	100
<b>Subtotal</b>	<b>565</b>

Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

**ANNEXURE 2**  
**STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2007**  
**(Only Public and Private Entities)**

Name of Public Entity	State Entity's PFIMA Schedule type (state year end if not 31 March)	% Held 06/07	% Held 05/06	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
				2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	
<b>National/Public Entity</b>												
Universal Service and Access Agency of South Africa	3A	100%	100%	-	-	-	-	-	-	1,609	(228)	No
Universal Service and Access Fund	3A	100%	100%	-	-	-	-	-	-	(13,609)	(38,754)	No
Telkom SA Limited	2	38%	38%	207,038,058	207,038,058	10	10	-	-	5,129,000		No
South African Post Office Ltd	2	100%	100%	200,939,821	200,939,821	1	1	-	-	385,881	486,271	No
Independent Communications Authority of South Africa	1	100%	100%	-	-	-	-	-	-	(5,883)		No
South African Broadcasting Corporation	2	100%	100%	-	-	-	-	-	-	176,195	382,878	No
National Electronic Media Institute of South Africa	3A	100%	100%	-	-	-	-	-	-	(277)	2,072	No
Sentech (Pty) Ltd	3B	100%	100%	998	998	1	1	-	-	(6,934)	(70,236)	No
<b>Total</b>				<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>542,865</b>	<b>5,885,120</b>	

In the 2004/2005 financial year an amount of R750 million was paid to the South African Post Office to facilitate the corporatisation of the Postbank. The issuing of the shares in this regard however is not permitted in terms of the Post Office Act. The Post Office have disclosed the funds under capital and reserves as funds received from the shareholder until such time as the necessary changes have been made to the Post Office Act to permit the issue of shares by the company.

Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

**ANNEXURE 3A**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2007 - LOCAL**

Guarantor institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening Balance 01/04/2006 R'000	Guarantee drawdowns during the year R'000	Guarantee repayments/cancelled/reduced/released during the year R'000	Currency Revaluations R'000	Closing Balance 31/03/2007 R'000	Guaranteed interest outstanding 31/03/2007 R'000	Realised losses not recoverable i.e. claims paid out R'000
	<b>Motor Vehicles</b>								
Stannic		549	504	-	113	-	391	-	-
		549	504	-	113	-	391	-	-
	<b>Housing</b>								
ABSA		210	168	42	97	-	113	-	-
African Bank Limited		9	9	-	-	-	9	-	-
First National Bank		209	209	-	73	-	136	-	-
Nedcor Bank		179	179	-	54	-	125	-	-
Standard Bank		172	172	-	38	-	134	-	-
		779	737	42	262	-	517	-	-
	<b>Other</b>								
Telkom SA Ltd	Bonds	4,678,817	4,683,817		5,000		4,678,817		-
		4,678,817	4,683,817	-	5,000	-	4,678,817	-	-
<b>Total</b>		<b>4,680,145</b>	<b>4,685,058</b>	<b>42</b>	<b>5,375</b>	<b>-</b>	<b>4,679,725</b>	<b>-</b>	<b>-</b>

Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

<b>ANNEXURE 3A (continued)</b>										
<b>STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2007 - FOREIGN</b>										
Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening Balance 01/04/2006	Guarantee drawdowns during the year	Guarantee repayments/cancelled/reduced/released during the year	Currency Revaluations	Closing Balance 31/03/2007	Guaranteed interest outstanding 31/03/2007	Realised losses not recoverable i.e. claims paid out	R'000
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Telkom SA Ltd	Societe Generale export credit	30,519	1,747	-	2,128	381	-	-	-	-
Telkom SA Ltd	Credit Commercial de France	30,519	895	-	1,076	181	-	-	-	-
Telkom SA Ltd	Natexis Banque	30,519	25,163	-	-	7,225	32,388	14	-	-
Telkom SA Ltd	Natexis Banque	76,976	57,143	-	-	16,407	73,550	50	-	-
<b>Total</b>		<b>168,533</b>	<b>84,948</b>	<b>-</b>	<b>3,204</b>	<b>24,194</b>	<b>105,938</b>	<b>64</b>	<b>-</b>	<b>-</b>

Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

**ANNEXURE 3B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2007**

Nature of Liability	Opening Balance 01/04/2006 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable R'000	Closing Balance 31/03/2007 R'000
<b>Claims against the Department</b>					
Possible legal claim	750	-	-	-	750
Possible legal claim	200	-	200	-	-
Possible legal claim	200	-	-	-	200
Possible legal claim	4	-	-	-	4
Possible legal claim	113	-	112	-	1
Possible legal claim	-	400	-	-	400
Possible legal claim	-	500	-	-	500
Possible legal claim	3	-	3	-	-
Possible legal claim	-	500	-	-	500
<b>Total</b>	<b>1270</b>	<b>1,400</b>	<b>315</b>	<b>-</b>	<b>2,355</b>



Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

**ANNEXURE 4  
 INTER-GOVERNMENTAL RECEIVABLES**

Department	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2007 R'000	31/03/2006 R'000	31/03/2007 R'000	31/03/2006 R'000	31/03/2007 R'000	31/03/2006 R'000
<b>Government Entity</b>						
Transport	-	-	-	8	-	8
Labour	-	-	-	13	-	13
Social Development	-	-	-	129	-	129
Correctional Services	12	-	-	-	12	-
Environmental Affairs & Tourism	24	-	-	-	24	-
Provincial and Local Government	40	-	-	-	40	-
National Treasury	37	-	-	-	37	-
South Africa Social Security Agency	17	-	-	-	17	-
<b>Subtotal</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>130</b>	<b>150</b>
<b>Other Government Entities</b>						
Office of the Premier - KZN	-	17	-	10	-	27
<b>Total</b>	<b>130</b>	<b>17</b>	<b>-</b>	<b>160</b>	<b>130</b>	<b>177</b>

Department of Communications - Vote 26  
**Annexures to the Annual Financial Statements**  
 for the year ended 31 March 2007

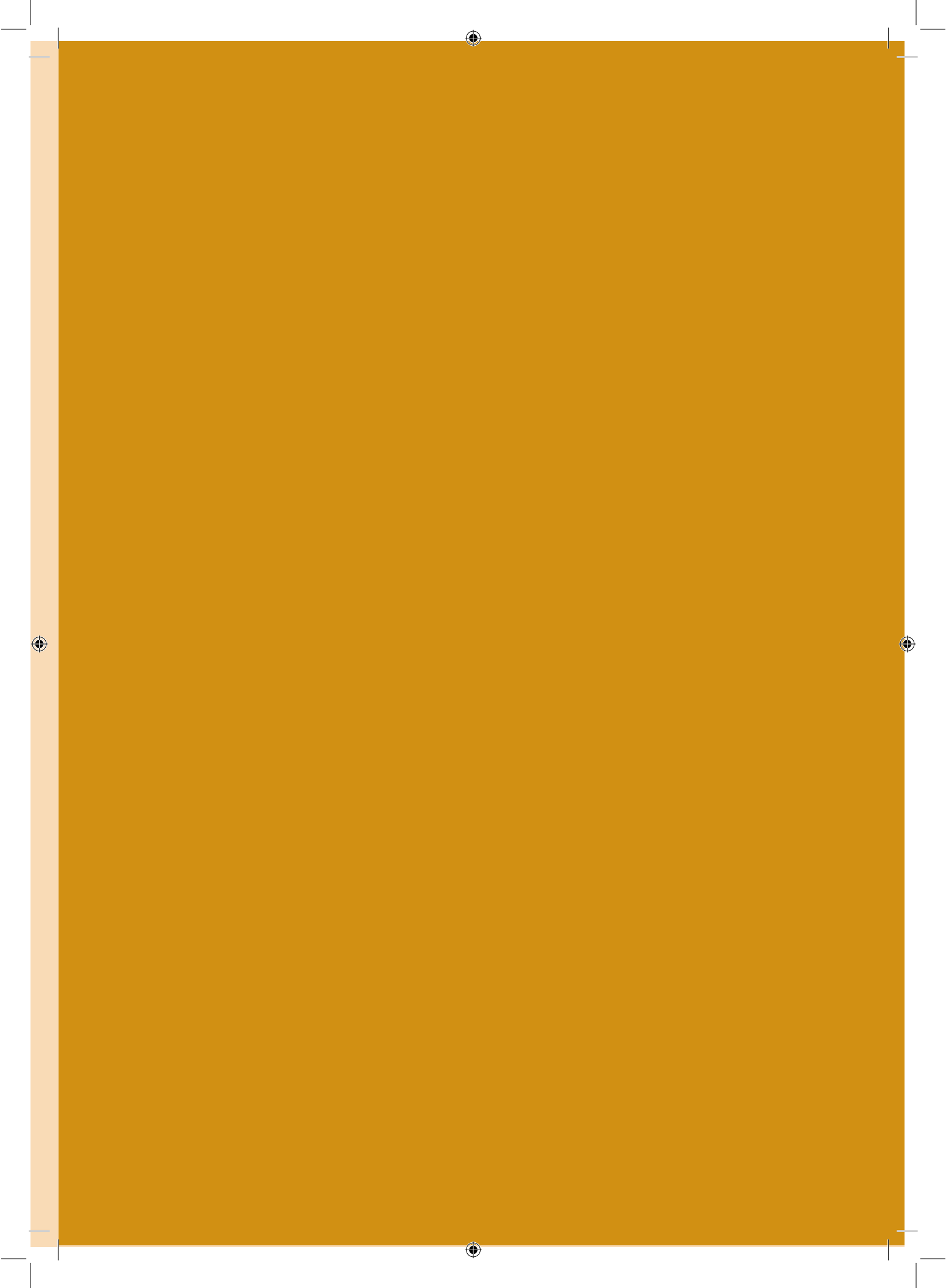
**ANNEXURE 5  
 INTER-DEPARTMENTAL PAYABLES**

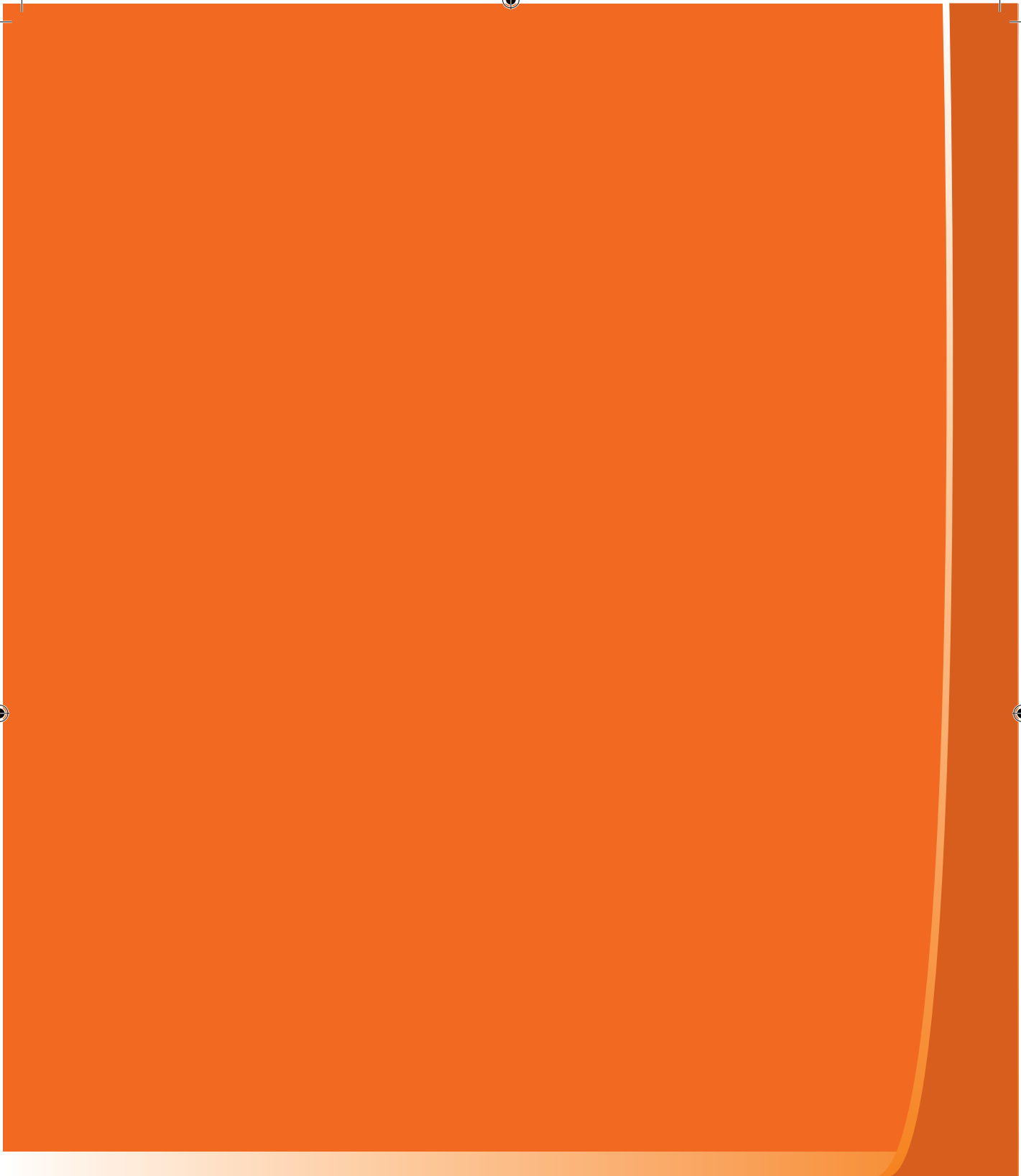
Department	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2007 R'000	31/03/2006 R'000	31/03/2007 R'000	31/03/2006 R'000	31/03/2007 R'000	31/03/2006 R'000
<b>Government Entity</b>						
<b>Department</b>						
<b>Current</b>						
Justice and Constitutional Development	-	-	-	74	-	74
Arts and Culture	-	-	-	7	-	7
Transport	-	-	-	10	-	10
National Intelligence Agency	-	-	18	-	18	-
Government Printing Works	-	-	182	-	182	-
Land Affairs	-	-	1	-	1	-
Statistics South Africa	-	-	8	-	8	-
Foreign Affairs	-	-	905	-	905	-
<b>Subtotal</b>	-	-	1,114	91	1,114	91
<b>Other Government Entity</b>						
<b>Current</b>						
Government Printing Works	-	-	182	-	182	-
<b>Total</b>	-	-	182	-	182	-

## ACCRONYMS AND ABBREVIATIONS

<b>AA</b>	Accredited Authority
<b>ADR</b>	Alternative Dispute Resolution
<b>APRM</b>	African Peer Review Mechanism
<b>AR</b>	Amateur Radio
<b>ASC</b>	African Support Committee
<b>ASGISA</b>	Accelerated and Shared Growth Initiative of South Africa
<b>ATU</b>	African Telecommunications Union
<b>AU</b>	African Union
<b>BEE</b>	Black Economic Empowerment
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>CCPA</b>	Commonwealth Conference of Postal Administrators
<b>CD</b>	Chief-Director
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>COO</b>	Chief Operational Officer
<b>COPUOS</b>	Committee for Peaceful Uses of Outer Space
<b>CR</b>	Community Radio
<b>CSTD</b>	Committee for Scientific and Technological Development
<b>DBSA</b>	Development Bank of South Africa
<b>DDG</b>	Deputy Director-General
<b>DG</b>	Director-General
<b>DR</b>	Disaster Recovery
<b>DPLG</b>	Department of Provincial and Local Government
<b>DRP</b>	Disaster Recovery Plan
<b>DoC</b>	Department of Communications
<b>EASSy</b>	East Africa Submarine System
<b>ECA</b>	Electronic Communications Act
<b>ECOSOC</b>	Economic and Social Committee of the United Nations
<b>EDRMS</b>	Electronic Document and Records Management System
<b>EFS</b>	Electronic Fax Solution
<b>EWHP</b>	Employee Wellness and Health Programme
<b>EXCO</b>	Executive Committee
<b>FET</b>	Further Education and Training
<b>FIFA</b>	Federation of International Football Association
<b>FOSAD</b>	Forum of South African Director Generals
<b>G&amp;A</b>	Governance and Administration
<b>GCIS</b>	Government Communication Information Systems
<b>GDYC</b>	Gender, Disability, Youth and Children
<b>GIS</b>	Geographic Information Systems
<b>GITO</b>	Government Information Technology Officer
<b>GITOC</b>	Government Information Technology Officers Council
<b>HBS</b>	Host Broadcasting Services
<b>HDI</b>	Historically Disadvantaged Individuals
<b>HR</b>	Human Resource
<b>HRMIS</b>	Human Resource Management Information Systems
<b>HSRC</b>	Human Science Research Council
<b>IAA</b>	Internal Audit Activity
<b>IBC</b>	International Broadcasting Centre
<b>IBSA</b>	India, Brazil and South Africa
<b>ICASA</b>	Independent Communications Authority of South Africa
<b>ICT</b>	Information, Communications and Technology
<b>IDP</b>	Integrated Development Plan
<b>IGA</b>	Inter-Governmental Assembly
<b>IGR</b>	Inter-governmental Relations
<b>IGRF</b>	Inter-governmental Relations Forum
<b>IS</b>	Information Systems
<b>ISAD</b>	Information Society and Development
<b>ISRDP</b>	Integrated sustainable Rural Development Programme

<b>ISSA</b>	Institute for Software and Satellite Applications
<b>IT</b>	Information Technology
<b>ITSCP</b>	Information Technology Service Continuity Plan
<b>ITBU</b>	Information Technology Business Unit
<b>ITU</b>	International Telecommunication Union
<b>JIPSA</b>	Joint Initiative for Priority Skills Acquisition
<b>KAT</b>	Karoo Telescope Array
<b>KFA</b>	Key Focus Area
<b>KPI</b>	Key Performance Indicator
<b>LMDP</b>	Leadership and Management Development Programme
<b>LOC</b>	Local Organising Committee
<b>MATCH</b>	Management, Accommodation, Ticketing, ICTs and Hand-in hand
<b>MIS</b>	Management Information System
<b>MEC</b>	Member of the Executive Committee
<b>MSP</b>	Master Systems Plan
<b>MTEF</b>	Medium Term Expenditure Framework
<b>NDR</b>	National Digital Repository
<b>NEMISA</b>	National Electronic Media Institute of South Africa
<b>NEPAD</b>	New Partnership for Africa's Development
<b>NSDP</b>	National Spatial Development Perspective
<b>NWG</b>	National Working Group
<b>NWGSST</b>	National Working Group for Space, Science and Technology
<b>NYC</b>	National Youth Commission
<b>OSDP</b>	Office on the Status of Disabled Persons
<b>OSS</b>	Open Source Software
<b>PGDS</b>	Provincial Growth Development Strategy
<b>PIAC</b>	Presidential International Advisory Council
<b>PNC</b>	Presidential National Commission
<b>RRC</b>	Regional Radio Conference
<b>RTV</b>	Regional Television
<b>SABC</b>	South African Broadcasting Corporation
<b>SAEOS</b>	South African Earth Observation Strategy
<b>SALGA</b>	South African Local Government Association
<b>SAN</b>	Storage Area Network
<b>SADC</b>	Southern African Development Community
<b>SAEOS</b>	South African Earth Observation Strategy
<b>SAEM</b>	South African Excellence Model
<b>SAPO</b>	South African Post Office
<b>SDIP</b>	Service Delivery Improvement Plan
<b>SETA</b>	Sector Education and Training Authority
<b>SITA</b>	State Information Technology Agency
<b>SMME</b>	Small Medium Micro Enterprise
<b>SG</b>	Strategic Goals
<b>SKA</b>	Square Kilometer Array
<b>SPM</b>	Strategic Planning and Monitoring
<b>SOEs</b>	State Owned Enterprises
<b>SOCP</b>	Spectrum Orbit Coordination Procedures.
<b>TMS</b>	Telephone Management System
<b>UN</b>	United Nations
<b>UNGIS</b>	United Nations Group for the Information Society
<b>UNISA</b>	University of South Africa
<b>UPU</b>	Universal Postal Union
<b>URP</b>	Urban Rural Programme
<b>URTNA</b>	Universal, Radio and Television Association
<b>USAASA</b>	Universal Service and Access Agency of South Africa
<b>USAL</b>	Under-Serviced Area License
<b>VPN</b>	Virtual Private Network
<b>VRF</b>	Virtual Routing/Forwarding
<b>WRC</b>	World Radio Conference
<b>WSP</b>	Workplace Skills Plan
<b>WSIS</b>	World Summit on Information Society
<b>WTO</b>	World Trade Organisation
<b>WTDC</b>	World Telecommunications Development Conference





**the doc**

---

Department:  
Communications  
**REPUBLIC OF SOUTH AFRICA**

