



INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

# ANNUAL REPORT 2010/2011



**the doc**

Department:  
Communications  
REPUBLIC OF SOUTH AFRICA

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# 1. GENERAL INFORMATION

## Vision

To be a catalyst in the transformation of South Africa into an information-oriented society with a knowledge-based economy.

## Mission

To create a competitive environment for delivering a wide range of high quality communication and postal services at affordable prices to assist in the overall economic growth and social development of the country.

## Values

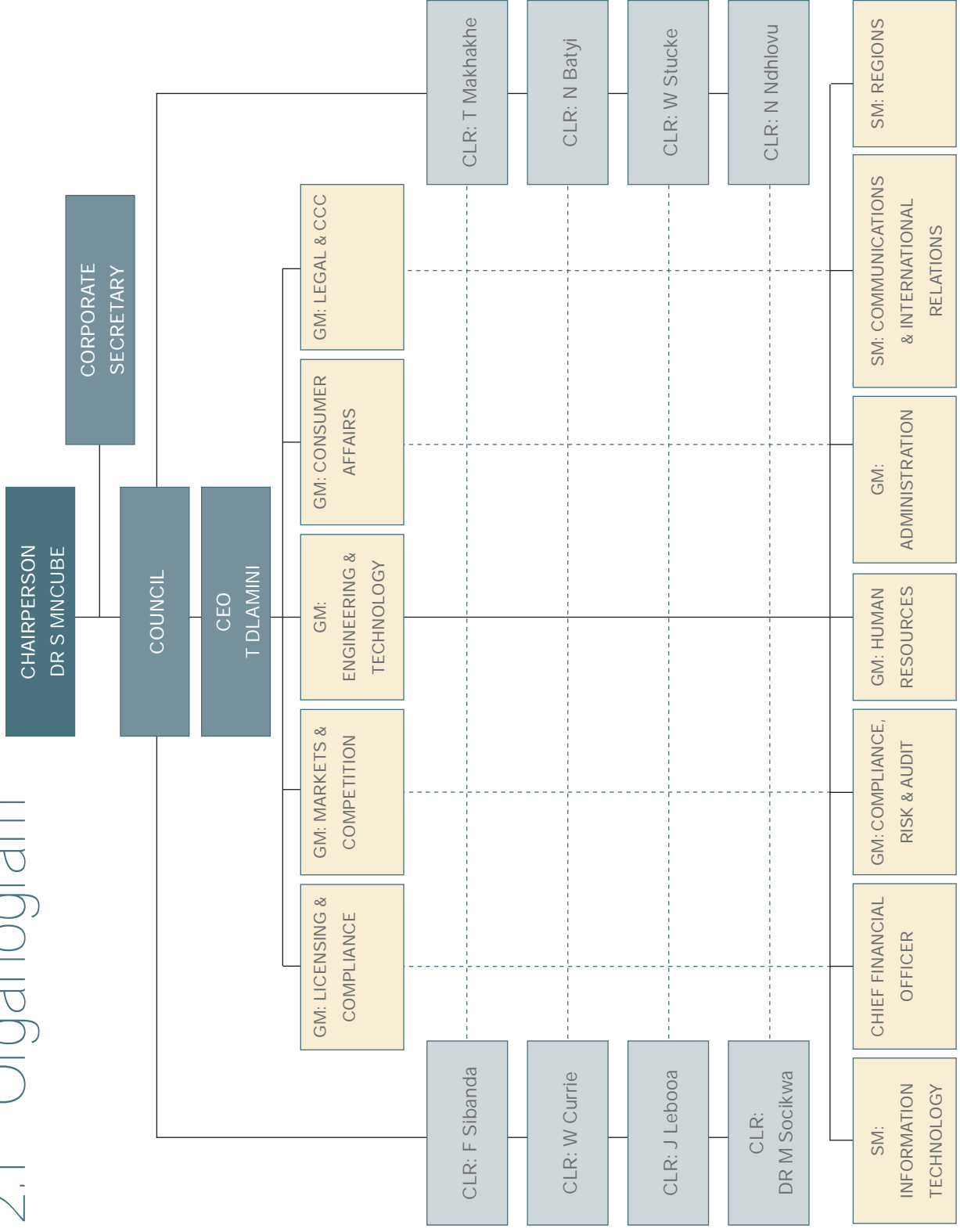
- Sharing a Common Vision.
- Encouraging Systems Thinking.
- Demystifying Myths.

## Strategic Objectives

- Increase the availability and quality of electronic communication services and business users;
- Encourage and maintain a pro-competitive market through effective competition and transparent regulation;
- Develop regulatory policies that promote competition, innovation and investment in services and facilities providing widespread access to ICT;
- Maximise the net economic and social worth of the sector, including its strategic use as a catalyst for economic, social and technological development in other areas of the economy;
- Broaden economic participation in the sector by SMME's;
- Encourage the injection of capital by domestic and foreign investors; and
- Encourage and support the successful introduction of new technologies and services.

# 2 ORGANISATIONAL STRUCTURE

## 2.1 Organogram



## 2.2 Council

- Dr Stephen Mncube, Chairperson (in-coming) 1 July 2010 – 30 June 2015
- Mr Thabo Makhakhe 1 July 2008 – 30 June 2012
- Mr Fungai Sibanda 1 July 2008 – 30 June 2012
- Ms Nomvuyiso Batyi 1 July 2008 – 30 June 2012
- Mr Joseph Lebooa 1 October 2010 – 30 September 2014
- Mr William Currie 1 October 2010 – 30 September 2014
- Ms Ntombizodwa Ndhlovu 1 November 2010 – 31 October 2014
- Mr William Stucke 1 January 2011 – 31 October 2014
- Dr Marcia Socikwa (serving second term) 1 April 2007 – 31 March 2015
  
- Mr Paris Mashile, Chairperson (out-going) 1 July 2005 – 30 June 2010
- Ms Brenda Ntombela 1 October 2006 – 30 September 2010
- Mr Robert Nkuna 1 October 2006 – 30 September 2010
- Professor Jacobus van Rooyen SC 1 October 2006 – 30 September 2010

## 3. LEGISLATIVE MANDATE

The Authority derived its mandate from the following legislation:

### 3.1. The Constitution of the Republic of South Africa

- The Constitution of the Republic of South Africa (RSA) places a duty on Parliament “to establish an independent regulatory institution which is required to provide for the regulation of broadcasting in the public interest and to ensure fairness and a diversity of views broadly representing South African society” (S192). Parliament has deemed it fit to add the regulation of electronic communications and postal services to this function;
- ICASA is a licensing body, a regulator and a quasi-judicial body because it licences, regulates, adjudicates and issues sanctions (S34);
- ICASA is also an organ of state bound by the Bill of Rights (S8); and
- “The work of ICASA is aimed at the protection of democracy and ensuring free and open airwaves and access to communication”.

### 3.2. The Broadcasting Act of 2002

- The Act amended the Independent Broadcasting Authority (IBA) Act of 1993, sought to clarify the powers of the Minister and the regulator; and
- The Act called for a new Broadcasting Policy that will, among others, contribute to democracy, development of society, gender equality, nation building, provision of education and strengthening the spiritual and moral fibre of society.

### 3.3. The Independent Communications Authority of South Africa, Act of 2006 (ICASA Amendment Act)

- The primary object of this Act is to provide for the regulation and control of telecommunication matters in the public interest (S2). It seeks, among others, to promote the universal and affordable provision of telecommunication services; and
- The Act established the South African Communications Authority, and this regulator shall be independent and impartial (S3).

### 3.4. The Electronic Communications Act, No 36 of 2005 (ECA)

- The substantive regulatory function of ICASA is pertaining to broadcasting, postal services and the electronic communications sectors;
- ICASA plays a concurrent function with the Competition Commission on competition matters (Chapter 10);
- The Code and mechanism of the National Association of Broadcasters on content regulation has been approved by ICASA (S54 (2)); and
- ICASA strives to create an appropriate and predictable regulatory environment to achieve the stated objects of the EC Act of 2005, section 2 (S2).

### 3.5. The Competition Act of 1998

- The Competition Commission and Competition Tribunal play a complementary role or co-jurisdiction role with ICASA on competition matters within the electronic communications environment (S82 (1)); and
- The Competition Commission holds an ex post jurisdiction over competition related matters. ICASA holds an ex ante and ex post jurisdiction over competition related matters.



### 3.6. The Postal Services Act, No 124 of 1998

- The Postal Services Act requires the Authority to licence and monitor the South African Post Office in relation to the achievement of customer care standards and the provision of universal service obligations, including the roll-out of street address delivery and the provision of retail postal services in under-service areas.

### 3.7. The Promotion of Administration Justice Act, No 3 of 2000 (PAJA)

- PAJA binds ICASA in its deciding functions and the Complaints and Compliance Committee in the exercise of their administrative and judicial functions.

## 4. CHAIRPERSON'S OVERVIEW

It is indeed a great pleasure for me to account to the Minister of Communications and to Parliament – as the representative of the South African public - about the regulatory activities and deliverables of the Independent Communications Authority of South Africa for the 2010/11 financial year.

My term as Chairperson commenced on 1 July 2010, after my predecessor, Mr Paris Mashile completed his five-year term. Four Councillors, namely Mr Robert Nkuna, Ms Brenda Ntombela, Professor Kobus van Rooyen and Dr Marcia Socikwa completed their four-year terms as well. Mr Karabo Motlana's, the former Chief Executive Officer, three year contract also expired during the year. This was indeed a changing of the guard in the true sense of the statement.

The transition went swiftly, as new Councillors took office to fill up the vacancies. I had the honour to welcome Mr Joseph Lebooa, Mr William Currie, Ms Ntombizodwa Ndhlovu and Mr William Stucke. Dr Marcia Socikwa was re-appointed in March 2011. Equally important, Mr Themba Dlamini was also brought on board as the new Chief Executive Officer. I commend Mr Mashile, his team and all the employees of the Authority as the interregnum was well managed. Suffice to say, with the committed men and women that I found at ICASA, I have been able to continue with the work begun by my predecessor in a more excellent way.

Notwithstanding the above, the Authority faces daunting challenges in ensuring an unqualified audit opinion in future. To mitigate this risk, the implementation of a revised Corporate Strategy, Divisional Business Plans together with improved Quarterly Reporting processes has been introduced. A Corporate Secretary has been appointed and the Chief Financial Officer's five year contract is not renewed. A turnaround strategy to address, amongst others, the Auditor General's management letter is also being put in place.

From a regulatory standpoint, the Authority published and introduced the much-awaited Call Termination Regulations that reduced the wholesale costs for terminating a call over a three-year period. The battle to finally reduce the cost of communications starts at the wholesale network level, and that provides a launching pad for reducing retail costs.

The Authority was on call to ensure the transmission of incident-free terrestrial and celestial signals from the 2010 FIFA World Cup to billions of television viewers around the world.

The role of the Authority in supporting the country's constitutional and democratic dispensation was evident during the 2011 Municipal Elections. ICASA published the 2011 Municipal Elections that provided the guidelines for free and fair broadcast electioneering for the benefit of both the South African public and the political parties.

The year 2010/11 will go down in ICASA history as the year in which we took matters affecting persons with disabilities to the higher level. In March 2011, the Authority hosted a National Summit for Persons with Disabilities, which drew the participation of communications and postal service providers and the affected stakeholders.

A roadmap is put in place, and agreed upon by the communications and postal industry licensees and the regulator to address the plight of Persons with Disabilities.

On the international front, ICASA played host to the penultimate annual general meetings and the joint general meeting of the Communications Regulators Association of Southern Africa (CRASA) and the Southern African Postal Regulators Association (SAPRA).

The role of the Authority was to play midwife to merge the two organisations, and the birth of a new regulatory association for



the SADC. Three million more of our people who commute, work and live in neighbouring countries need to communicate and send articles across the SADC region. The new CRASA will play a critical role in this regard, in making SADC a region of choice for local and international investors.

CRASA member-regulators have expressed their confidence in, and entrusted ICASA to chair the newly merged organisation in the 2011/12 financial year.

Finally, I would like to thank the Portfolio Committee on Communications initially chaired by Mr Ismail Vadi and currently Mr Eric Kholwane; the previous Minister of Communications the Retired General Sipiwe Nyanda and the current Minister Mr Roy Padayachie for your support, understanding and leadership.

I am also indebted to ICASA Councillors, officials in the Department of Communications, ICASA management and staff, licensees and operators for coming to the "party", to ensure the execution of our mandate. Together we will succeed, we cannot falter.

In search of excellence, the Authority has geared itself to play a change agent role in digitising the Republic of South Africa through creating an enabling regulatory environment for all stakeholders, licensees and operators. In its new outlook, 2011/12 and onwards, the Authority has adopted a new vision, mission and value statement that would distinguish us from other regulators across the globe. The Authority has also re-assessed its relevance and adopted eight strategic objectives that are aligned to Outcome 6 and Outputs 1 and 5 of the National Government Outcome-Based Approach. The new approach is intricately linked to the successful implementation of the usage of Broadband Services throughout the country.



Dr Stephen Mncube  
Chairperson

## 5. CHIEF EXECUTIVE OFFICER'S REPORT

I am honoured to present the annual report of the Independent Communications Authority of South Africa (ICASA) for the financial year ending 31 March 2011. My three year tenure commenced on 1 November 2010.

At the top of the radar screen and planning cycle of the Authority at the time, was the development of a 3-year Corporate Strategic Plan for the organisation. This process, concluded after the financial year end, included the development of a Business Plan derived from the Corporate Strategy, and its alignment with the Performance Management System (PMS). The Corporate Strategy, derived from the Authority's mandate in terms of the Constitution and other applicable legislation, includes eight revised strategic objectives which require additional funding to attain them.

The Authority has a significant role to play in terms of developing appropriate market-friendly regulations, and helping to ensure a stable climate for investment. At the same time, the Authority must ensure that its duty to the public is fulfilled, for example, in terms of ensuring affordable access to information and communication technologies and services for the public.

The Authority also intends to play a significant role in ensuring that the Government and Department of Communications' objectives of providing broadband services to 50% of the population by 2019 are achieved. This requires optimal utilisation of scarce resources such as the frequency spectrum.

The second priority for ICASA is the organisational re-design of the Authority, to enable it to execute its mandate effectively and efficiently. A service provider was commissioned to conduct the organisational re-design exercise, and has submitted both Phase I and Phase II of the report for the Authority's consideration, approval and implementation. A status report on the outcomes regarding Phase III of the project will be provided in financial year 2011/12.

Thirdly, whilst the Auditor General has again qualified the Authority on National Revenue Fund administered assets and payables related matters, these shortcomings were already highlighted and acknowledged during presentations to the Parliamentary Portfolio on Communications prior to the end of the financial year. A practice note will be issued to supplement existing General Licence Fees Regulations to ensure the effective and efficient collection of revenue.

The audit qualification on property, plant and equipment is currently being addressed and the Auditor General has been requested to audit this process during the current year's interim audit.

A turn-around strategy is being drafted to address the shortcomings highlighted as well as to overhaul the entire finance function to create a sustainable control environment. Appropriate risk and control policies are being established and will be communicated throughout the organisation.

The Authority had developed various financial modules within existing systems to address internal control weaknesses. Contract management was automated to improve contract management and commitments. A costing system was developed to improve controls on budget management and costs. The automation of customer contracts was completed which will improve customer management and the collection of revenue. Nine out of ten interfaces between the JDE financial system and Spectrum system were completed with the last interface being completed in the new financial year. This will address the weaknesses identified in spectrum debtors and enable the Authority to manage spectrum debtors on JDE.

Although ICASA's mandate is clearly spelt out in the Law, an important contribution made by the Authority with regards to the Medium Term Strategic Framework (MTSF) indicators were in the area of black economic empowerment and ensuring effective participation of Historically Disadvantaged Individuals in the communications sector.

In addition, with respect to our Transformation Agenda, 50% of our managers are female.

The Authority is, furthermore, assisting our national security state agencies in crime prevention. The Authority took part in the monitoring of illegal operations, seizure of illegal goods and equipment such as computers and mobile phone sets.

The Authority also contributes to the MTSF's objective of "easing the conducting of business in South Africa" by promoting competition in the communications and postal sectors.

On the operational side of the Authority's mandate, our regional offices have been exceptionally busy during the reporting period providing monitoring and interference clearance support to the 2010 FIFA World Cup. In this regard, our inspectors were part of the joint security planning and monitoring committees, and were on call to provide technical support to ensure that communications signals were transmitted without any incident. The Free State regional office plays a pivotal role, year-in- and year-out, to attend to Global System for Mobile spill-overs that occur on the national borders with neighbouring countries of Lesotho, Swaziland and Mozambique in particular.

The road ahead is to ensure that the Authority is well resourced financially and technically so that it can deliver on its own

statutory obligations. Also, the Authority is looking forward to maintaining a healthy working relationship with the DoC especially with respect to the following:

- Aligning projects, including Frequency Spectrum, or programmes to minimise duplication of resources and time;
- Adopting a structured way of engagement;
- Expediting the ICASA Funding model; and
- Participating in the Broadband Intergovernmental Implementation Committee's Task Team on regulation.

In conclusion, I would like to pay my gratitude to the ICASA Council led by Dr Stephen Mncube, officials in the Department of Communications, colleagues in the Executive Management of ICASA and all the employees of the Authority.



Themba Dlamini  
Chief Executive Officer

## 6. Information on Predetermined Objectives

### 6.1 Overall Performance

#### Competition Matters

The Authority published the Call Termination Regulations in terms of Chapter 10 of the ECA, the Interconnection Regulations in terms of sections 4 and 38 read with section 4 (3) (j) of the Electronic Communications Act (36/2005) and the Electronic Communications Facilities Regulations. The Authority also analysed and approved Telkom's 2010/2011 tariff review; analysed SAPO's 2011/2012 tariff review; analysed and processed 50 ad-hoc tariff applications; and processed 274 numbering applications.

#### Licensing of Radio Frequency Spectrum for the Provision of Mobile Television

In contributing to ensuring diversity of television broadcasting and ensuring efficient use of radio frequency spectrum, the Authority has committed to licence radio frequency spectrum for the provision of mobile broadcasting services in the 2010/2011 financial year. In this regard, the Authority has granted and issued radio frequency spectrum licences to MultiChoice Africa (Pty) Ltd and e.tv (Pty) Ltd for purposes of providing mobile broadcasting services in the country.

#### Digital Migration

The Republic of South Africa is obliged, in the context of the global transition from analogue to digital broadcasting, to effect the migration of existing terrestrial television services from analogue to digital broadcasting modes.

The Digital Migration Policy provides for the establishment of two (2) national frequency networks designated for the provisioning of Digital Terrestrial Television (DTT).

In order to ensure effective use of radio frequency spectrum, ensure access to basic services, and economic growth, the Authority committed to amend the licences of the incumbent television broadcaster for purposes of DTT. In this regard, the Authority has granted and issued amended broadcasting services licences to the South African Broadcasting Corporation (SABC), e.tv (Pty) Ltd and Trinity Broadcasting Network.

#### Monitoring Broadcasting

The Authority conducts vigilant inspection and undertakes content monitoring of the broadcasting industry. This is to ensure that Sound and Television Broadcasting licensees comply with the Electronic Communications Act (ECA), the Broadcasting Act, prescribed regulations, as well as the terms and conditions of their licences and compiles Annual Compliance Reports. In this regard, the Authority has approved 20 Annual Compliance Reports.

#### Monitoring Electronic Communications Network Services/ Electronic Communication Services

The Authority is tasked to monitor Electronic Communications Network Services/Electronic Communication Services (ECNS/ ECS) licensees' compliance with the ECA, relevant regulations, licence terms and conditions as well as compile Annual Compliance Reports.

Draft 2009/2010 Annual Compliance Reports have been compiled in respect of Neotel, MTN, Cell C, Vodacom, Sentech, WBS, Internet Solutions and Telkom.

An audit of ECNS/ECS licensees has been conducted to ensure that licensees are complying with the obligation to provide services within the prescribed periods from the date of issue of the licence, that is 12 months for ECNS and six months for ECS.

### Compliance Procedure Manual Regulations

In order to fulfil the Authority's mandate as set out in the ECA, Broadcasting Act, Postal Services Act and ICASA Act, the Authority is required to effectively monitor and enforce compliance. Accordingly, the Authority has developed the Compliance Procedure Manual Regulations applicable to Broadcasting Services (BS), Electronic Communications Services (ECS), Electronic Communications Network Services (ECNS) and Postal Services.

The Compliance Procedure Manual Regulations will assist licensees to understand their obligations and furnish compliance reports in a prescribed format. The revised Compliance Procedure Manual was published for comment in December 2010. The final Compliance Procedure Manual will be published during the 2011/2012 financial year.

### Postal Services' Compliance

The Authority is tasked with monitoring postal services' (SAPO and Courier companies) compliance with the ICASA Act, No 13 of 2000, as amended, the Postal Services Act, No 124 of 1998, as amended, applicable regulations, licence terms and conditions, and to prepare compliance reports. The SAPO 2009/2010 Annual Compliance Report was approved by Council.

### Complaints and Public awareness

The Authority distributed Complaints Manuals and monitored the Quality of Service provided by operators in seven provinces. The Authority conducted five National Campaigns to enhance public education and awareness. A number of complaints were adjudicated by ICASA's Complaints and Compliance Committee (CCC).

### Spectrum

The Authority published Radio Frequency Spectrum Fees regulations, Spectrum Licensing Framework Regulations for high demand bands and draft Radio Regulations. The Authority

issued 5 032 new radio frequency spectrum licences, 2 351 Type Approval authorisations and 268 broadcasting spectrum applications. The following activities were also carried out:

- Completed Radio frequency spectrum audits for 161-173 MHz, 450-470 MHz and 790-862 MHz bands;
- Conducted Global System for Mobile (GSM) Quality of Service drive tests along major routes in JHB, Bloemfontein and Durban;
- Engaged with the GSM operators to standardise "drive test" methodology;
- Inspected all ICASA monitoring stations nationwide;
- Issued spectrum and type approval authorisations for the FWC 2010 project;
- Monitored GSM Quality of Service at FWC 2010 stadia; and
- Engaged Tertiary and Research institutes and participated in relevant international and national forums.

### Consumer Affairs

In terms of the mandate of Consumer Affairs, the following was achieved during the period under review:

- An advocacy strategy was formulated and implemented;
- Regular updating of the web site to assist consumers;
- Consumer Representative Forums (CRFs) were established to assist in mainstreaming consumer protection in communities;
- A National Campaign Strategy was formulated and implemented;
- Public Awareness Campaign in respect of Complaints Handling Procedures through workshops, distribution of Complaints Handling Procedure pamphlets in 11 languages, as well as the distribution of a Complaints Manual; and
- The Authority hosted the National Summit for Persons with Disabilities.

## 6.2 Core Programmes

**Licensing and Compliance** is responsible for the granting, authorisation, renewal, amendment, transfer and revocation of broadcasting, electronic communication services, electronic communications network services and postal services, including authorising licence exemptions as well as monitoring and ensuring compliance with legislation, regulations and licence terms and conditions by licensees and exempted services.

**Markets and Competition** is responsible for promoting competition in the communications and postal sectors, and the efficient provision of postal, electronic communications and broadcasting services at affordable prices.

**Engineering and Technology** is responsible for the management of the frequency spectrum, and the monitoring of the frequency spectrum usage.

**Consumer Affairs** is responsible for protecting the rights of consumers with respect to the provision of communications and postal services, filing of consumer complaints and redress, raising public and consumer awareness about communications and postal services as well as developing consumer-specific regulations in relation to communications and postal services.

## 6.3 Support Services

The regulatory divisions outlined above are supported by a number of Support Divisions, namely:

**Regional Offices** are responsible for enforcing compliance with frequency spectrum allocations and usage, signal interference clearance as well as seal and seizure of illegal equipment.

**Legal and the Complaints and Compliance Committee** is responsible for vetting documents and providing legal advice to all regulatory projects and to corporate matters.

**Human Resources** is responsible for the development of people management practices to enable the Authority to realise its objectives and mandate.

**Communications and International Relations** is responsible for the corporate communications and the international relations activities of the Authority.

**Administration** is responsible for maintenance and rental, asset and fleet management, cleaning and security services as well as library services, records and document management.

**Information Technology** is responsible for IT application, hardware and software support to all of the Authority's divisions and regional offices to enable them to execute their day-to-day duties.

**Finance** is responsible for the allocation of financial resources to meet the budgetary requirements for implementing the organisational business plan. Finance also collects licence fees from all licensees, and these funds are passed on to the National Treasury.

**Compliance, Risk and Audit** is responsible for providing an overall internal assurance function regarding internal control, risk management and governance processes. This is in collaboration with external assurance providers.



# 7. ICASA Divisions

## 7.1 CORE FUNCTIONS

- 7.1.1 LICENSING AND COMPLIANCE
- 7.1.2 MARKETS AND COMPETITION
- 7.1.3 ENGINEERING AND TECHNOLOGY
- 7.1.4 CONSUMER AFFAIRS

## 7.2 SUPPORT FUNCTIONS

- 7.2.1 REGIONAL OFFICES
- 7.2.2 LEGAL AND COMPLAINT AND COMPLIANCE COMMITTEE
- 7.2.3 HUMAN RESOURCES
- 7.2.4 COMMUNICATIONS AND INTERNATIONAL RELATIONS
- 7.2.5 ADMINISTRATION
- 7.2.6 INFORMATION TECHNOLOGY AND SERVICES

## 7.1.1 LICENSING AND COMPLIANCE

The Licensing and Compliance Division (LCD) is made up of the Licensing and the Compliance Departments, and provides human capacity and resources to Council and its Committees in relation to –

- The issuing and or authorisation of broadcasting, electronic communications services, communications network service and postal services licences, as well as licence exemption; and
- The monitoring and ensuring compliance by licensees and exempted services to the relevant terms and conditions. The monitoring of licensee compliance with licence conditions and other regulations is not pursued for the sake of non-violation with existing legislation and regulations, but also seeks to protect investment and create certainty in the respective markets.

### 7.1.1.1 Licensing

#### **Licensing of Individual Commercial Free to Air Sound Broadcasting Service Licence**

The Authority made a commitment to grant at least three new commercial licences in primary markets in terms of the Review of Ownership and Control of Broadcasting Services and Existing Commercial Sound Broadcasting Licences Position Paper of January 2004 (“the Position Paper”). The Position Paper defined the primary markets as the geographical markets of Gauteng and the metropolitan areas in and around Cape Town and Durban.

The Authority issued an “Invitation To Apply” (ITA), and had received 41 applications. The Authority has conducted public hearings for the 41 applications received in order to make the process transparent.

The licensing of additional commercial sound broadcasting services would contribute to the liberalisation of the sound broadcasting market, diversity of ownership and content as well as to economic growth and job creation. The Authority will finalise this licensing process in the next financial year when it announces the successful applicants to the bid.

#### **Licensing of Radio Frequency Spectrum for Provision of the Mobile Television**

The 2006 International Telecommunications Union Treaty on Regional Radio Communication provides for national governments to develop policy on Digital Migration. To this end, the Minister of Communications issued a Digital Migration Policy to establish two metropolitan frequency networks designated for the provisioning of mobile broadcasting services.

As a result, the Authority has granted and issued radio frequency spectrum licences for the purpose of providing mobile broadcasting services to MultiChoice Africa (Pty) Ltd and e.tv (Pty) Ltd.

The licensing of these two mobile broadcasting services would enhance ownership and content diversity in this market, and also result in the efficient use of the radio frequency spectrum.

#### **Licensing of Digital Terrestrial Television**

The 2006 International Telecommunications Union Treaty on Regional Radio Communication also provides for national governments to develop policy on the transition and migration of existing terrestrial television services from analogue to digital broadcasting platforms. The Digital Migration Policy issued by the Minister of Communications calls for the establishment of two national frequency networks designated for the provisioning of Digital Terrestrial Television (DTT).

In order to achieve this goal, the Authority undertook to assist existing television broadcasting services to facilitate for their transition from an analogue to a digital platform by amending their licences for this purpose.

As a result, the Authority has granted and issued amended broadcasting services licences to the South African Broadcasting Corporation, e.tv (Pty) Ltd and Trinity Broadcasting Network.



## Registration of Class Licences and Unreserved Postal services

During the reporting period, the Authority has granted the following licences as shown in Table 1 below:

**Table 1: Registration of Class Licences and Unreserved Postal services**

Licences/Certificate	Number of Licences Granted
Community Television	6
Class Sound Broadcasting, including Community, Community Low Power, Community Special Event and Commercial Low Power Sound Broadcasting Licences	30
Class Electronic Communication Network Service Licence	86
Class Electronic Communication Service Licence	69
Unreserved Postal Service Certificates	40
<b>TOTAL</b>	<b>231</b>

## Licence Amendments, Transfers and Exemptions

During the reporting period, the Authority has granted the following licence amendments, transfers and exemptions:

**Table 2: Licence Amendments, Transfers and Exemptions**

Licences/Certificate	TOTAL
Individual Electronic Communications Service (I-ECS) and Individual Electronic Communications Network Service (I-ECNS) Licence Transfers	33
Private Electronic Communications Network Services	18
Electronic Communications Service Licence Exemptions	7
Class Community Sound Broadcasting Service Licence Amendments	2
<b>TOTAL</b>	<b>60</b>

### 7.1.1.2 Compliance

#### Compliance Procedure Manual Regulations

The Authority published draft Compliance Procedure Manual Regulations for comment in December 2010. Submissions were received from 14 stakeholders. The Authority intends to publish the final Compliance Procedure Manual Regulations in the new financial year.

The purpose of the manual is to simplify compliance by licensees and assist licensees in complying with all licence terms and

conditions as well as the regulations that apply to all or respective licence categories.

#### Review of Universal Service and Access Obligations

The Authority published a Position Paper to review Universal Service and Access Obligations (USAOs) for comment in August 2010. Submissions were received from 17 stakeholders. In the interest of transparency, the Authority conducted public hearings on 8 and 9 December 2010 to allow stakeholders and the public to make an input into the process. The revised USAO framework will be published in the new financial year.

The USAO Review project seeks to review the current universal service and access obligations framework. The review is also intended to revise the definition of Under-Served Areas (USAs). A draft definition and list of USAs will be published for comment in the 2011/2012 financial year.

### Annual Compliance Reports

The Compliance Department is required to monitor and ensure compliance with enabling legislation, relevant regulations as well

as Licence Terms and Conditions. The three markets that are being monitored for compliance are broadcasting, electronic communications service and network licensees as well as postal and courier services.

### Broadcasting Compliance

For the 2010/2011 financial year, the Authority compiled the following annual compliance reports as shown in Table 3 below.

**Table 3: Annual Compliance Report for Broadcasting Services**

	Licensee	Type of Licence	Type of broadcasting service
1.	SAFM	Individual	Radio
2.	Highveld Stereo	Individual	Radio
3.	Algoa FM	Individual	Radio
4.	K-FM	Individual	Radio
5.	Talk 702	Individual	Radio
6.	Ligwalagwala FM	Individual	Radio
7.	MultiChoice	Individual	Subscription Television
8.	E.tv	Individual	Free to air Television
9.	Jacaranda	Individual	Radio
10.	Lesedi	Individual	Radio
11.	Good Hope	Individual	Radio
12.	Ikwekwezi	Individual	Radio
13.	Lotus	Individual	Radio
14.	Five FM	Individual	Radio
15.	Umhlobo Wenene	Individual	Radio
16.	XKFM	Individual	Radio
17.	YFM	Individual	Radio
18.	Capricorn FM	Individual	Radio
19.	Motsweding FM	Individual	Radio
20.	Tru FM	Individual	Radio

## Electronic Communication Network Services (ECNS) and Electronic Communication Services (ECS) Licensee Compliance

For the 2010/2011 financial year, the Authority compiled the following annual compliance reports as shown in Table 4 below.

**Table 4: Annual Compliance Report for ECNS and ECS**

	Licensee	Type of Licence
1.	Vodacom (Pty) Ltd	Individual ECNS/ECS
2.	MTN (Pty) Ltd	Individual ECNS/ECS
3.	Cell C (Pty) Ltd	Individual ECNS/ECS
4.	Telkom (Pty) Ltd	Individual ECNS/ECS
5.	Neotel (Pty) Ltd	Individual ECNS/ECS
6.	Wireless Business Solutions (Pty) Ltd	Individual ECNS/ECS
7.	Internet Solutions (Pty) Ltd	Individual ECNS/ECS
8.	Sentech	Individual ECNS/ECS

Furthermore, the Authority completed an audit to establish whether Individual and Class ECNS/ECS licensees commenced operations within six and 12 months respectively of being issued with a licence as required by the licence standard terms and conditions.

## Postal Services Compliance

For the reporting period, the Authority compiled an Annual Compliance Report on the performance of the South African Post Office (SAPO) with regard to the roll-out of infrastructure, addresses, Delivery Performance Standards, Customer Care Standards and Conveyance of Mail Regulations.

## 7.1.2 MARKETS AND COMPETITION DIVISION

The role of the Markets and Competition Division is to promote competition and the efficient provision of postal, electronic communications and broadcasting services, at affordable prices.

The division's key performance areas are:

- Promoting sustainable, stable, dynamic and innovative competition in the electronic communications, broadcasting and postal sectors and to promote high-quality services at affordable prices;
- Reducing the cost of doing business in South Africa by encouraging effective competition through increased access to infrastructure, diversity of service, competitive prices and a greater choice for consumers;
- Ensuring competitive, fair, open, transparent and non-discriminatory pricing for broadcasting services (codes of practice/guidelines on the commissioning of independently produced South African programming and sports broadcasting rights);
- Promoting access to basic services at affordable prices; and
- Ensuring fair, transparent and non-discriminatory allocations of numbers to licensees and provide sufficient numbering capacity for existing and future numbering demands.

The Markets and Competition Division comprises four departments:

- Markets and Competition Analysis;
- Numbering, Economic and Financial Analysis;
- Broadcasting Policy Development and Research; and
- Postal Policy Research and Development.

### 7.1.2.1 Markets and Competition Analysis Department

The Markets and Competition Analysis department delivered the following projects for the reporting period:

#### **Review of the Wholesale Voice Call Termination Market**

The Authority carried over the Market Review of the Wholesale Voice Call Termination Market project from the previous financial year. This project sought to review the effectiveness of competition in the provision of wholesale call termination services.

The Authority conducted extensive public consultation and found that the Wholesale Voice Call Termination Market was not competitive. Some of the inhibiting factors included high termination rates (the rate at which one operator charges another to receive calls) as well as barriers to increased interconnectivity of networks through burdensome requirements in commercially negotiated interconnection agreements.

As a result, the Authority published regulations that outlined the new termination rates that a licensee may charge for termination to its network. The regulations introduced a gradual reduction in termination rates to both mobile and fixed locations over a three-year period as illustrated in Table 5:

**Table 5: Regulated termination rates: 2011-2013**

	Mobile location		Fixed location				Asymmetry allowance
	Peak	Off-peak	Within ON area code		Between ON area code		
			Peak	Off-peak	Peak	Off-peak	
1 March 2011	R0.73	R0.65	R0.20	R0.12	R0.28	R0.19	20%
1 March 2012	R0.56	R0.52	R0.15	R0.12	R0.25	R0.19	15%
1 March 2013	R0.40	R0.40	R0.12	R0.12	R0.19	R0.19	10%

In terms of the Call Termination Regulations, MTN and Vodacom are obliged to charge the regulated rate for termination to a mobile location, whereas Telkom is obliged to charge the regulated rate for termination to a fixed location. All other licensees may charge a higher rate limited to the above asymmetry allowance.

**Market Reviews linked to the introduction of Local Loop Unbundling**

The Authority has reviewed its approach to the implementation of the Local Loop Unbundling (LLU) according to the Ministerial Directive by November 2011.

The Authority will embark on a public consultative process in the new financial year before making any final determinations, to ensure the seamless introduction of Local Loop Unbundling framework by November 2011.

**Broadcasting Transmission Services**

The Authority initiated a market review of the provision of broadcasting transmission services as a result of concerns raised by broadcasting licensees. The objective was to define and evaluate the effectiveness of competition in the broadcasting transmission services market.

The Authority has thus far completed an information gathering process and intends to publish a discussion document for public consultation in the new financial year.

**Premium Content**

Concerns regarding exclusive access to premium content in the provision of subscription broadcasting services have

been raised by a number of new entrants aiming to provide such services in South Africa. The Authority will seek further engagement with stakeholders in the 2011/12 financial year.

**Sector Intelligence**

To ensure that the Authority is adequately informed of trends in the provision of services under its mandate, the division initiated the identification of ICT indicators on which information is to be sought as well as a data collection mechanism. The objective of this work is to minimise the information asymmetry between the Authority and licensees to ensure effective and pro-active regulation of the ICT sector.

**Framework for Interconnection and Facilities Leasing Regulations**

The Interconnection and Facilities Leasing Regulations were published in April and May 2010 respectively. These regulations provide the framework to uphold the open access provisions of the Electronic Communications Act to promote inter-operable networks and competition in the electronic communications markets.

The Authority intends to introduce an on-line process for the review and storage of all agreements in the financial year 2011/12 in order to ensure effective implementation of these regulations.

For the reporting period, the Authority reviewed 42 Interconnection agreements and 26 Facilities Leasing agreements.

### 7.1.2.2 Economic, Financial Analysis and Numbering

Economic, Financial Analysis and Numbering delivered the following projects during the reporting period:

#### **Economic Regulatory Framework for the Reserved Postal Services**

In the reporting period the Authority completed the Economic Regulatory Framework (ERF) for the reserved postal services by publishing the Price Cap and the Accounting Separation regulations respectively.

These regulations provide a transparent framework for the setting of retail tariffs for the reserved postal services whilst ensuring pricing transparency in the provision of services through the new structured separation requirements imposed on SAPO.

The price cap regulations, coupled with the accounting separation framework will assist in identifying inefficiencies in the Post Office.

#### **SAPO Tariff Regime**

The South African Post Office is required to submit annual tariff increase applications to the Authority for review in terms of its licence conditions. For the 2011/12 financial year, SAPO requested a 6.5% general increase in prices for reserved postal services. However, to protect the consumer from excessive tariff increases, the Authority approved a 4.5% general price increase in January 2011.

#### **Number Plan Review**

The Electronic Communications Act (the ECA) introduced a new licensing regime (licence conversion process in January 2009) resulting in over four hundred licensees becoming eligible to apply for numbers for purposes of providing communication services.

During the reporting period, the Authority developed a new numbering plan in line with the ECA to address the growing demand for numbering resources. The Authority held public hearings on the draft numbering plan regulations, and plans

to publish a revised version of the numbering plan for further public comment in the new financial year.

#### **Carrier Pre-Selection (CPS)**

Carrier Pre-Selection (CPS) refers to a service where an end-user is able to choose which service provider to use in the provision of a particular service on a call-by-call basis with the objective of promoting customer choice to take advantage of different pricing options offered by electronic communications network service licensees.

CPS Phase 1 regulations were published in September 2010, and the implementation of the regulations would take place in the new financial year.

#### **Implementation of Geographic Number Portability (GNP)**

The objective of number portability is to promote consumer choice wherein subscribers are given the freedom to choose a network operator whilst retaining his/her telephone number.

During the period under review, the Numbering Unit carried out the following activities to ensure full implementation of geographic number portability:

- Facilitated the implementation process of individual geographic number portability by declaring the 26 April 2010 as the implementation date for individual geographic numbers' porting. To this end, consumer publicity materials were published and distributed; and
- Published an Ordering System Specifications to specify procedures to be followed among operators and service providers when exchanging information between each other in order to provide number portability to a subscriber.

During the reporting period, 457 597 geographic numbers were ported to different operators, while 223 4111 mobile numbers were ported.

#### **Numbering Applications**

The Authority received 274 applications for numbers from licensees for the provision of communication services during the financial year 2010/2011. Applications are classified according

to the various categories including geographic and non-geographic numbers, national and international signaling point codes, geographic and mobile number portability routing codes and carrier pre-selection codes.

**Table 6: Numbering Applications**

Type of application	Number of Applications
Geographic numbers, e.g. 011, 012, 015, 021 etc.	47
Non Geographic numbers, e.g. 087, 086, 080, 085, 088 etc.	167
Geographic Number Portability (GNP) routing codes	22
Mobile Number Portability (MNP) routing codes	4
National and international signalling points	26
Carrier Pre-select codes	8
<b>TOTAL</b>	<b>274</b>

### 7.1.2.3 Broadcasting Policy Development and Research

For the reporting period, Policy Development and Research was involved in the following projects:

#### **Licensing Framework for IPTV and VOD services**

Internet Protocol Television (IPTV) and Video on Demand (VOD) services have been available in South Africa for a number of years, with demand for such services increasing as more South Africans seek access to the internet.

In light of the increased growth and availability of these services, the Authority deemed it necessary to clarify the type of licences operators required to provide these services. After extensive consultation, the Authority decided that any operator providing IPTV services is required to hold a Broadcasting Service licence whilst those interested in providing VOD services are required to have an Electronic Communications Service (ECS licence).

The Authority published the Position Paper on IPTV and VOD services in August 2010.

#### **Municipal Elections Regulations**

The Authority published the Municipal Elections Regulations in – Political Advertisements and Party Election Broadcasts – in March 2011, spelling out the allocation of broadcasting slots by broadcasting services to political parties.

The objective of these regulations was to afford fair and equitable broadcasting opportunity to all political parties during the Municipal Elections.

#### **Review of Ownership and Control of Broadcasting Services**

The purpose of the review is to determine whether there are any limitations necessary with regard to ownership and control of commercial broadcasting services. The Authority intends to further engage stakeholders on this matter in the new financial year before making a recommendation to the Minister of Communications.

#### **The Digital Dividend Review**

With the advent of digital technologies and the abundance of opportunities that it brings along, the ITU 2007 World Radio Conference resolved and recommended to member countries to prepare for a transition from analogue to digital technology platform for the future provision of communication services. European and Southern African Development Community (SADC) countries are required to migrate to a new digital platform in June 2015.

The benefits and spin-offs that accrue from this digital migration process are commonly referred to as the Digital Dividend - which promises the freeing of portions of the frequency spectrum that is not optimally utilised by the current analogue technology platform.

The portion of spectrum that is expected to be available as a result of migrating to a digital platform will provide much needed spectrum for the provision of a plethora of communications services. This includes digital terrestrial television (DTT) with its multiplicity of broadcasting channels, as well as the availability of frequency bands that can be used for the deployment of mobile broadband.

The release of this spectrum is particularly important in order to realise socio-economic goals of universal access and service as well as diversity and choice in content.

The Authority has finalised its proposals regarding the Digital Dividend for South Africa, based on the adoption of an updated version of Digital Video Broadcast Terrestrial (DVB-T2). Digital Video Broadcast Terrestrial (DVB-T) was adopted by Europe, and early in 2011 the SADC region adopted updated DVB-T2.

In terms of the SADC timeframes for digital migration, the new switch-off date for analogue broadcasting would be December 2013, with a view to allowing the period between 2013 and 2015 to be used to address any challenges that may arise towards the International Telecommunications Union (ITU) deadline of 2015.

The Authority intends to finalise its recommendations regarding the Digital Dividend in the new financial year.

### 7.1.2.4 Postal Policy and Research

Postal Policy and Research delivered the following projects during the reporting period:

#### **Extra Territorial Offices of Exchange**

The Universal Postal Union (UPU) defines an Extra Territorial Offices of Exchange (ETOE's) as an "office of exchange operated by or in connection with a designated operator outside its national territory, and is established for commercial purposes to draw business in markets on the territory of another member country".

South Africa is a signatory to the Universal Postal Union (UPU) resolutions, and has agreed to the development of a regulatory

framework that provides for ETOEs within the South African market.

The Authority has engaged stakeholders on the benefits and potential threats that ETOEs may introduce particularly on the sustainability of SAPO. In order to govern ETOEs, the Authority will proceed to develop a regulatory framework in the new financial year.

#### **Electronic Postal Services**

Electronic Post (E-Post) is a service whereby customers that are registered for this service are able to send and receive messages and letters online across the world. It can also be viewed as an internet bill payment service where a customer can view or pay bills.

The advent of E-Post became apparent during the World Summit on the Information Society held in 2005. It became evident that the postal sector is changing from traditional to modern postal services whereby information and communications technologies would play a vital role in enabling universal service and access. The Authority conducted research on the impact of E-Post on traditional postal services and in particular the definition of universal service and associated obligations.

The Authority will finalise research and stakeholder engagement on this matter in the new year, as part of a process of building up to a review of the reserved postal service provisions assigned to SAPO.

#### **Retail infrastructure roll-out targets for SAPO**

SAPO was granted a 25-year licence, with an exclusivity period of five years. As a trade-off for this exclusivity, SAPO is required to comply with specific universal service targets, including quality of service and a roll-out of infrastructure.

SAPO's universal service target requires that it establishes retail postal outlets within reasonable reach of all citizens of South Africa. During the reporting period the Authority undertook an audit to verify this universal service target. The Authority will finalise the audit in the new year.



## 7.1.3 ENGINEERING AND TECHNOLOGY DIVISION

The Engineering and Technology Division (ETD) comprises of the frequency spectrum and the spectrum monitoring and control departments. The responsibilities of the division include:

- Granting of frequency and station licences, certificates and authorisations;
- Management and planning of access to the radio frequency spectrum;
- Preparation of the national radio frequency plan;
- Investigation of radio communications interferences;
- Assessment, adoption and management of technical standards relating to customer equipment and other devices, and
- Provision of relevant technical support to stakeholders.

### 7.1.3.1 Frequency Spectrum

Frequency Spectrum is responsible for four key performance areas, namely Spectrum Management, Radio Communications Frequency Licences, Equipment Type Approval and Broadcasting Spectrum.

#### **Spectrum Management**

Enabling legislation mandates the Authority to allocate and manage the frequency spectrum efficiently in accordance with the ITU's allocations. The frequency spectrum is a finite national resource, and the Authority is entrusted with the responsibility to ensure its efficient management to assist the country to realise its national socio-economic and developmental goals.

For the year under review, the Spectrum Management was involved in the following activities:

#### *Radio spectrum licence fees*

The ECA mandates the Authority to make regulations with respect to spectrum licence fees. The spectrum fees charged for various radio services are a crucial part of the spectrum

management process. All fees collected by the Authority are passed over to the National Treasury.

The current fee charges have been in place for the past 10 years, and are being reviewed. The current spectrum charging policies and licensing mechanisms do not promote the efficient use of the spectrum; rather, they encourage stockpiling of spectrum and are based on out-dated price setting mechanisms.

The Authority commissioned a scientific study to determine the new radio spectrum fees framework, which takes into consideration the economic value of the spectrum. The final spectrum fees regulations and the draft spectrum fees regulations for broadcasters were published for public comment.

#### *Review of national radio frequency plan*

Enabling legislation and international convention require the Authority to review the national radio frequency plan from time to time. The Authority has commenced a process of reviewing the National Frequency Plan, to accommodate regional harmonisation in line with the Southern African Development Community's guidelines and the recommendations of the 2007 ITU World Radio Communications Conference (WRC – 07).

The National Frequency Plan also provides for international mobile telecommunications (IMT) and the digital broadcasting migration process. The final National Radio Frequency Plan was published in June 2010.

#### *Licensing framework for high demand frequencies*

This project sought to develop a framework for licensing high demand frequencies, namely the 2.6GHz and 3.5GHz band. There are 125MHz, spectrum available in the 2.6GHz band, following the assignments of 50MHz and 15MHz to Sentech and WBS respectively.

There are 28MHz available in the 3.5GHz band, following the assignment of 56MHz to Telkom and Neotel, respectively.

The Authority, then, identified the remaining radio frequency spectrum in the 3400–3600MHz (3.5GHz) and 2500-2690MHz (2.6GHz) bands as high demand bands that must be licenced through a competitive licensing process.

The required industry consultations were completed and a decision to licence the 2.6GHz and 3.5GHz was communicated to the industry. Final regulations will be published in the new year.

#### *Spectrum licensing framework and spectrum assignment coordination procedures*

International benchmarking on “best” practices on licensing regimes and a comparative analysis on different spectrum assignment coordination procedures were undertaken during the year under review. A spectrum licensing framework was developed and aligned with the ECA, and incorporated in the Radio Regulations.

#### *Review of Radio Regulations*

The review of Radio Regulations was conducted in conjunction with the spectrum licensing framework and spectrum assignment coordination procedures. The review sought to align all radio frequency-related regulations to the current legislative dispensation of the ECA and current trends. Final

Radio Regulations were published in March 2011 following a public consultation process.

#### *Collaboration with research institutions*

The Authority continued to forge relationships and collaborate with academic institutions in relation to wireless technologies and frequency spectrum management. Contracts were signed with the University of the Witwatersrand and the University of Pretoria after a bidding process. The main focus of the collaboration includes measurements, opportunistic techniques in spectrum management, sharing studies within radio frequency bands and across services, and economic aspects of spectrum.

Thus far papers on occupancy models, positioning techniques, and dynamic spectrum access and cooperative sensing for cognitive radio systems were accepted for several Institute of Electrical and Electronic Engineers (IEEE) conferences.

#### **Licensing of Radio Communications Frequency**

As at 31 March 2011 there was a total of 46109 radio frequency licences for various services, predominately due to none payment of annual fees. A total of 5032 was processed in the year under review. The statistical information is shown in Table 7:

**Table 7: Licence Statistics**

	Number of licences as at 1 April 2010	New Licences	Cancellations	Number of licences as at 31 March 2011
Aeronautical	7665	1586	2 050	7 201
Amateur	6864	418	2 032	5 250
Fixed	157	56	43	170
Land Mobile including Ski boats	44 545	1 480	21 431	24 594
Maritime	5531	581	2 214	3 898
Radio Dealer	7907	676	3 851	4 732
Satellite	329	13	78	264
FIFA World Cup related	0	222	222	-
<b>Total</b>	<b>72 998</b>	<b>5 032</b>	<b>31 921</b>	<b>46 109</b>

### Equipment Type Approval

Radio regulations are continuously reviewed to align them with the ECA framework. In the year under review, a review of the current type approval framework was conducted. Draft regulations were finalised as well as an official list of approved standards regulations for equipment type approval.

Equipment Type Approval also authorises various classes of equipment use and registration of suppliers and installers. Licensees do not renew licences for Telecommunication Line Terminal Equipment (TLTE), switching systems (SWS), suppliers and Line Maintenance Organisations where it is no longer required largely due to equipment being obsolete. Radio Frequency (RF) equipment licences are issued on a permanent basis and therefore need not be renewed. The statistical information is shown in Table 8 below.

**Table 8: Type Approval**

Category	Number of licences/ certificates as at 1 April 2010	New Licences/ certificates	Licences renewed	Number of licences/ certificates as at 31 March 2011
Radio Frequency Equipment	8 063	2 069	N/A	10 132
Telecommunications Line Terminating Equipment	1 759	171	175	346
Switching Systems	961	76	271	347
Line Maintenance Organisations	625	15	178	193
Supplier	287	20	3	23
<b>Total</b>	<b>11 695</b>	<b>2 351</b>	<b>627</b>	<b>11 041</b>

### Broadcasting Spectrum Analysis

Broadcasting Spectrum received and analysed 268 technical requests for broadcasting frequency spectrum licences.

#### 7.1.3.2 Spectrum Monitoring and Control

Spectrum Monitoring and Control entails analysing spectrum monitoring data to advise on spectrum efficiency usage and to ensure compliance. This includes long term strategies for interference control.

### Quality of Service Monitoring

The Authority conducted Quality of Service Monitoring on all three Global System for Mobile Communications (GSM) networks in Gauteng and Kwa-Zulu Natal. Quality of Service monitoring was also conducted at all the 2010 FIFA World Cup stadia.

Several meetings were held with GSM stakeholders to refine and standardise the GSM drive test methodology.

### Spectrum Monitoring

Routine monitoring tasks were conducted in the reporting period. In total, more than four different bands were monitored for occupancy and illegal usage.

### Spectrum Monitoring and Audit

Proactive spectrum monitoring and audit was conducted on the bands 161 – 173 MHz, 2300 – 2400 MHz, 2500 – 2690 MHz and 3400 – 3600 MHz, to facilitate implementation of previous World Radio Conferences and frequency migration.

### 2010 FIFA World Cup

In June and July 2010, the Spectrum Monitoring and Control department conducted Radio Frequency (RF) monitoring measurements for the 2010 FIFA World Cup at the various stadia used for the tournament.

All planned monitoring tasks for the tournament were successfully completed. The successful execution of these tasks was made possible by the procurement of “state of the art” monitoring equipment.

## 7.1.4 CONSUMER AFFAIRS

Consumer Affairs is responsible for:

- Protecting the rights of consumers with respect to the provision of communications services;
- Filing consumer complaints for redress and adjudication;
- Conducting public education and awareness campaigns to inform consumers about the mandate of ICASA, the regulations as well as consumers' rights with regard to communication services; and
- Developing consumer protection regulations.

### 7.1.4.1 Consumer Complaints

Consumer Affairs embarked on outreach initiatives by printing and distributing 30 000 copies of the Complaints Manual. In addition 24 workshops regarding the Complaints Manual were conducted with interest groups like Legal Wise, Scorpion and the Law for All in the following areas:

- Gauteng ( Pretoria, Germiston, and Randfontein)
- North West (Mafikeng)
- Northern Province (Kimberly)

- Kwa-Zulu Natal (Newcastle, Pietermaritzburg, and Durban)
- Mpumalanga (Nelspruit, Kwa-Mhlanga)
- Free State (Bloemfontein)
- Limpopo (Polokwane)
- Western Cape (Cape Town, Bellville)
- Eastern Cape (Port Elizabeth, King Williamstown, and Umtata).

The Authority receives, handles and facilitates the resolution of consumer complaints regarding communication services. A total of 1289 complaints were carried over from 2009/2010 financial year and 3266 were received in the year under review. This means that 4555 complaints were handled during the reporting period, 3128 of which were resolved. The distribution of complaints received per province was as follows:

- Gauteng 58%
- Western Cape 14%
- Kwa-Zulu Natal 10%
- Mpumalanga 4%
- Eastern Cape, North West, Free State and Limpopo 12.5%
- Northern Cape 1.5%.

**Table 9: Categories of Complaints Received**

QUALITY of SERVICE	
Description	Number of Complaints received
Unsolicited Merchandise	33
Network coverage	140
Misleading Information	56
General Customer Treatment	106
Faulty Handset	225
Fault Report	161
Asymmetrical Digital Subscriber Line (ADSL)	44
Line Installation & transfer	33
Line Suspension	50
Data Services	55
Community Service Telephones	5
<b>Total</b>	<b>908</b>

CONTRACT TERMS AND CONDITIONS	
Description	Number of Complaints received
Mobile Number Portability	53
Number Retention	11
Contract Terms and Conditions	595
Call Line Facility	24
Loss of Airtime	25
<b>Total</b>	<b>708</b>
BILLING	
Description	Number of Complaints received
Billing	1100
<b>Total</b>	<b>1100</b>
OTHER	
Description	Number of Complaints received
Blacklisting	91
Beyond Jurisdiction	362
Broadcasting	10
Postal	23
Licensing	5
Cable Theft	11
Fraud	48
<b>Total</b>	<b>550</b>

#### 7.1.4.2 Consumer Protection

##### Research

The Division commissioned two research studies on:

- 1 Access to electronic communications, broadcasting and postal services by People with Disabilities, and
- 2 Consumer's perceptions and experience with regard to accessibility, availability and reliability of electronic communications, broadcasting and postal services.

The findings of Research Study 1 are as follows:

- Affordability, is an overriding issue for people with disabilities as they often have difficulty finding employment;
- The high cost of ICT services is prohibitive for most low-income people, hence, little use of data services;
- Radio is the most commonly used ICT service – mostly because it is free and can be used irrespective of disability (other than people with hearing impairments);
- There is relatively little use of fixed-line services among the majority of people with disabilities;
- People with disabilities need access to emergency services, toll free;

- Internet use is very low particularly among low income users – this is largely driven by cost issues; and
- Post Offices are not user-friendly for disabled people – lower counters, special queues and somebody at the counter able to deal with people with disabilities.

The findings of Research Study 2 are as follows:

**Landlines:** 79% of the respondents indicated that their phone had worked all the time in the last 6 months and was considered fairly reliable.

**Public phones:** 80% of the respondents who use public phones said that these phones worked and are reliable. Respondents also cited ease of access the public phone as another reason as to why they used it.

**Mobile phones:** Most of the sample (82.7%) indicated that they did consider prices affordable. The opinion of consumers with regard to affordability was very similar in all areas.

**Internet services:** 25.3% of the respondents have an internet connection at home, despite having access to internet coverage. Most respondents who have an internet connection are based in the urban areas.

**Television broadcasting services:** Most consumers are able to get free-to-air television services. Broadcasting services thus appears to be available and accessible for most South Africans. 86% of the sample do have a working TV. It was found out that 90.5% of consumers have access to a public TV channel of their choice.

**Radio services:** 89.2% of the respondents (89.2%) indicated that they do have a working radio service.

A higher percentage of rural respondents (19.5%) do not have a working radio, as compared to other areas. All of the rural respondents who did not use the radio said it was because they could not hear the stations/radio clearly.

**Postal services:** 60.3% of the respondents indicated that they did have a post office where they live. 80% of urban respondents have a post office in their areas. On the other hand, less than half the sample (43.8%) of rural respondents has a post office near them. For affordability of the service, only 6.8% of respondents indicated that the SAPO services are not reasonably priced. Similarly, most of the sample could afford the services.

In addition, Desktop Research was conducted internally during the reporting period on the following areas:

- The Consumers' understanding of the Terms and Conditions for prepaid starter packs;
- Consumer experience on faulty handsets which are technically identified as liquid damaged;
- Consumer guidelines for People with Disabilities;
- Billing complaints;
- Type Approval of electronic communications and radio equipment; and
- Post-paid Contract Terms and Conditions.

### **Monitoring Compliance with Consumer Protection Regulations**

The Authority monitored licensee compliance with consumer protection regulations. Compliance was tested against the following regulations:

#### *Code on People with Disabilities Regulations*

The Code requires licensees to provide access to Community Service Telephones (CSTs) to disabled persons with regard to people using wheelchairs and those with a hearing disability. Out of the three mobile licensees, only one has compliant CST facilities.

Out of the 404 CSTs monitored, only the Namakgale CST in Limpopo was found to be compliant with regard to the provision of phones with amplification capabilities.

#### *Compliance with Customer Care Standards and Complaints Handling Procedures for SAPO*

Many of SAPOs postal outlets were found to be non-compliant with regards to access for Persons with Disabilities in the form of ramps and lowered counters.

### *Code of Conduct for Licensees*

Many communication service licensees were found to be compliant with the Code in terms of publishing information about applicable tariffs, fees and terms and conditions.

Monitoring visits were conducted in the following district municipalities to measure compliance with regulations:

- North West: Dr Kenneth Kaunda District Municipality; Ngaka Modiri Molema District Municipality
- Limpopo: Vhembe District Municipality; Mopani District Municipality
- Mpumalanga: Nkangala District Municipality; Gert Sibande District Municipality; Ehlanzeni
- Kwa-Zulu Natal: Umlazi Local Municipality; uMgungundlovu District Municipality
- Western Cape: West Coast District Municipality; Cape Winelands District Municipality; Overberg District Municipality; Eden Central Karoo District Municipality
- Free State: Thabo Mofutsanyane District Municipality; Lejweleputswa District Municipality
- Gauteng: City of Johannesburg; Sedibeng
- Eastern Cape: Buffalo City District Municipality; Chris Hani District Municipality; OR Tambo District Municipality; Amatole District Municipality
- Northern Cape: Siyanda District Municipality.

### 7.1.4.3 Public Education and Awareness

The Authority conducted the following campaigns to raise public education and awareness with regard to communication services:

#### **National Summit for Persons with Disabilities**

The Authority hosted the National Summit for People with Disabilities on 15 and 16 March 2011 at Birchwood Conference Centre in Boksburg. The objective of the Summit was to identify challenges experienced by persons with disabilities, and to come up with solutions to address those challenges.

The theme of the Summit was Universal Service and Access to Communications Service for Persons with Disabilities. The summit resolved that:

- ICASA and licensees should work together with organisations of Persons with Disabilities in relation to meeting their disability equity targets;
- ICASA should ensure that community radio stations are accessible to Persons with Disabilities;
- ICASA should consider drawing the assistance of the Courts and the Ombudsman to effect redress;
- ICASA should establish a forum to consult with Persons with Disabilities on regular basis; and
- ICASA together with licensees in partnership with the organisations for Persons with Disabilities should raise awareness on disability issues.

#### **International Consumer Rights Day**

The Authority conducted public awareness campaigns throughout the country on consumer rights with special emphasis on communication services. The campaigns were conducted in the following district municipalities:

- Mpumalanga: Pixley ka Seme Local Municipality
- North West: Rustenburg Local Municipality
- Kwa-Zulu Natal: Umzinyathi District Municipality
- Eastern Cape: Buffalo City Municipality at Reeston settlement
- Western Cape: City of Cape Town at Mfuleni settlement and Witzenberg Local Municipality at Ceres
- Free State: Setsoto Local Municipality at Senekal
- Limpopo: Lepelle-Nkumpi Local Municipality at Mafefe village
- Gauteng: City of Tshwane in Hammanskraal.

#### **World Telecommunications and Information Society Day**

The objective of the campaign was to raise awareness to the general public about the benefits of information and communication technologies (ICT) and the socio and economic benefits that accrue from the ICTs. During the campaign, communities were encouraged to take advantage of the ICTs and its role in the economy

#### **World Post Day**

Communities were informed about the services provided by the postal sector and information leaflets were distributed as part of the World Post Day campaign.



### **International Day of People with Disabilities**

The campaign was dedicated to raise awareness on understanding disability issues, the mainstreaming of disability in the national agenda and the promotion of access to communication services by Persons with Disabilities.

### **Consumer Representative Forums**

The Authority has established Consumer Representative Forums (CRFs) in the country to reach out to communities who are unable to access ICASA due to lack of communications infrastructure, distance, and socio economic background. These organised structures also serve as a link between with communities with regard to complaints referrals to the Authority. The Authority held meetings with the CRFs in the following areas to take stock of consumer issues amongst the communities:

- Kwa-Zulu Natal: Umzinyathi District Municipality, Msinga Local Municipality at Dundee, Umgungundlovu District Municipality at Pietermaritzburg and Umgeni Local Municipality, Ugu District Municipality, Park Ryney & Port Shepston, Ethekwini Metropolitan Municipality and Amajuba District Municipality at Newcastle.
- Western Cape: City of Cape Town at Mfuleni settlement
- Free State: Fezile Dabi District Municipality at Sasolburg.
- Eastern Cape: Amathole District Municipality consisting of Great Kei Local Municipality, Mbashe Local Municipality and Buffalo City Metropolitan Municipality.
- Northern Cape: Khai – Ma Local Municipality in Upington.

- North West: Matlosana Local Municipality at Klerksdorp and Maquassi Hills Local Municipality at Wolmarans.
- Mpumalanga: Gert Sibande District Municipality, Albert Luthuli Local Municipality, Dipaleseng Local Municipality, Mkhondo Local Municipality, Msukaligwa Local Municipality, Govan Mbeki Local Municipality, Pixley ka Seme Local Municipality, Lekwa Local Municipality, Ehlanzeni District Municipality, Nkomazi Local Municipality, Mbombela Local Municipality, Umjindi Local Municipality, Bushbuckridge Local Municipality and Thaba Chweu Local Municipality.
- Limpopo: Mopani District Municipality, Capricorn District Municipality and Waterberg District Municipality.

### **Promotional Material**

The Authority printed and distributed consumer awareness leaflets and brochures on:

- Contract terms and conditions for mobile services;
- Opportunities for youth in the ICT sector;
- International Consumer Rights Day;
- Regulations on Persons with Disabilities; and
- Geographic Number Portability

In addition, the Authority placed advertorials in leading media such as the Eyethu, Consumer Fair, Sowetan, Daily Sun and the SABC radio stations.

## 7.2 SUPPORT FUNCTIONS

### 7.2.1 REGIONAL OFFICES

#### Overview

Regional offices are responsible for eliminating harmful interference to authorised or licensed users of the radio frequency spectrum, and inspecting possession of radio apparatus. Regional offices also inspect post offices, conduct consumer education initiatives and provide limited services to the public.

For the period under review, the regional offices were involved in the National Joint Operational Centre, FIFA 2010 World Cup and cross-border coordination between South Africa and Lesotho.

In addition, Regional Offices were involved in investigations of illegal radio frequency spectrum usage and possession of illegal radio apparatus in all nine provinces of the country and processed pre-assigned spectrum licences and competency certificates.

#### 7.2.1.1 National Joint Operational Centre

The National Joint Operations Centre (NATJOC) was established as a forum of senior representatives from relevant government entities tasked to manage the successful hosting of planned or unexpected national events. The successful hosting of national events requires the coordination and cooperation of various agencies in the health, emergency and safety sectors. The role of ICASA in this regard was to assist state agencies hosting such events with backup support regarding the use of the radio frequency spectrum.

ICASA has been included in the NATJOC structure as a co-opted member of this forum to provide such support as required from time to time.

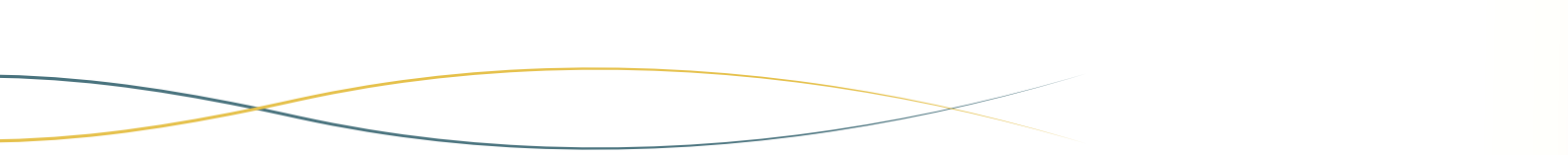
#### 7.2.1.2 FIFA 2010 World Cup

The successful hosting of the FIFA 2010 World Cup was one national event that saw the support of ICASA in the management of the frequency radio spectrum. A total of 3,133 frequencies were monitored for the FIFA 2010 World Cup.

The Table below illustrates the frequencies monitored.

**Table 10: Frequencies Monitored**

Frequency band monitored	Total	%	%	%
	Number of frequencies	Unoccupied frequencies	Occupied frequencies	Interference
HBS frequencies	509	74.1	25.9	0%
UHF frequencies	2166	87.8	11.2	1.0
Metro frequencies	272	94.5	5.5	0.0
Video frequencies	186	74.7	25.3	0.0



ICASA inspectors monitored and inspected communications equipment used in all the venues and stadia for the FIFA 2010 World Cup, to ensure that it was licensed and type approved and that radio frequency spectrum was free of harmful interference.

The Authority's role in the FIFA 2010 World Cup is summarised as follows:

- 59 cases of the harmful radio frequency spectrum interference reported and resolved with a 100% success rate;
- 227 International broadcasters were checked for compliance;
- 3 type approval applications were processed;
- 8 licensing applications were processed;
- 8 cases of incorrect frequency utilisation;
- 14 cases of radio apparatus seized; and
- 6 written warnings issued.

### 7.2.1.3 Cross-border coordination between South Africa and Lesotho

Regional offices played a leading role in the cross-border coordination forum between South Africa and Lesotho. In 2009 a Memorandum of Understanding (MoU) was concluded between ICASA and the Lesotho Telecommunications Authority (LTA) where the parties undertook to resolve the spillover of

Global Systems Mobile (GSM) frequencies on the basis of equal and mutual benefit in accordance with respective national legislation and the ITU.

Through regional office's participation in the Technical Sub-Committee, GSM activities with an estimated value of R8,4 million were undertaken by committee members to reduce GSM signal spillage. Membership of the committee responsible for reducing signal spillover includes the following operators:

- MTN
- Vodacom SA
- Vodacom Lesotho
- Cell C
- Econet Ezicell Lesotho.

In terms of the MoU, the work in progress includes the following:

- Implementing signal spillover solutions in areas beyond Maputsoe/Ficksburg bordering North and South regions are still to be discussed and audited;
- Spillage signal monitoring on an ongoing basis;
- Physical auditing of various signal spillover solutions that have been implemented; and
- GSM signals is not exclusively responsible for signal spillage, other wireless technologies need to be held accountable as well.

## 7.2.2 LEGAL AND COMPLAINTS AND COMPLIANCE COMMITTEE

Legal and the Complaints and Compliance Committee (CCC) provide support to the Authority in relation to the following performance areas:

- Safeguard ICASA's interest in litigation matters;
- Review, draft, vet and advise on ICASA regulations, and documents impacting on ICASA's regulatory projects;
- Provide legal advice and support to Council, Committees and various departments within ICASA;
- Provide legal support on regulatory and legislative drafting projects;
- Provide general legal support to ICASA; and
- Coordinate the activities of the Complaints and Compliance Committee.

### 7.2.2.1 Litigation Matters

The following litigation matters were pending as at March 2011:

#### **Deukom V ICASA**

Applicant instituted review proceedings against ICASA's decision to refuse it a subscription broadcasting licence. The matter has been pending due to the fact that Deukom have not filed their Affidavit despite ICASA Attorneys having engaged them on numerous occasions.

Progress to date: Set down for week of 4 October 2011, South Gauteng High Court.

#### **Islamic Unity Convention v ICASA**

Islamic Unity Convention (IUC) is applying at court for an order setting aside a decision by the Broadcasting Monitoring and Complaints Committee (BMCC) and subsequently ICASA and to interdict ICASA and CCC from investigating and adjudicating Jewish Board of Deputies (SAJBOD's) complaint against them.

- June 1998 – Jewish Board of Deputies (SAJBOD) lodged a complaint against IUC broadcasting as Radio 786, several applications followed which ended up ultimately at the Constitutional Court, who held that the BMCC must adjudicate the matter;
- 13 – 17 March 2006 – scheduled hearings by BMCC;
- 6 March 2006 – urgent application by IUC heard by the Witwatersrand Local Division of the High Court for an interdict to have the hearings scheduled for 13 – 17 March postponed (this application was dismissed with costs on 9 March 2006); Subsequently IUC filed an application for leave to appeal to the Constitutional Court;
- The BMCC hearing proceeded as scheduled and IUC walked out of the hearing. The BMCC then on 12 May 2006 made known their decision that they found IUC guilty of the allegations against them by SAJBOD;
- IUC launched an application against the decision of the BMCC in the Cape of Good Hope Division of the High Court on 14 January 2007; and
- This matter was set down for trial on 9 and 10 May 2011.

Progress to date: Set down for hearing on 9 and 10 May 2011 in Cape Town High Court.

#### **NAFCOC v ICASA**

NAFCOC instituted review proceedings against ICASA following the promulgation of the DTT Regulations. The matter has been pending for some time because NAFCOC has not filed their Supplementary Affidavit as required by the Court rules.

Progress to date: The parties are engaging in settlement negotiations regarding the way forward in this matter.

#### **Telkom v ICASA**

This is a review application in terms whereof Telkom seeks to review and set aside the publication of the licence fees regulations

in Government Gazette 32084 of 1 April 2009. Telkom have not filed their Replying Affidavit despite ICASA Attorneys having engaged them on numerous occasions.

Progress to date: The parties are engaging in settlement negotiations.

### **Finalised and closed litigation matters**

#### **Radio Pulpit v ICASA**

ICASA was served with a Review Application by Radio Pulpit for refusing to authorise them to broadcast on the 729 kHz medium frequency in the Western Cape.

Progress to date: The matter was heard on the 7-8 March 2011 in the South Gauteng High Court and finalised. The court decided to review and set aside the decision of the Authority not to grant Radio Pulpit the licence and referred the matter back to the Authority to re-hear the application once the Section 34 procedure to re-categorise the Medium Wave Frequencies is done. As to costs, ICASA is ordered to pay the costs of the application, save that Radio Pulpit is ordered to pay the costs of the application (including Part A of the relief claimed) from the time when ICASA's Affidavit was delivered and such costs to include the costs of two counsels.

#### **Caxton & CTP Publishers & Printers (PTY) LTD v ICASA and Others**

Caxton instituted review proceedings against the Authority's decision to grant a subscription broadcasting licence to MultiChoice Africa (PTY) Ltd. The Authority opposed the matter and the review application was dismissed in court. Caxton was refused leave to appeal by the Supreme Court of Appeal. Legal costs to be taxed and the matter was set down for adjudication before the CCC and finalised.

#### **Vodacom (PTY) LTD v ICASA and Others**

Vodacom instituted review proceedings to have Regulations promulgated by the Authority, which declared it a major operator, set aside. The Authority opposed the application. The parties are exploring the possibility of an out of court settlement as well as the legal costs incurred in opposing the matter. Matter was settled.

#### **Vodacom (Pty) LTD v ICASA and Others (Handset Subsidies Regulations)**

Vodacom launched review proceedings against the handset subsidies regulations promulgated by ICASA. The parties are exploring out of court settlement as the application has been overtaken by events. The regulations were republished for further comment by interested persons. Vodacom withdrew the matter with each party paying its costs. The matter was settled.

#### **Black Earth Communications (Pty) LTD v ICASA (Review Application)**

Black Earth Communications (BEC) instituted review proceedings against ICASA's decision to refuse to grant it a satellite broadcasting licence on the grounds that BEC failed to comply with the provisions of section 51(a),(b),(d),(e) of the ECA and with the local content regulation. In its court papers, BEC submits that it was not afforded a fair opportunity to address the issues required under section 51 and the content regulation. The matter was set down for hearing on 17-20 May 2010 and postponed by the court to the 20-23 September 2010 in South Gauteng High court due to its complexity and volume of documents. Matter heard and finalised.

#### **WAPA v ICASA**

The applicants launched an application for a declaratory order, in which they sought an order in the following terms:

- That holders of a Value Added Network Service (VANS)

licence issued in terms of Telecommunications Act have the right to self-provide their own telecommunications facilities; and

- That ICASA is obliged to consider the rights of Amobia and members of WAPA who are holders of VANS' licences in its interaction with them including the conversion of such licences in terms of the ECA.

In light of the finalisation of the ALTECH matter, the parties settled the matter out of court and WAPA withdrew its application. Matter settled.

#### **TETRA Mobile v ICASA**

TETRA Mobile instituted urgent court proceedings in which it sought to review and set aside search and seizure warrants in which some of its equipment was seized as it operated without a valid licence issued by the Authority. The Authority opposed the matter. The matter was settled out of court and finalised.

#### **X-Link, Connectnet and Datalinx v ICASA**

The above mentioned entities launched an application for a declaratory order application to the effect that they were not required under the Telecommunications Act to be holders of a value added network service licence and that only in terms of the ECA were they required to hold a class electronic communication service licence. The parties have reached an out of court settlement and the application was withdrawn. Matter settled.

#### **Directory Solution CC v ICASA & Telkom Directory Solutions**

Directory Solution launched an application to compel ICASA to investigate a complaint it lodged against Telkom Directory Services. Directory Solution has since approached the Competition Commission (CC) for relief and adjudication of its complaint. According to a newspaper report on 9 April 2010, the Competition Tribunal decided in Directory Solution's favour. Directory Solution has withdrawn its Review Application against ICASA and the matter was settled.

#### **Neotel v ICASA**

Neotel has lodged an application to review the Licence Fees regulations in terms of which it is liable to pay licence fees amounting to R100 million. The Authority defended the matter and it was settled.

#### **Len Marshall v ICASA**

Mr Len Marshall instituted legal action against ICASA for the purported recovery of an amount of R95 982, 00 in respect of an alleged over-payment on licence fees. The matter was set down for trial on 5 December 2005 whereat Mr. Marshall requested a postponement of the case and tendered the Authority's wasted legal costs. The matter was settled.

#### **Trinity Broadcasting, Ciskei v ICASA**

Trinity Broadcasting, Ciskei instituted an action to compel ICASA to adjudicate its renewal application for a community television licence. The parties reached an out of court settlement.

#### **Radio Algoa v ICASA**

This is a review application against the Authority's decision to extend Algoa FM's broadcasting footprint to the Southern Cape and some part of the Western Cape.

ICASA opposed the matter and had already filed its record. The parties agreed to resolve the matter out of court and settlement was reached. The matter was finalised and closed.

#### **Freedom of Expression Institute (FXI) v ICASA & Others (referred to CCC for adjudication)**

Review Application received from FXI, seeking to review the CCC's decision which was granted in favour of the SABC during the CCC hearings. ICASA defended the matter which was heard on 24 November 2010 and judgment was handed down on 24 January 2010. The court has referred the matter back to ICASA for CCC to re-adjudicate.

Progress to date: CCC should first appoint an acting Chairperson and thereafter dates can be scheduled to hear the matter.

### 7.2.2.2 Pending Litigation – Non-Regulatory Matters

#### **Nothnagel v RAF & ICASA (3rd party claim referred to ICASA Insurers)**

The spouse of a late ICASA employee who died in a motor vehicle accident on duty joined ICASA by way of a third party notice in an action for damages for loss of support. The matter has been referred to ICASA's insurers who are opposing the action through their attorneys. The matter was set down for hearing on 11, 12 & 14 October in the High Court in Bloemfontein.

#### **ICASA v Alpha Power (PTY) LTD (Breach of contract)**

ICASA has instituted legal proceedings against Alpha Power arising out of a contractual dispute following the awarding of a tender to supply, install and maintain a generator at ICASA's

Head Office. Alpha Power has up to date made only payment of R10 000.00, and no further payment was made. They have also not signed the AOD (Acknowledgement of Debt) despite numerous requests from ICASA Attorneys. A meeting was held with a Counsel on 31 March 2011 in order for ICASA to prepare to obtain summary judgment against Alpha Power.

#### **ICASA v Ex Employee (Debt collection)**

An ex-employee did not return his laptop valued at R10 264-85 when leaving ICASA's employment. An Acknowledgement of Debt for payment over 12 months was signed.

### 7.2.2.3 Complaints and Compliance Committee Report

The Complaints and Compliance Committee is an independent committee of the Authority that is mandated to investigate and adjudicate complaints by stakeholders against licensees.

**Table 11: Finalised CCC matters**

Parties in Dispute	Nature of Dispute	Decision
1. ICASA v Super 5 Media	The CCC had to decide whether Super 5 Media had contravened the limitations on foreign control of commercial broadcasting services.	Matter heard on 17 June 2010 and Super 5 Media ruled not to have contravened s64 of the ECA (limitations on foreign control of a broadcasting entity).
2. Electronic Communications Network (ECN) v MTN	ECN complained that MTN is discriminating amongst comparable types of interconnection in that it terminates mobile traffic on its own network at R0.89 and terminates ECN at R1.25 even though it is providing the same service to mobile network operators and ECN.	The CCC conducted a pre-trial conference on 8 June 2010 between ECN and MTN and subsequently the parties agreed to a settlement and ECN withdrew its complaint.

Parties in Dispute	Nature of Dispute	Decision
3. ICASA v Unitra Community Radio	Licensing and Compliance Division filed charges against Unitra Community Radio that the licensee does not have a controlling entity (Board of Directors) failed to hold an AGM; No community participation; failed to submit audited financial statements.	The CCC heard the matter in uMthatha on 21 June 2010 and ruled that the licensee must hold an AGM to nominate new Board Members. The station complied with the order of the CCC and matter was closed.
4. ICASA v Radio Highway	Licensing and Compliance Division filed a complaint with the CCC that Radio Highway has failed to submit audited financial statements.	Radio Highway submitted the audited financial statements prior to the CCC holding a hearing and the matter was closed.
5. Caxton v M-net/ MultiChoice	Caxton lodged a complaint against MultiChoice for alleged contravention of various provisions of the ECA relating to control of a commercial broadcasting entity. The matter was subject to various litigations.	On 24 and 25 August 2010 the CCC heard arguments between Caxton and MultiChoice and dismissed the complaint and the matter was closed.
6. Girish K. Sharma v MTN	Mr Sharma lodged a complaint against MTN relating to a cellphone contract dispute.	The CCC heard the matter on 20 May; 02 June and 21; 22 and 23 July 2010. The complainant settled the matter with MTN and withdrew the complaint.
7. Thinta Thinta Telecoms (Pty) Ltd v Telkom SA	Thinta Thinta Telecoms (PTY) Ltd lodged a complaint against Telkom relating to alleged violations of an interconnection agreement between the parties.	The CCC deliberated on the matter and concluded that Telkom breached provisions 4.6 and 4.13 of Interconnection Agreement between the parties. The CCC decided not to impose any fine against Telkom since the breach did not continue after Thinta Thinta alerted Telkom to the breach. The parties accepted CCC's ruling and the matter was closed.
8. ICASA v Cybersmart	ICASA allocated one thousand numbers to Cybersmart in the 087 625 sub-range in June 2007. The Licensee decided to self-allocate itself another nine thousand numbers between 2007 to date without approval from ICASA.	The licensees responded that the self-allocation of numbers was made in error. The CCC heard the matter on 8 September 2010 and ordered Cybersmart not to lodge any application for new numbers before April 2011. Further, it was given a suspended sanction that in the event that it is found guilty of the same offence within 5 years from the date of the order of the CCC, its licence was to be suspended for a period of 30 days.



Parties in Dispute	Nature of Dispute	Decision
9. Telkom v Cell C	On 06 August 2010 Telkom filed a dispute against Cell C for failure to conclude an Interconnection agreement.	The CCC heard the matter on 20 October 2010 and ruled that the call termination rates, which shall be included in the agreement, are those contained in the interim agreement concluded on 2 September 2010 between the parties, save to the extent that that rate has been changed by the Call Termination Regulations which were published on 29 October 2010.
10. Telkom v Vodacom	On 06 August 2010 Telkom filed a dispute against Vodacom for failure to conclude an Interconnection agreement.	The matter was heard on 22 October 2010 and 18 and 20 November 2010 and the CCC that Telkom and Vodacom be ordered to charge a wholesale termination rate of 89c (peak) and 76c (off-peak) per minute and TM 6c per minute for CST calls which terminate on its system from Vodacom. The Committee further ruled that Clauses 1 and 2 of the interconnection agreement cease to operate on 29 October 2010 when the Termination Rate Regulations of 2010 became operational; such Regulations governing the matter as from that date.
11. Telkom v MTN	On 06 August 2010 Telkom filed a dispute against MTN for failure to conclude an Interconnection agreement.	The CCC heard the matter on 30 September and 2 October 2010 and ruled that Telkom and MTN negotiate to reach agreement on a clause on the quality of interconnection bypass and a clause agreeable to both parties may be included in the agreement. If the negotiations do not produce a clause acceptable to both parties within seven days of the communication of the ruling to the parties, the need for such a clause will fall away and the draft agreement referred to will be binding on both parties.

**Table 12: Pending CCC matters**

Parties in Dispute	Nature of Dispute	Action
1. Phuthuma Networks v Telkom	Phuthuma Networks (Pty) Ltd filed a complaint and alleged that Network Telex is not in possession of either an ECS or an ECNS licence to provide the Maritime services, telegram services, supply of Customer Premises Equipment on behalf of Telkom SA.	The matter will be heard on 28 and 29 March 2011
2. Platitel v Dira Ka Thata	On 25 August 2010 Platitel (Pty) Limited lodged a complaint to the effect that Dira Ka Thata Computers (Pty) Limited (DKT)'s traffic terminated on DKT from Platitel was artificially generated traffic.	The matter was heard by CCC on 7 December 2010. The CCC ordered that ICASA appoints inspectors to carry out an investigation whether indeed the traffic from DKT was artificially generated. Postponed indefinitely.
3. Mogafe v Vodacom	The matter was brought before the CCC for failure on the part of the licensee to submit audited financial statements as requested by ICASA.	The matter was heard on 6 December 2010 and was further heard on 10-16 March 2011. Postponed to 6-10 June 2011
4. ICASA v YODATA (PTY) LTD	Unlabelled electronic communications equipment was provided by Yodata Electronics (Pty) Ltd to Massmart from where it was seized by ICASA inspectors in December 2008.	The matter will be heard on 15-16 April 2011.
5. FXI v SABC	On 24 January 2011 the South Gauteng High Court ruled that the CCC reconsider the complaint lodged by FXI against the SABC for allegedly blacklisting of certain journalists.	Awaiting allocation of a date
6. ICASA v Vertel Investments (Pty) Ltd	Various allegations against Vertel Investments for contravening sections 31;32;35 of the ECA.	Awaiting allocation of a date
7. ICASA v Brians Electrical Contractors	Various allegations against Brians Electrical for contravening sections 31;32;35 of the ECA	Awaiting allocation of a date
8. ICASA v Radio Trunk	Various allegations against Radio Trunk for contravening sections 31;32;35 of the ECA	Awaiting allocation of a date
9. ICASA v ADT	Various allegations against ADT for contravening sections 31;32;35 of the ECA	Awaiting allocation of a date
10. ICASA v Imbokodo Community Radio	The ICASA Council sanctioned Imbokodo in January 2010 to pay R42 000 by July 2010. The licensee has failed to comply with the sanction and new charges have been levelled for failure to pay the fine.	Awaiting allocation of a date

Parties in Dispute	Nature of Dispute	Action
11. ICASA v Electro Instruments Mining	Various allegations against Electro Instruments Mining (PTY) Ltd for contravening Section 7 of the ECA and other applicable regulations.	Awaiting allocation of a date
12. ICASA v Nkqubela Community Radio	The ICASA Council sanctioned Nkqubela Community Radio in January 2010 to pay R12 000 by July 2010. Compliance Unit has filed a charge sheet with CCC to adjudicate the matter on the basis that to date the licensee has failed to pay the fine as sanctioned by the Authority.	Awaiting allocation of a date
13. ICASA v Mosupatsela Community Radio	The Licensing and Compliance Division of ICASA has filed charges against Mosupatsela Community Radio for failure to hold an AGM as stipulated in the licensee's terms and conditions.	Awaiting allocation of a date

## 7.2.3 HUMAN RESOURCES

Human Resources is responsible for the development of people management practices to enable the Authority to realise its objectives and mandate. To achieve this, HR facilitates processes that serve as a solid foundation for competency-based practices and talent management philosophy.

The key HR performance areas are as follows:

- Organisational re-engineering and alignment of organisational structure to organisational objectives and mandate;
- Talent attraction, acquisition and retention;
- Performance management and career advancement strategies;
- Development of appropriate human resources policies, practices and procedures; and
- Development of employee wellness within a conducive working environment.

### 7.2.3.1 Organisational Structural Review and Alignment

The Organisational Structural Review and Alignment project was launched in October 2009 to review the current establishment and work methods, and their suitability for efficiency and effectiveness in meeting the Authority's objective and mandate.

The organisational review exercise was also informed by international bench-marking with similar organisations responsible for the regulation of communications and postal services. The recommendations of the review have been tabled before Council and Executive Management.

At the end of the financial year the following milestones have been achieved:

- A revised organisational structure and integrated work processes have been proposed to ICASA;
- A Steering Committee has been activated to guide the

implementation of the recommendations; and

- A review of the recommended organisational structure has commenced.

The recommended organisational re-alignment will enhance the overall performance of the organisation. This includes improved effectiveness of regulatory processes, reduction of wastage of resources, elimination of duplication of work and increase levels of responsiveness to the beneficiaries and accountability to stakeholders.

### 7.2.3.2 Talent Attraction and Retention Strategy

In order to attract and retain expertise, the organisation has intensified talent capital management processes in all areas of practice. The key objective is to position the organisation as a preferred employer in terms of people management practices and levels of professionalism.

#### Talent Acquisition Management

- There were 47 vacancies at the beginning of the financial year and 36 (76.6%) of those were filled;
- Human Resources practitioner' training competency based interviewing techniques has been completed and application has become widespread;
- Psychometric and technical skill assessments methods have been introduced at executive and operational levels respectively to confirm candidate suitability; and
- The automation of recruitment and selection management system is still under development but the response handling process is more efficient, easy to track, transparent and credible.

#### Talent Development

An integrated human resources development strategy was developed to introduce on the job training methodologies to augment formal training. The strategy comprises interventions varying from coaching to international exchange programmes and secondments. The following deliverables were achieved:

- 354 participants attended 132 learning programmes. The number includes the enrolment of Executive Management in the Executive Development Programme offered by the Gordon Institute for Business Sciences; and
- Human Resources' Techno-Girl job-shadowing programme placed five high school girls in various organisational divisions to expose them to career opportunities in the communications and postal sector.

### 7.2.3.3 Integrated Performance Management System

A revised integrated Performance Management System policy was introduced as a corner stone for talent development, career advancement, succession planning, performance-based remuneration and incentives, effective management and the inculcation of an organisational culture.

Eighty-two percent of the employee headcount have entered into performance agreements for the financial year, and 73% had gone through half yearly reviews.

### 7.2.3.4 Transformation of Remuneration Practices

Human Resources achieved the following deliverables with regard to the transformation of Remuneration Practices:

- The automation of payroll, leave, and tax return/rebate forms (IRP5), pay-slips, per diem and overtime claims. This resulted in reduced audit queries and improved accuracy of management information and reports;
- The design of salary scales and the conversion to total Cost to Employer remuneration system was concluded and work-shopped with all leadership levels and the

Remuneration Committee in October 2010. Agreement with organised labour was reached in November 2010 to implement proposed salary scale at the management level first and, later, at the bargaining level in the next financial year; and

- The recommendation to reduce the number of medical aid schemes from five to two was approved following an internal consultation process. Three medical aid schemes had been ring-fenced to allow for a gradual phasing out process once its members terminate membership through resignations or natural attrition.

### 7.2.3.5 Employee Relations

With respect to employee relations HR implemented the following in the financial year:

- Annual Substantive Negotiations: The 2010/11 annual substantive negotiations were settled at eight percent salary increase across the board in November 2010;
- The utilisation rate of the Employee Assistance Programme has increased from 48% to 52%. There is a marked increase in the number of management staff who are accessing the service;
- The organisation's three year employment Equity Plan was submitted to, and approved by the Department of Labour; and
- The organisation has experienced a decline in the turnover rate over the past three years from 11% down to eight percent, and to six percent at the end of the reporting period.

The demographics of the Authority are reflected in the tables below:

**Table 13: Demographics Per Level**

	31 March 2011						Total
	Gender		Race				
	Female	Male	African	Coloured	Indian	White	
Council (F)	3	6	7	-	-	2	9
Executive Management (E)	3	8	9	1	-	1	11
Senior Managers (D4)	8	10	14	2	2	-	18
Managers (D1)	11	25	30	2	1	3	36
Staff	158	139	219	19	12	47	297
<b>Total Employees</b>	<b>183</b>	<b>188</b>	<b>279</b>	<b>24</b>	<b>15</b>	<b>53</b>	<b>371</b>
% Per Gender & Race	49.33%	50.67%	75.20%	6.47%	4.04%	14.29%	

**Table 14: Demographics Per Division**

	31 March 2011						Total
	Gender		Race				
	Female	Male	African	Coloured	Indian	White	
Administration	18	12	28	2	-	-	30
Consumer Affairs	11	5	16	-	-	-	16
Council & Support	16	6	16	3	1	2	22
CEO's Office	3	1	3	-	1	-	4
Communications & International Relations	4	4	8	-	-	0	8
Compliance, Risk & Audit	10	4	11	3	-	-	14
Engineering & Technology	19	41	37	1	4	18	60
Finance	25	16	34	1	1	5	41
Human Resources	7	3	7	1	1	1	10
Information Technology	4	9	5	1	3	4	13
Legal & CCC	6	4	9	-	-	1	10
Licensing & Compliance	18	19	34	2	-	1	37
Markets & Competition	19	11	28	-	-	2	30
Regions	23	53	43	10	4	19	76
<b>Total Employees</b>	<b>183</b>	<b>188</b>	<b>279</b>	<b>24</b>	<b>15</b>	<b>53</b>	<b>371</b>
% Per Gender	49.33%	50.67%					
% Per Race			75.2%	6.47%	4.04%	14.29%	

## 7.2.4 COMMUNICATIONS AND INTERNATIONAL RELATIONS

Communications and International Relations is responsible for corporate communications and international relations activities of the Authority.

### 7.2.4.1 Communications

The corporate communications activities of the Authority consist of external and internal communications aspects. During the reporting period, Corporate Communications was involved in the following activities:

#### Media Liaison

Media Liaison activities entailed the following:

- Media statements and enquiries;
- Interviews with project leaders; and
- Arranged Press Briefings/Conferences.

#### Stakeholder Liaison

Stakeholder Liaison activities entailed the following:

- Responding to enquiries;
- Publishing regulatory and corporate documents on website;
- Updating stakeholder database; and
- Hosting stakeholder meetings.

#### Marketing and Branding

Corporate Communications took part in industry exhibitions and road-shows that sought to position and raise the public profile of the Authority as well as publicise its mandate to the general public.

Key marketing and branding activities included the following:

- Industry expos and exhibitions;
- 2010 FIFA World Cup;
- Issuance and placement of media notices in leading daily and weekly publications; and
- Production and distribution of corporate video.

#### Internal Communications and Events

Internal Communications entails the distribution of organisational information to internal stakeholders. Some of the media used for this purpose include:

- Daily electronic newsletter;
- Print Quarterly Newsletter;
- Intranet site;
- Internal stakeholders' meetings at head and regional offices; and
- Internal events such as the Year-End function, Walk the Talk, and Wellness Day.

### 7.2.4.2 International Relations

International Relations coordinates the sub-continental, continental and international relations of the Authority at both bilateral and multi-lateral levels.

International Relations ensures the Authority's representation at relevant international meetings for purposes of regulatory harmonisation.

The key organisations in which the Authority was represented include:

- International Telecommunications Union;
- Universal Postal Union;
- Commonwealth Telecommunications Union;
- Pan African Postal Union;
- Communications Regulatory Association of Southern Africa; and
- Southern African Postal Regulatory Association.

The Authority hosted the annual general meetings and a joint general meeting of the Communications Regulatory Association of Southern Africa (CRASA) and the Southern African Postal Regulatory Association.

The merger of the two organisations created a single regulatory association for communication and postal services for the SADC Region. ICASA was nominated to chair the executive committee of the new association, CRASA.

ICASA has been at the forefront of communications and postal regulation in the SADC Region. Some of the milestones include:

- Harmonisation of radio frequency bands, the SADC Frequency Band Plan; and
- Chairing the SADC Home and Away Roaming Committee to facilitate the development of common and affordable mobile telephony roaming tariffs for the SADC.

The Authority hosted a number of delegations from across the continent on study visits to benchmark regulatory developments. ICASA also sent a team to Tanzania to benchmark regulation in the postal sector.

Communications and International Relations has commissioned the development of a corporate communications and international relations strategy for the Authority.





## 7.2.5 ADMINISTRATION

Administration provides strategic support to all divisions in order to meet the Authority's legislative mandate and the requirements of corporate governance. Activities of the division are guided by prescribed provisions of various legislations or delegation of authority that may reside elsewhere within the Authority's policies. The following are some of the highlights during the period under review:

### 7.2.5.1 Facilities and Property Management

In an effort to ensure that the Authority's accommodation suits the safety, health, environmental friendliness, quality and risk requirements (SHAQR) the authority relocated the Cape Town, Durban and Port Elizabeth Regional offices. The major beneficiaries are consumers and stakeholders in terms of easy accessibility to the Authority and the services it provides.

### 7.2.5.2 The Library and Information Centre

The ICASA library continues to provide information services related to the communications sector to a diverse clientele, including the Authority's staff, research students, external stakeholders, and the general public. Also of importance is subscription to various databases and publications that assist the Authority in accessing relevant regulatory information about the communications and postal sectors.

### 7.2.5.3 Records and Document Management

The Authority strives to ensure effective documents and records management by enforcing compliance with the National Archives and Records Services of South Africa. Workshops were held with all divisions on the review and amendment of the file plan. These workshops provided an opportunity to further understand the business processes' needs of the organisation. These workshops sought to ensure that all ICASA business processes are included in the approved file plan.

A central registry for receipt/distribution of incoming/outgoing mail and other hand delivered items has been developed to ensure an improved system of document tracking and retrieval.

In order to improve and learn from peers on best practice on information management, the unit undertook a benchmark visit to the Library of Parliament and the Rand Water library.

### 7.2.5.4 Fleet Management

The division continued to ensure provision and management of reliable fleet to fulfil the mandate of the Authority. A wider spectrum of monitoring tasks can only be executed with vehicles fitted with special equipment and operator competencies that are unique to the Authority. Administration ensured that necessary controls are in place to comply with legislation.

## 7.2.6 INFORMATION TECHNOLOGY AND SERVICES

Information Technology and Services provides applications, hardware and software support to all of the Authority's divisions and regional offices to enable them to execute their day-to-day duties. During the reporting period the following has been achieved;

- The Authority has developed a three year Information Technology Master Systems Plan (MSP). This plan incorporates the requirements from all divisions within ICASA and provides the framework of IT initiatives over the next three years. This plan will be reviewed and updated annually;
- A Business Continuity Plan (BCP) and a Disaster Recovery Plan (DRP) have been developed. All divisions were included and business impact analyses were completed. These were consolidated and incorporated into the BCP and the DRP. The first offsite recoveries of selected IT systems were also done;
- A project commenced to re-develop the Central Numbering Database Application for the Markets and Competitions Division. This system will have an external user interface so that the information will be available to end users on-line via the internet. Licensees will also have the ability to apply for numbers via the ICASA website. Internally each application for numbers will be controlled via workflow on the internal Microsoft SharePoint system;
- For the Engineering and Technology Division, the microwave assignments data has been migrated to the LS System. This system will allow for improved reporting and the ability to overlay microwave station locations on terrain maps; and
- For Finance, an activity based project costing system was developed to improve controls on budget management and costs. On the financial system (JDE), contract management was configured. The majority of the interfaces between JDE and the Spectrum System have been completed. This will improve customer management and collection of revenue as both of these will now be done via the same system.

INDEPENDENT COMMUNICATIONS  
AUTHORITY  
OF SOUTH AFRICA

8. PERFORMANCE TABLES  
for the year ended 31 March 2011

LICENSING AND COMPLIANCE						
KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
<b>LICENSING</b>						
<b>Liberalisation and promotion of competition in the ICT Sector</b>						
1.1	Liberalisation of Sector, Access to Basic Services (BS), Economic Growth and Black Economic Empowerment	Licensing of additional commercial radio services	Grant and issue commercial sound broadcasting services to successful applicants in KZN, WC and Gauteng - one per province	Number of Licences	3 Licences	Forty one (41) applications received were gazetted for comments. All applications were analysed. Hearings for forty one (41) applications were conducted. Deliberations were conducted. Decisions and issuance of the licences was not done due to the large number of applications received. Whilst Public hearing deliberations have been conducted for the forty one (41) applications, no licences have yet been granted.
1.2	To ensure universal access and services	Amendments and Transfers of Electronic Communication Network Service (ECNS), Electronic Communication Service (ECS) and Broadcasting Services (BS) licences	Amendments and Transfers of existing ECNS, ECS and BS Licences	Number of Amended and Transferred Licences	10 Amended and Transferred Licences	A total of thirty three (33) comprising Individual Electronic Communications Network Service and Individual Electronic Communications Service Licences were transferred. Two (2) class community sound broadcasting service licences were amended.
1.3	Access to Basic Services and Economic Growth	Registrations of class licences and courier companies	Registration of all received class ECS and ECNS community sound broadcasting services and Courier companies applications.	Number of Licences and Certificates	25 Licences and Certificates	A total of two hundred and thirty one (231) comprising of Class Electronic Communications Services, Class Electronic Communications Network Services; Class Community Broadcasting Services and Courier services were registered. One (1) Class Community Broadcasting Service was refused. Eighteen (18) Private Electronic Communications Network Services and seven (7) Electronic Communications Service licence exemptions were authorised.
1.4	Liberalisation of Sector, Access to Basic Services, Economic Growth and Black Economic Empowerment	Licensing of Digital Terrestrial Television - DTT	Migrating all current television licensees from analogue to digital	Number of Licences	4 Migrated/ amended television licensees from analogue to digital	Amended Broadcasting Service licences were issued to South African Broadcasting Corporation (SABC), e-tv (Pty) Ltd and Trinity Broadcasting Network. MNet's Broadcasting Service licence was aligned in previous financial years.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
1.5	Liberalisation of Sector, Access to Basic Services, Economic Growth and Black Economic Empowerment	Licensing of Mobile Broadcasting Services	Grant and issue Licences for Mobile Broadcasting Services	Number of Licences	2 issued Licences for Mobile Broadcasting Services	Radio Frequency Spectrum Licences for provision of Mobile Broadcasting Services were granted and issued to e.tv (Pty) Ltd and MultiChoice Africa (Pty) Ltd.
<b>COMPLIANCE</b>						
<b>Monitor, adjudicate and enforce compliance with regulations and the law</b>						
1.1	Strengthen Regulation	Monitoring of postal services	Produce Annual compliance reports for SAPO and Courier companies	A compliance report	1 Annual Compliance Report	An Annual Compliance Report on the South African Post Office's performance with regards to the Infrastructure rollout, Address rollout, Delivery Performance Standards, Customer Care Standards and the Conveyance of Mail Regulations was compiled.  The Audit conducted in respect of the courier companies, verifying whether all the couriers listed on the Licensing and Compliance database are still operational, is still underway.
1.2		Monitoring of Broadcasting Services	Produce Annual compliance reports for Individual Broadcasting Services	Compliance Reports	20 Annual compliance reports for Individual Broadcasting Services	For the 2010/2011 financial year, the following twenty (20) Annual Compliance Reports were approved by Council: Lesedi FM, UMhlobo Wenene, e.tv, Jacaranda FM, KFM, Highveld Radio, Talk Radio 702, Algoa FM, Ligwalagwala FM, XKFM, SAFM, MultiChoice, 5FM, Good Hope FM, Ikwekwezi FM, Capricorn FM, Ukhozi FM, YFM, Matswedding and Lotus FM.
1.3		Monitoring of coverage of party election broadcasts and political advertisements by broadcasters during the Election period, ahead of the 18 May 2011 Municipal Elections.	Finalise preparations for the monitoring of coverage of party election broadcasts and political advertisements by broadcasters during the Elections period i.e. workshops held with broadcasters and appointment of temporary monitoring staff.	Compliance Report to be produced in 2011/2012 financial year	Preparations for the monitoring of Local Municipal Elections	Workshops were held with broadcasting licensees on the coverage of elections. Twenty five (25) Temporary Monitoring Officers were appointed to monitor the coverage of the party election broadcasts and political advertisements by broadcasters.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
1.4	Strengthen Regulation	Monitoring of ECNS/ ECS licensees	Produce Annual compliance reports for Individual ECS and ECNS	Compliance Reports	10 Annual compliance reports for Individual ECS and ECNS who are eligible to pay Annual Licence Fees	Eight (8) 2009/2010 Annual Compliance Reports were approved: Neotel; MTN; Cell C; Vodacom; Sentech; WBS (Burst); Internet Solutions; and Telkom.
1.5		Develop USAOs regulations	Publication of regulations on USAOs in terms of s 8(4)	Development of Regulations	Publication of regulations on USAOs in terms of s 8(4)	The Position Paper was published for comment on 19 August 2010. The closing date for comments was set for 12 November 2010. Submissions were received from 17 stakeholders. Public Hearings were held on 8 and 9 December 2010. The draft Findings Document is being reviewed. The USAO Review project was extended to include the Definition of Under-Serviced Areas (USAs). The draft USA definition and list of USAs is being reviewed.
1.6		Develop compliance procedure regulations	Publication of the compliance procedure regulations	Development of Regulations	Publication of the compliance procedure regulations	The revised Compliance Procedure Manual Regulations was published for comment in December 2010. The closing date for comments was set for 31 January 2011. Submissions were received from fourteen (14) stakeholders. The final regulations will be published in 2011/12.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
<b>MARKETS AND COMPETITION</b>						
<b>BROADCASTING POLICY DEVELOPMENT AND RESEARCH</b>						
<b>Liberalisation and promotion of competition in the ICT Sector</b>						
1.1	To promote sustainable, stable, dynamic and innovative competition in the electronic communication and broadcasting sector to deliver high quality services at competitive prices	Examine the options to facilitate the introduction of a regulatory approach towards Video On Demand (VOD) and Internet Protocol Television (IPTV) (Phase 2)	Regulatory framework for Video On Demand (VOD) and Internet Protocol Television (IPTV)	Framework Document	Framework Document	The Authority conducted an analysis of the relevant regulatory frameworks for Internet Protocol Television (IPTV) and Video on Demand (VOD) services. The Authority determined that IPTV services are deemed to be broadcasting services. Therefore any party providing IPTV services is required to hold a Broadcasting Service licence. The Authority also determined that a licensee providing VOD services is required to have an Electronic Communications Service (ECS licence). These determinations provide ongoing regulatory certainty to licensees who wish to provide such services. The Position Paper in relation to IPTV and VOD services was released on 3 August 2010 (GG 33436).
<b>Monitor, adjudicate and enforce compliance with regulations and the law</b>						
2.1	To promote sustainable, dynamic and innovative competition, choice and diversity in the electronic communications and broadcasting and postal sectors to deliver high quality services at competitive prices.	Review the current regulations on Ownership and Control of commercial broadcasting services and limitations on broadcasting services (Phase 2)	Policy recommendations to the Minister of Communications on Ownership and Control of commercial broadcasting services and limitations on broadcasting services levels for the amendment of the Electronic Communication Act	Report	Report	The Authority reviewed its position on ownership and control matters for commercial broadcasting services and whether any limitations were necessary. This work has not yet been finalised and will continue into the 2011/12 financial year.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
2.2		Framework governing the fair and equitable allocation of public election broadcast timeslots to political parties for the municipal elections Municipal Elections regulations	Final Regulations	Final Regulations	Final Regulations published	The Authority released final Municipal Elections regulations on 8 March 2011 (GG 34086). These regulations govern the allocation of public election broadcast slots in a fair and equitable manner, ahead of the 18 May 2011 municipal elections. The ECA mandates the provision of a certain number of Party Election Broadcast (PEBs) and Political Advertisements (PA) slots to be made available to all parties. The impact of these regulations is that they create the framework and guidelines under which PEBs and PAs shall be conducted and carried by the broadcasting service licensees, during the municipal elections in May 2011.
<b>Fulfil mandate and deliver services effectively and efficiently</b>						
3.1	To ensure a competitive, fair, open, transparent and non-discriminatory allocation of the digital dividend for socio-economic development of South Africa.	Examine the options arising from the release of spectrum afforded by the digital switchover programme (from the Digital Dividend) (Phase 2)	Regulatory Recommendations to the Minister of Communications on possible regulatory policy approaches to the Digital Dividend (the 790-862MHz zone for Africa)	Report	Recommendations Report to the Minister of Communications	During the 2010/11 the Authority informed the Minister of Communications of the Authority's intentions to commence public consultations on the allocation of the digital dividend, taking into account the ITU's Regional Radio Conference 2006 and ITU's World Radio Conference 2007 resolutions. However, the Authority held back on the consultation process until the standard for digital broadcasting in South Africa had been confirmed. On 14 January 2011, the Minister of Communications publicly announced Cabinet's decision that South Africa will follow the DVB-T2 standard, which re-emphasised the need for the Authority to continue the project on examining the regulatory approaches to the allocation of the Digital Dividend spectrum (790-862 MHz).



KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
<b>Enhance business processes and intelligence, governance &amp; reporting</b>						
4.1	To promote Competition, Encourage Innovation, Protect and Inform Consumers, Efficiently and Effectively Manage the Radio Frequency Spectrum when regulating the Electronic Communications, Broadcasting and Postal Sectors	Implementation and regularisation of the use of Regulatory Impact Analysis (RIA) for ICASA Regulatory projects (Phase 2)	Piloting the implementation of RIA on the Regulation of the Digital Dividend	RIA report	RIA report	The project was postponed to the 2011/12 financial year based on the re-prioritisation of the business plan to include Municipal Election regulations.
<b>MARKETS AND COMPETITION ANALYSIS</b>						
<b>Liberalisation and promotion of competition in the ICT Sector</b>						
1.1	To promote sustainable, stable, dynamic and innovative competition in the electronic communications, broadcasting and postal sectors to deliver high quality.	Market review on call termination (Phase 2)	Wholesale call termination: implementation of pro-competitive remedies	Regulations / reports	Final Regulations published and internal reports	The Authority released final regulations governing the provision of call termination services on 29 October 2010 (GG 33698). The Authority introduced the first pro-competitive price control mechanism under the Electronic Communications Act this year, namely the gradual reduction of termination rates to both mobile and fixed locations. Rates charged for termination to a mobile location are set to reduce from R 0.73 (peak-time) on 1 March 2011 to R 0.40 on 1 March 2013 (all day). Termination rates to a fixed location is to reduce from a maximum of R 0.28 on 1 March 2011 to R 0.19 on 1 March 2013 (for between billing zone termination). This intervention is expected to introduce greater price competition in the provision of retail voice services.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
1.2		Market reviews for the purpose of introducing Local Loop Unbundling (LLU)	Market review on Wholesale Local Access (WLA) and end-to-end leased lines	Final Regulations	Regulations	The Authority has reviewed its approach to the implementation of Local Loop Unbundling according to the Ministerial Directive to ensure that LLU takes place by November 2011.
1.3		Market reviews to facilitate competition in the broadcasting sector (Phase 2)	Market review on wholesale signal distribution and content	Findings document	Findings document by March 2011	The Authority instituted an inquiry process to establish the need for any regulatory intervention in the provision of wholesale signal distribution services. The Authority issued a request for information on 6 October 2010. However, the Authority was prevented from completing a discussion document this financial year owing to delays in collecting information from stakeholders. In addition, preparatory work on a public market review in the provision of premium content was completed.
1.4	Reduce costs by promoting and facilitating interoperability and interconnection of networks and access to facilities	Facilitate interconnection (X) and facilities leasing (FL)	Framework interconnection and facilities leasing regulations. Quarterly reports on IX/FL agreements reviewed. Effective and efficient resolution of disputes	Regulations/ Quarterly reports	Final Regulations & Monitoring Reports	The Authority received forty two (42) interconnection and 26 facilities leasing agreements during the year. The Authority also received eight (8) disputes, which will be addressed during the 2011/12 financial year. The implementation of the interconnection and facilities leasing regulations gazetted in April and May 2010 respectively have changed the nature of content of traditional agreements. In addition, the Authority is close to completing the introduction of an online database where licensees will be able to submit all agreements online therefore reducing the Authority's turn-around times.
1.5	Reducing the information asymmetry between the Authority and licensees	Enhance the Authority's knowledge regarding industry trends	Database of trends of performance in the ICT sector	Framework for collecting industry data to facilitate ITU obligations	Internal Report	The Authority undertook to improve its collection and collation of statistics regarding the ICT sector. These statistical measurements have been included in the Compliance Procedures Manual. The manual is to be completed in the 2011/12 financial year, including the introduction of an online automated system to collect the identified indicators.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
1.6	Review of handset subsidy regulations (Subscriber-end-user terminal equipment)	Finalisation of Code of Practice	Code of Practice	Final Code of Practice	Final Code of Practice	The Authority released its position regarding a code of practice governing handset subsidies on 18 March 2011 (GG 34131).
<b>MARKETS AND COMPETITION</b>						
<b>ECONOMIC, FINANCIAL ANALYSIS AND NUMBERING</b>						
<b>Liberalisation and promotion of competition in the ICT Sector</b>						
1.1	To promote sustainable, stable, dynamic and innovative competition in the electronic communications, broadcasting and postal sectors to deliver high quality services at competitive prices	Investigate and report on the level and structure of Retail Tariffs. Monitor the interconnection pass through to Retail tariffs.	A report on the level and structure of retail tariffs for electronic communication services.	Monitoring progress report	Progress and Monitoring Reports	The report on the level and structure of retail tariffs was completed. The Authority received fifty (50) tariff notifications during 2010/11. From the monitoring of retail tariffs, the Authority has noticed a decline in overall retail prices faced by consumers. Furthermore, the Authority has noticed a substantial increase in the number of services and tariff plans a customer may now choose. The increase in the types of service available are indicative of changing technologies and the introduction of smartphones in the South African market.
1.2		Development of a regulatory approach to Retail Tariffs (electronic communication services)	Standard tariff lodgement framework and the development of data collation system. Regulatory approach to Retail Tariffs and recommendations to promote more competitive pricing and choice for consumers.	Regulatory approach document	Input to Retail Market Study	The Authority did not amend any processes of procedures for the lodging of retail tariffs by licensees during this financial year. The Authority will introduce an online system to automate the tariff lodgement process during the 2011/12 financial year.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
1.3		Review and development of economic regulatory framework pertaining to the reserved postal sector (Phase 2)	Regulations on price setting for reserved postal sector	Final Regulations	Final Regulations	The Authority finalised the Price Cap regulations for retail prices for reserved postal services on 16 March 2011 (GG 34129). These regulations will ensure that consumers are protected in terms of the prices charged for services in the reserved postal services basket (e.g. letters and postcards).
1.4		Development of Regulatory Financial Reporting (RFR) requirements pertaining to the postal sector (Phase 2)	Regulations on accounting separation pertaining to the reserved postal sector	Final Regulations	Final Regulations	The Authority published the final Accounting Separation regulations for SAPO on 16 March 2011 (GG 34130). This framework ensures that the costs of providing universal postal services is transparent.
<b>Fulfil mandate and deliver services effectively and efficiently</b>						
2.1	Promote access to basic services at affordable prices	Review of SAPO's 2011/2012 tariff filing	Authority's Decision on SAPO's tariff regime lodgement.	Publication of Approved Fees & Charges	Publication of Approved Fees & Charges	The Authority approved a four and a half percent (4.5%) general increase for reserved postal services for 2011/12, rather than SAPO's initial application for a six and a half percent (6.5%) increase. On 24 January 2011 (GG 33953). The impact of the decision is that customers were protected against excessive tariff increases without compromising the financial viability of SAPO.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
<b>Liberalisation and promotion of competition in the ICT Sector</b>						
3.1	Ensure fair, transparent and non discriminate allocations of numbers to licensees (competition) and provide sufficient numbering capacity for existing and future numbering demands	Ensure that numbering rules, numbering conventions and structure of the plan are in place to allow fair, transparent and non discriminate allocations of numbers to licensees.	Report on framework for conducting Number Audits and Conduct Audit as per ECA Number Plan requirements	Internal Report	Number of Audit findings per Licensee	The Authority was unable to complete a full number audit for 2010/11 owing to most licensees failing to submit information within the specified timeframes. The Authority reported this non-compliance to the CCC, where the operators were given up to 16 February 2011 before these cases were then automatically referred to the CCC - Chairperson for consideration. By the end of 2010/2011, fifty percent (50 %) of the operators submitted audit data. Licensees who failed to comply with the Authority's audit data submission requirements despite numerous extensions granted will be considered by the CCC in the new financial year. The audit of licensees who submitted information was postponed to 2011/2012 financial year with plans to incorporate it with the 2011/2012 planned audit.
3.2		Review and development of Numbering Plan Regulations in terms of ECA	Finalisation of Numbering Plan Regulations	Numbering Plan	Final Numbering Plan Regulations	The Authority released draft regulations governing the use of numbers under the Electronic Communications Act. This numbering plan intends to update numbering assignment to take into account technological developments, including machine to machine number utilisation (e.g. simcards in data dongles). The Authority did not finalise the numbering plan in the 2010/11 year and intends to complete the plan in the 2011/12 financial year.
3.3		Evaluation of Numbering applications	Allocation of Numbers to licensees and central number database updates	Allocation of Numbers	Report on Allocation of Numbers	The Authority received three hundred and five (305) numbering applications during 2010/11. The Authority has also noted the increasing demand for alpha-numeric numbers in the 080 and 086 number range, indicating increased competition for inbound and sharecall services.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
<b>Liberalisation and promotion of competition in the ICT Sector</b>						
4.1	To reduce the cost of doing business in South Africa by encouraging effective competition through increased access to infrastructure, diversity of service, competitive prices and greater choice for consumers	Ensure Carrier Pre Selection (Phase 2)	Promulgation of Carrier Pre Selection Regulations	Final Regulations	Final Regulations	The Authority passed the final Carrier Pre-select regulations on 27 September 2011 (GG 33589). These regulations require that licensees' customers be given an opportunity to choose their preferred service provider on a call by call basis. The Authority intends to facilitate implementation in the 2011/12 year.
<b>MARKETS AND COMPETITION</b>						
<b>POSTAL POLICY AND RESEARCH</b>						
<b>Liberalisation and promotion of competition in the ICT Sector</b>						
1.1	To promote Competition within the postal sector and to provide postal services that are responsive to consumer needs	Research development on the Extra Territorial Offices of Exchange (ETOE) and Re-mailing in the SA Postal Sector.	Recommendations to DOC for Policy Development on ETOEs and Re-mailing.	Recommendations report	Research Recommendations Report	The research indicated that ETOEs have both a positive and negative impact on existing postal services, whilst enhancing competition within the sector, particularly for international mail. However, of crucial importance is the need to establish a new regulatory framework for such operations, which will be completed in 2011/12.
<b>ENGINEERING AND TECHNOLOGY</b>						
<b>Liberalisation and promotion of competition in the ICT Sector</b>						
1.1	To enable effective and efficient management of spectrum and technology (Spectrum licensing and management and equipment type approval programme)	Implementation of a new spectrum fees framework and system	Software implementation of spectrum fees framework	Extent of implementation	95% implementation of plan	The spectrum fees framework was developed and the regulations published in August 2010. The spectrum fees software could not be implemented due to lack of funding of the new spectrum management software. The effective date for the regulations has been deferred to 1 April 2012.
1.2		Licensing of high demand bands	2.6 and 3.5 GHz broadband spectrum licenced	Number of licenced entities	Number of licenced entities: more than 2 nationally and more than 5 regionally	The consultant obtained to assist with the licencing was an International consultant. In terms of the PFMA an approval is required from the Minister. This process has not yet been finalised.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
1.3	To enable effective and efficient management of spectrum and technology (Spectrum licensing and management and equipment type approval programme)	Routine spectrum licensing activities (licensing and assignment - including broadcasting spectrum)	Turnaround time for processing of applications	Percentage of applications processed within defined turnaround time	90% within turnaround time; 10% within 2 times turn around	A total of three thousand six hundred and twenty six (3626) applications processed. Annual average turnaround times for applications processed within turnaround times and twice the turnaround times of nineteen (19%) and twenty five (25%) were achieved respectively. Low turnaround times achieved due to a spectrum management system not being implemented.
1.4		Routine equipment type approval activities	Turnaround time for processing of applications	Percentage of applications processed within defined turnaround time	90% within turnaround time; 10% within 2 times turn around	Total of two thousand three hundred and forty eight (2348) applications was processed. Annual average turnaround times for applications processed within turnaround times and twice the turnaround times of ninety five percent (95%) and four percent (4%) were achieved respectively. This is higher than ninety percent (90%) and ten percent (10%) targeted for.
2.1	To cater for new developments in technology and ensure efficient use of spectrum by comprehensive frequency planning (Frequency planning)	Review of the national frequency plan	Updates and modifications gazetted accordingly	Number of frequency updates and modifications	90% of planned work completed	100% of updates and modifications completed, and National Frequency Band Plan published.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
2.2		Maintenance of the spectrum monitoring WAN	Reliability and availability of the monitoring network.	Response time: Time to repair and availability	<ul style="list-style-type: none"> <li>- Response time: within 24 hrs. in Gauteng and within 3 days in the regions.</li> <li>- Time to repair: 24 hrs. for power related problem, 7 days for system related problem, 3 months for receiver related problem.</li> <li>- Availability: an average of (n-1)/n over 3 months (where n is the number of sites)</li> </ul>	<p>Targets Achieved for Time to Respond, Time to Repair and Site Availability were achieved as follows:</p> <p>Performance Reports Submitted: Target Achieved.</p> <p>Time to Respond Gauteng: 24 hrs.: Target Achieved. Regional: 2 days. Target Achieved.</p> <p>Time to Repair Power related issues: 1.25 days: Target not Achieved.</p> <p>System related: 11 days: Target not achieved. Receiver related: 2.75: Target Achieved.</p> <p>Site Availability: 69 %: Target Achieved.</p>
2.3		Spectrum audit	Analysis of bands audited	Number of Bands audited	<ul style="list-style-type: none"> <li>6 Bands: - 161.875 - 167.875 MHz</li> <li>- 167.8875</li> <li>- 173.8750 MHz</li> <li>- 406 - 410 MHz</li> <li>- 2500 – 2690 MHz</li> <li>- 3400 – 3600 MHz</li> <li>- 2300 – 2400 MHz</li> </ul>	<p>Five (5) of the six (6) identified bands were monitored and analysed satisfactorily for the financial year. One band was monitored but results were incomplete for analysis.</p>
2.4		Development of a frequency migration plan for harmonisation.	10 year frequency migration plan.	Frequency Plan migration Documentation	Frequency Plan migration Documentation	Not achieved due to lack of resources to do research and produce the frequency migration plan.



KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
<b>Monitor, adjudicate and enforce compliance with regulations and the law</b>						
3.1	To identify policy imperatives to advise relevant stakeholders and to identify and develop regulations and standards to strengthen the regulatory environment and encourage and support managed introduction of new technologies. (Policy review, rule making and standardization)	Review of equipment type approval framework to simplify and be aligned with time Review of the official list of standards to produce the updated list of standards	Revised type approval Framework work Finalise entries in the official list based on requirements.	Documentation for type approval framework Required and planned entries updated in the official list of standards.	Develop revised Type Approval Framework Required and planned entries in the list published	The revised type approval framework has been developed. Regulations are still being drafted for public comments. Official list of standards have been reviewed and approved by ICASA/SABS liaison committee. Ready for publication.
3.2		Development of a concise spectrum licensing regime aligned with the Act	Spectrum licensing regime in place	Report	Report on spectrum licensing regime and regulations published	Spectrum licensing regime in place (incorporated in Radio regulations).
3.3		Development of assignment and coordination "policies" and procedures – e.g. microwave, trunking systems, alarms, etc.	Coordination "policies" and procedures in place	Report	Report and Coordination "policies" and procedures published	Coordination "policies" and procedures in place (incorporated in the radio regulations).
3.4		Review of Radio regulations	Revised radio regulations in place	Gazette	Regulations Gazetted	Radio regulations in place.
<b>Fulfil mandate and deliver services effectively and efficiently</b>						
4.1	To enable management of efficient management of special event (Special events)	Ensuring the success of 2010 FIFA World Cup.	Success and achievements in 2010 FIFA World Cup	Plan	At least 90% achievement of quarterly planned activity	Successfully co-ordinated all ICASA activities contributing to the success of 2010 FIFA World Cup
<b>Monitor, adjudicate and enforce compliance with regulations and the law</b>						
5.1	To enable development of agendas/ forecast on spectrum and technology issues to inform policy development and rule making (Research and advisory programmes)	Engagement of tertiary and research institutions.	Research papers and technical presentations to inform rule making.	Research Report	To produce phase 1 and 2 research reports	Collaboration with universities of Witwatersrand and Pretoria to produce reports to inform rule making.
5.2		Participation in technical forums.	Participation and contribution made and benefits derived from participation.	Participation in technical forums	Participate in all technical forum activities	Participation by selected staff in WRC-12 preparatory meetings, IOPC conference and ICT Africa.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
<b>Fulfill mandate and deliver services effectively and efficiently</b>						
6.1	To enable managed support and giving of technical advice to other divisions and stakeholders	Technical measurements to support consumer protection programmes – e.g. “connection failure” rates and drop calls in mobile services. Addressing tasks for project in other divisions and to address requests from divisions and other stakeholders. e.g. – Interconnection – Local loop unbundling	Area covered and amount of measurements and analysis.	Area covered and amount of measurements and analysis	To cover and report on measurements and analysis undertaken	Report on measurements and analysis undertaken showed ninety five percent (95 %) of planned work was completed.
6.2			Contribution made.	Comparison of given tasks versus achieved and other meaningful contribution made.	Quarterly internal report on E&T resources usage	Contributions to the various committees were made by Engineering and Technology staff.
6.3		Information dissemination.	Information updated on the website and provided to stakeholders per plan.	Internal quarterly report on Spectrum usage	Report compiled on spectrum usage quarterly	Website updated with spectrum usage for highly used bands, spectrum and equipment type approval licences issued and Spare Community Broadcasting frequencies.
<b>CONSUMER AFFAIRS DIVISION</b>						
<b>Fulfill mandate and deliver services effectively and efficiently</b>						
1.1	To provide Public Education and Awareness Strategy, and Monitor Implementation	Develop Public Education and Awareness strategic framework Monitor implementation of strategy	4 x Strategic frameworks for each quarter and 4 x Monitoring reports	Monthly monitoring reports	4 x Strategic frameworks for each quarter. 4 x Monitoring reports.	Four (4) strategic frameworks were developed. Monitoring reports were produced for each quarter.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
1.2	To provide Public Education and Awareness Strategy, and Monitor Implementation	Develop content for Consumer Education and Awareness material	Published print material Printed promotional material Published webpage content	Approved promotional material content. Approved webpage content. Documented records for print and broadcast promotions. Documented records on promotional material.	4 x Advertisers. 18 x Banners. Posters, Pamphlets,	The targets of producing content for four (4) advertorials, eighteen (18) publicity banners and information pamphlets was achieved.
1.3	Meetings with Consumer Representative Forum (CRFs)	Monitor progress of meetings between CRFs and Education Officers	9 x Monitoring reports.	Reports on CRFs meetings	9 x Monitoring reports on progress of meetings between CRFs and Education Officers	Eight (8) out of nine (9) CRFs were established countrywide to assist the Authority with consumer protection initiatives, however monitoring reports have yet to be finalised.
1.4	Provide strategy for National Campaigns	Develop strategy for National campaigns	Strategic frameworks for: World Telecoms Day, National Youth Day, World Post Day, International Consumer Rights	Report on each campaign hosted	Develop strategy framework for National campaigns for 5 x National Campaigns	Strategic frameworks for the national campaigns were developed and provided for implementation. National campaigns were hosted countrywide.
1.5	Plan, coordinate and project lead the National Summit on the Rights of People with Disabilities	Hosting of the National Summit	National Summit held	Report on the Summit for People with Disabilities	Hosting of National Summit	The National Summit was successfully hosted on 15 and 16 March 2011.
1.6/ 1.7	Facilitate public and stakeholder access to information relating to the Authority's regulatory activities	Communicate regulatory activities	Refer to KPI 1.2 and KPI 2.2	Refer to KPI 1.2 and KPI 2.2	Refer to KPI 1.2 and KPI 2.2	Project deliverables included in KPI 1.2 and KPI 2.2

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
2.1	To manage and facilitate the resolution of consumer complaints	Receive, record and acknowledge complaints within 48 hours. Manage and facilitate the resolution of consumer complaints within 30 working days	All Complaints received are recorded and filed. sixty percent (60%) of all complaints received to be resolved within the financial year	Number of acknowledged letters to complainants. Number of complaints files opened and closed.	Sixty percent (60%) of all complaints received to be resolved within the financial year	The annual target of sixty percent 60% of all complaints recorded has been exceeded, with an achieved success rate of resolving sixty eight percent (68%) of consumer complaints received and recorded.
2.2	To strengthen the complaints resolving mechanisms	Consumer complaints procedure available in 11 official languages. Distribute consumer complaints procedure. Conduct presentations / workshops on consumer complaints manual	Consumer complaints procedure produced in 11 official languages. Presentations / workshops on consumer complaints manual conducted. Consumer protection banners produced	Number of consumer complaints procedure copies distributed. Number of presentations / workshops conducted. Reports on presentations / workshops conducted.	Produce and distribute 200,000 copies of consumer complaints procedure pamphlets. Conduct 20 presentations per annum.	Twenty seven (27) Workshops were conducted in the financial year and Copies of the Consumer Complaints Procedure were printed in the eleven (11) official languages and distributed country-wide.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
<b>Monitor, adjudicate and enforce compliance with regulations and the law</b>						
3.1	To conduct research in consumer protection	Conduct 6 in-house desktop research studies on consumer protection. Outsource 2 research studies on consumer issues.	6 x Reports on desktop research. 2 x Reports on outsourced research studies.	Research reports	6 x Reports on in-house desktop research. 2 x Reports on outsourced research	Six (6) Desktop studies were done in the financial year as planned. The research topics: - Exploration of consumers' interest, understanding and awareness of the pre-paid starter packs contracts' terms and conditions. - Benchmark study on consumer guidelines for People with Disabilities. - Benchmark study on approaches to protect consumers from illegal / unapproved telecommunications and radio communications equipment. - Consumers' experience with Faulty Handsets which are technically identified as liquid damaged. - Benchmark study on billing complaints. - Benchmark study on Post Paid contract Terms and conditions. Two (2) Outsourced research studies were conducted: - Consumers' experiences and perceptions on availability, accessibility and reliability of electronic communications, broadcasting and postal services. - Assessment of nature of access to electronic communications, broadcasting and postal services by People with Disabilities.
3.2	To monitor compliance with consumer protection regulations	Monitor compliance with consumer protection regulations	4 x Compliance reports	Compliance reports	4 x Compliance reports	One (1) out of four (4) Monitoring reports produced during the financial year.
<b>Fulfil mandate and deliver services effectively and efficiently</b>						
4.1	To strengthen consumer protection matters with operators	Build relationships with operators on consumer protection	Relationship building meetings held with operators	Quarterly meetings with operators	10 x meetings with operators to build relationships	Six (6) out of ten (10) Relationship building meetings on consumer protection were held with operators in the financial year. A further three (3) meetings with all operators were held in preparation for the National Summit where consumer protection issues were discussed.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
4.2	To maintain partnership with associations for people with disabilities	Build relationships with associations for people with disabilities on consumer protection	Relationship building meetings held with associations for people with disabilities.	Quarterly meetings with associations for people with disabilities	9 x Meetings with associations for people with disabilities	Four (4) out of nine (9) Relationship building meetings on consumer protection were held with the Associations for People with Disabilities in the financial year. A further three (3) meetings with all Associations were held in preparation for the National Summit where consumer protection issues were discussed.
4.3	To review regulations	Provide support on the review of Consumer Advisory Panel (CAP) regulations	Published reviewed CAP regulations	Publication of regulations	Reviewed CAP regulations	The Consumer Advisory panel regulations were reviewed and published for public comment.
4.4	E-Rate regulations	Provide support on E-Rate regulations	Published E-Rate regulations	Publication of regulations	E-Rate regulations published	E-Rate regulations were not published in this financial year.
<b>REGIONS</b>						
<b>Monitor, adjudicate and enforce compliance with regulations and the law</b>						
1.1	Renew Spectrum licensing	Renew pre-assigned Spectrum licences	Process pre-assigned Spectrum licences	Number of pre-assigned spectrum licences processed	960 pre-assigned spectrum licences processed	Processed one thousand four hundred and twenty two (1 422) pre-assigned Spectrum licences.
1.2	Effective control of spectrum	Radio dealer/ alarm company/repeater systems audit	Number of spectrum licence audit reports completed	Radio dealer/ alarm company/ repeater systems audit	200 Spectrum licence audit reports completed	Completed four hundred and sixteen (416) Spectrum licence audits. The target was exceeded by one hundred and fifty eight percent (158%).
1.3		Labelling compliance checks	Inspection of distribution & selling of electronic equipment	Number of labelling inspection reports completed	600 Labelling inspection reports completed	Completed one thousand five hundred and twenty five (1525) labelling inspections. The target was exceeded by one hundred and eight percent (108%).
1.4		Spectrum Monitoring	Radio Frequency monitoring assignment	Number of Radio frequency data collection reports submitted	204 frequency data collection reports submitted	Completed fifty two (52) radio frequency data collection reports. This activity is demand driven.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
1.5	Effective control of spectrum	Spectrum Monitoring	Radio Frequency compliance monitoring	Number of Radio frequency data collection reports submitted	306 frequency data collection reports submitted	Completed two hundred and forty five (245) frequency data reports. We achieved eighty percent (80%) of target because higher emphasis was put on client requests.
1.6		Radio Frequency system commissioning	Confirming technical specs of new installations	Number of commissioning certificates issued	204 Commissioning certificates issued	Issued forty four (44) certificates. This output is demand driven. Only twenty two percent (22%) of our targeted requests was received for new installations.
1.7		Interference investigation and resolution	Mitigation and resolution of radio frequency interference	Number of interference reports completed	408 interference reports completed	Resolved four hundred and sixty nine (469) interferences. The target was exceeded by fifteen percent (15%).
1.8		High-site inspections	Confirming technical specs of existing licence per system installed	Number of compliance notifications issued	102 compliance notifications issued	Confirmed two hundred and ninety five (295) technical specifications of existing licence per system installed. Target was exceeded by one hundred and eighty nine percent (189%).
<b>Fulfil mandate and deliver services effectively and efficiently</b>						
2.1	Conduct public education and awareness	Conduct consumer awareness	Conduct radio interviews.	Number of radio interview schedules signed by radio announcer/interviewer	108 radio interviews	Conducted seventy one (71) radio interviews. The target was not achieved by sixty six percent (66%).
2.2			Conduct national campaigns (World Consumer Rights Day and information society)	Number of attendance registers submitted with summary of outcomes.	19 Attendance registers submitted with summary of outcomes.	Conducted six (6) national campaigns. Thirty two percent (32%) of target was achieved.
2.3			Conduct district communications forums (Group of municipalities workshop)	Number of attendance registers submitted with summary of outcomes.	18 Attendance registers submitted with summary of outcomes.	Completed eighteen (18) district community forums. Achieved one hundred percent (100%) of target.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
2.4	Conduct public education and awareness	Conduct consumer awareness	Conduct local workshops (Municipality workshops)	Number of attendance registers submitted with summary of outcomes.	20 Attendance registers submitted with summary of outcomes.	Conducted sixteen (16) local municipality workshops. Eighty percent (80%) of this target was achieved.
2.5			Conduct community workshops (i.e., Township groups, school, stokvel, women's group, youth group, or civil association workshops) & Consult and interact with consumers in collaboration with CRFs ( Consumer Representative Forums)	Number of attendance registers submitted with summary of outcomes.	27 Attendance registers submitted with summary of outcomes.	Completed fifty five (55) community workshops. Exceeded the target with one hundred and four percent (104%).
<b>Monitor, adjudicate and enforce compliance with regulations and the law</b>						
3.1	Monitor licence terms and conditions	Monitoring of SAPO licence conditions.	Conduct inspection of SAPO outlets to enforce adherence to licence conditions	Number of compliance reports completed.	432 inspection reports completed.	Postal inspectors conducted three hundred and eighty five (385) SAPO inspections and eighty nine percent (89%) of the target was achieved.
3.2			Investigate complaints received from the public	Number of reports completed.	48 reports completed	Thirty seven (37) complaints were received and resolved. This task is demand driven seventy seven percent (77%) of target was reached.
3.3		Monitoring of unreserved postal services	Inspection of unreserved postal services outlets	Number of inspection reports completed.	48 inspection reports completed.	Postal inspectors monitored and inspected fifty seven (57) unreserved postal outlets. This task was achieved and exceeded by nineteen percent (19%).
<b>Fulfil mandate and deliver services effectively and efficiently</b>						
4.1	Enforcement of legislation	Investigation of non-renewed spectrum licences	Trace operator and seal radio equipment	Number of sealing files completed	900 Sealing files completed	Regions completed six hundred and eighty two (682) sealing files. This target is demand driven and was achieved by seventy six percent (76%).
<b>LEGAL AND COMPLAINTS AND COMPLIANCE COMMITTEE</b>						
<b>LEGAL</b>						
<b>Enhance business processes and intelligence, governance &amp; reporting</b>						
1.1	Litigation and General legal support	Safeguard ICASA interest in litigation and general legal affairs	Provide a report on ICASA litigation matters	Quarterly Report	4	Reports were prepared for each quarter. Substantial savings in legal costs achieved. Out of twenty (20) pending regulatory litigation matters, only four (4) from prior years remaining.



KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
1.2	Litigation and General legal support	Contracts: drafting & vetting	Provide a report on contracts drafted.	Quarterly Report	4	Reports were prepared for each quarter. Contracts are drafted, vetted and negotiated utilising internal resources.
1.3		Legal opinions	Provide a report on legal opinions prepared. Provide a report on documents drafted and/or vetted.	Quarterly Report	4	Reports were prepared for each quarter. Substantial and above average number of opinions drafted internally.
1.4		Documents: drafting & vetting	Provide a report on steps taken to Mitigate ICASAs legal risks	Quarterly Report	4	Reports were prepared for each quarter. Documents, policies and other instruments are finalised utilising internal resources.
1.5		Labour law				Reports were prepared for each quarter. Three (3) matters finalised, four (4) pending and /or awaiting CCMA dates and awards.
1.6		Commercial law				Reports were prepared for each quarter. Only one matter was outsourced to external attorneys to attend to the re-renewal of the ICASA trade mark in the fourth quarter.
1.7			General Legal Support			Reports were prepared for each quarter. Support was given to internal clients from legal advice to drafting letters. Some advise was provided pro-actively in order to minimise the risks or even prevent litigation.
2.1		Regulatory Support & Legislative Drafting	Ensure that ICASA discharges its regulatory mandate within the law	Provide a report on the status of the regulations and reasons document submitted for vetting	Quarterly Report	4
2.2	-Vet and review ICASA regulatory processes, documents, discussion papers, regulations etc.		Provide a report on steps to be taken to mitigate ICASA's legal risks	Quarterly Report	4	Reports were prepared for each quarter. Two-thirds (2/3) of the regulations received for review and vetting were finalised via internal resources. The improved quality of our regulations has led to less exposure to court reviews.
2.3	-On-going legal advice to regulatory divisions and projects		Provide a report on legal opinions submitted to committees and divisions	Quarterly Report	4	Reports were prepared for each quarter. More than sixty percent (60%) of our opinions were finalised using internal resources.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
2.4	Regulatory Support & Legislative Drafting	-Review and advice on legislative matters affecting ICASA	provide a report on the proposed Bill	Quarterly Report	4	Reports were prepared for each quarter. More than sixty percent (60%) of our opinions were finalised using internal resources.
2.5		-Consult and prepare ICASA positions on legislative processes affecting ICASA	provide a report on the proposed Bill	Quarterly Report	4	Reports were prepared for each quarter. Promulgation of the Postbank into law on 8 December 2010 was the highlight for this item, though there is a delay on the SAPO Bill.
2.6		-Draft, review or advice ICASA on MOUs with other institutions	signed MoU by Chairperson and/or CEO	Quarterly Report	4	Reports were prepared for each quarter. The Memoranda of Understanding will ease relations between ICASA and other agencies and reduce areas of conflict.
2.7		-Advice ICASA on its regional and international obligations	provide a report on ICASAs obligations	Quarterly Report	4	Reports were prepared for each quarter. The SA-PRE/CRASA merger will integrate and harmonise the regulatory framework for the ICT industries.
2.8		-Capacity building in regulation drafting	provide a report on workshops held.	Quarterly Report	4	Reports were prepared for each quarter. Training was provided on the ECA.
<b>COMPLAINTS AND COMPLIANCE COMMITTEE</b>						
<b>Enhance business processes and intelligence, governance &amp; reporting</b>						
3.1	Investigate and adjudicate complaints	Adjudicate disputes and complaints from licensees and consumers	Timeous resolution of disputes and complaints and recommendations to ICASA on appropriate action/sanction	Number of Complaints	Quarterly Report to Council	Reports were prepared for each quarter. Matters pending will resume once a chairperson has been appointed. The post has already been re-advertised as there were insufficient number of suitably qualified persons.
3.2		Adjudicate interconnection and facilities leasing disputes from licensees	Timeous resolution of interconnection and facilities leasing disputes	Number of Complaints	Report to Council on activity	Reports were prepared for each quarter. Matters pending will resume once a chairperson has been appointed. The post has already been re-advertised as there were insufficient number of suitably qualified persons.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
3.3	Investigate and adjudicate complaints	Effectively manage complaints process	Finalize Processes and procedures regulations Conduct strategy workshop with CCC, Review Resource requirements, Workshop Regions on complaints handling process and procedures, Enforce Legislation, Regulations and Licence conditions.	Number of Complaints	Report to Council on activity	Reports were prepared for each quarter. Guidelines on the referral of complaints to the CCC completed. Workshop held with the Consumer division.
<b>HUMAN RESOURCES</b>						
<b>Align structure, leadership and culture with strategy</b>						
1.1	Review, optimise and align the organisational structure in accordance with the revised mandate (Phase 3)	Conduct an organisational study to review ICASA's mandate (ECA 2005) and alignment of the structure	Aligned organisational structure	Report	Implemented New aligned Organisational Structure in accordance with the revised mandate	Due to the revision of the Phase 2 report presented in August and November 2010, the decision for which recommendations to accept was delayed. Aligned structure has been proposed to ICASA. A review of recommended structure modifications has commenced. The project is delayed by eleven (11) months.
2.1	Culture of learning and innovation	Integrated talent development strategy.	Annual training plan	Plan	HR Development Strategy	The HR Development strategy was approved.
2.2		Career pathing Framework work for all levels	Dual career stream	Report	Career pathing Framework developed and implemented	The design of the dual career path framework was completed and implementation of the Dual Career Stream was agreed to with Labour. The implementation and communication plan was approved and will be implemented next year.
2.3		Reviewed competency profiles of all jobs	Competency profiles for all jobs	Report	Competency profiles aligned to career-pathing framework	Project is linked to the implementation phase of the organisational structure review process which has been extended to the new financial year.
<b>Enhance business processes and intelligence, governance &amp; reporting</b>						
3.1	Talent Management	Integrated Talent Management (TM) strategy	TM strategy	Strategy	TM Strategy	Plan was to obtain an automated tool for the effective implementation of an integrated talent management strategy. An in-house model has been developed.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
3.2	Talent Management	Succession Management Framework	Comprehensive succession management framework	Framework	Talent mapping Framework	Due to the delayed timelines for the organisational structure review project the succession framework work has not been initiated.
3.3		Best practices Talent Acquisition	Talent acquisition scorecard and selection techniques	Scorecard & selection techniques	Improve recruitment process lead time	There were forty seven (47) vacancies at the beginning of the financial year, thirty six (36) appointments were made. Interviewing techniques have improved with the use of other reliable methods of confirming candidate suitability such as written tests for mass temporary appointments and psychometric assessments for management and executives. The use of E-Recruitment system has reduced the lead time by thirty (30) days.
4.1	Mitigation of organisational risk	Effective Diversity Management	Integrated Employment Equity (EE) plan	Plan	An approved plan to align Org Demographics to geographical EAP (Economic Active Population) stats.	The Employment Equity Plan was submitted to the Department of Labour. Budget constraints are hampering the modifications to facilities and acquisition of suitable equipment for physically challenged persons.
4.2	Effective Internal Business Processes and Controls	On-going review of HR operational processes to improve efficiency	Reliable data	Report	Report on 100% Data integrity on all aspects of work	All employee personal files have been verified and outstanding documentation received, and VIP payroll system updated where necessary.
4.3		Review the Human Resources Information System (HRIS) system	Improved customer satisfaction level	Reports	Accurate Management Reports produced	The automation of payroll, leave, IRP5, payslips, S&T and overtime claims has significantly reduced audit queries and improved the accuracy of management information and reports.
4.4		Introduce the e-Per-sonnel filing system	All personnel files electronically stored	Filing System	Online Secure Filing System	Not implemented due to budgetary constraints. HR is partnering with Administration to ensure standardised approach with the automation of filing systems.
5.1	Implementation support for the revised integrated Performance Management System (PMS)	360 performance evaluation framework	360 evaluation report	360 performance evaluation framework	Approved 360° framework for management levels and above.	The model has been identified and a service provider appointed. The inputs into the 360 degree for appropriate behaviour and the KPI descriptors for divisional scorecards was delayed to await the approval of the strategy, recommendations on structure review and career pathing framework implementation.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
5.2		Divisional Balance Scorecard descriptors	Descriptors per division	Scorecards	Descriptors Aligned to ICASAs Performance Indicators (PI)	The model has been identified and a service provider appointed. The inputs into the 360 degree for appropriate behaviour and the KPI descriptors for divisional scorecards was delayed to await the approval of the strategy, recommendations on structure review and career pathing framework implementation.
6.1	Sound Employee Relations (ER) practices for the establishment of disciplined harmonised workplace	Effective HR communication and consultation process for good relations	ER workshops	No. of Workshops	4 Workshops	Six (6) formal workshops were held and several consultation meetings on remuneration and benefits matters were conducted with employees and their representatives.
6.2		Intensifying Employee Assistance Programme (EAP) and HIV & Aids strategy to include management of other life threatening diseases	EAP and HIV & Aids Life threatening diseases strategy	Improved Wellness Status Report	Improved Wellness Status Report	Wellness status report showed an increased participation in both the referrals by management, self referrals and wellness day. ER cases relating to poor attendance have also declined.
7.1	Effective management of Employee Benefits structure	Reduction of Medical Aids	3 Approved Medical Aids	Proposal to Council	3 Preferred MA Schemes by 31/03/2011	The recommendations to reduce medical aid schemes from five (5) to two (2) were approved and the consultation process was undertaken. Only existing members as at 1 January 2011 would remain on the ring-fenced schemes until they leave the employ of ICASA or decide to transfer.
7.2		Review of pension fund scheme rules for effective management of investment options	Suitable Fund Management Structure	Report to Council	Suitable management option for better investment value	The Administrator provides on-going support and advice and the Management Committee is undergoing training for effective management of investment processes.
8.1	Transformation of the remuneration strategy	Benchmarked multi-tier remuneration structure	Multi-tier remuneration structure for all levels	Report	Competitive Salary structure Performance and Talent Management frameworks	The objective to produce a framework to transform the remuneration structure was achieved and communication started in August 2010. The implementation communication process started in March 2011 and will continue into the next financial period. Agreement has been reached with CWU.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
8.2	Transformation of the remuneration strategy	Conversion of managers to Cost to Company (CTC) salary packaging for tax efficiency	No one should be worse off	Report	Consultation Report on Market related salary structure	The design and report for the conversion to CTC process was concluded and work shopped for sensitisation to Council and RemCo in October 2010. Agreement with Labour was reached in November 2010 to implement at Management level. Communication process started in March 2011.
8.3	Annual Salary Benchmark	Benchmark ICASA against the market	2 Surveys per year (general/Specialised)	Report	March and Sept salary survey reports	Two surveys were concluded and the results reported in May 2010 and October 2010.
<b>COMMUNICATION AND INTERNATIONAL RELATIONS</b>						
<b>COMMUNICATIONS</b>						
<b>Enhance business processes and intelligence, governance &amp; reporting</b>						
1.1	Facilitate public and stakeholder access to information relating to the Authority's regulatory activities	Communicate the Authority's regulatory activities to public and stakeholders	Production and Tabling of Annual Report	Annual Report	2001/10 = 1,200 Hard Copies & 500 CDs	The 2009/10 ICASA Annual Report was produced and tabled in Parliament, distributed to stakeholders and published on the ICASA website. Seven hundred (700) hard copies printed, five hundred (500) CDs produced.
1.2		Communicate the Authority's regulatory activities to public and stakeholders	Issuance of Media Releases to stakeholders & publish on website	Number of Media Releases	40 media releases depending on projects delivered	Thirty eight (38) Media Statements issued and published on website.
1.3		Responding to public and stakeholder enquiries	Pilot Call Centre to respond to enquiries	Number of Enquiries	6 000	Seven thousand one hundred and fifty (7 150) enquiries referred to relevant divisions for response
1.4		Responding to media enquiries	Arrange media interviews	Number of media interviews	20	One hundred and eighty (180) media enquiries responded to, and 86 media interviews arranged and conducted
1.5		Communicate the Authority's regulatory activities to public and stakeholders	Host Stakeholders Meeting	Host 1 meeting	May & Oct 2010	One Stakeholder Meeting was held during 2010/11 to brief stakeholders about the 2010/11 Business Plan. A farewell Function for outgoing Chairperson Mashile was held for external stakeholders.
1.6		Sensitise all employees about industry perceptions about the Authority	Commission Perception/Reputation Survey	Staff Presentation	None planned for the year	No Reputation Survey was planned for the year.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
1.7	Facilitate public and stakeholder access to information relating to the Authority's regulatory activities	Communicate the Authority's regulatory activities to public and stakeholders	Conduct regional Media Road shows	Visits to media Houses	12 visits to media houses planned	No media road shows took place during the year.
2.1	Brand & Promote awareness among the public and stakeholders about the Authority's mandate	Communicate the Authority's regulatory activities to public and stakeholders	Place Notices in electronic & print media	Place media notices	2 media notices	Media Notices placed in leading daily and weekly titles: New Contact details for the Durban and Port Elizabeth offices, as well as Council's 2011 New Year Message to Stakeholders.
2.2		Communicate the Authority's mandate to public and stakeholders / Position the Authority favourably before public & stakeholders	Commission production of brochures	Production of Brochures	Commission production of 800 brochures	No commissioning took place because of budget constraints.
2.3		Communicate the Authority's mandate to public and stakeholders	Corporate Video translations	Commission Production	Commission production of 2 video clips during the year	ICASA Corporate Video translations produced and distributed. The ICASA Corporate video distributed to employees and all internal stakeholders. A video also produced of the CRASA-SAPRA meeting.
2.4		Position Authority favourably before public & stakeholders	Commission production of exhibition stands	Exhibition Stands	1 x Exhibition stand	No commissioning took place because of budget conditions.
2.5		Position Authority favourably before public & stakeholders	Commission of corporate gifts Council, Exec & staff	Corporate gift items	Procure 200 memory sticks, laptop bags, executive pens	Corporate gifts procured and distributed via CEO and Council, and to visiting international delegations. Full extent of KPI not achieved due to budgetary constraints.
2.6		Profile Authority's internal and external activities	Photo Album of internal & external events	Photo albums on disc	Photo-shoot of 20 internal & external events	Photographing of all internal events, sworn-in ceremonies of Councillors & Chairperson, CRASA-SAPRA meetings.
2.7		Monitor media coverage about Authority and the industry	Commission Media Monitoring service / Newspaper subscription for Council and Executive management	Media monitoring reports	Distribute daily Media monitoring reports, and quarterly Media analysis reports	Media monitoring for coverage of the Authority was achieved until mid February 2011 when the service provider went insolvent.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
2.8	Brand & Promote awareness among the public and stakeholders about the Authority's mandate	Advise & develop communications & external relations strategy for Council & Executive on Provision of public relations support to Authority	Implementation of Communications & Stakeholder Strategy & Crisis Communications Support	Public Relations support Plan & Strategy	Table Strategy Plan to Executive and Council for approval and implementation	The strategy is being finalised for approval and implementation in 2011/12.
3.1	Ensure that employees are informed about organisational policies & procedures and to enhance morale	Communicate organisational activities, policies to staff	Arrange Staff meetings	Staff meetings	4 Head Office Staff Meetings & 8 Regional Office Staff Meetings per region	Internal meetings with employees were successful throughout the year. Three (3) Head Office Staff Meetings and eight (8) Regional Office Staff Meetings
3.2		Communicate organisational activities, policies & events to staff	Compile & distribute daily electronic news flash	Daily electronic newslashes	Distribute iNews daily to Council, management & Staff	Daily electronic newslashes distributed to all internal stakeholders successfully throughout the year.
3.3		Communicate organisational activities, policies & events to staff	Publishing of an electronic interactive site	ICASA Intranet content	Publish 60 documents on Intranet	Intranet Site is still in development stage, and upgrading to take place in the new financial year.
3.4		Communicate organisational activities, policies & events to staff	Commission production of quarterly internal newsletter	ICASA Newsletter	Produce 4 editions of ICASA newsletter	Two editions of the Internal Newsletter produced and distributed.
3.5		Motivate employees through team-building functions & events	Host internal functions & events	Internal ICASA events	Host 10 internal ICASA events	Eight (8) Internal ICASA events were hosted: Regional Long Service Awards, Regional and Head Office Sports days, Chairperson's Farewell Lunch, farewell lunch for three (3) Councillors, Women's day event, Secretaries day event, Wellness day, and End of Year function.
<b>INTERNATIONAL RELATIONS</b>						
<b>Fulfill mandate and deliver services effectively and efficiently</b>						
4.1	Ensure Authority's participation in and compliance with international conventions	Prepare a year schedule of meetings to attend; Prepare & manage budget; Prepare submissions for approval by Exco & Council	Representation in ITU & UPU conferences & meetings / workshops	Representation at conferences, meetings and workshops	ICASA represented at: 16 meetings / conferences including 6 ITU & UPU meetings	ICASA was represented in all compulsory international meetings of the ITU and UPU, as well as PAPU.



KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
5.1	Promote Cooperation with other regulators	Prepare a year schedule of meetings to attend; Prepare & manage budget; Prepare submissions for approval by Exco & Council	Coordinate regional cooperation & harmonisation of regulations & standards	Representation at conferences, meetings and workshops	Facilitate representations to 6 CRASA & SAPRA meetings	ICASA took part in all CRASA-SAPRA meetings, leading to the merger of the two organisations.
5.2		Facilitate bilateral relations with other regulators	Bilateral study visits/MOU	Bilateral meeting attendance	Facilitate 6 bilateral meetings where necessary	ICASA attended to six (6) bilateral requests for study visits.
5.3			Renewal of affiliation to relevant international organisations	Subscriptions to relevant international organisations	Renew subscriptions to 4 relevant international organisations	Subscriptions to all relevant organisations renewed.
<b>ADMINISTRATION</b>						
<b>Enhance business processes and intelligence, governance &amp; reporting</b>						
1.1	Ensure ICASA Records Management (RM) has effective Knowledge Management System (KMS)	Development of ICASA library into a virtual Library/Information Hub	Electronic databases for divisions	number of electronic databases acquired / subscribed to	4 additional databases	Acquired the following electronic databases: Tariff consultants; S.A. Institute of Race Relations; electronic journal of Facilities Management; Juta e Publications; Tax Online; De Rebus, SA Attorneys' Journal. The library conducted the e-Resources training during the library week held during the fourth quarter. Accessibility & availability of resources subscribed to communicated via iNews.
1.2		Standardised File Plan implementation throughout ICASA	Classification of all ICASA documents in line with approved file plan	File Plan workshop	4 workshops + amended FilePlan	Fourteen (14) Workshops/sessions were held with individual departments to amend the file plan, to ensure that all business functions are included in the file plan.
1.3		Further development of full function Registry in line with National Archives guidelines	Monitor Registry Procedures Manual Compliance	Report on compliance of RP manual	4 Compliance Reports	Six (6) reports issued on Monitoring & Compliance of the Registry Procedures Manual.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
1.4	Ensure ICASA Records Management (RM) has effective Knowledge Management System (KMS)	Development of Records Management functions in line with National Archives guidelines	Records Management policy in place	Approved Records Management Policy	Approved RM policy & divisional workshops	Draft policy developed, but not yet approved.
1.5		Research international benchmarking against other Communication Regulatory bodies on Knowledge Management Systems (KMS)	Research report finalized	Report on visits taken	1 Research Report on Benchmark	The unit benchmarked with local organization, i.e. the Rand Water and the Parliament of South Africa. The library hosted a delegate from the Uganda Telecoms Authority and this was an opportunity to benchmark with UGANDA Telecoms Authority.
1.6			Library Week	Electronic resources awareness workshops	Training on Electronic Resources during the week of the S.A. National library week	ICASA participated in and celebrated the S.A. National Library week.
<b>Fulfil mandate and deliver services effectively and efficiently</b>						
2.1	Identify and secure the most strategically positioned properties for ICASA offices	Conclusion and management of new Lease agreements for Regional Offices with SLAs	Lease agreements finalized	Concluded Lease Agreement	Signed Lease Agreements for Regions	All leases effectively managed. All client liaison meetings were attended as planned, and attended to all landlord queries as and when received.
2.2		Conclusion and management of new Lease agreement for Head Office with SLAs	Lease agreement finalized	New office Accommodation	Approve new Head Office Accommodation	The project is proceeding with the help of the Department of Public Works to find suitable Head Office accommodation at a reasonable rental cost.
3.1	Effective Asset management	Specification of organisation wide analysis for Assets requirements	Identified asset needs for Needs Analysis report	Supply Chain Demand Plan	Approved Demand Plan	No budget funding was available.
3.2		Develop an office assets allocation criteria	Allocation criteria finalized & implemented	Finalized criteria	Approved Assets Allocation Criteria	Assets Allocation Criteria has been finalised but not approved.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
3.3	Effective Asset management	Efficient and effective planning and acquisition of assets in line with ICASA Policies, Supply Chain Management and National Treasury guidelines	Approved Acquisition Plan in place	Acquisition Plan	Annual Acquisition Plan	No budget funding was available.
3.4		Efficient and effective disposal of assets in line with ICASA Policies, Supply Chain Management and National Treasury guidelines	Approved Disposal Reports in place	Disposal Reports	4 Quarterly Disposal Reports	Disposal reports were completed for each quarter. Departments of Health and Social Development in Gauteng and Limpopo were engaged. Assets were donated to the North West Department of Health and Social Development.
3.5		Efficient and effective management of assets during useful operating life	Assets Repairs & Maintenance reports in place	Quarterly Maintenance Reports	4 Quarterly Reports	Reports issued on Assets Repairs & Maintenance.
4.1	Improve management & useful life of Fleet	Management of reliable fleet to fulfil the mandate of ICASA with Development and Implementation of Transport Policy	Approved Transport policy implemented	ICASA Transport Policy	Revised Transport Policy Approved	Existing Transport Policy being monitored and enforced, but revised policy not yet approved.
4.2		Efficient and Effective planning and acquisition of vehicles in line with ICASA policies, SCM	Vehicle replacement plan in place	Approved Vehicle Replacement Plan	Implementation of an Approved Replacement Plan	Vehicle Replacement Reports in place.
4.3		Efficient and Effective management of vehicles during useful operating lifespan	Repairs and Maintenance reports in place	Quarterly Reports	4 Quarterly Reports	Vehicle Repairs & Maintenance Reports issued.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
4.4	Improve management & useful life of Fleet	Efficient and Effective disposal of vehicles in line with ICASA policies.	Approved disposal reports in place	Quarterly Disposal Reports	4 Quarterly Reports	Vehicle Disposal Reports finalized.
4.5		Branding of ICASA vehicles	Vehicles branded	Branded vehicles	Phase 1 of Branding Completed	Project was deferred to next financial year due to unavailability of funds.
5.1	Improve management and service delivery of Office Facilities	Ensure proper maintenance of office service facilities	Service contracts and maintenance reports in place	Quarterly Reports	4 Quarterly Reports on Service contracts and maintenance reports	Service contracts being monitored and quarterly maintenance reports produced.
5.2		Ensure prompt response and effective solutions to all requests for facility services or complaints	Central call logging centre in place	Functional logging centre	Facilities Helpdesk call centre	All queries logged on ICASA facilities email resolved.
5.3		Upgrade image and service delivery in ICASA reception areas	Improvement plans in place	Improvement Plan	Improvement Plan for reception areas	All four (4) reception areas staffed with receptionists to deliver new service levels. All leasehold improvements were put on hold due to pending relocation of offices.
5.4		Start response time improvement initiative for Telephone and Communication systems within ICASA	Service Charter in place	Approved Service Charter	Approved Service Charter	Implementation of the Approved Service Charter
5.5		Start VIP & Visitor arrivals at ICASA offices awareness initiative	Reception manual in place	Reception Manual	Implementation of Approved Reception Manual	Reception manual drafted for approval.
5.6		Awareness initiative by Admin staff to internally publicise ICASA projects and developments	Internal information directory in place	Internal Directory	Internal Information Directory	Internal directory finalized.
6.1	Improve administration of Security Risk Management	Improve contingency and emergency planning at all ICASA offices	Approved Security plan in place	Security Plan	Implementation of Approved Security Plan	Security Committee appointed to assist and advise the Security Unit in their quest to reduce security breaches. Draft Security plan produced.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
6.2	Improve administration of Security Risk Management	Conduct physical security assessment to identify and correct security risks	Assessment reports in place	Bi-annual Assessment Reports	2 Assessment Reports	All planned assessments were conducted.
6.3		Regular technical security assessments on equipment and procedures	Assessment reports in place	Technical Security Reports	Monthly Reports	All planned assessments were conducted.
6.4		Continuous benchmarking of security procedures in line with legislation and best practices	Reports in place	Benchmarking Reports	1 Annual Benchmarking Report	All incidents were investigated. Investigation report submitted to CEO's office. Benchmark exercise helped the security unit to identify gaps and improvements.
7.1	Improvement in management of Occupational Health and Safety (OH&S) matters	Compliance to legislative requirements for Occupational Health & Safety standards	OHS plan & procedures in place	OHS Compliance Report	Approved OHS Plan & Procedures in place	OHS Plan and procedures drafted but not yet approved. SHE committee in place. EXCO and managers on trained OHS legal compliance. Trained SHE representatives on various OHS courses and held SHE committee meetings.
8.1	Constantly improve the provision of professional Administration Support Services	Ensure effective Admin systems, business processes and controls are in place.	Control procedures and processes in place	Approved Procedures & Processes	Implementation of Approved Procedures & Processes	Services and processes are continuously being improved to ensure provision of prudent support services to other divisions.
<b>INFORMATION TECHNOLOGY</b>						
<b>Fulfil mandate and deliver services effectively and efficiently</b>						
1.1	Improve Customer Service	Infrastructure upgrade	acquisition of new switches, storage and printers	Number	4 printers 3 TB SAN storage 3 switches	Project not implemented due to unavailability of funds.
1.2		Increase bandwidth to the internet and from regional offices to head office	Provide faster access to internet as well as between the Regional offices and Head office	Reports * 12	4 Meg to internet Monthly WAN utilisation reports	The bandwidth to the wide area network and to the internet was upgraded from 2 MB to 4MB in quarter two, and monthly utilisation reports received from Vodacom.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
2.1	Systems Integration (New ERP Implementation)	Implementation of ERP (Phase 2): Completion and submission of tender for the selection of implementation partner	Selection of implementation partner	Report	Report on ERP Implementation partner	Selection of new ERP System implementation partner was put on hold due to budgetary constraints to procure the software licences and the implementation of the system.
3.1	Improve Customer Service (continued from 1)	Support and Enhance All-data applications	Integration of databases and Migration to Ms-SharePoint and SQL Platform	Number of modules cut over	7 databases and Migration to Ms-SharePoint and SQL Platform	Four (4) out of seven (7) applications have been developed and implemented, namely Inventory, Bids Tracking, Postal and Permits.
3.2		Intranet	Roll-out of an Intranet Portal to all ICASA departments and Regions	Functionality and Report	Roll-out of an Intranet Portal to 8 Divisions	Intranet infrastructure completed for all divisions.
3.3		Improve ICASA Website	Enhanced Website	Signed Change Control forms	2 Major Changes to Website	Incorporated external recruitment, and online 'frequency application' functionality into the ICASA website.
4.1	Site Relocations	Provide infrastructure for new site Special Project- Will add IT budget to consolidated 'move' budget	New infrastructure for head office staff	Report of requirements	Report on New infrastructure for head office staff	No progress as relocation still to be finalised.
5.1	Completion of IT projects that commenced in 2009-2010	Development of IT Master Systems Plan (MSP)	Approved MSP	Report	Signed-off MSP	The MSP has been approved.
5.2		Public access to numbering database	Numbering database on ICASA website	System	System	The development is eighty percent (80%) complete and will go live in May 2011.
5.3		Transfer stand alone licensing databases into JDE	Licensing database on JDE	System	System	The contract management changes have been done on the JDE system and the relevant training provided. The Licence Tracking system will be implemented in the new financial year.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
5.4	Completion of IT projects that commenced in 2009-2010	Development of IT Disaster Recovery (DR) and Business Continuity Plan (BCP)	IT Disaster Recovery (DR) and Business Continuity Plan (BCP)	Plan	2 Plans	Whilst the Business Continuity and Disaster Recovery Plans have been developed, the risks identified therein need to be aligned to the Authority's Risk Strategy and Risk Registers. This process will be concluded during quarter one of 2011/12.
6.1	Review & Update IT Policies and Procedures	IT Policies reviewed annually	IT Policies reviewed every two years. Updated policies approved by Council	No of Policies	5 Policies	Four (4) out of five (5) IT policies planned have been reviewed.
6.2	An effective IT Review Committee (ITRC) in place	Regular meetings held where IT strategy reviewed and agreed Urgent meetings held if and when required	Record of minutes maintained for audit purposes	No of meetings	4 ITRC Meetings during the year	Four (4) Quarterly meetings have taken place. The terms of the two (2) external members have been extended by another year.
6.3	An effective IT Infrastructure in place	Uptime on network and applications	Ensure uptime of at least 97% on network and servers	% uptime	97% uptime on network and applications	The uptime on the servers and networks have stabilised and have been above ninety nine (99%) for the last two (2) quarters.
6.4		Desktop Support on IT hardware and applications	80% of calls to help desk resolved within SLA	% calls resolved within SLA	80% % calls resolved within SLA by year end	Improved response times to close calls within SLA (24 hours) from sixty five percent (65%) to eighty six percent (86%) over a 12 month period.
6.5	Provide telephony reports to Admin	Regular and accurate reports on telephone usage and costs	Monthly Telephone usage reports sent to Admin Div.	No of reports	12 Monthly Telephone usage reports	Reports on telephone usage, summary and detailed have been provided monthly to the Administration division.
6.6	Accurate and reliable performance reporting information	Preparation of accurate Performance Information (PI) Reports for quarterly and annual reporting	Timely and accurate reporting	Report	4 x PI Reports one per quarter	Four (4) Quarterly reports have been completed.
6.7	Monitoring of website usage	Review of web statistics	Monthly reports on web usage	Reports	12 Monthly reports on web usage	Monthly reports produced and provided to the communications department on website utilisation.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
6.8	Adhoc / Emergency / Unbudgeted infrastructure upgrades	Infrastructure upgrade	Acquisition of new switches, storage and printers	Number	3 TB SAN storage 2 switches	Due to the unavailability of funds, only critical infrastructure was purchased. This included secondary 10TB storage to facilitate backups, new network switch and hub to cater for election monitors and additional temporary staff in Finance as well as a new server for a tender management system.
6.9		Provide greater portability and PCs for additional staff	Laptops for mobile users and desktop for new users	Number	4 laptops and 30 desktops	Due to the unavailability of funds, only critical infrastructure was purchased. 30 desktop computers were purchased for local election monitors and Finance temporary staff.
<b>FINANCE</b>						
<b>Fulfil mandate and deliver services effectively and efficiently</b>						
1.1	Improve Financial Systems	Stabilisation of all financial modules. Configure Phase 2 of Revenue Module	Configured Revenue Module	Revenue Module	Configure Phase 2 of Revenue Module	The interface between JDE and Spectrum is 95% complete. Only one interface out of ten is outstanding. The resources that are responsible to develop the interface on the Spectrum system side were reallocated to align the Spectrum system's financial period with the PFMA financial year. This delayed the finalisation of the interface.
1.2			Develop acceptable invoices and statement as determined by operators	General acceptable invoices and statement	Develop acceptable invoices and statement	A standard invoice and statement has been developed.
1.3		Stabilisation of contract management	Configure contract management of Accounts Receivable (AR)	Contract management in AR	Configure contract management of Accounts Receivable (AR)	Contract management for Accounts Receivable was completed, tested, commissioned and staff trained.
1.4		Configure Project Management System and Costing System	Configured Project Management System and Costing System	Project management, forecasting and costing module	Develop Project Management System and Costing System	The costing and project costing system configuration was completed.
1.5		Configure integrated asset system and asset life cycle	Configured integrated asset system and asset life cycle	Asset system and asset life cycle module	Develop integrated asset system and asset life cycle	The planning, acquisition and disposal systems have been implemented. Maintenance could not be implemented due to budgetary constraints.



KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
2.1	Improve Financial Processes, Procedures, Policies & Compliance	Enhance business process in consultation with internal stakeholders	Develop enhanced business processes	Enhanced business processes	Consult on enhanced business processes	The business processes were enhanced namely: 30 days payment, bid processes, contract management, refunds, commitments, accruals, allocation of receipts and asset confirmation.
2.2		Review financial policies	Update financial policies. Develop investment and banking policy	Updated policies	Update financial policies. Develop investment and banking policy	
2.3		Fairly stated assets.	Verify asset.	Asset verification report	Asset verification report	
2.4	Improve Financial Report	Review and improve monthly reporting.	Review asset residual values	Report on asset residual values.	Report on asset residual values.	Reviewed for residual values and life span were completed in March 2011.
3.1			Enhance budget, revenue and costing reports	Enhance budget, revenue and costing reports	Improved budget, revenue and costing reports	Monthly costing reporting improved.
3.2			Improve tender reporting.	Improve tender reporting.	Improved tender reports	Improved tender reports
3.3	Improve Revenue Collection	Collect the payable amounts	Enhance Financial Management Performance Indicators (FMP)	Report on FMP compliance	Report on FMP compliance	Our FMP were improved for monthly accounts and ENE. Installed and mapped CaseWare for financial statements, work schedule and working papers.
4.1			Spectrum: Annual collection rate of 85%	Revenue collection report	Annual collection rate of 85%	The collection rate is fifty five percent (55%) and is under the target by thirty percent (30%). The bulk billing was run late December 2010 and January 2010 because of the change in the financial year in the Spectrum system, invoices were therefore distributed late.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
4.2	Improve Revenue Collection	Collect the payable amounts	Broadcasting: Annual collection rate of 95%.	Revenue collection report	Annual collection rate of 95%.	There is seventy four percent (74%) collection from broadcasters that submitted financial statements. Community broadcasters have not submitted their financial nor paid claiming that they cannot afford to pay USF. The Authority is engaging them to resolve this.
4.3		Collect the payable amounts	ECN & ECS: Annual collection rate of 85%.	Revenue collection report	Annual collection rate of 85%.	Collected sixty one percent (61%) from customers that submitted their financial statements. The under collection is due to the interpretation of the General Licence Fees Regulations.
4.4		Collect the payable amounts	Postal Services: Annual collection rate of 98%.	Revenue collection report	Annual collection rate of 98%.	Collected one hundred percent (100%) from SAPO and couriers who have renewed. The courier operators that did not renew are being followed up by the Compliance Department.
5.1		Increase participation of HDI on ICASA procurement	Procure at least 55% from HDI on goods and services below R500k	Target HDI in most of procurement tenders	HDI report	Target HDI in most of procurement tenders
5.2	Procure at least 40% from HDI on goods and services above R500k		Target HDI in most of procurement tenders	HDI report	Target HDI in most of procurement tenders	For goods and services above R500K, sixty seven percent (67%) was procured from HDI companies. This is higher than the target by twenty seven percent (27%). BEEs were given more opportunities through the rotation system.
5.3	Procure at least 15% from SMMEs on goods and services below R500k		Target HDI in most of procurement tenders	Report on SMME procurement	Target HDI in most of procurement tenders	Thirty three percent (33%) was procured from SMME'S and this target was exceeded by eighteen percent (18%).
5.4	Pay SMME within 14 days		Improve sustainability of SMME	Report of SMME payment	Improve sustainability of SMME	The Authority paid forty four percent (44%) of SMME within fourteen (14) days. A tracking system has been implemented to improve this.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
5.5	Increase participation of HDI on ICASA procurement	Pay large organisations within 30	Improve supplier relationships	Report of age analysis	Improve supplier relationships	Payment to large companies processed within thirty (30) days was seventy four percent (74%) which is lower than target. Eleven (11%) were late payments due to account queries. A tracking system has been implemented to improve payment period.
<b>COMPLIANCE, RISK AND AUDIT</b>						
<b>INTERNAL AUDIT</b>						
<b>Enhance business processes and intelligence, governance &amp; reporting</b>						
1.1	Appraise the systems of internal control, risk management and governance processes for adequacy and effectiveness	Internal audit reports on the adequacy and effectiveness of internal controls, risk management and governance processes.	Internal audit reports completed as per the detailed operational Plan	Report completed	25	A total of twenty one (21), eighty four percent (84%) internal audit reports were issued.
1.2		Follow - up reports on Auditor General management letter issues	Internal audit reports	Internal Audit Report	1	Two (2) reports were issued in respect of Auditor General management letter issues.
1.3		Effective use of Team-Mate and ACL	Internal audit reports	Internal Audit Report	2	In-house training provided in addition to the one report completed.
2.1	Compliance with the Institute of Internal Auditors (IIA) Standards	Internal assessments are conducted annually	Internal quality assurance report	QA Report	2	No internal assessments conducted.
2.2		Internal Audit Staff - CPD Training as per Individual Development Plan (IDP) (Technical, soft and CAATs skills)	Training report including the number trained	Training Report	1	Only in-house soft skills training attended.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
3.1	Governance reporting	Quarterly reporting to EXCO and Council by the Chief Audit Executive (CAE)	Executive summary report of major findings on work done by Internal Audit (IA)	Quarterly Report	4	Two (2) quarterly reports tabled at Exco.
3.2		Quarterly reporting to Audit Committee (AC) by the Chief Audit Executive (CAE)	Review of activities report on work done by Internal Audit (IA)	Quarterly Report	4	Two (2) quarterly reports tabled at ARC.
3.3		Training of Council members on IA and AC operations	Annual report on training provided	Annual Report	1	No training was provided to Councillors.
3.4		Annual reporting to EXCO and Council by the Chief Audit Executive (CAE)	Overall report on the assessment of the systems of internal control, risk and Governance processes	Annual Report	1	No annual report issued on the assessment of the systems of internal control, Risk and Governance processes.
<b>COMPLIANCE AND RISK</b>						
<b>Enhance business processes and intelligence, governance &amp; reporting</b>						
1.1	Provide Audit and Risk Committee (ARC) Services	Quarterly meetings of the Audit and Risk Committee	At least Four mandatory Audit and Risk committee meetings to be held during the year	Number	4	In addition to the formal ARC meetings held, a technical subcommittee was established to assess matters relating to the year end audit. Ad hoc meetings were also held.
2.1	An effective Audit Committee is in place	Regular reporting to Council/Executive by the AC	Report back to Council and EXCO on issues raised at Audit and Risk Committee meetings held	Report	4	The ARC Chairperson and members provided regular feedback to Council on issues raised at ARC meetings.
2.2		There is regular training of the AC members	Training report including the number trained	Training provided	2 training sessions	ARC members attended a workshop on Performance Information presented by the AG at ICASA.
3.1	Corporate Governance structures are working as intended	Audit report on reviews of compliance to corporate governance processes	Audit report on functioning of corporate governance structures	Report	4	Internal Audit commenced an audit on Corporate Governance during the fourth quarter.

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
4.1	Co-ordinate risk management within the Authority	A risk management strategy is in place and is being implemented	Risk Management Strategy developed and approved by Council	Plan	4	Council approved a new three year corporate strategy during the fourth quarter with Authority's strategic risks were also identified during this process. However, the coherent risk management strategy, risk management policy framework and fraud and corruption policy and the strategic risk mitigation plans could not be finalised before the financial year ended.
4.2		Risk Register Complied and in place	Departmental Risk Assessments Workshops conducted	Workshops	12	Meetings were held with management of all divisions explaining the requirements to update their risk profiles and to review the previous risk registers. However, this process had to be aligned to the new corporate strategy and could therefore not be completed before the year end.
4.3			Risk Register compiled and approved by Council	Register	3	
4.4			Report provided to Audit and Risk Committee on Risks identified and progress made	Report	4	Critical risks identified during the year were individually highlighted at ARC meetings.
4.5			Report provided to EXCO and Council on Risks identified and progress made	Report	EXCO - 12 CIL - 4	Critical risks identified during the year were individually highlighted at EXCO meetings.
5.1	Update of ICASA policies and procedures	Policies and Procedures reviewed on an annual basis	New Policies and Procedures drafted and existing Policies and Procedures annually reviewed and updated. All Policies and Procedures approved by Council. New and Reviewed Approved Policies and Procedures communicated monthly to Employees	Policies	48	The Authority embarked on a revision of all policies and procedures including the introduction of a policy template and policy approval process which Council approved during the fourth quarter. The full review of all policies will commence in the first quarter of the new financial year.
5.2			Quarterly briefing to Employees on Policies and Procedures in conjunction with HR	Intranet	12	
5.3				Workshops	4	

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
5.4	Update of ICASA policies and procedures	Policies and Procedures reviewed on an annual basis	Quarterly report to EXCO, Council and Audit and Risk Committee on policies and procedures approved and communicated to all Employees	Report	4	The Authority embarked on a revision of all policies and procedures including the introduction of a policy template and policy approval process which Council approved during the fourth quarter. The full review of all policies will commence in the first quarter of the new financial year.
6.1	Accurate and Reliable Performance Reporting Information, including Budgeting, Financial and Operational Performance Information	Assessment and Review of Performance Information in line with AG requirements	Quarterly Performance Information prepared in accordance with AG requirements tabled at EXCO, Council and Audit and Risk Committee	Report	4	A process was undertaken to engage the AG on the performance information requirements and workshops were held with Council and Management in this regard as the AG reported that deliverables for 2010/11 could still not be adequately measured. Quarterly performance information was not prepared timeously during the year under review.
6.2		Performance Information provided timeously to all stakeholders	Performance Information Provided to stakeholders as per their requirements P	Checklist	12	Performance information was not timeously submitted to stakeholders for quarters one, three and four.
6.3		Performance Information Policy and Guidelines Compiled and in place	Performance Information Policy and Guidelines developed and approved by Council	Policy	1	The Performance Information Policy was approved during the fourth quarter.
6.4		Budgeting, Monthly Financial Reporting process in line with stakeholders requirements	Timely and Accurate Budget/ Finance reporting	Checklist	12	Budgeting, Monthly Financial Reporting in addition to Performance Information was not timeously submitted to stakeholders for quarters one, three and four. A Compliance and Risk report was issued on the budgeting process.
7.1	Co-ordinate fraud prevention, detection and investigative strategies	A Fraud Prevention Plan (FPP) is in place and is being implemented	Implementation of the Fraud Prevention Plan Anti-fraud awareness campaign through workshops, intranet, ICASA newsletter, ethics updates	Plan	3	Council approved a new three year corporate strategy during the fourth quarter and the Authority's strategic risks were also identified during this process. However, the coherent risk management strategy, risk management policy framework and fraud and corruption policy and the strategic risk mitigation plans could not be finalised before the financial year ended.
7.2				Workshops, Newsletters, Intranet	Workshops - 4, Newsletters - 4, Intranet - 12	

KPI No.	Strategic Goals	Key Performance Area	Key Performance Indicator (Output)	Unit of Measurement	Target	Overall progress during the financial year
7.3	Co-ordinate fraud prevention, detection and investigative strategies	A Fraud Prevention Plan (FPP) is in place and is being implemented	Ad hoc reports on forensic investigations undertaken	Report	4	No forensic investigations were undertaken during the year. However, a status report was compiled on a fraud matter concluded internally during the 2010 financial year. The trial regarding the criminal charges instituted will only commence after this financial year. The SAPS is being continually engaged in this matter.

INDEPENDENT COMMUNICATIONS  
AUTHORITY  
OF SOUTH AFRICA

9. ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2011





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# STATEMENT OF RESPONSIBILITY

The Council is responsible for the oversight role on the financial statements and the Chief Executive Officer, in his capacity as Accounting Officer is responsible for the preparation and integrity of the financial statements and related information included in this report. In order for the Accounting Officer to discharge his responsibilities, management has developed and continues to maintain a system of internal control. The system of internal controls of ICASA is monitored primarily through Internal Audit and Compliance and Risk and is reviewed by the Audit and Risk Committee.

The internal controls include a risk based system of internal controls and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the entity's policies and procedures. Trained, skilled personnel with an appropriate segregation of duties implement these controls. They are monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

To review the system of internal control, an internal audit function has been set up that conducts operational, financial and specific audits and co-ordinates audit coverage with the Auditor-General. The Auditor-General is responsible for reporting on the financial statements.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. Council believes that the entity will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The financial statements for the year ended 31 March 2011 as set out on pages 97 to 171, have been approved by Council and are signed on its behalf by:



**Dr Stephen Mncube**  
Chairman  
30 July 2011



**Themba Dlamini**  
Chief Executive Officer  
30 July 2011



# REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2011

## INTRODUCTION

The Audit and Risk Committee has pleasure in presenting to Parliament its report for the financial year ended 31 March, 2011 as required by the Treasury Regulations issued in terms of the Public Finance Management Act, Act 1 of 1999 ( as amended ) (PFMA).

## AUDIT AND RISK COMMITTEE MEMBERS

The Audit and Risk Committee had meetings in accordance with its Charter as per the table reflected on page 140 of the Annual Financial Statements, since its 2010 report (dated: 31 July 2010). The membership of the Audit and Risk Committee is as follows:

Sandile Swana	Chairperson – re-appointed	1 January 2010
Rene Kenosi	Member – re-appointed	1 January 2010
Tsediso Gcabashe	Member – re-appointed	1 May 2010
Tsheko Ratsheko	Member – appointed	1 February 2010
Thandi Sihlaba	Member – appointed	1 July 2010

## AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee has:

- complied with its responsibilities and obligations as set out in section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13; and
- complied with and discharged all its responsibilities according to the Audit and Risk Committee Charter, which regulates its formal terms of reference .

## THE EFFECTIVENESS OF INTERNAL CONTROL

In its 2010 report the Audit and Risk Committee noted, amongst others, the need for improvement in internal controls as well as compliance with prescribed policies and procedures and regulations.

The Annual Financial Statements for the year ending 31 March 2011 have been audited by the Auditor General, who has issued a qualified opinion. The Audit and Risk Committee concurs with the Auditor General in this regard.

The chairperson of the Audit and Risk Committee continues to address the Council of ICASA on the above as a basis for setting up a platform for excellence in governance and internal control going forward.

The Audit and Risk Committee has been made aware by the newly appointed Chief Executive Officer of the implementation of corrective actions that have already commenced to address the issues identified in the audit opinion.

## EVALUATION OF THE FINANCIAL STATEMENTS

The Audit and Risk Committee has reviewed:

- the audited Annual Financial Statements and discussed them with the Auditor General and the Chief Executive Officer, in his capacity as accounting officer;
- the Auditor-General's management letter and related management responses; and
- the accounting policies and practices.

A number of adjustments resulting from the audit have been given effect in the annual financial statements recognising previous errors. The Audit and Risk Committee is satisfied that the Annual Financial Statements comply in all material respects with the requirements of the PMFA (as amended).

The Audit and Risk Committee concurs and accepts the conclusion of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



**Sandile Swana**  
**Chairperson**  
**Audit and Risk Committee**  
**30 July 2011**



# REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## REPORT ON THE FINANCIAL STATEMENTS

### **Introduction**

I have audited the accompanying financial statements of the Independent Communications Authority of South Africa (ICASA), which comprise the statement of financial performance as at 31 March 2011, the statement of financial position, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information, set out on pages 108 to 171.

### **Accounting officer's responsibility for the financial statements**

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor-General's responsibility**

As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for qualified opinion**

#### **National Revenue Fund administered assets and National Revenue Fund payables**

ICASA collects licence fees as contemplated by the Electronic Communications Act (ECA). In terms of section 15(3) of the Independent Communications Authority of South Africa Act, 2000 (Act No. 13 of 2000), the authority is required to pay all fees received and held on their behalf to the National Revenue Fund (NRF) within 30 days after receipt of such revenue.

I was unable to verify the National Revenue Fund administered assets and resulting National Revenue Fund payables balances amounting to R899 906 346 and R906 839 654, respectively, as disclosed in notes 15 and 19 to the financial statements, due to lack of control over the invoicing and collection of licence fees. The entity's records did not permit the application of alternative audit procedures regarding the amount receivable and resulting payable. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, completeness, valuation and allocation of and rights and obligations pertaining to the National Revenue Fund administered assets and resulting National Revenue Fund payables.

As a result of the above, I am also unable to conclude on the valuation, completeness, classification and understandability of and rights and obligations pertaining to the financial instrument disclosure made in note 26 to the financial statements.

#### **Property, plant and equipment and Intangible assets**

Standard of Generally Recognised Accounting Practices, GRAP 3, *Accounting policies, changes in accounting estimates and errors* requires that the entity correct material prior period errors retrospectively. If the error occurred before the earliest period presented, the restatement has to be made against the earliest prior period presented, which in the entity's case is 1 April 2009.

The entity used the incorrect method of calculating their depreciation and amortisation when a change in estimate occurred in the prior years. This error has been corrected and disclosed in note 3.1 to the financial statements. However, management did not adjust the opening balance of property, plant and equipment and intangible assets as at 1 April 2009 to comply with GRAP 3. There were no satisfactory alternative audit procedures that I could perform to obtain reasonable assurance that the opening balances as at 1 April 2009 are fairly stated.

As a consequence of my inability to satisfy myself as to the valuation of the opening balance of property, plant and equipment and intangible assets as at 1 April 2009, I was not able to satisfy myself as to the accuracy, occurrence and completeness of the **depreciation and amortisation** as disclosed in the statement of financial performance for the current and comparative year.

Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the valuation of the **property, plant and equipment balance and intangible assets** as disclosed in notes 12 and 13 to the financial statements.

As a result of the above, I am also unable to conclude on the completeness, accuracy and occurrence of the **prior period error** and **change in estimate** disclosed in notes 3.1 and 27 to the financial statements.



## **Qualified opinion**

In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of ICASA as at 31 March 2011 and its financial performance and cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa (PFMA).

## **Emphasis of matters**

I draw attention to the matters below. My opinion is not modified in respect of these matters.

### **Irregular and fruitless and wasteful expenditure**

#### **Irregular expenditure**

As disclosed in disclosure note 11 to the financial statements, irregular expenditure to the amount of R5 057 453 (2010: R655 627) was incurred because proper procurement procedures were not followed.

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

The entity incurred fruitless and wasteful expenditure of R707 413 relating to the current financial year.

## **Significant uncertainties**

With reference to note 23 to the financial statements, ICASA is the defendant in a number of lawsuits. The ultimate outcome of these matters cannot currently be determined, and no provision for any liability that may result has been made in the financial statements.

## **Restatement of corresponding figures**

As disclosed in note 3 to the financial statements, the corresponding figures for the year ended 31 March 2010 have been restated as a result of errors discovered during the year ended 31 March 2011 in the financial statements of ICASA at, and for the year ended, 31 March 2010.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 50 to 94 and material non-compliance with laws and regulations applicable to the department.

## Report on predetermined objectives

### Usefulness of information

The reported performance information was deficient in respect of the following criteria:

- Measurability: The indicators are not well defined and the targets are not specific, measurable and time bound.

The following audit findings relate to the above criteria:

- For all programmes, more than 50% of the planned and reported targets were not specific in clearly identifying the nature and required level of performance, and measurable in identifying the required performance as illustrated by the example below:

Performance measure/indicator	Target
Licensing and compliance: Monitoring of SAPO license conditions.	Monitoring visits to SAPO postal outlets in all nine provinces and production of compliance report.

### Reliability of reported performance information

The reported performance information was deficient in respect of the following criteria:

- Validity: The reported performance did not occur and does not pertain to the entity
- Accuracy: The amounts, numbers and other data relating to reported actual performance have not been recorded and reported appropriately.
- Completeness: All actual results and events that should have been recorded have not been included in the reported performance information.

The following audit findings relate to the above criteria:

- Sufficient appropriate evidence in relation to any of the selected programmes could not be obtained. There were no satisfactory audit procedures that I could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported performance against predetermined objectives.

### Compliance with laws and regulations

### Strategic planning and performance management

The accounting officer did not establish procedures for quarterly reporting of performance to the executive authority to facilitate effective performance monitoring, evaluation and corrective action as required by TR 3.2 and PFMA section 38(1)(a)(i) and (b).





## **Internal audit**

The internal audit function did not adhere to the requirements, as set by section 38(1)(a)(ii) of the PFMA and Treasury Regulation 3.2, in that internal audit did not evaluate and develop recommendations on the effectiveness and efficiency of controls throughout the year.

## **Procurement and contract management**

Goods and services with a transaction value of between R10 000 and R500 000 were procured without inviting at least three written price quotations from prospective suppliers, as per the requirement of Practice note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.

The entity did not invite competitive bids for all procurement above R500 000, as per the requirement of Practice note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.

## **Expenditure management**

The accounting officer did not take effective and appropriate steps to prevent irregular and fruitless and wasteful expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA.

The entity did not perform adequate creditor reconciliations for accounts payable to the Department of Communication as required by section 38(1)(a).

## **Revenue management**

The accounting officer did not take effective and appropriate steps to collect all money due to the entity, as required in terms of PFMA section 38(1)(c)(ii) and TR 11.2.1.

The authority utilised a revenue suspense account, and did not implement adequate controls to clear the items on a monthly basis as required by TR 17.1.2(b).

The authority did not pay all fees received and held on behalf of the National Treasury to the National Revenue Fund within 30 days of receipt of such revenue as required by section 15(3) of the ICASA Act, 2000.

The authority accrued interest to the amount of R3 541 199 during the year which has not been paid over to the National Revenue Fund as required by section 15(3) of the ICASA Act, 2000.

## **Risk assessment**

The accounting officer did not ensure that a risk assessment is conducted regularly to identify emerging risks of the institution as required by TR 3.2.1.

## INTERNAL CONTROL

In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

### Leadership

The accounting officer did not exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls.

Actions are not taken in a timely manner to address the risks relating to the achievement of complete and accurate financial reporting.

### Financial and performance management

The entity did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

The entity did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

Management did not review and monitor compliance with applicable laws and regulations.

### Governance

Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.

*Auditor - General*

Pretoria  
30 July 2011



**AUDITOR - GENERAL**  
**SOUTH AFRICA**

*Auditing to build public confidence*



# REPORT BY THE ACCOUNTING OFFICER

I have pleasure in presenting to Parliament the Independent Communications Authority of South Africa's ("ICASA") report for the year ended 31 March 2011. The report covers the period 1 April 2010 to 31 March 2011. As required by section 16(1)(b)(i) of the ICASA Act 13 of 2000 ("ICASA Act"), ICASA has prepared a detailed annual report for the activities during the financial period under review.

## Background

ICASA is the regulator of the electronic communications and postal sectors. It was established in July 2000 in terms of the ICASA Act.

ICASA's key functions are to:

- make regulations and policies that govern postal, telecommunications and broadcasting services;
- issue licences to providers of telecommunication, broadcasting and postal services;
- monitor the environment and enforce compliance with rules, regulations and policies;
- hear and decide on disputes and complaints brought by stakeholders;
- plan, control and manage the frequency spectrum; and
- protect the consumers from unfair business practices, poor quality services and harmful or inferior products.

## Applicable legislation

ICASA derives its mandate from the following statutes: ICASA Act of 1999, Postal Services Act of 1998, Electronic Communications Act 35 of 2005, and the Broadcasting Act of 1999.

## General review of the state of financial affairs

The financial statements have been prepared on a going concern basis and the financial performance and position demonstrates that this basis is sound.

We continue to strive to improve the financial management of ICASA and financial policies have been developed and monitored to give effect to this.

The allocation for the 2010/11 financial year was exceeded by R11 million. The depreciation was budgeted for under accumulated surplus hence the deficit relating to depreciation was set off against accumulated surplus. This accumulated surplus was created when GRAP 23 was adopted in the previous financial year, where the deferred income was converted to accumulated surplus.

In the 2005/6 financial year, National Treasury issued a circular whereby ICASA was granted permission to retain interest received on favourable bank account balances. ICASA recognised interest received of R6 million in the 2010/11 financial period (2009/10 – R15 million).

## Council and Executive Management's remuneration

Details of Council and Executive Management's remuneration are set out in note 7 to the financial statements.

## Events after the reporting date

There were no significant events that took place between the reporting date and the date in which the financial statements were authorised for issue.

## Business address

Physical address:

Blocks A, B, C & D  
Pinmill Farm  
164 Katherine Street  
Sandton  
2128

Postal address:

Private Bag X10002  
Sandton  
2146



**Themba Dlamini**  
**Chief Executive Officer**  
**30 July 2011**

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA  
**STATEMENT OF FINANCIAL PERFORMANCE**

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
Revenue from non-exchange transactions	2	291 171 453	270 205 869
Revenue from exchange transactions	4	5 653 589	15 228 157
<b>Total revenue</b>		<b>296 825 042</b>	285 434 026
Administrative expenses	5	(32 149 834)	(36 255 924)
Staff costs	6	(170 958 691)	(159 040 381)
Audit fees	8	(2 937 234)	(1 602 727)
Other operating expenses	9	(86 485 587)	(85 633 622)
Finance costs	10	(6 261)	(5 834)
Depreciation	12	(14 066 930)	(7 372 425)
Amortisation	13	(1 193 135)	(293 295)
<b>Total expenses</b>		<b>(307 797 672)</b>	(290 204 208)
<b>Deficit for the period</b>		<b>(10 972 630)</b>	(4 770 182)

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**STATEMENT OF FINANCIAL POSITION**

as at 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
		<b>98 508 228</b>	92 916 596
Property, plant and equipment	12	<b>87 851 602</b>	87 656 674
Intangible assets	13	<b>10 656 626</b>	5 259 922
<b>Current assets</b>			
		<b>948 619 729</b>	583 413 954
Trade and other receivables from exchange transactions	14	<b>2 311 761</b>	1 451 386
Other receivables from non-exchange transactions	14.1	-	5 447
Current portion of operating lease assets	20	<b>42 251</b>	-
National Revenue Fund – Administered Assets	15	<b>899 906 346</b>	496 281 284
Prepayments	16	<b>5 249 432</b>	4 531 485
Cash and cash equivalents	17	<b>41 109 939</b>	81 144 352
<b>TOTAL ASSETS</b>		<b>1 047 127 957</b>	676 330 550
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
		<b>936 191 008</b>	554 669 937
Trade and other payables from exchange transactions	18	<b>29 328 691</b>	32 660 134
Trade and other payables from non-exchange transactions	18.1	<b>22 663</b>	20 937
National Revenue Fund payables	19	<b>906 839 654</b>	521 966 213
Current portion of operating lease liability	20	-	22 653
<b>Non-current liabilities</b>			
		<b>248 966</b>	-
Non-current portion of operating lease liability	20	<b>248 966</b>	-
<b>TOTAL LIABILITIES</b>		<b>936 439 974</b>	554 669 937
<b>FUNDS</b>			
<b>ACCUMULATED RESERVES</b>			
		<b>110 687 983</b>	121 660 613
Accumulated surplus		<b>110 687 983</b>	121 660 613
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>1 047 127 957</b>	676 330 550

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA  
**STATEMENT OF CHANGES IN NET ASSETS**  
 for the year ended 31 March 2011

	Note	Accumulated surplus R
<b>Balance as at 31 March 2009</b>		126 430 795
Surplus for the year as previously reported		6 210 939
Effect of prior period error	3	(10 981 121)
<b>Restated balance as at 31 March 2010</b>		121 660 613
Deficit for the period		(10 972 630)
<b>Balance at 31 March 2011</b>		110 687 983

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**CASH FLOW STATEMENT**

for the year ended 31 March 2011

	Note	31 March 2011 R  Actual	31 March 2010 R  Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Cash received from DoC		290 923 000	269 607 000
Cash received by Administered Revenue		771 571 464	1 913 146 304
Finance income		5 580 968	15 607 109
<b>Payments</b>			
Cash paid by Administered Revenue		(790 323 084)	(1 904 279 883)
Cash paid to suppliers		(126 171 662)	(109 015 012)
Cash paid to employees		(137 157 073)	(132 635 207)
Employees tax paid		(33 716 330)	(26 707 045)
Finance costs	10	(6 261)	(5 834)
<b>Net cash flows from operating activities</b>	22	<b>(19 298 978)</b>	25 717 432
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment	12	(15 378 185)	(20 448 330)
Purchase of intangible assets	13	(5 475 670)	(2 773 147)
Proceeds from sale of plant and equipment		118 420	115 976
<b>Net cash flows from investing activities</b>		<b>(20 735 435)</b>	(23 105 501)
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(40 034 413)</b>	2 611 931
Cash and cash equivalents at the beginning of the period		81 144 352	78 532 421
<b>Cash and cash equivalents at the end of the period</b>	17	<b>41 109 939</b>	81 144 352



INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2011

	<b>31 March 2011 R Budget Approved</b>	<b>31 March 2011 R Budget Final</b>	<b>31 March 2011 R Actual</b>	<b>Difference between Final Budget and Actual R</b>
<b>REVENUE</b>				
Revenue from non-exchange services	<b>290 923 000</b>	290 923 000	291 171 453	(248 453)
Other income from exchange services	<b>10 018 000</b>	10 018 000	5 653 589	4 364 411
<b>Total revenue</b>	<b><u>300 941 000</u></b>	<b><u>300 941 000</u></b>	<b><u>296 825 042</u></b>	<b><u>4 115 958</u></b>
Administrative expenses	<b>(30 802 823)</b>	(32 707 803)	(32 149 834)	(557 969)
Staff costs	<b>(159 985 447)</b>	(173 833 356)	(170 958 691)	(2 874 665)
Audit fees	<b>(2 200 000)</b>	(3 049 780)	(2 937 234)	(112 546)
Other operating expenses	<b>(92 413 484)</b>	(105 684 760)	(86 485 587)	(19 199 173)
Depreciation	<b>(12 852 097)</b>	(12 852 097)	(14 066 930)	1 214 833
Amortisation	<b>(1 490 208)</b>	(1 490 208)	(1 193 135)	(297 073)
Finance costs	<b>-</b>	-	(6 261)	6 261
<b>Total expenses</b>	<b><u>(299 744 059)</u></b>	<b><u>(329 618 004)</u></b>	<b><u>(307 797 672)</u></b>	<b><u>(21 820 332)</u></b>
<b>Surplus/(deficit)</b>	<b>1 196 941</b>	(28 677 004)	(10 972 630)	(17 704 374)
<b>Add back: depreciation and amortisation</b>	<b><u>14 342 305</u></b>	<u>14 342 305</u>	<u>15 260 065</u>	<u>(917 760)</u>
	<b>15 539 246</b>	(14 334 699)	4 287 435	(18 622 134)
<b>CAPEX</b>	<b><u>(15 539 246)</u></b>	<u>(15 539 246)</u>	<u>(20 960 973)</u>	<u>5 314 609</u>

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

for the year ended 31 March 2011

Reconciliation of budget surplus with the deficit in the statement of financial performance for 31 March 2011

	<b>Operating</b>	<b>Financing</b>	<b>Investing</b>	<b>Total</b>
Actual amount on comparable basis as presented in the Budget and Actual comparative statement	307 797 672	-	20 960 973	328 758 645
Basis difference:				
Timing difference	(10 752 607)	-	( 107 118)	(10 859 725)
Entity difference	-	-	-	-
Actual amount in the statement of cash flows	297 045 065	-	20 853 855	317 898 920

The budget is prepared on an accrual basis over three financial years and is approved by the Portfolio Committee on Communication and is being reviewed by Council. A budget review done at the end of 31 March 2011 covered the 2010/11 financial year only. The virements are authorised internally in terms of the delegations of authority.

**Revenue**

The allocation of the budget and finance income was used to deliver on the strategic objectives as reflected in the annual report and acquisition of assets for delivery of service as per strategic plan and mandate. The revenue for the 2010/11 was below the target because the interest accrued was less than anticipated due to a low interest rate. The Authority received all its allocation as approved by Parliament.

**Administrative Expenditure**

The budget for administrative costs was increased from R30 802 823 to R32 707 803 in order to accommodate the international travelling for international regulatory meeting and working groups as required by United Nations. The Authority is involved in different international working groups that develop electronic communication and postal standards. Initially this budget for international travelling was reduced drastically in order to fund the FIFA World Cup project because we did not get the funding for that.

There was a saving of R557 969 against the full year budget of R32 707 803. The Authority reduced the printing and stationary as part of improving efficiency. In addition to this, there was less local travelling during FIFA World Cup because the regional staff concentrated at monitoring the World Cup operation and it was also expensive to use flights during this period hence the Authority postponed or cancelled some travelling. This resulted in a saving at the end of the financial year. The Authority also changed to an electronic recruitment system and this created a further saving.



## Staff Costs

The original staff costs budget of R159 985 447 was increased by R13 847 909 in order to accommodate the temporary staff costs that were not initially catered for. At the end of financial year, there was a saving of R2 874 665 against the full year budget of staff costs of R173 833 356 due to vacant posts and a delay of employing the temporary staff, particularly the ones responsible for election monitoring because they could not be employed until the election date was announced.

## Audit Fees

The Audit fees have increased compared to the prior year as a result of the Auditor General performing an interim audit for the first time. The initial Audit fees budget of R2 200 000 was increased by R849 780 because the Auditor-General planned the interim audit during the course of the financial year and this was not the practice before. They also planned to conduct an IT audit on payroll system and new financial systems. There was under-expenditure of R112 546. The interim audit for the Regions and the Administered Revenue Section was not done. The Authority was still busy developing the financial systems on the Administered Revenue Fund and therefore the Auditor – General could not finalise the entire planned interim audit in time.

## Other Operating Expenses

The initial budget of R92 413 484 mainly on other operating expenses was increased by R13 271 276 to augment the head office rental and increased rental of the Port Elizabeth and Durban regional offices. The Authority could not relocate due to lack of funds and the rental was increased more than anticipated because the renewal was for a short period. The rental of relocated regions increased because large offices were occupied as per the need of the regions. There was a saving of R19 199 173 on other operating expenses due to the fact that the budgets are prepared on the cash basis while the records are kept on the accrual basis. The smoothing of rental payments over the period of the lease also has a major impact on the reported figures.

## Depreciation

The depreciation charge was higher than that budget mainly due to the reduction of expected useful lives for some major assets categories.

## Amortisation

The amortisation charge for the year was lower than budget due to the fact that a major component of additions to intangible assets was done towards the end of the financial year.

## CAPEX

The Authority's CAPEX was mainly funded from accumulated surplus earned which arose when the Authority earned interest on surplus funds but was not used in those financial years in which it was earned.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, directives and guidelines of such relevant statements issued by the Accounting Standards Board. The following statements were approved and effective at the reporting date:

- GRAP 1 Presentation of Financial Statements
- GRAP 2 Cash Flow Statements
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 The Effects of Changes in Foreign Exchange Rates
- GRAP 5 Borrowing Costs
- GRAP 6 Consolidated and Separate Financial Statements
- GRAP 7 Investments in Associates
- GRAP 8 Interests in Joint Ventures
- GRAP 9 Revenue from Exchange Transactions
- GRAP 10 Financial Reporting in Hyperinflationary Economies
- GRAP 11 Construction Contracts
- GRAP 12 Inventories
- GRAP 13 Leases
- GRAP 14 Events After the Reporting Date
- GRAP 16 Investment Property
- GRAP 17 Property, Plant and Equipment
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
- GRAP 100 Non-current Assets Held for Sale and Discontinued Operations
- GRAP 101 Agriculture
- GRAP 102 Intangible Assets

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### Directives and guidelines

Directives and guidelines issued by the Accounting Standards Board (ASB) form part of the GRAP Reporting Framework.

### Effective IFRSs and IFRICs

Effective IFRSs and IFRICs that are applied considering the provisions in paragraphs 20 to 26 of Directive 5:

IFRS 3 (AC 140) Business Combinations

IFRS 4 (AC 141) Insurance Contracts

IFRS 6 (AC 143) Exploration for and Evaluation of Mineral Resources

IAS 12 (AC 102) Income Taxes

SIC 21 (AC 421) Income Taxes – Recovery of Revalued Non-Depreciable Asset

SIC 25 (AC 425) Income Taxes – Changes in the Tax Status of an Entity or its Shareholders

SIC 29 (AC 429) Service Concession Arrangements – Disclosures

IFRIC 4 (AC 437) Determining whether an Arrangement contains a Lease

IFRIC 12 (AC 445) Service Concession Arrangements

IFRIC 13 (AC 446) Customer Loyalty Programmes

IFRIC 15 (AC 448) Agreements for the Construction of Real Estate

IFRIC 17 (AC 450) Distributions of Non-cash Assets to Owners

IFRIC 18 (AC 451) Transfer of Assets from Customers

The following statements of GRAP were approved but not yet effective at the reporting date and they did not have an impact on the reporting:

- GRAP 21 - Impairment of non-cash-generating assets
- GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers)
- GRAP 25 - Employee Benefits
- GRAP 26 - Impairment of cash-generating assets
- GRAP 103 - Heritage Assets
- GRAP 104 - Financial Instruments
- GRAP 105 - Transfer of Functions Between Entities Under Common Control
- GRAP 106 - Transfer of Functions Between Entities Not Under Common Control
- GRAP 107 – Mergers

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

**1 Summary of significant accounting policies (continued)****1.1 Basis of preparation (continued)**

Standards and amendments to be applied for the 2010/11 reporting period

<b>Topic</b>	<b>Reference</b>	<b>Application</b>
IFRS 3	Business Combinations	All entities must apply IFRS 3 as issued in 2008 for the 2010/11 reporting period.
IFRS 4	Insurance Contracts	Entities should apply IFRS 4 as issued in March 2004; and apply all subsequent amendments made to IFRS 4 except those revisions arising from: <ul style="list-style-type: none"> <li>• The revision of IAS 1, Presentation of Financial Statements (September 2007)</li> <li>• The revision of IAS 27, Consolidated and Separate Financial Statements (January 2008)</li> <li>• Issue of IFRS 9, Financial Instruments.</li> </ul>
IFRS 6	Exploration for and Evaluation of Mineral Resources	Entities apply IFRS 6 as issued in December 2004; and apply all subsequent amendments made to IFRS 6 except those revisions arising from: <ul style="list-style-type: none"> <li>• The issue of IFRS 1, First Time Adoption of IFRSs</li> <li>• The issue of IFRS 8, Operating Segments</li> <li>• The revision of IAS 1, Presentation of Financial Statements (September 2007)</li> <li>• Improvements to IFRSs (issued May 2010)</li> </ul>
IFRS 7	Financial Instruments: Disclosures	Entities apply IFRS 7 as issued in August 2005; and apply all subsequent amendments made to IFRS 7 except those revisions arising from: <ul style="list-style-type: none"> <li>• The revision of IAS 1, Presentation of Financial Statements (September 2007)</li> <li>• Disclosures – Transfers of Assets (Issued October 2009)</li> <li>• Improvements to IFRSs (issued May 2010)</li> <li>• Issue of IFRS 9, Financial Instruments.</li> </ul>
IAS 12	Income Taxes	Entities apply IAS 12 as issued in October 1996; and apply all subsequent amendments made to IAS 12 except those revisions arising from: <ul style="list-style-type: none"> <li>• The revision of IAS 1, Presentation of Financial Statements (September 2007)</li> <li>• Issue of IFRS 9, Financial Instruments.</li> </ul>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

Topic	Reference	Application
IAS 19	Employee Benefits	<p>Entities apply IAS 19 as issued in February 1998; and apply all subsequent amendments made to IAS 19 except those revisions arising from:</p> <ul style="list-style-type: none"> <li>• The issue of IFRS 8, Operating Segments</li> <li>• The revision of IAS 1, Presentation of Financial Statements (September 2007)</li> <li>• The revision of IAS 24, Related Party Disclosures (issued November 2009)</li> <li>• Issue of IFRS 9, Financial Instruments.</li> </ul>
IAS 32	Financial Instruments: Presentation	<p>Entities apply IAS 32 as issued in December 2003; and apply all subsequent amendments made to IAS 32 except those revisions arising from:</p> <ul style="list-style-type: none"> <li>• The issue of IFRS 8, Operating Segments</li> <li>• The revision of IAS 1, Presentation of Financial Statements (September 2007)</li> <li>• The revision of IAS 27, Consolidated and Separate Financial Statements (January 2008)</li> <li>• Improvements to IFRSs (issued May 2010)</li> <li>• Issue of IFRS 9, Financial Instruments.</li> </ul>
IAS 39	Financial Instruments: Recognition and Measurement	<p>Entities apply IAS 39 as issued in December 2003; and apply all subsequent amendments made to IAS 32 except those revisions arising from:</p> <ul style="list-style-type: none"> <li>• The issue of IFRS 8, Operating Segments</li> <li>• The revision of IAS 1, Presentation of Financial Statements (September 2007)</li> <li>• The revision of IAS 27, Consolidated and Separate Financial Statements (January 2008)</li> <li>• Improvements to IFRSs (issued May 2010)</li> <li>• Issue of IFRS 9, Financial Instruments</li> </ul>

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 1 Summary of significant accounting policies (continued)

#### 1.1 Basis of preparation (continued)

##### Directives and guidelines

The following statements of GRAP were approved but not yet effective at the reporting date and they did not have an impact on the reporting:

- IGRAP2 - Changes in Existing Decommissioning Restoration and Similar Liabilities
- IGRAP3 - Determining Whether an Arrangement Contains a Lease
- IGRAP4 - Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IGRAP5 - Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
- IGRAP6 - Loyalty Programmes
- IGRAP7 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IGRAP8 - Agreements for the Construction of Assets from Exchange Transactions
- IGRAP9 - Distributions of Non-cash Assets to Owners
- IGRAP10 - Assets Received from Customers
- IGRAP13 - Operating Leases - Incentives
- IGRAP14 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- IGRAP15 - Revenue - Barter Transactions Involving Advertising Services

The following standard of GRAP may be used to interpret the requirements of other Standards of GRAP:

- GRAP 24 - Presentation of Budget Information in Financial Statements

The following standard of GRAP has been approved but the entities are not required to apply it:

- GRAP 18 - Segment Reporting



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 1.2 Functional and presentation currency

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at amortised cost or fair value through surplus or deficit. The financial statements have been presented in the South African Rand (ZAR), as this is the currency in which the majority of the transactions are denominated.

### 1.3 Significant judgements

In preparing the financial statements, management is required to make estimates and assumptions that effect the amounts presented in the financial statements and related disclosures. It also requires management to exercise its judgement in the process of applying the Authority's accounting policies. Use of available information and the application of judgement are inherent in the formation of estimates. The fair values of financial instruments with standard terms and conditions and traded in active, liquid and organised financial markets are determined with reference to the applicable quoted market prices. For other financial instruments methods such as the discounted cash flow analysis, are used to determine the fair values of other financial instruments. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

#### 1.3.1 Annual evaluation of property, plant and equipment and intangible assets

The Authority reviews its property, plant and equipment for possible impairment, changes in useful life and changes in residual values at the end of each financial year.

The management determines the estimated useful lives and related depreciation charges for property, plant and equipment as well as its intangible assets. The estimates are based on the assessed conditions of the assets, changes in technology such as new technical innovations being introduced in the industry thus rendering our assets obsolete as well as expected future spending on capital assets. These estimates can change significantly as a result of changes in the conditions of assets, introduction of new technologies and availability of financial resources to fund expected future spending on capital assets.

Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete assets that have been abandoned or sold.

### 1.4 Provision for impairment of receivables

A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, where the time value of money has a material impact, discounted at the effective interest rate computed at initial recognition. Any impairment is recognised immediately in the statement of financial performance.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 1.5 Government grants

The Authority is financed from money appropriated by Parliament. All inflows of resources from a non-exchange transaction recognised as an asset are recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

All transactions that satisfy a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and revenue equal to the deduction is recognised. Revenue from non-exchange transactions is measured at the amount of the increase in net assets. A present obligation arising from a non-exchange transaction that meets the definition of a liability is recognised as a liability when it is probable that an outflow of resources embodying future economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The liability amount recognised is the best estimate of the amount required to settle the present obligation at the reporting date. Non-exchange revenue from taxes is only recognised when the taxable event occurs and the asset recognition criteria are met.

### 1.6 Property, plant and equipment

Property, plant and equipment (owned and leased) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment includes all directly attributable expenditure incurred in the acquisition, establishment and installation of such assets so as to bring them to the location and condition necessary for it to be capable of operating in the manner intended by management. Interest costs are not capitalised. Where an item of property, plant and equipment is acquired at no cost, or for a nominal cost, its cost is its fair value at the date of acquisition.

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis, over the estimated useful lives to the estimated residual values. Useful lives, residual values and depreciation are reviewed annually with the effect of any changes in estimate accounted for on the prospective basis. Residual values are measured as the estimated amount currently receivable for an asset if the asset were already of the age and condition expected at the end of its useful life. Each significant component included in an item of property, plant and equipment is separately recognised and depreciated.

Depreciation commences when the asset is ready for its intended use. Depreciation of an asset ceases at an earlier of the day the asset is classified as held-for-sale in accordance with GRAP 100 or the date the asset is derecognised.

Properties in course of construction for production, rental or administrative purposes, or for any purposes not yet determined, are carried at cost, less any recognised impairment losses.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as the owned assets or, where shorter, the term of the relevant lease if there's no reasonable certainty that ICASA will obtain ownership at the end of the lease term.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

Repairs and maintenance activities, which neither prolong nor materially add to the value of the assets, are recognised as expenses in the period incurred. Minor plant and equipment items are also recognised as an expense during the period in which they are incurred.

Surplus or deficit on the retirement or disposal of property, plant and equipment, being the difference between the actual proceeds and the carrying amounts of the assets, are recognised as a surplus or deficit in the period in which they occur. The disposal date is determined as the date on which ICASA has transferred all the significant risk and rewards of ownership, ICASA does not retain either continuing managerial involvement to the degree associated with ownership or effective control over the goods sold, proceeds on the sales can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to ICASA and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

The assets are derecognised when the significant risk and rewards of ownership are transferred to a third party.

Property, plant and equipment acquired in exchange for a non-monetary asset or assets is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

Where a lease contains a restoration clause, or where historical experience indicates that restoration costs will be incurred, a liability for the restoration costs is recorded. The liability recorded is measured at the present value of the estimated future restoration costs to be incurred.

The present value of the liability is capitalised to the underlying asset to which the restorations costs relate at the inception of the restoration obligation. These amounts are amortised over the estimated useful life of the related asset. The restoration liability is accreted to its future value over the lease period.

Depreciation is calculated on the straight-line method to write off the cost less residual values of each asset over their estimated useful lives as follows:

Item	Useful life
Office equipment	5 – 24 years
Computer equipment	5 – 21 years
Furniture and fittings	5 – 23 years
Motor vehicles	10 – 20 years
Test equipment	5 – 22 years
Leasehold improvements	Over the period of the lease

The depreciation charge for each period is recognised in surplus or deficit for the period.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 1 Summary of significant accounting policies (continued)

#### 1.7 Intangible assets

Acquired computer software licences are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Amortisation on these costs is provided to write down the intangible assets, on a straight line basis, over their useful lives as follows:

Item	Useful life
Computer software	5 - 21 years

Expenditure on research is recognised as an expense when it is incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Authority, and that will probably generate economic benefits or service potential exceeding costs beyond one year, are recognised as intangible assets. Costs include the employee costs incurred as a result of developing software and an appropriate portion of relevant overheads. Amortisation commences when the intangible asset is available for use. Computer software development costs recognised as assets are amortised over their estimated useful lives. Internally generated brands are not recognised as intangible assets.

Surplus or deficit on the retirement or disposal of intangible assets, being the difference between the actual proceeds and the carrying amounts of the assets, are recognised in the surplus or deficit in the period in which they occur. The disposal date is determined as the date in which ICASA has transferred all the significant risk and rewards of ownership, ICASA does not retain either continuing managerial involvement to the degree associated with ownership or effective control over the goods sold, proceeds on the sales can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to ICASA and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Amortisation commences when the intangible asset is ready for its intended use. Depreciation of an intangible asset ceases at an earlier of the day the asset is classified as held-for-sale in accordance with GRAP 100 or the date the asset is derecognised. All intangible assets that arise from development are recognised ICASA can demonstrate that the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset and use or sell it, its ability to use or sell the intangible asset, how the intangible asset will generate probable future economic benefits or service potential, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and its ability to measure reliably the expenditure attributable to the intangible asset during its development.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date. If the expected useful life of the asset is different from previous estimates, the amortisation period is changed accordingly. If there has been a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the amortisation method is changed to reflect the changed pattern.

The residual value of an intangible asset with a finite useful life is assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life; or there is an active market for the asset and such residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life. An intangible asset is derecognised on disposal of such intangible asset or when no future economic benefits or service potential are expected from its use or disposal.

### 1.8 Impairment of non-financial assets

Cash-generating assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable at the reporting date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-cash generating assets are impaired when the amount by which the carrying amount of an asset exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. Such reduction of an asset to its recoverable amount is recognised as an impairment loss. All intangible assets with an indefinite useful life or intangible assets not yet available for use are tested for impairment annually by comparing their carrying amount with their recoverable service amount.

At each reporting date, an assessment is carried out whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is then increased to its recoverable service amount.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 1 Summary of significant accounting policies (continued)

#### 1.9 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when ICASA becomes a party to the contractual provisions of the instrument.

ICASA classifies its financial assets in the following categories:

- Financial assets at fair value through profit or loss,
- Held-to-maturity investments,
- Available-for-sale financial assets; and
- Loans and receivables

ICASA classifies its financial liabilities in the following categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost.

The classification of financial instruments is determined at initial recognition it is based on the nature and purpose of each financial instrument.

Principal financial instruments carried on reporting date include cash and cash equivalents, loans and other receivables, finance lease liabilities, trade receivables and trade and other payables.

Financial assets are recognised and derecognised on trade-date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned. All financial assets are initially measured at fair value, including transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs. The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

Available-for-sale financial assets and financial instruments at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method, less any impairment. Gains and losses arising from changes in the fair value of the financial instruments at fair value through profit or loss are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement as gains and losses from investment securities.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

However, interest calculated on available-for-sale financial assets using the effective interest method is recognised in the income statement as part of interest income.

The purchases and sales of financial instruments that require delivery within the time frame established by regulation or market convention (ordinary purchases and sales) are recognised at settlement date, which is the date the asset is delivered or received. Otherwise such transactions are treated as derivatives until settlement. The fair values of financial assets quoted in active markets are based on current bid prices. The fair values of financial liabilities quoted in active markets are based on current ask/offer prices. Alternatively, it derives fair value from cash flow models or other appropriate valuation models where an active market does not exist. These include the use of recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

### 1.9.1 Financial instruments at fair value through profit or loss

This category has two subcategories: financial instruments held for trading, and those designated at fair value through profit or loss at inception.

A financial instrument is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking, or it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

A financial instrument is classified designated at fair value through profit or loss if upon initial recognition it is designated by the entity as at fair value through profit or loss. The financial instruments are classified under this subcategory when doing so results in more relevant information, because either:

- It eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases,
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel,
- or if a contract contains one or more embedded derivatives, the entire hybrid (combined) contract is designated as a financial asset or financial liability at fair value through profit or loss unless the embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative(s) is prohibited, such as a prepayment option embedded in a loan that permits the holder to prepay the loan for approximately its amortised cost.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 1 Summary of significant accounting policies (continued)

#### 1.9 Financial instruments (continued)

##### 1.9.2 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. ICASA does not classify any financial assets as held-to-maturity if it has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held to maturity investments before maturity (more than insignificant in relation to the total amount of held to maturity investments) other than sales or reclassifications that are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value, occur after the entity has collected substantially all of the financial asset's original principal through scheduled payments or prepayments or are attributable to an isolated event that is beyond the entity's control, is non-recurring and could not have been reasonably anticipated by the entity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any impairment loss. Interest income is recognised in profit or loss by applying the effective interest rate.

##### 1.9.3 Available-for-sale financial assets

Available for sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit or loss.

The net gain or loss recognised in profit or loss incorporates any gains or losses on re-measurement transferred from equity to profit or loss, dividends and interest income on the financial asset. These investments are classified as non-current assets unless management intends to dispose of the investments within twelve months of the balance sheet date.

##### 1.9.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the entity intends to sell immediately or in the near term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; those that the entity upon initial recognition designates as available for sale; or those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method less any impairment loss. Interest income is recognised in profit or loss by applying the effective interest rate, except for short-term trade receivables where the recognition of interest would be immaterial. Trade receivables are carried at original invoice amount less any impairment loss.

### 1.9.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments of a maturity of three months or less from the date of acquisition that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position. Cash and cash equivalents in the cash flow statement and in the presentation of net debt are reflected net of overdrafts.

Cash on hand is initially recognised at fair value and subsequently measured at its face value. Deposits held on call are classified as loans and receivables by the Authority and carried at amortised cost. Due to the short-term nature of these, the amortised cost normally approximates its fair value.

### 1.9.6 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the statement of financial performance within 'operational expenditure'.

### 1.9.7 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 1.9.8 Derecognition of financial instruments

The financial assets are derecognised when the contractual rights to the asset expires; or where there is a transfer of the contractual rights to receive the cash flows of the financial asset and substantially all of the risks and rewards related to the ownership of the financial asset are transferred; or ICASA retains the contractual rights of the assets but assumes a corresponding liability to transfer these contractual rights to another party and consequently transfers substantially all the risks and benefits associated with the asset.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 1 Summary of significant accounting policies (continued)

#### 1.9 Financial instruments (continued)

##### 1.9.8 Derecognition of financial instruments (continued)

If a transfer does not result in derecognition because ICASA has retained substantially all the risks and rewards of ownership of the transferred asset, ICASA continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, ICASA recognises any income on the transferred asset and any expense incurred on the financial liability.

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in profit or loss.

#### 1.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Operating lease payments are recognised as an expense on a straight-line basis over the lease period. Minimum rentals that fall due after the end of the reporting period are reflected under commitments.

When an operating lease is terminated before the lease period has expired, any penalty incurred as a result is recognised as an expense in the period in which termination occurs.

Assets held under finance leases are recognised as assets on inception of the lease at the lower of fair value or the present value of the minimum lease payments derived by discounting at the interest rate implicit in the lease. The interest element of the rental is charged against profit so as to produce a constant yearly rate of interest on the remaining balance of the liability, unless it is directly attributable to qualifying assets, in which case it is capitalised in accordance with the general policy on borrowing costs. The leased assets that qualify for recognition as assets are depreciated over their estimated useful lives in accordance with ICASA's policy on property, plant and equipment.

#### 1.11 Prepayments

Prepayments are recognised when ICASA has made a payment in advance in terms of the contractual obligations which result in the decrease of liabilities or increase in expense or increase in assets in the future periods.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 1.12 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events when it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Long-term provisions are discounted to net present value. The increase in the provision due to passage of time is recognised as interest expense.

### 1.13 Employee benefits

#### 1.13.1 Retirement benefits

The Authority operates defined contribution plans, the assets of which are held in trustee-administered funds. Pension benefits are mainly provided by membership of the Government Employees Pension Fund (GEPF). Contributions to the defined contribution plans in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of the cost of employment.

The Authority has no legal or constructive obligation to pay further contributions if the GEPF does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

#### 1.13.2 Termination benefits

Termination benefits are recognised as a liability in the balance sheet and as an expense in the income statement when ICASA has a present obligation relating to termination. ICASA has a present obligation when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan, without possibility of withdrawal or providing termination benefits as a result of an offer to encourage voluntary redundancy.

#### 1.13.3 Short-term employee benefits

Short-term employee benefit obligations, including the guaranteed bonus and leave days accrued, are measured on an undiscounted basis and are expensed as and when the related service is provided by the employees. A liability is recognised for the amount expected to be paid under short-term employee benefit if the Authority has a present legal or constructive obligation as a result of past service provided by the employee and the obligation can be estimated reliably.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 1 Summary of significant accounting policies (continued)

#### 1.13 Employee benefits (continued)

##### 1.13.4 Long-term employee benefits

The Authority provides long-term service awards to all employees who have served the Authority for a period of 5, 10, 15, 20, 25, 30, and 35 years and above. The employees are entitled to a certificate and monetary award in respect of each long-term period served. The monetary award varies with period the employee has served the Authority for.

#### 1.14 Administered Revenue on behalf of the National Revenue Fund

In terms of section 15(3) of the Independent Communication Authority of South Africa Act (Act No. 13 of 2000), the Authority is required to pay all fees received and held on their behalf to the NRF within 30 days after receipt of such revenue.

Separate bank accounts are held for the purpose of collecting these revenues and paying them across to the NRF. The Authority has an obligation in terms of statute to administer these funds on behalf of National Treasury and to pay them across within a prescribed time limit.

#### 1.15 Finance income

In accordance with a National Treasury communication dated 12 July 2004, all finance income earned on surplus funds and funds collected on behalf of the National Revenue Fund during the year is recognised as revenue on a time proportion basis using effective interest method.

#### 1.16 Taxation

The Authority is exempted in terms of section 10(1) (cA) (1) of the Income Tax Act 1962 (Act No. 58 of 1962).

#### 1.17 Borrowing costs

Interest on borrowings directly relating to the financing of qualifying capital projects under construction is added to the capitalised cost of those projects during the construction phase, until such time as the assets are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of ICASA during the construction period.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 1.18 Contingent liabilities, contingent assets and commitments

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability. Items are classified as commitments where the Authority commits itself to future transactions, particularly in the acquisition of property, plant and equipment and intangible assets.

### 1.19 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items are reported as part of the fair value gain or loss. Foreign currency translation differences on monetary items classified as available-for-sale are not reported as part of the fair value gain or loss in net assets, but are recognised as a translation gain or loss in the statement of financial performance when incurred.

Translation differences on non-monetary items, classified as available-for-sale are included in the fair value reserve in net assets when incurred.

### 1.20 Irregular, Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Irregular expenditure means expenditure incurred in contravention of or not in accordance with a requirement of any applicable legislation including:

- The Public Finance Management Act (PFMA)
- Regulations issued in terms of the PFMA by National Treasury.

All irregular, fruitless and wasteful expenditure is charged against revenue in the period in which it is incurred.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 1 Summary of significant accounting policies (continued)

#### 1.21 Related parties

The Authority will disclose all related party relationships, related party transactions and the relationship underlying those transactions. Related parties include national and public entities in the national sphere of government, key management, individual employees owning directly or indirectly an interest in the entity that has transaction or business related interest in ICASA and close members of the family of any such individual who may be expected to influence, or be influenced by, that person in their dealing with the Authority.

Only transactions with related parties that are not conducted on an arm's length basis or not in the ordinary course of business are disclosed.

#### 1.22 Revenue from non-exchange transactions

Revenue from non-exchange transactions relates to all revenue transactions where ICASA receives value from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount

#### 1.23 Revenue from exchange transactions

Revenue from exchange transactions relates to all revenue transactions where ICASA receives value from another entity after directly giving approximately equal value in exchange

Revenue from the sale of goods is recognised when ICASA has transferred to the purchaser the significant risks and rewards of ownership of the goods; ICASA retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from rendering of services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably. Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when the amount of revenue can be measured reliably; it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; the stage of completion of the transaction at the reporting date can be measured reliably; the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

Interest income is recognised using the effective interest rate method. Royalties are recognised as they are earned in accordance with the substance of the relevant agreement. Dividends or similar distributions are recognised when ICASA's right to receive payment is established.

### 1.24 Comparatives

Where necessary, the comparatives have been restated to conform to changes in the presentation in the current financial year.

### 1.25 Use of estimates and judgments

The General Licence Fee Regulations stipulate that the licensees must submit and pay their licence fees six month after the end of their financial year. When the submission and payment date is not due but the licensee has generated the revenue up to the reporting date of the Authority the Authority will use the estimated amount supplied by the licensee or the amount which was due based on the latest financial statements of the licence.

The performance bonus is estimated on average one of monthly salary and limited to the available funds as approved by the Accounting Officer. The Accounting Officer approves the provision for performance bonuses.

Impairment of licence fee: If the licensee fees are long outstanding and there is an indication that the licensee will not pay or there is history of continuous non-payment the Authority makes a provision for that.

### 1.26 Budget Information

The Authority prepares the budget that covers a three year period and this is prepared on the accrual basis. The Portfolio Committee on Communications approves the budget for one year only. The budget reviews is performed periodically and Council approves all budget reviews. Virements are approved in terms of the delegation of authority.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	<b>31 March 2011 R Actual</b>	<b>31 March 2010 R Restated</b>
<b>2 Revenue from non-exchange transactions</b>		
Original allocation from Department of Communications ("DoC") Budget vote	<b>290 923 000</b>	269 607 000
Insurance claim settlements	<b>248 453</b>	598 869
	<b>291 171 453</b>	270 205 869

ICASA receives its funding from the Department of Communications in order to enable it to carry out its mandate as laid out in the ICASA Act.

**3 Prior period errors****3.1 Retrospective calculation of depreciation and amortisation on assets with extended useful lives****31 March 2010**

During the current financial year, we identified that the financial system was calculating depreciation and amortisation on assets with extended useful lives retrospectively. The effect of the error was as follows:

Increase in depreciation	10 599 906
Increase in amortisation	381 215
Increase in deficit for the period	(10 981 121)
Decrease in net carrying of property, plant and equipment	(10 599 906)
Decrease in net carrying of intangible assets	(381 215)
Decrease in accumulated surplus	(10 981 121)



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>3.2 Commitments</b>			
In the previous year, the Authority did not have a system of recognising commitments resulting in an error in the amount included in the annual financial statements.			
<b>31 March 2010</b>			
Decrease in commitments			(9 124 065)
<b>31 March 2009</b>			
Decrease in commitments			(9 781 864)
<b>4 Revenue from exchange transactions</b>			
Finance income		5 580 968	15 177 219
Bid handling fee		7 000	4 500
Other		65 621	46 438
		<u>5 653 589</u>	<u>15 228 157</u>
<b>5 Administrative expenses</b>			
General and administrative expenses		2 030 917	1 499 206
Travel and subsistence		7 443 435	9 682 216
Net foreign exchange deficits		-	7 081
Insurance		750 951	811 773
Printing and stationery		1 701 042	2 549 935
Publications		1 113 989	1 669 514
Publicity and advertising		3 882 526	4 498 860
Recruitment costs		1 229 786	1 516 166
Telephone, postage and fax		5 987 230	6 173 126
Training and conferences		8 009 958	7 848 047
		<u>32 149 834</u>	<u>36 255 924</u>

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	31 March 2011 R Actual	31 March 2010 R Restated
<b>6 Staff costs</b>		
Council's, Executive Management's and Committees' remuneration	7 20 212 261	17 349 381
Salaries and wages	140 620 315	132 617 626
- Salaries	106 932 382	100 192 436
- Performance awards	6 545 673	7 370 734
- Periodic payments	8 239 444	7 077 496
- Temporary staff	1 202 761	238 539
- Leave expenses	150 102	2 325 165
- Overtime pay	1 540 190	1 131 456
- Defined contribution plan expense	16 009 763	14 281 800
Social contributions (Employer's contribution)	9 495 115	8 290 374
- Medical aid	8 504 784	7 336 977
- UIF	590 396	590 572
- Workman's compensation	399 935	362 825
- Long-service awards	631 000	783 000
	<u>170 958 691</u>	<u>159 040 381</u>

**7 Council's, Executive Management's and Committees' remuneration**

Details of remuneration paid are as follows:

Council	Commencement Date **	Date of Resignation/ End of Term	Remuneration	
			31 March 2011 R Actual	31 March 2010 *R Actual
SS Mncube	01/07/2010		972 746	-
P Mashile	01/07/2005	30/06/2010	318 933	1 221 575
R Nkuna	18/10/2006	30/09/2010	488 159	934 870
BB Ntombela	01/11/2006	30/09/2010	488 159	934 870
JCW Van Rooyen SC	01/01/2007	30/09/2010	488 159	934 870
MM Socikwa	01/04/2007		988 521	934 870
M Zokwe	01/07/2005	30/06/2009	-	230 264
NA Batyi	04/08/2008		988 521	934 870
TLV Makhakhe	10/07/2008		988 521	934 870
FK Sibanda	01/10/2008		988 521	934 870
WF Stucke	30/11/2009		988 521	551 097
WH Currie	01/10/2010		500 363	-
N Ndhlovu	01/11/2010		419 003	-
JM Lebooa	01/10/2010		500 363	-
<b>TOTALS</b>			<b>9 118 490</b>	<b>8 547 026</b>

\*Council remuneration is at cost to company and they do not receive performance bonuses  
Or any benefit beyond cost to the company

\*\* Commencement date may vary to a Councillor's appointment date as it appears in the Government Gazette due to the Councillor having to finalise his/her current employment arrangements

**Council's, Executive Management's and Committees' remuneration (continued)**

Permanent Executive Management

Executive Management	Date Appointed	Title	31 March 2011 Actual				31 March 2010 Actual		
			Salary R	Acting Allowance R	Performance Bonus R	TOTAL R	Salary R	Performance Bonus R	TOTAL R
**BK Motlana	03/09/2007	CEO	682 038	-	-	682 038	1 544 237	-	1 544 237
TTC Dlamini	01/11/2010	CEO	702 499			702 499			
T Mosia	06/11/2006	CFO	893 942	-	-	893 942	832 930		832 930
M Mopeli	08/01/2007	GM: Human Resources	847 948	40 000	-	887 948	790 075	27 218	817 293
S Maramagane	01/04/1999	GM: Legal and CCC	847 948	-	-	847 948	790 075	38 105	828 180
*K Weeks	03/03/2008	GM: Markets and Competition	-	-	-	-	263 358	-	263 358
S Tsotetsi	05/06/2006	GM: Licensing and Compliance	847 948	-	-	847 948	790 075	27 218	817 293
P Mashangoane	01/07/2007	GM: Consumer Affairs	847 948	-	-	847 948	790 075	27 218	817 293
D Ngwenya	01/08/2007	GM: Engineering and Technology	847 948	-	-	847 948	790 075	27 218	817 293
BL Ntuli	01/11/2008	GM: Administration	847 948	-	-	847 948	790 075	27 218	817 293
BG Jooste	01/11/2008	GM: Compliance, Risk and Audit	847 948	-	-	847 948	790 075	27 218	817 293
PB Grootes	01/10/2010	GM: Markets and Competition	811 000	-	-	811 000	-	-	-
Total			9 025 115	40 000	-	9 065 115	8 171 050	201 413	8 372 463

\*\* Mr BK Motlana's contract ended on 31/08/2010

\* Mr K Weeks resigned on 31/07/2009

Executive remuneration is at cost to company and they receive performance bonuses only in addition to the cost to company

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

				31 March 2011 R Actual	31 March 2010 R Restated
			Note		
<b>Council's, Executive Management's and Committees' remuneration (continued)</b>					
<b>AUDIT AND RISK COMMITTEE</b>					
	<b>Meetings</b>				
	<b>Normal</b>	<b>Special</b>	<b>Technical</b>		
S Swana - Chairperson	6	4	1	<b>105 724</b>	47 264
RA Kenosi	9	6	5	<b>107 374</b>	30 992
TZ Gcabashe	9	7	4	<b>114 874</b>	46 488
TT Ratsheko	8	2	2	<b>72 874</b>	3 874
T Sihlaba	8	5	2	<b>64 500</b>	-
				<b>465 346</b>	128 618
<b>COMPLAINTS AND COMPLIANCE COMMITTEE</b>					
	<b>Meetings</b>				
	<b>Normal</b>	<b>Judgements</b>			
KE Moloto-Stofile	-	-		-	61 600
N Ntanjana	31	-		<b>238 000</b>	24 000
S Thakur	17	-		<b>105 000</b>	20 800
MT Matshoba (Ramuedzisi)	20	-		<b>133 000</b>	22 400
IWB de Villiers	18	30 hrs		<b>270 500</b>	105 000
JCW van Rooyen	12	72 hrs		<b>250 000</b>	-
PA Delpport	5	15 hrs		<b>82 500</b>	-
EZ Ntukwana	21	-		<b>175 000</b>	-
LJ Tlokana	23	-		<b>182 000</b>	-
				<b>1 436 000</b>	233 800

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

			<b>31 March 2011 R Actual</b>	<b>31 March 2010 R Restated</b>
	<b>Note</b>			
<b>REMUNERATION COMMITTEE</b>				
		<b>Meetings</b>		
		<b>Normal      Special</b>		
X Hloma		4            2	49 215	2 745
S Faku		4            -	38 725	2 745
			<u>87 940</u>	<u>5 490</u>
<b>INFORMATION TECHNOLOGY REVIEW COMMITTEE (IT)</b>				
		<b>Meetings</b>		
		<b>Normal      Special</b>		
P Cronje		3            1	19 685	30 992
C Pillay		3            1	19 685	30 992
			<u>39 370</u>	<u>61 984</u>
<b>Total remuneration for Committees</b>			<u>2 028 656</u>	<u>429 892</u>
<b>Summary of Council's, Executive Management's and Committees' remuneration</b>				
Council			9 118 490	8 547 026
Executive Management			9 065 115	8 372 463
Committees			2 028 656	429 892
			<u>20 212 261</u>	<u>17 349 381</u>
<b>8      Audit fees</b>				
- Internal audit			229 825	-
- External audit			2 707 409	1 602 727
			<u>2 937 234</u>	<u>1 602 727</u>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	31 March 2011 R Actual	31 March 2010 R Restated
<b>9 Other operating expenses</b>		
Consultants, contractors and special services	<b>13 500 824</b>	21 933 869
Equipment items expensed	<b>85 316</b>	244 492
Legal fees	<b>4 803 686</b>	8 430 063
Maintenance repairs and running costs		
- Property and buildings	<b>77 154</b>	286 436
- Machinery and equipment	<b>2 240 613</b>	1 917 121
- Motor vehicles	<b>2 167 040</b>	1 847 165
- Other maintenance and repairs	<b>2 148 162</b>	2 339 540
Information technology	<b>5 345 656</b>	4 355 941
Transaction costs charges	<b>806 898</b>	1 240 079
Rental in respect of operating leases and other related expenses		
- Rental of buildings	<b>42 147 299</b>	31 693 324
- Lights and water	<b>1 726 597</b>	1 252 554
- Rates and taxes	<b>1 375 162</b>	1 223 136
- Garden maintenance	<b>49 072</b>	79 373
- Office cleaning	<b>1 098 899</b>	1 025 572
- Security costs	<b>2 371 498</b>	2 253 749
- Equipment	<b>992 187</b>	557 700
Deficit on disposal of property, plant and equipment	<b>1 466 526</b>	1 155 833
Regulatory associations and conferences	<b>2 529 009</b>	1 608 874
Other	<b>1 553 989</b>	1 765 756
Impairment loss	-	423 045
	<b>86 485 587</b>	85 633 622
<b>10 Finance costs</b>		
Interest expense paid on finance leases	-	3 343
Interest – other	<b>6 261</b>	2 491
	<b>6 261</b>	5 834

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>11 Fruitless, wasteful and irregular expenditure</b>			
<b>The reconciliation of the balance of fruitless and wasteful expenditure is as follows:</b>			
Opening balance		44 552	39 570
Current year movements		707 413	2 491
Amounts condoned		(747 618)	-
		-	-
Amounts transferred to accounts receivable		(4 347)	-
		<u>-</u>	<u>42 061</u>

The amount of R708 048 was condoned in the current financial year while an amount of R39 570 relating to the 2009/10 was condoned after the end of the 2009/10 financial year.

**The reconciliation of the irregular expenditure balance at the end of the financial year is as follows:**

Opening balance		655 627	387 081
Current year movements		5 057 453	268 546
Amounts condoned		(5 713 080)	-
		-	-
		<u>-</u>	<u>655 627</u>

Included in expenditure per the statement of financial performance is the following:

**Fruitless and wasteful expenditure**

Payment of a Councillor not performing his judiciary duties		701 152	-
Interest costs		6 261	2 491
		<u>707 413</u>	<u>2 491</u>



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>11</b>	<b>Fruitless, wasteful and irregular expenditure (continued)</b>		
<b>Irregular expenditure</b>			
Technical equipment		-	4 600
Postage costs		-	18 069
Payroll costs		-	115 439
Courier services costs		-	15 669
Library costs		-	5 184
Security costs		997 747	-
IT costs		-	109 585
Operating lease costs		1 150 852	-
Consultants		1 113 507	-
Training costs		1 795 347	-
		5 057 453	268 546

### Interest costs

#### Interest charged on late payment for Regional Offices: R4 347

The rentals for regional offices were paid late and the landlord charged interest on late payment. This expenditure was not condoned and it will be recovered from the employee concerned.

#### Interest charged on the disputed amount: R1 914

There was a dispute between the Authority and the service provider on the outcome of the investigation which was conducted on the break- in that resulted in the loss of computers in the training room. This expenditure was condoned because the responsible employee was trying to get a suitable outcome from this investigation. However, the matter went before the courts and ICASA was instructed to pay the outstanding amount together with interest.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### **Payment of a Councillor without doing judiciary work: R701 152**

The Councillor held office during the period under review in terms of section 5 (1B) (c) of the Independent Communications Authority of South Africa Act, 13 of 2000. The Councillor was disqualified in terms of section 6 of the Act from being appointed since at the time of his appointment, he held an interest in the electronic communications industry. His appointment was accordingly ultra vires, under the provisions of the Act.

The Councillor was reappointed to regularise the procedure of appointing a Councillor. Notice 76 of 2011 in Government Gazette 34018 was issued with effect from January 1, 2011 to effect the appointment of the Councillor.

This expenditure was condoned because the Minister of Communications re-affirmed his appointment

### **Procurement of additional security guards: R 997 747**

The officer increased the number of security guards after there were two break-in incidents. The officer was trying to prevent continued break-ins. After additional security guards were put in place the Authority did not have any further break-in incidents. The terms and the fees for additional security guards were the same as on the tender document but the variation was not requested from the Bid Adjudication Committee (BAC) before the increase in the number of security guards was implemented. The increase in the number of security officers lead to a total variance of R997 747 which was not approved by the BAC. The additional security officers are guarding the computer training room and the computer room housing broadcasting monitoring. The increase was realised by Administration division when they performed the account payment reconciliation.

This transaction was condoned because it was done on good intentions after the break-in incidents that occurred at head office and the fees charged were in line with the approved tender.

### **Procurement of leased buildings over a three year period: R 1 150 852**

A closed tender was used instead of an open tender for the lease period that was for three years and totalled R3 766 330 for three years. The amount spent at the end of the financial year was R1 150 852.

The decision to extend the lease could not be reached in time because there was a negotiation with the current landlord to extend. The Authority did not want to relocate because this was not budgeted for. The landlord made up his mind very late that they want to use the premises for a different purpose. It was too late to go on open tender because we hoped that the lease will be extended. Due process could not be followed because of the delays in negotiations with the current landlord and his final decision not to extend the lease agreement for a further term.

**11 Fruitless, wasteful and irregular expenditure (continued)**

**Irregular expenditure**

Although the tender was closed, limited bidding process was used; the tender was adjudicated and awarded favourably, based on required criteria.

This transgression was condoned because the lease was market related, done in competition and still met the requirements of being fair, equitable, transparent and cost effective and though it was closed it met the requirements of the Durban regional office.

**Procurement from an expired contract: R487 521**

The services of a service provider based on an expired contract and incurred additional costs during that period. The scope was increased after the Council Committee included the benchmark of termination rates and price control range as part of this project. Markets and Competition division increased the scope of work without approaching the Bid Adjudication Committee (BAC) for approval because they thought that the approval of Council Committee entitled them to increase the scope of work with the service provider.

The transgression was condoned because the work undertaken benefited the Authority and the cost incurred where reasonable.

**Three quotations were not obtained from suppliers for the following purchases: R1 795 347**

Sourced training from service providers without requesting three quotations. In some instances when the staff member had a training need and it is not part of the training planned for a group, they will come with a proposed training that they obtain from what the service providers as advertised. The head of the division of that staff member will recommend the training and it will be approved by HR after it has been assessed that the fees charged are reasonable. In some instances the training was provided by a service provider who provides support on the operational issues after the weakness of training is identified and agreed upon with head of division and HR. The transgression was condoned because HR and SCM policy did not cover the processes training that is being open for public and is provided on arm's length. The SCM policy has been updated to close this gap.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### **Significant variation order that is more than 15%: R625 986**

The Authority appointed a service provider to develop an interface between the JDE system and the Spektrum system. The JDE system is used for financial reporting purposes while the Spektrum system is used for spectrum management. The interface was needed in order to ensure that the data is electronically transferred between the two systems without any manual intervention. Before then, the data would be manually be transferred from the Spektrum system to the JDE system and this posed a great challenge regarding data integrity. The Spektrum system is a very old system and no adequate documentation exists for this system. Due to the fact that the Spektrum system is a very old system and some of its programmes could not be changed as initially anticipated, the alternative was to make these programme changes on the JD Edwards system in order to ensure that the interface between the two systems would work. Due to these constraints and the nature of the project, it was not advisable to have another service provider to continue with the configuration that was already on-going. Variation of 49% was done and it was approved by Bid Adjudication Committee in line with the ICASA's SCM policy. Despite the fact that the variation was in line with the approved SCM policy the Auditor-General felt that the amount should be classified as irregular expenditure due to the fact that the Treasury Regulations did not make any direct mention of variations and also due to the fact that they wanted to be prudent.

**12 Property, plant and equipment**

	Office and Computer Equipment		Furniture and Fittings		Motor Vehicles		Test Equipment		Office and Computer Equipment under Finance Lease		Leasehold Improvements		Total	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>31 March 2011</b>														
<b>Cost</b>														
<b>Balance at 1 April 2010 restated</b>	<b>42 395 659</b>	<b>12 224 726</b>	<b>12 931 913</b>	<b>61 762 156</b>	<b>1 789 090</b>	<b>5 228 919</b>	<b>136 332 463</b>							
Additions	781 419	35 793	361 779	13 345 571	-	2 436 411	16 960 973							
Disposals	(353 354)	(486 931)	(276 816)	(378 240)	(1 789 090)	-	(3 284 431)							
Transfers between categories	(2 096 743)	183 168	-	21 066	-	-	(1 892 509)							
<b>Balance at 31 March 2011</b>	<b>40 726 981</b>	<b>11 956 756</b>	<b>13 016 876</b>	<b>74 750 553</b>	<b>-</b>	<b>7 665 330</b>	<b>148 116 496</b>							

**Accumulated**

**Depreciation**

<b>Balance at 1 April 2010</b>	<b>14 939 260</b>	<b>3 823 567</b>	<b>3 402 536</b>	<b>24 146 299</b>	<b>1 747 365</b>	<b>616 762</b>	<b>48 675 789</b>
Depreciation	7 678 944	588 385	717 725	4 085 898	(832 832)	1 828 810	14 066 930
Disposals	(175 443)	(335 873)	(144 194)	(230 325)	(914 533)	-	(1 800 368)
Transfers to intangible assets	(713 449)	26 498	33 857	(24 363)	-	-	(677 457)
<b>Balance at 31 March 2011</b>	<b>21 729 312</b>	<b>4 102 577</b>	<b>4 009 924</b>	<b>27 977 509</b>	<b>-</b>	<b>2 445 572</b>	<b>60 264 894</b>
<b>Net carrying amount at 31 March 2011</b>	<b>18 997 669</b>	<b>7 854 179</b>	<b>9 006 952</b>	<b>46 773 044</b>	<b>-</b>	<b>5 219 758</b>	<b>87 851 602</b>

**12 Property, plant and equipment (continued)**

	Office and Computer Equipment R	Furniture and Fittings R	Motor Vehicles R	Test Equipment R	Office and Computer Equipment under Finance Lease R	Leasehold Improvements R	Total R
<b>2010 – Restated</b>							
<b>Cost</b>							
<b>Balance at 1 April 2009 restated</b>	<b>36 239 825</b>	<b>10 238 279</b>	<b>13 435 961</b>	<b>53 236 703</b>	<b>1 789 090</b>	<b>4 793 090</b>	<b>119 732 948</b>
Additions	8 480 316	2 860 027	-	8 672 158	-	435 829	20 448 330
Disposals	(1 901 437)	(873 580)	(504 048)	(146 705)	-	-	(3 425 770)
Impairment	(423 045)	-	-	-	-	-	(423 045)
<b>Balance at 31 March 2010</b>	<b>42 395 659</b>	<b>12 224 726</b>	<b>12 931 913</b>	<b>61 762 156</b>	<b>1 789 090</b>	<b>5 228 919</b>	<b>136 332 463</b>
<b>Accumulated Depreciation</b>							
<b>Balance at 1 April 2009</b>	<b>12 916 007</b>	<b>3 446 334</b>	<b>2 971 501</b>	<b>22 079 148</b>	<b>1 642 042</b>	<b>398 640</b>	<b>43 453 672</b>
Depreciation	3 276 734	922 349	723 173	2 126 724	105 323	218 122	7 372 425
Transfers between categories	(3 657)	-	-	-	-	-	(3 657)
Disposals	(1 249 824)	(545 116)	(292 138)	(59 573)	-	-	(2 146 651)
<b>Balance at 31 March 2010</b>	<b>14 939 260</b>	<b>3 823 567</b>	<b>3 402 536</b>	<b>24 146 299</b>	<b>1 747 365</b>	<b>616 762</b>	<b>48 675 789</b>
<b>Net carrying amount at 31 March 2010</b>	<b>27 456 399</b>	<b>8 401 159</b>	<b>9 529 377</b>	<b>37 615 857</b>	<b>41 725</b>	<b>4 612 157</b>	<b>87 656 674</b>

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

**13 Intangible assets****31 March 2011**

<b>Cost</b>	<b>Software</b>	<b>WIP</b>	<b>Total</b>
Balance at 1 April	11 183 951		11 183 951
Additions	4 873 804	601 866	5 475 670
Disposals	(3 779 789)	-	(3 779 789)
Transfers from property, plant and equipment	1 892 506	-	1 892 506
Balance at 31 March	<b>14 170 472</b>	<b>601 866</b>	<b>14 772 338</b>

**Accumulated amortisation**

	<b>Software</b>	<b>WIP</b>	<b>Total</b>
Balance at 1 April	5 924 029	-	5 924 029
Amortisation	1 193 135	-	1 193 135
Disposals	(3 678 906)	-	(3 678 906)
Transfers between categories	677 454	-	677 454
Balance at 31 March	<b>4 115 712</b>	<b>-</b>	<b>4 115 712</b>
Net carrying amount	<b>10 054 760</b>	<b>601 866</b>	<b>10 656 626</b>

**31 March 2010**

<b>Cost</b>	<b>Software</b>	<b>WIP</b>	<b>Total</b>
Balance at 1 April	8 410 804	-	8 410 804
Additions	2 773 147	-	2 773 147
Balance at 31 March	<b>11 183 951</b>	<b>-</b>	<b>11 183 951</b>

**Accumulated amortisation**

	<b>Software</b>	<b>WIP</b>	<b>Total</b>
Balance at 1 April	5 634 391	-	5 634 391
Amortisation	293 295	-	293 295
Transfers between categories	(3 657)	-	(3 657)
Balance at 31 March	<b>5 924 029</b>	<b>-</b>	<b>5 924 029</b>
Net carrying amount	<b>5 259 922</b>	<b>-</b>	<b>5 259 922</b>

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>14 Trade and other receivables from exchange transactions</b>			
Staff receivables		1 414 381	1 139 928
Less: Impairment of staff receivables		(30 025)	(84 756)
Net staff receivables		1 384 356	1 055 172
Other receivables		927 405	396 214
		<u>2 311 761</u>	<u>1 451 386</u>
Impairment of receivables			
Opening balance		84 756	170 875
Impairments recognised in surplus and deficit		(54 731)	(86 119)
Closing balance		<u>30 025</u>	<u>84 756</u>

As at 31 March 2011, the carrying values of trade and other receivables were estimated to approximate their fair values.

As of 31 March 2011, trade receivables of **RNil** (2010: R59 772) were impaired and provided for. The amount of the provision was **R30 025** as of 31 March 2011 (2010: R84 756). The aging of the provision for impairment at 31 March 2011 was as follows:

Amounts in 30 days	-	19 428
Amounts in 91 days +	<u>30 025</u>	<u>65 328</u>
	<u>30 025</u>	<u>84 756</u>

As at 31 March 2011 accounts receivables totalling **R1 356 286** (2010: R831 747) were past due but not impaired. These relate to a number of independent staff debtors for whom there is no recent history of default.

The aging of these receivables is as follows:

Amounts in 30 days	85 527	36 191
Amounts in 61 to 90 days	205 624	-
Amounts in 91 days +	<u>1 065 135</u>	<u>795 556</u>
	<u>1 356 286</u>	<u>831 747</u>



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for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>14</b>	<b>Trade and other receivables from exchange transactions (continued)</b>		

The above-mentioned receivables mainly related to bursaries, standing advances, travel and cellular phones. The bursaries are recouped when the staff member stops studying, leaves the employment of the Authority or changes the course that the person was initially sponsored for. The employee is expected to serve a term equivalent to the term sponsored. Standing advances relate to amounts advanced to employees who are not office-bound and are repayable when the employee resigns.

Travel and cell phone debtors refer to amounts that the employee owes the Authority after a business trip or for excess/personal usage of the cell phone provided to the employee by the Authority. Normally no impairment is provided for on these amounts as these amounts are recovered from employees on a regular basis. However, in instances where the employee might have left the organisation before these amounts are settled in full and all possible avenues to recover these amounts have been exhausted, impairment may occur. All staff receivables are entered into with the employees of the Authority who are in the employment of ICASA. The employees sign contracts for bursaries, standing advance and cell phones which give the Authority the right to deduct outstanding amounts. For training related international travel, employees sign letters that gives the Authority the right to deduct such amounts should employees decide to leave before the stipulated period of time.

As at 31 March 2011 R Nil (2010: R Nil) of trade and other receivables were denominated in foreign currencies.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Authority does not hold any collateral as security.

The rating of gross trade and other receivables was as follows:

Medium risk	2 311 761	1 536 142
High risk	30 025	-
	<u>2 341 786</u>	<u>1 536 142</u>

The trade and other receivables balances are considered to be medium risk because they are mainly granted to staff members and these are normally deducted from the employees. Dealings outside ICASA are normally with reputable institutions with good credit ratings.

**14.1 Trade and other receivables from non-exchange transactions**

Employee tax	-	5 447
	<u>-</u>	<u>5 447</u>

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>15 National Revenue Fund – Administered Assets</b>			
Accounts receivable due to National Revenue Fund:			
Broadcasting services		<b>119 170 139</b>	100 001 854
Spectrum receivables		<b>210 450 150</b>	34 706 664
ECS and ECNS services		<b>653 891 151</b>	374 650 996
Postal services		<b>19 101 704</b>	18 314 817
		<b>1 002 613 144</b>	527 674 331
Provision for impairment		<b>(102 706 798)</b>	(31 393 047)
		<b>899 906 346</b>	496 281 284

Accruals for licence fees relates to the accrual for all licences that were due at the end of the reporting period but were only due for settlement after the end of the reporting period. These are based on either the actual results of the licensee, where the licensee has finalised its financial statements, in instances where actual results are not available at the end of the reporting period, the licensee submits the expected financial results.

The spectrum receivables relate to the balances that were due by spectrum licensees but had not been settled at the end of the reporting period. These relate to different licences that are awarded for different spectrum frequencies. In instances where licences are awarded during the course of the financial year, the invoices for the spectrum licensees are pro-rated.

ECS and ECNS receivables relate to all the amounts that had been billed to but not settled by the Electronic Communications and the Electronic Communications Network licensees.

The broadcasting receivables relate to all the outstanding licence fees for broadcasting licences.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>15 National Revenue Fund – Administered Assets (continued)</b>			
The aging of the gross trade receivables balances was as follows:			
Current		884 760 995	491 119 453
31-60 days		44 885 963	21 485 258
61-90 days		12 480 627	5 093 664
Greater than 90 days		60 485 559	9 975 956
		<u>1 002 613 144</u>	<u>527 674 331</u>

The licences are granted to various customers with very different credit profiles. These include successful multinational corporations, big security companies, medium sized entities and very small entities. The credit profiles of these entities vary significantly and in terms of the legislation, the Authority cannot refuse to grant any entity licences due to its credit rating. Despite the fact that no credit vetting takes place, all licensees are granted licences after they have lodged their applications with ICASA. In instances where the licensee fails to comply with its licence conditions which include payments terms, the licensee is referred to the CCC Committee or has its equipment sealed.

**16 Prepayments**

Insurance		347 985	304 096
Office rental		3 447 373	3 109 090
Computer equipment, motor vehicles, furniture, software guarantees, software and others		1 454 074	1 118 299
		<u>5 249 432</u>	<u>4 531 485</u>

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>17 Cash and cash equivalents</b>			
Cash on hand and balances with banks		<b>34 176 631</b>	55 459 424
Administered Revenue cash balance		<b>6 933 308</b>	25 684 928
		<b>41 109 939</b>	81 144 352

Cash and cash equivalents consist of cash on hand and balances with banks. The cash and cash equivalents balances as disclosed above did not include any restricted cash nor did the Authority have any borrowing facilities at the end of each reporting period. Included above is **R6 933 308** (2009: R25 684 928) for the Administered Revenue section. The funds received collected by the Administered Revenue section are transferred to the National Revenue Fund through the Department of Communications. ICASA does not have the right to withhold these funds or use them for any other purpose it may deem fit. The cash and cash equivalents are placed with high credit quality financial institutions.

**18 Trade and other payables from exchange transactions**

Trade payables		<b>2 508 980</b>	3 912 493
Accrued expenses		<b>10 013 396</b>	14 307 091
Bonus accrued		<b>8 679 299</b>	9 223 104
Leave liability accrued		<b>4 486 709</b>	5 064 842
Interest payable		<b>3 541 199</b>	-
Other		<b>99 108</b>	152 604
		<b>29 328 691</b>	32 660 134

The fair value of trade and other payables from exchange transactions was **R29 328 691** (2010: R32 660 134). The amounts included in trade and other payables are not secured. The fair values of trade and other payables approximate their fair values.

**18.1 Trade and other payables from non-exchange transactions**

Donations received		<b>20 937</b>	20 937
Other		<b>1 726</b>	-
		<b>22 663</b>	20 937

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

	31 March 2011 R Actual	31 March 2010 R Restated
<b>18.1 Trade and other payables from non-exchange transactions (continued)</b>		
<p>The fair value of trade and other payables from non-exchange transactions was R22 663 (2010: R20 937). The amounts included in trade and other payables from non-exchange transactions are not secured. The fair values of trade and other payables approximate their fair values</p>		
<b>19 National Revenue Fund payables</b>		
Unidentifiable receipts	1 224 957	1 097 628
NRF Payables	905 614 697	520 868 585
Trade and other payables payable to NRF	906 839 654	521 966 213
<b>20 Operating lease liability</b>		
Current portion of operating lease liability– included in (current assets)/ current liabilities	(42 251)	22 653
Non-current portion of operating lease liability – included in non-current liabilities	248 966	-
Net operating lease liability – to be released over the period of the leases	206 715	22 653

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	<b>Note</b>	<b>31 March 2011 R Actual</b>	<b>31 March 2010 R Restated</b>
<b>21 Operating lease arrangements</b>			
At 31 March 2011 outstanding commitments existed under non-cancellable operating leases which fall due as follows:			
Up to 1 year		<b>2 985 582</b>	16 421 660
2 to 5 years		<b>4 041 610</b>	-
		<b><u>7 027 192</u></b>	<b><u>16 421 660</u></b>

The operating leases entered into represent arrangements to lease office premises. The operating lease commitments comprise cash flow commitments.

The terms of the leases vary with expiry dates between end of January 2012 and August 2013. Escalation clauses range between 9 percent and 10 percent per annum depending on the lease agreements. At 31 March 2011, the Authority had no commitments under non-cancellable operating leases as lessor. The leases are for a fixed period of time and are only renewable when the lessor and the lessee agree on the renewal terms. The leases do not contain a purchase option.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>22 Reconciliation of net cash flows from operating activities to deficit</b>			
Deficit for the period		(10 972 630)	(4 770 182)
Non-cash movements		(8 326 348)	30 487 614
- Depreciation		14 066 930	7 372 425
- Amortisation		1 193 135	293 295
- Deficit on disposal of property plant and equipment		1 466 526	1 155 833
Impairment of property, plant and equipment		-	423 045
- Increase/(decrease) in lease liabilities		184 062	(6 369 988)
- (Increase)/decrease in receivables and prepayments		(1 518 145)	3 798 607
(Decrease)/increase in provision for impairment		(54 731)	86 119
- (Increase)/decrease in Administered Revenue Assets		(403 625 062)	59 553 353
- (Decrease)/increases in payables		(3 329 716)	15 035 535
Increase/(decrease) in Administered Revenue's liabilities		384 873 441	(50 686 933)
- Increase in plant and equipment delivered but not paid for		(1 582 788)	
- Decrease in finance lease liability		-	(173 677)
<b>Net cash flows from operating activities</b>		<b>(19 298 978)</b>	<b>25 717 432</b>

### 23 Contingent liabilities

The Authority's decisions are often challenged through the courts. The final outcome cannot be reliably determined as it is dependent on the strength of each party's case and the Judiciary's findings. A contingent liability is noted for legal cases that may have unfavourable decisions.

Contingent liabilities - various legal cases

3 947 494

4 180 000

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 24 Related party relationships and transactions

The Independent Communications Authority of South Africa (ICASA) is a Schedule 1 entity in terms of the Public Finance Management Act (PFMA). The related party disclosure is required in terms of IPSAS 20, related party disclosures issued by National Treasury.

#### National Departments

##### Department of Communications

The Authority receives its budget allocation from the Department of Communications and this based on the approved allocation from Parliament and therefore this is at arm's length. ICASA collects the licence fees from communication licensees and application fees on behalf of National Revenue Fund and transfer this to the Department of Communications and this is done on arm's length.

The following departments acquire and use the spectrum issued by the Authority at arm's length:

- Department of Water and Environmental Affairs
- Department of Defence and Military Veterans
- South African Police Services

#### Entities

The following entities acquired and use the spectrum issued by the Authority and they are also licenced under the Electronic Communications Act and Postal Service Act. All the transactions and the issued licences are at arm's length:

- Telkom
- South African Post Office
- Sentech
- Transnet
- SITA
- SABC
- Broadband Infracore



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 24 Related party relationships and transactions (continued)

The Authority acquires the servicers at arm's length from these entities:

- Government Printing Works
- Telkom
- South African Post Office
- Sentech
- Transnet
- SITA
- SABC

Refer to note 7 for all transactions between ICASA and key management personnel. There is not key management who owned an entity; close family member of such individual employee had transactions or business interest with the Authority except for the following Councillor:

Councillor Stucke owned a company which had an electronic communication licence with ICASA, now disposed of.

### 25 Financial risk management

#### Forward foreign exchange contracts

No forward foreign exchange contracts were entered into during the current year under review.

#### Credit risk

Credit risk is the risk that ICASA may suffer a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations; this arises mainly from staff receivables. Financial assets which potentially subject the Authority to concentrations of credit risk consist principally of cash and cash equivalents and trade and other receivables. The cash and cash equivalents are placed with high credit quality financial institutions. Trade and other receivables are presented net of the allowance for doubtful receivables. The Authority has no significant concentration of credit risk. Trade and other receivables are presented net of the allowance for doubtful receivables

Trade and other receivables mainly originate from transactions that the Authority enters into with the employees. The main components of these receivables are bursary receivables, standing advance receivables, cell phone receivables and travel-related receivables (other). The standing advance receivables are only payable when the employee leaves the employment of the Authority whether through resignation, disability, death or search of greener pastures. The bursary receivables originate when a qualifying employee of the Authority is granted a bursary to pursue studies in a particular field of study that would be useful to the Authority on completion of his/her studies. Cell phone receivables and travel-related receivables relate to the day-to-day activities and these are

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	<b>Note</b>	<b>31 March 2011 R Actual</b>	<b>31 March 2010 R Restated</b>
Trade and other receivables		<b>2 311 761</b>	1 456 833
Cash and cash equivalents		<b>41 109 939</b>	81 144 352
		<b>43 421 700</b>	82 601 185

The maximum exposure to credit risk for trades receivable by type of customer was as follows:

Staff receivables		<b>1 384 357</b>	1 055 172
Other receivables		<b>927 404</b>	401 661
		<b>2 311 761</b>	1 456 833

**Interest rate risk**

Cash and cash equivalents have maturities of less than three months and are not subject to significant interest rate risk.

**Liquidity risk**

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority finances its operations through grants received from the Department of Communications and interest earned on positive bank balances. These are the only sources of finance for the Authority due to the fact that the Public Finance Management Act prohibits the Authority from raising loans and other forms of short-term and long-term borrowings.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	<b>Note</b>	<b>31 March 2011 R Actual</b>	<b>31 March 2010 R Restated</b>
<b>25</b>	<b>Financial risk management (continued)</b>		

The entity maintains a reasonable balance between the period over which assets generate funds and the period over which the respective assets are funded. The following table provides detail of the entity's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The figures below include both estimated interest and principal cash flows of the instruments. Estimated interest of floating interest rate financial liabilities is calculated using the applicable interest rates at the end of the financial year-end.

**Maturity analysis**

<b>31 March 2011</b>	<b>Total</b>	<b>0-1 year</b>	<b>1-2 years</b>
Trade payables	2 508 980	2 475 028	33 952
	<u>2 508 980</u>	<u>2 475 028</u>	<u>33 952</u>
<b>31 March 2010</b>	<b>Total</b>	<b>0-1 year</b>	<b>1-2 years</b>
Trade payables	3 912 492	3 912 492	-
	<u>3 912 492</u>	<u>3 912 492</u>	<u>-</u>

**Fair values**

The carrying amounts of cash and cash equivalents, trade and other receivables and trade payables approximated their fair values at the reporting date due to the short-term maturities of these assets and liabilities.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### 25 Financial risk management (continued)

#### Risk management policies

There is no significant exposure to foreign currency risk, interest rate risk, credit risk and liquidity risk.

#### Interest rate sensitivity analysis

The Authority did not have any significant financial instruments that expose it to interest rates at reporting date.

#### Foreign currency risk management

The Authority did not have any exposure to foreign currency since it did not have any financial instruments denominated in foreign currency.

### 26 Financial risk management for Administered Assets

Information about ICASA Administered Revenue's exposure to risks, its objectives, policies and processes for measuring and managing such risks, as well as quantitative disclosure, are discussed in this note.

#### Credit risk

Credit risk is the risk that ICASA Administered Revenue may suffer a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, this arises mainly from Administered Revenue's trade receivables. The licensees of Administered Revenue have to apply in terms of the relevant legislations in order to be authorised to conduct any activities.

Financial assets which potentially subject the Administered Revenue to concentrations of credit risk consist principally of cash and cash equivalents and trade receivables.

The cash and cash equivalents are placed with high credit quality financial institutions. Trade and other receivables are presented net of the allowance for doubtful receivables.

ICASA Administered Revenue collects the majority of its revenue from the major mobile telecommunications companies and these have excellent reputation and they receive very good credit ratings from the world-renowned credit rating agencies and they are world-class in their industry. These companies have been dealing with the Administered Revenue since they were granted their telecommunications licences in the 1990s. There has hardly been any loss incurred from these customers.

## **26 Financial risk management for Administered Assets (continued)**

### **Credit risk (continued)**

The other third mobile telecommunications licensee is not significant when compared with the major operators. No losses have ever been suffered from this operator. Another portion of the revenue is collected from the fixed line telecommunications licensees. The major one of these fixed mobile licensees has been in operation for many years and there has never been any financial loss suffered as a result of this licensee failing to meet its licence obligations. The other fixed line licensee has only been in operation for a couple of years and no financial losses have ever been suffered.

The spectrum licensees are diverse and they comprise different licensees from Government Departments, major telecommunications companies, broadcasting licensees, security companies, etc. There is no significant exposure from major corporations and Government Departments. It must be noted though that collecting from minor licensees and some corporations do pose a challenge due to the value of the amounts outstanding as well as the resources that are available to ICASA to collect the amounts outstanding. The other challenge relates the legal challenges that ICASA gets embroiled in when it acts in terms of the relevant legislation. The disputes tend to be time-consuming and costly. It is hoped that the new legislation under review will address the shortcomings of the current legislation.

The broadcasting licensees and postal licensees are insignificant when compared to the telecommunications licensees and they are diverse and they don't pose any major concentration of credit risk

The Electronic Communications Act was implemented with effect from the 1<sup>st</sup> of April 2009; no major shift in the credit risk has been identified since the implementation of these new regulations. No significant impact on the profitability and credit ratings of the major operators has been identified since the implementation of these regulations.

Only the passing of time the competitiveness of the markets the availability of finance and the actions of the newly licenced operators as well as major operators will determine whether the profitability of major operators is affected or not.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>26</b>	<b>Financial risk management for Administered Assets (continued)</b>		

**Exposure to credit risk**

The gross carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Trade receivables	<b>1 002 613 144</b>	527 674 331
	<b>1 002 613 144</b>	527 674 331

The maximum exposure to credit risk for trade receivables by type of customer was as follows:

Broadcasting services	<b>119 170 139</b>	-
Frequency spectrum services	<b>210 450 150</b>	34 706 663
ECS and ECNS services	<b>653 891 151</b>	492 967 668
Postal services	<b>19 101 704</b>	-
	<b>1 002 613 144</b>	527 674 331

At 31 March 2011, carrying amounts of trade receivables were estimated to approximate their fair values.

The rating of trade receivables at the end of March was as follows:

Low risk	<b>892 897 507</b>	478 222 702
Medium risk	<b>11 689 189</b>	18 058 582
High risk	<b>98 026 448</b>	31 393 047
	<b>1 002 613 144</b>	527 674 331

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>26</b>	<b>Financial risk management for Administered Assets (continued)</b>		

At 31 March 2011, carrying amounts of trade receivables were estimated to approximate their fair values. The rating of trade receivables at the end of March was as follows:

Low risk	<b>892 897 507</b>	478 222 702
Medium risk	<b>11 689 189</b>	18 058 582
High risk	<b>98 026 448</b>	31 393 047
	<b><u>1 002 613 144</u></b>	<b><u>527 674 331</u></b>

**Impairment losses**

Impairment losses are recognised for all known bad debts and are provided on a specific basis. The movement in the provision for impairment of trade and other receivables was as follows:

Impairment of receivables		
Opening balance	<b>31 393 048</b>	24 109 351
Impairments recognised in profit and loss	<b>96 826 447</b>	20 187 060
Reversals of impairments recognised in profit and loss	<b>(25 512 697)</b>	(12 903 363)
Closing balance	<b><u>102 706 798</u></b>	<b><u>31 393 048</u></b>

The aging of the provision for impairment at the end of the financial year was as follows:

Amounts in 0-60 days	<b>96 826 448</b>	19 798 172
Amount in greater than 120 days	<b>5 880 350</b>	11 594 876
	<b><u>102 706 798</u></b>	<b><u>31 393 048</u></b>

As of 31 March 2011, trade receivables of **R96 826 447** (2010: R20 187 060) were impaired and provided for. Additional spectrum receivables totalling **R17 211 343** (2010: RNil) were written of during the financial year due to the fact that these amounts could not be traced. The amount of the provision was R102 706 798 at 31 March 2011 (2010: R31 393 048). The individually impaired receivables mainly relate to frequency spectrum debtors, broadcasting services debtors and postal service debtors.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>26</b>	<b>Financial risk management for Administered Assets (continued)</b>		
As at 31 March 2011 accounts receivable totalling <b>R111 971 799</b> (2010: R17 990 416) were past due but not impaired. These relate to a number of independent debtors for whom there is no recent history of default.			
The aging of these receivables is as follows:			
Trade receivable past due but not impaired			
Amount in 31-60 days		44 885 963	-
Amount in 61-90 days		12 480 627	17 990 416
Amounts in 91 days +		54 605 209	-
		<b>111 971 799</b>	17 990 416

Based on past experience, accounts receivable balances that are past due are not impaired unless they are known to be impaired.

**Exposure to credit risk**

The above-mentioned receivables relate mainly to the telecommunications licensee for multi-media and carrier of carriers licences, short-payments by broadcasting and telecommunications licensees, interest on late payment of licence fees, Universal Service and Access Fund contributions and VANS licence fees. The major debtor entered into a payment agreement with the Authority and they have been paying in accordance with the agreed-upon payment plans. The other accounts receivable balances were not provided for due to the fact that there was an undertaking from the parties concerned that the outstanding amounts will be settled and for some debtors, there was high probability that the amounts outstanding will be recovered based on the payment patterns of the customers concerned.

As at 31 March 2011 R Nil (2010: R Nil) of trade and other receivables were denominated in foreign currencies.

The creation and release of provision for impaired receivables have been included surplus or deficit for the period. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.



## **26 Financial risk management for Administered Assets (continued)**

### **Exposure to credit risk (continued)**

#### **Forward foreign exchange contracts**

No forward foreign exchange contracts were entered into during the current year under review.

#### **Interest rate risk**

Cash and cash equivalents have maturities of less than three months and are not subject to significant interest rate risk.

#### **Liquidity risk**

Liquidity risk is the risk that the Administered Revenue will not be able to meet its financial obligations as they fall due. The Administered Revenue collects licence fees from the Telecommunications Services Licensees Broadcasting Services Licensees and the Postal Services Licensees. All the fees collected are paid over to the National Treasury through the Department of Communications within 30 days of their collection.

#### **Exposure to credit risk**

All the operating costs of the Administered Revenue section are financed by ICASA through grants it receives from the Department of Communications and interest earned on positive bank balances. These are the only sources of finance available to ICASA due to the fact that the Public Finance Management Act prohibits ICASA from raising loans and other forms of short-term and long-term finance. Furthermore ICASA is prohibited from utilising the fees it collects to fund its operations.

#### **Fair values**

The carrying amounts of cash and cash equivalents, trade and other receivables and trade payables approximated their fair values at the reporting date due to the short-term maturities of these assets and liabilities.

#### **Risk management policies**

The Authority has an exposure to foreign currency risk, interest rate risk, credit risk and liquidity risk because it is funded by National Treasury. The Authority does not enter into foreign exchange contracts; furthermore, it did not have any receivables that exposed it to interest rate fluctuations. Furthermore, there were no individual customers that exposed it to liquidity risk.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2011

**27 Changes in estimates**

Useful lives of property, plant and equipment and intangible assets

The management determines the estimated useful lives and related depreciation charges for property, plant and equipment as well as its intangible assets. The estimates are based on the assessed conditions of the assets, changes in technology such as new technical innovations being introduced in the industry thus rendering our assets obsolete as well as expected future spending on capital assets. These estimates can change significantly as a result of changes in the conditions of assets, introduction of new technologies and availability of finance resources to fund expected future spending on capital assets.

The residual values and useful lives were reviewed during the course of the financial in line with paragraph 61 of GRAP 17 and the effect thereof was on follows:

**Depreciation**

	Furniture and Fittings	Motor Vehicles	Test Equipment	Office and Computer Equipment under Finance Lease	Leasehold Improvements	Total	
		R	R	R	R	R	
Depreciation after changes in useful lives and residual values	7 678 944	588 385	717 725	4 085 898	(832 832)	1 828 810	14 066 930
Depreciation before changes in useful lives and residual values	3 744 500	160 042	162 775	2 967 701	-	3 532 205	10 567 223
<b>Effect of changes in estimates</b>	<b>3 934 444</b>	<b>428 343</b>	<b>554 950</b>	<b>1 118 197</b>	<b>(832 832)</b>	<b>(1 703 395)</b>	<b>3 499 707</b>

**Residual values**

Residual values at 31 March 2011	1 840 021	426 845	1 890 767	5 913 019	-	-	10 070 652
Residual values at 31 March 2010	2 117 559	256 341	1 990 657	5 086 520	-	-	9 451 077
<b>Effect of changes in estimates</b>	<b>(277 538)</b>	<b>170 504</b>	<b>(99 890)</b>	<b>826 499</b>	<b>-</b>	<b>-</b>	<b>619 575</b>

**Amortisation**

The residual values and useful lives of intangible assets were reviewed during the current financial year in line with the provisions of GRAP 17. The review of useful lives and residual values had the effect of increasing residual values by R94 310; furthermore, this review had an effect of decreasing amortisation by R770 865.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

	Note	31 March 2011 R Actual	31 March 2010 R Restated
<b>28</b>	<b>Commitments</b>		
Opening balance		6 163 452	1 415 086
Movement for the period		202 226	4 748 366
		<u>6 365 678</u>	<u>6 163 452</u>

These commitments relate to the contractual commitments that the Authority had entered into for the acquisition of items of property, plant and equipment as well as intangible assets.

### 29 Events after the reporting date

There were no significant events that took place between the reporting date and the date in which the financial statements were authorised for issue.

INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

### **Supplementary Schedule to the annual financial statements**

#### **World Cup Expenditure**

ICASA did not buy any World Cup tickets or promotional materials.



## NOTES

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