



**the doc**

Department:  
Communications  
REPUBLIC OF SOUTH AFRICA

# Annual Report

2012 - 2013





Annual Report 2012 / 2013  
**Vote 27: Department of Communications**



I have the honour of submitting the  
**2012/13 Annual Report of the Department of Communications**  
in terms of the Public Finance Management Act, 1999

**ROSEY SEKESE**  
**Director General**  
31 August 2013

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# PART: A GENERAL INFORMATION



**1. DEPARTMENT GENERAL INFORMATION**

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**2. LIST OF ABBREVIATIONS/ACRONYMS**

A+	CompTIA
AC	Audit Committee
AG	Auditor-General
AGSA	Auditor General of South Africa
AIDS	Acquired Immune Deficiency
APP	Annual Performance Plan
ASC	Audit Steering Committee
AU	African Union
AUC	African Union Commission
BBBEE	Broad-Based Black Economic Empowerment
BDM	Broadcasting Digital Migration
BEE	Black Economic Empowerment
BNC	Building and Construction Network
BRICS	Brazil, Russia, India, China & South Africa
CA	Council of Administration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIT	Communication and Information Technology
CITMC	African Union Conference of Ministries in charge of Communication and Information Technologies
CSF	Company Secretaries Forum
CSI	Corporate Social Investment
CSIRT	Council for Scientific and Industrial Research
DAC	Department of Arts & Culture
DBAC	Departmental Bids Adjudication Committee
DCA	Dotconnectafrica
DDG	Deputy Director-General
DEC	Departmental Executive Committee
DIRCO	Department of International Relation and Cooperation
DoC	Department of Communications
DPSA	Department of Public Service and Administration
DST	Department of Science and Technology
DTT	Digital Terrestrial Television
DVB	Digital Video Broadcasting
DVD	Digital Video Disk
EAP	Employee Assistance Program
ECA	Electronic Communications Act
ECT	Electronic Communications and Transactions Act
ENE	Estimates of National Expenditure
e-SI	e-Skills Institute
etc	Et cetera
EU	European Union
EXCO	Executive Committee
FET	Further Education and Training
FOSS	Free open source software

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FTA	Free Trade Agreement
G3	Generation 3
GE06	Geneva 06
GHs	Giga Hertz
GIS	Geographic Information System
HCT	Hematocrit
HDI	Historically Disadvantaged Individual
HIV	Human Immunodeficiency Virus
HOA	Home Owners Allowance
HOD	Head of Department
HR	Human Resource
HRM	Human Resource Management
IBSA	India, Brazil and South Africa
ICANN	Internet Cooperation for Assigned Names and Numbers
ICASA	Independent Communications Authority of South Africa
ICDL	International Computer Driving Licence
ICT	Information Communications and Technology
ICTs	Information Communications and Technologies
IDP	Integrated Development Planning
IGR	Intergovernmental Relations
IPTV	Internet Protocol Television
ISAD	Information Society and Development
ISPA	Internet Service Provider's Association
IT	Information Technology
ITRs	International Telecommunications Regulation
ITU	International Telecommunications Union
IXPs	Internet exchange points
JCPS	Justice, Crime Prevention and Security
KZN	KwaZulu Natal
Ltd	Limited
MEC	Member of Executive Council
MHz	Mega Hertz
Mol	Memorandum of Instruction
Mols	Memorandum of Instructions
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NCAC	National Cybersecurity Advisory Council
NDP	National Development Plan
NDR	National Digital Repository
NEMISA	National Electronic Media Institute of South Africa
NEPAD	New Partnership for Africa's Development
ODA	Official Development Assistance
PFMA	Public Finance Management Act
PMO	Project Management Office
PNC	Presidential National Commission



## Vote 27: Department of Communications

POC	Programme of Cooperation
PSC	Public Service Commission
PSCBC	Public Service Commission Bargaining Council
RMC	Risk Management Committee
RSA	Republic of South Africa
SA	South Africa
SABC	South African Broadcasting Corporation
SABS	South African Bureau of Standards
SADC	South African Development Community
SAPO	South African Post Office
SAPS	South African Police Service
SBD	Standard Bidding Document
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SG16	Study Group 16
SIP15	Strategic Integrated Project -15
SITA	State Information Technology Agency
SMME	Small Medium Micro Enterprise
SMMEs	Small Medium Micro Enterprises
SMS	Senior Management Service
SOC	State Owned Company
SOCs	State Owned Companies
SOEs	State Owned Enterprises
SOS	Scheme for Ownership Support
STB	Set Top Boxes
TB	Tuberculosis
TMM	Top Management Meeting
ToR	Terms of Reference
TR	Treasury Regulations
TV	Television
UHF	Ultra-high Frequency
UNECA	United Nations Economic Commission for Africa
UPU	Universal Postal Union
USAASA	Universal Service and Access Agency of South Africa
USAF	Universal Service and Access Fund
UWC	University of Western Cape
VC's	Vice Chairpersons
WAN	Wide Area Network
WCIT	World Conference International Telecommunications
WRC	World Radio Conference
.za DNA	Domain Name Authority
.ZACR	.za Central Registry

### 3. STRATEGIC OVERVIEW

#### 3.1 VISION

South Africa as a global leader in the development and use of information and communication technologies for socio-economic development.

#### 3.2 MISSION

Building a better life for all through an enabling and sustainable world class information and communication technologies environment.

#### 3.3 VALUES

- Transparency;
- Respect;
- Accountability;
- Fairness;
- Integrity;
- Excellence; and
- Innovation.

#### 3.4 STRATEGIC OUTCOME ORIENTATED GOALS

<b>Strategic Outcome Oriented Goal 1</b>	<b>Competitiveness and economic growth of the ICT industry</b>
<b>Goal statement</b>	Enable the maximisation of investment in the ICT sector and create new competitive business opportunities for the growth of the ICT industry for socio-economic development
<b>Strategic Outcome Oriented Goal 2</b>	<b>Accessibility, reliability and affordability of secured ICT Infrastructure</b>
<b>Goal statement</b>	Ensure that ICT infrastructure is accessible, robust, reliable, affordable and secure to meet the needs of the country and its people
<b>Strategic Outcome Oriented Goal 3</b>	<b>Building of an inclusive Information Society</b>
<b>Goal statement</b>	Accelerate the socio-economic development of South Africans and facilitate the building of an inclusive Information Society through partnerships with business and civil society and 3 spheres of Government
<b>Strategic Outcome Oriented Goal 4</b>	<b>Performance of DoC and ICT State Owned Entities</b>
<b>Goal statement</b>	Improve Departmental performance and enhance the role of ICT SOEs as the delivery arms of Government
<b>Strategic Outcome Oriented Goal 5</b>	<b>Contribution to the global ICT agenda</b>
<b>Goal statement</b>	Contribute to the global ICT agenda prioritising Africa's development

### 4. LEGISLATIVE AND OTHER MANDATES

#### 4.1. CONSTITUTIONAL MANDATES

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

“To create a vibrant ICT sector that ensures that all South Africans have access to robust, reliable, affordable and secure ICT services in order to advance socio-economic development goals and support the Africa agenda and contribute to building a better world”.

**Consequently the core functions of the Department of Communications are:**

- To develop ICT policies and legislation that create conditions for an accelerated and shared growth of the South African economy, which positively impacts on the well-being of all our people and is sustainable;

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- To ensure the development of robust, reliable, secure and affordable ICT infrastructure that supports and enables the provision of a multiplicity of applications and services to meet the needs of the country and its people;
- To contribute to the development of an inclusive information society which is aimed at establishing South Africa as an advanced information-based society in which information and ICT tools are key drivers of economic and societal development.
- To contribute to e-Skilling the nation for equitable prosperity and global competitiveness
- To strengthen the Independent Communications Authority of South Africa (ICASA), in order to enable it to regulate the sector in the public interest and ensure growth and stability in the sector;
- To enhance the capacity of, and exercise oversight over, State Owned Enterprises (SOE's) as the delivery arms of Government; and
- To fulfil South Africa's continental and international responsibilities in the ICT field.

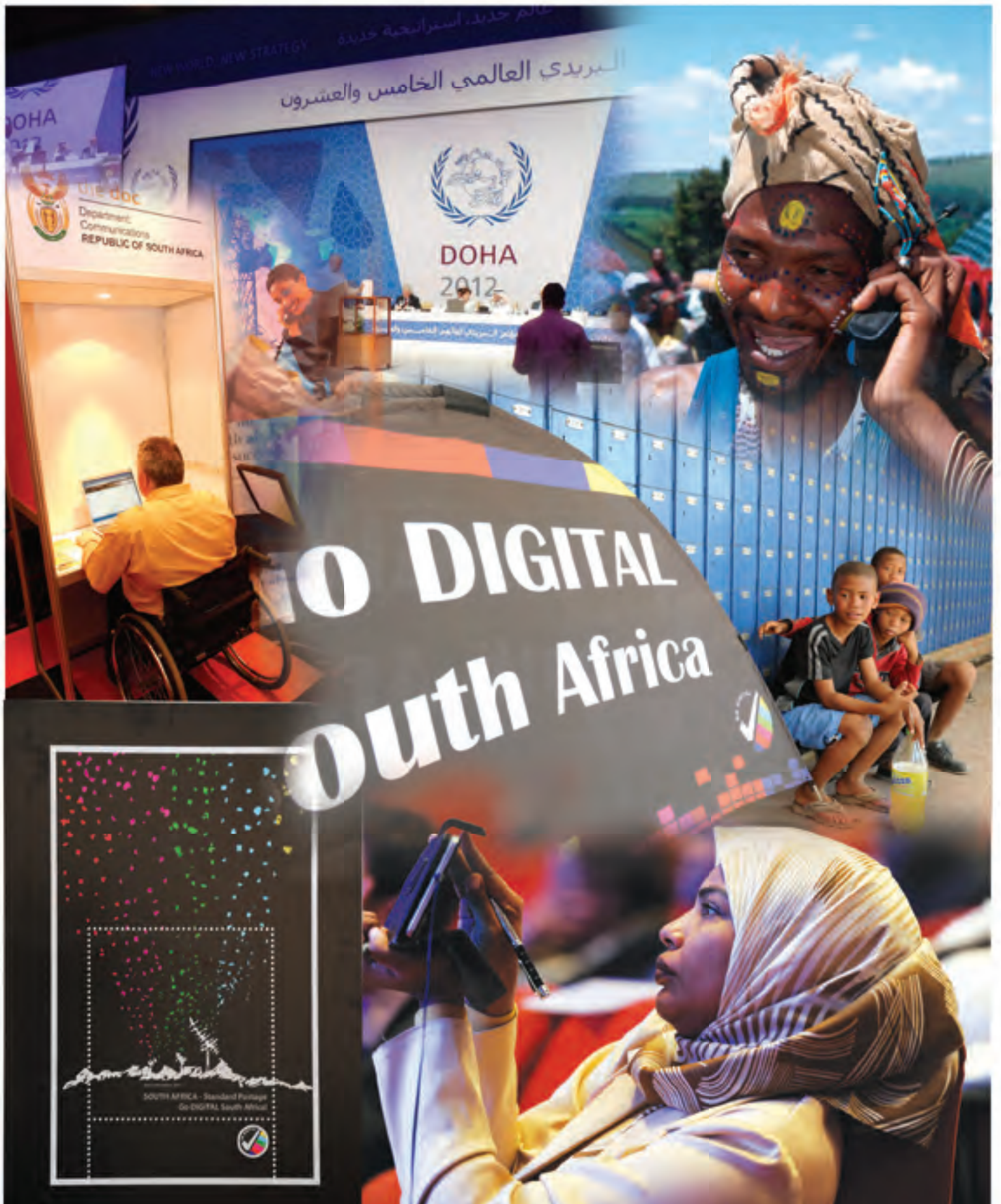
### 4.2 LEGISLATIVE MANDATES

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

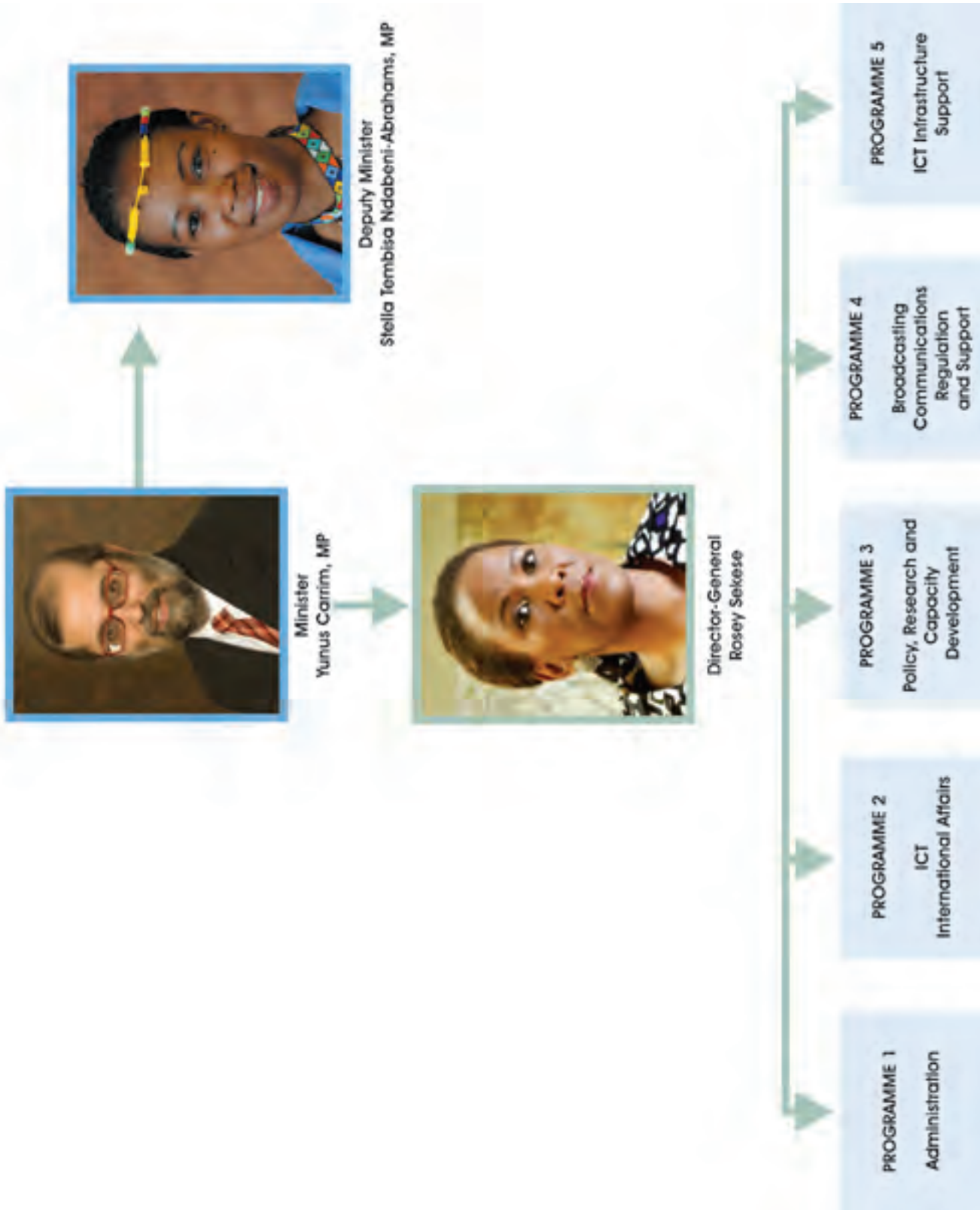
- Broadcasting Act (Act 4 of 1999);
- Electronic Communications and Transactions Act (Act 25 of 2002);
- Electronic Communications Act (Act 36 of 2006);
- Independent Communications Authority of South Africa Act (Act 13 of 2000);
- Sentech Act (Act 63 of 1996);
- Postal Services Act (Act 124 of 1998);
- South African Post Office SOC Ltd. Act No. 22 of 2011
- South African Postbank Limited Act No 9 of 2010

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

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



5. ORGANISATIONAL STRUCTURE



## 6. ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that report to the Minister.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<b>NEMISA</b>	To train previously disadvantaged individuals, particularly women, to equip them with the necessary skills to play significant roles in the constantly changing broadcasting environment.	Transfer of funds	Offers hands-on training in the electronic media, including content design and production, technical operations and content transmission. It also provides skills training at an advanced level for the broadcasting industry. National certificates and short courses are also offered.
<b>SAPO</b>	To conduct postal services in the country and offer financial services through Postbank.	Transfer of funds	Provides postal and related services including the financial services activities of Postbank to the public.
<b>SENTECH</b>	To provide broadcasting signal distribution for broadcasting licensees.	Transfer of funds	Provides broadcasting signal distribution for broadcasting licensees.
<b>SABC</b>	To provide Broadcasting services to all South Africans in all the official languages.	Transfer of funds	Provides Broadcasting services that informs, educates and entertains and which reflects the diversity of South Africans; whilst maintaining the freedom of expression and journalistic, creative and programming independence.
<b>ICASA</b>	To make regulations and issue communications licences in terms of the Electronic Communications Act (2005) and Postal Services Act (1998).	Transfer of funds	Enforces compliance with rules and regulations, protects consumers from unfair business practices and poor quality services, hears and decides on disputes and complaints brought against licenses, and controls and manages the frequency spectrum.
<b>USAASA</b>	To manage the Universal Service Fund in the promotion of universal service and universal access to electronic communications services, electronic communications networks, and broadcasting services.	Transfer of funds	Through research USAASA advises on policy matters. Through the disbursement of project subsidies, it actions universal access obligations in under-served areas.
<b>.za DNA</b>	To administer and manage the .za domain name space in compliance with international best practice.	Transfer of funds	To administer and manage the .za domain name space in compliance with international best practice as well as licenses and regulates registries.

## 7. FOREWORD BY THE MINISTER



During the year under review, the Department was very challenged, but got more done than has been made out in the public discourse.

Among the key achievements were:

- On Broadband: The Department established baseline data for broadband coverage, penetration, speed and cost, and also completed a GIS Mapping report. Recommendations stemming from the broadband study were incorporated into the revised Broadband Policy. The Department also conducted a Broadband marketing study together with National Treasury to inform the development of the Broadband Funding Model after which three Funding Models were developed.
- On Digital Migration: Despite the legal proceedings with regards to the Set Top Box control, the Department made progress in terms of issuing the RFI for local STB manufacturing which was subsequently analysed. In terms of digital signal coverage,

as at the end of the reporting period, 80.4% population coverage was achieved through Sentech. The Department also commenced with the roll-out of the BDM Public Awareness campaign in December 2012.

- On e- Connectivity to schools and delivery in underserved areas: During the reporting period the Department developed an implementation plan for connectivity of 1650 schools. As at the end of the reporting period, 852 of identified schools were connected (WAN installation) and implementation was monitored accordingly. The Department will connect 798 schools in the current financial year to finalise the project. In terms of ICT rural development the Department, in consultation with Provinces, conducted a baseline study of the ICT status in Provinces which informed the development of business plans for the identified 61 rural sites to facilitate the implementation of relevant ICT interventions. With regards to Community Radio Stations, a new subsidy prioritising rural based stations was implemented in 2012/13 which introduced a 100% subsidy for rural based and needy stations.
- On Frequency Spectrum: The Department validated the usage of the National Radio Frequency spectrum from 9 KHz to 500 MHz. The Department conducted an assessment of the current and future usage of the UHF band and prepared policy directions on high demand spectrum. The National Radio Frequency Plan was reviewed as a result of the decisions of WRC-12 and proposed amendments to the National Radio Frequency Plan were drafted in co-operation with ICASA.
- On Postbank: The Department developed the Lending, Borrowing and Investment Policies of the Postbank which were approved by Cabinet and submitted to Parliament. The Postbank Amendment Bill was also drafted.
- On the International ICT Agenda: South Africa was elected to the Council of Administration of the Universal Postal Union (UPU) for the first time, receiving the highest number of votes within the African region, and being among the top six countries elected overall. South Africa was selected to Chair the Future Strategy Committee, and consequently will also form part of the Management Board of UPU.

It was also decided in the year under review to strengthen the Department's Research and Development (R&D) capacity. In this regard the Department hosted the 3rd research colloquium in October 2012. The theme for the Colloquium focused on the Creative Industries and new skills. The Department also finalised a Framework towards the establishment of an ICT Research Council.

The year under review also highlighted the need for greater co-operation across the three spheres of government in respect of ICT, and between government as a whole and the state-owned companies (SOCs). The SOCs in this sector were, for the most part, challenged during the year under review. The Department needs to exercise more effective oversight over them, and will do so in the current financial year.

The National Development Plan, which was launched in August 2012 has been adopted by government at an opportune time given that the ICT sector is undergoing a fundamental and rapid transformation. ICTs are fundamental pillars that drive development in every aspect of modern existence.

Following the convening of a National ICT Colloquium in April, an ICT Policy Review Panel was established through a public nomination process. The ICT Policy Review Panel comprises 22 experts from a wide range of the ICT sector. It is intended that a Green Paper on an Integrated ICT Policy be published before the end of 2013 and a White Paper by mid-2014.

So while there were challenges, the Department made progress in the year under review. However, we need to make more progress this financial year.

We all have a role to play in this regard, and you are invited to contribute.



**MR YUNUS CARRIM (MP)**  
**MINISTER OF COMMUNICATIONS**



## 8. STATEMENT BY THE DEPUTY MINISTER



It is with the utmost humility and appreciation that I present this statement as a pre-cursor to the Department of Communications' 2012/13 Annual Report. In my maiden budget vote address as the Deputy Minister of Communications, I undertook that during the 2012/13 financial year, we would focus our interventions under the theme, "Building ICT infrastructure for South Africa's knowledge and digital economy."

The last financial year brought many points to ponder. We started with a clear mission to refocus the Department on those programmes which will make an impact on South Africans' lives, and this meant re-evaluating our objectives. As a result, and as you will read further in this document, we concentrated on re-orientating the policy environment to bring us in line with international trends, to address the pressing national economic and service delivery issues, and to bring us closer to a future that we seek for ourselves. The result of this refocused mandate was:

- Rapid progress on the ICT Policy review process;
- Rapid progress with the development of a National Broadband Policy; and
- The acceleration of Digital Migration to close gaps with the imminent deadlines, especially the international deadline of 2015.

It therefore gives me great pleasure to provide a brief overview of the progress recorded on the various undertakings.

In terms of the ICT Rural Development Strategy, it was noted that over the MTEF period, new access centres would be established in the various identified priority areas. Furthermore, building on the commitment to connect all schools and health centres in the country, we established a task team comprising of the Departments of Basic Education, Public Service and Administration, Rural Development; and Science and Technology. Lastly, resultant from the 2010 FIFA World Cup legacy, we prioritised the provision of broadband connectivity to 1 650 schools in all provinces as the initial phase of the implementation of the National Connectivity Plan for schools.

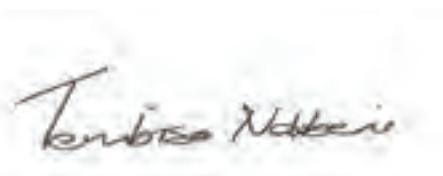
To this end, 104 access centres and 862 school cyberlabs have been connected in communities across the country. We further established a school connectivity forum for the industry to engage and develop solutions for pertinent and related issues. This forum comes at an important time as pertinent issues which impede on operators delivering on their license obligations have been highlighted. In this respect, the Department has engaged with the regulator to unpack and amend certain license obligation clauses. Conclusion of this process will see a better integrated programme thus enabling operators to more effectively adhere to the obligations.

e-Skills are and continue to be an imperative for the Department of Communications. In harnessing these skills, especially amongst youth in rural and under-developed areas, we sought to merge NEMISA, e-Skills Institute and the Institute for Software and Satellite Applications (ISSA). The merger process has

since been concluded and will be followed by the requisite capacitation procedures to ensure that the consolidated entity is able to optimally execute its mandate.

On the international front, we led the country and the continent's engagement at the ITU. The 25th Congress of the Universal Postal Union in Doha, Qata, was a triumph for the Department and the continent, and our efforts saw us achieve election to key seats in the Universal Postal Union structures for both the country and the continent. The country was elected to two seats, one as a first time member of the Council of Administrators and the other as a member of the Postal Operations Council. This means that South Africa will be in the UPU's Council of Administration and Postal Operations Council that will run the Union from 2013-2016. Furthermore, South Africa was re-elected, for the second time, to the 40-member Postal Operations Council with the second highest number of votes among African countries, after Egypt. South Africa has also been given a prominent role in the Postal Operations Council through its appointment as the Vice Chair the Physical Services Committee with its 7 sub-committees. The country was also appointed as the Chair of the Standardisation sub-committee of the Supply Chain Integration Committee.

In ending, I would like to thank the former and current Ministers of Communications for their unwavering support. To the Senior Management and officials of the Department of Communications, the gains recorded in this annual report are a reflection of your hard work and relentless efforts. Going forward, I therefore encourage you to guarantee that the Department fulfills its mandate and indeed "creates a vibrant ICT sector that ensures that all South Africans have access to affordable and accessible ICT services". Lastly, I thank the ICT sector in its entirety for the robust engagement and collaborations during the year under review.



**MS STELLA NDABENI-ABRAHAMS (MP)**  
**DEPUTY MINISTER OF COMMUNICATIONS**

## 9. OVERVIEW OF THE ACCOUNTING OFFICER



In the 2012/2013 Annual Report, we reflected on the foundations that were laid for the Department to achieve its various key objectives. The focus was broadband, broadcasting digital migration, and a national integrated ICT policy. This Annual Report therefore, was always going to be a barometer on how we fared in achieving these objectives.

Following the successful hosting of an ICT Colloquium, the Department in this year moved swiftly to implement the recommendations that came out of that forum. An ICT Policy Review Panel was established to review existing ICT Policy. The thrust of this initiative is to ensure that all South Africans have access to ICT and Communications systems, including broadband, broadcasting and postal services. The last government communication policy was published more than 15 years ago, and all policies therefore recognise that the Information and Communications Technologies (ICTs) environment is dynamic and that rapid

technological development would change, among other things, how we communicate and access information and services.

The policy framework seeks to address historical inequalities in terms of access to basic services, while ensuring that all South Africans benefit from new services and access to new technologies and that ICTs are actively used to meet the development goals of the country. This is the intention of the policy review process. A Framing Paper was thus published for public comments in this financial year, which reinforced the constitutional principle of equality and equal access to all communication services by all South Africans, as well as the obligation in our Constitution to actively heal the divisions of the past.

Among others, the current White Papers, policies and legislations recognise that frequency spectrum is a public resource and that policy should therefore be underpinned by the need to fulfill social as well as economic objectives. The ongoing technological changes and innovations that are envisaged in the future, coupled with the fact that most of the communication related policies were drawn up in the beginning phases of our democracy, necessitate a review of these frameworks and the development of a new policy. This Policy Framing Paper is the start of this engagement and will be followed by a Green Paper, ongoing discussions with sectors of society and finally a White Paper.

This year we embarked on a process to revise the Broadband Policy, and this process started with a broadband workshop that involved all stakeholders. A revised broadband policy is aimed at ensuring universal access to a reliable, affordable and secure infrastructure and services by 2020. This process also seeks to position broadband infrastructure as a catalyst for social and economic growth, and to enhance universal access.

In this financial year, we were able to deal with critical policy and legislative hurdles that delayed the Broadcasting Digital Migration programme, and we are now geared to accelerate critical milestones in this project. In this reporting period, DTT transmission coverage was extended to more than 80% of the country, the subsidy scheme was finalised and will be implemented in the new financial year, and the regulations and STB standards were also finalised, paving the way for a full implementation.

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On the home front, we have finalised the organisational review process, and we hope to conclude the migration to the new structure in the first half of the new financial year. The slow pace of migration has had a negative impact on our ability to recruit at non-SMS level, although we were able to fill critical vacant positions at SMS level. These are but some of the pressing projects that defined our year. The annual report goes in detail into this as well as a lot of other achievements.

Despite the achievements, due cognisance should be given to the fact that the Department during the reporting period encountered some challenges. Such challenges included, amongst others, organisational instability due to leadership gaps which affected the strategic oversight of the department's work.

Lastly, I want to thank the entire staff of team **doc** for their steadfastness, creativity and single-mindedness.

Thank you.



**MS ROSEY SEKESE**  
**DIRECTOR-GENERAL**



# PART: B PERFORMANCE INFORMATION



**1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION**

Statement of Responsibility for Performance Information for the year ended 31 March 2013

The Accounting Officer is responsible for the preparation of the Department's performance information and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance information of the Department for the financial year ended 31 March 2013.

**ROSEY SEKESE**

**ACCOUNTING OFFICER**

**31 AUGUST 2013**

## 2. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report.

Refer to page 177 of the Report of the Auditor General, published as Part E: Financial Information.

## 3. OVERVIEW OF DEPARTMENTAL PERFORMANCE

In terms of the DoC 2012-2013 Annual Performance Plan, a total of 39 targets were planned to have been achieved by the end of the 2012/13 financial year by all Programmes within the Department. In terms of progress made, the DoC was able to achieved 21 (54%) of its targets. Although the remaining 18 (46%) targets were not fully achieved, the Department, in most cases, made substantial progress towards achievement of these targets.

### 3.1 SERVICE DELIVERY ENVIRONMENT AND ORGANISATIONAL ENVIRONMENT

During the period under review, the Department focused on the following 3 specific high impact Flagships Programmes.

- Broadband
- Broadcasting Digital Migration
- National Integrated ICT Policy Review

This streamlining was aimed at ensuring a focused approach given the Departments limited resources. Given the Strategic importance and its impact on the socio-economic development of the country, Broadband and BDM was retained as flagship Programmes from the 2011/12 financial year while National Integrated ICT Policy review was added in as a third flagship programme as the Policy review will have a huge impact on shaping the ICT Policy trajectory going forward.

During the 2012/13 financial year, the Department had concluded an extensive Organisational Review process which resulted in an approved Organisational Structure by both the Department of Public Service and Administration and the Minister. The new organisational structure is aimed at supporting the organisational strategy and aligning key focus areas, including reporting, clear accountability/responsibility, quality assurance, leadership support and performance management. The structure seeks to optimise and synchronise execution of business activities, ensure that related functions, processes and activities which attempt to achieve the same results, are grouped together in the different business units.

The finalisation of the organisational review process did have a negative impact on recruitment of staff especially at non-SMS level which negatively affected performance of the Department against its predetermined objectives. However despite minimal recruitment at non-SMS level, during the reporting period, the Department was able to fill critical vacancies at SMS level. As a result, at the end of March 2013, the vacancy rate of the Department reduced from 29% in 2012 to just 12,5% in 2013 when calculated against the 303 funded posts in line with the new organisational structure as signed by the Minister in August 2012.

In the 2013/14 financial year, the Department intends implementing the approved Migration Plan that will guide the migration of all existing DoC employees into the new organisational structure. The objectives and principles underpinning this Plan and the process of placing employees into new structures of the DoC are to:

- Ensure uninterrupted and orderly service delivery during the migration and orientation of employees into the new organisational structure;
- Ensure that skills retention is a priority. This means that existing employees shall be given preference when being considered for positions in the new organisational structure;
- Facilitate the optimal use of employees and maximise their developmental capacities;
- Provide for a fair and transparent procedure that minimises claims and disputes and provide certainty to employees as soon as reasonably possible;



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- Give effect to the DoC's skills development and employment equity objectives and plans, and to adapt those as and when they emerge in the migration process;
- Give meaning to the principles of knowledge sharing and up-skilling by, amongst other things, being flexible when incorporating employees, or the possibility thereof, into other areas in which they may hold skills; and
- Act in accordance with the overriding principle to ensure improved service delivery, that all employees to be placed must be suitably qualified or have the capacity to become suitably qualified within a reasonable period of time to properly perform the functions of the post.

The focus of this migration plan is to provide practical, hands on steps for the DoC's matching and placement committee and managers who are tasked with migrating employees from the existing structures into the newly designed organisation structure. Furthermore, through engagements with National Treasury, the Department has a new Budget Programme Structure which has also informed the development of the 2013/14 Annual Performance Plan. The new Budget Programme Structure dictates that the Department will be made up of the following 5 Programmes:

- Programme 1: Administration
- Programme 2: International Affairs
- Programme 3: Policy, Research and Capacity Development
- Programme 4: Broadcasting and Communications Regulation and Support
- Programme 5: ICT Infrastructure Support

With respect to its financial standing, an additional R1.642 million was allocated to the Department, through the adjustment estimates for higher personnel remuneration. An amount of R58.957 million was reduced through the adjustment estimates; this reduction was identified as savings by the Department. The following virement was affected to defray excess expenditure:

- A virement of R2.845 million was effected from programme 1 to programme 2 (R2.717 million) and to programme 3 (R128 thousand).
- R4.820 million was viremented from programme 4 to programme 3 (R2.549 million), programme 2 (R1.396 million) and R875 thousands to programme 1.
- A further R6.351 was also viremented from programme 5 to programme 2 (R3.128 million), programme 3 (R2.711 million) and R512 thousands to programme 6.

### 3.2 SERVICE DELIVERY IMPROVEMENT PLAN

#### *Main services provided and standards*

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
1. Broadcasting services	- SABC - Sentech - USAASA - ICASA - Citizens	-	Implementation of the BDM policy monitored	<ul style="list-style-type: none"> <li>• On Signal distribution, 80.4% population coverage was achieved.</li> <li>• Quarterly monitoring reports were produced</li> </ul>
2. Postal Services	- SAPO - USAASA - ICASA - Citizens	-	Postbank Act implemented and monitored	<ul style="list-style-type: none"> <li>• Borrowing, Lending and Investment Policies of the Postbank were approved by Cabinet and submitted to the speaker of Parliament.</li> <li>• The Postbank board was appointed.</li> <li>• The Postbank Amendment Bill was developed.</li> </ul>

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3. Telecommunications	<ul style="list-style-type: none"> <li>- Telkom</li> <li>- MTN</li> <li>- Neotel</li> <li>- Iburst</li> <li>- Vodacom</li> <li>- Cell C</li> <li>- .za domain</li> <li>- USAASA</li> <li>- ISPA</li> <li>- Citizens</li> </ul>	-	National Broadband Master Plan	<ul style="list-style-type: none"> <li>• The National Broadband Policy was amended and a draft broadband strategy was developed.</li> <li>• A report focusing on baseline data for broadband coverage, penetration, speed, and cost was also developed.</li> <li>• 60% (862) of identified schools were connected (WAN installation).</li> </ul>
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**Consultation arrangements with customers**

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
1. ICT Industry collaboration and work streams	- ICT Domestic and International industries	-	- ICT Indaba - ICT Colloquium
2. Round table discussions with relevant stakeholders	- Citizens - ICT Industry		- Public consultation workshops - Stakeholder meetings - Radio and TV interviews - Media Briefings

**Service delivery access strategy**

Access Strategy	Actual achievements
1. Coverage in terms of Radio and TV	The Department is using Community Radio Stations, Community TV as an access strategy.
2. Postal and Post Bank Coverage	The Department is using Postal and Post Bank outlets as an access strategy.

**Service information tool**

Types of information tool	Actual achievements
- Media - Print	- Distribution of leaflets - Media Adverts - Community Radio - Radio and TV interviews

**Complaints mechanism**

Complaints Mechanism	Actual achievements
<ul style="list-style-type: none"> <li>- The Director-General's Office handles all complaints which are received from the Presidential Hotline</li> <li>- The Director-General's Office handles all complaints received directly from the public through E-mails and written letters.</li> </ul>	<ul style="list-style-type: none"> <li>- The Director-General's Office ensures that responses are prepared for the incoming complaints.</li> <li>- Complaints which need to be taken care by the Departmental State Owned Company(SOC), the DG's Office forward them to the respective SOC, and follow-ups are done on weekly basis.</li> </ul>

**3.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES**

***ICT Policy Review***

The Minister of Communications launched a process to review Information and Communications Technology (ICT) policies through the hosting of a National ICT Policy Colloquium on 19th and 20th April 2012. The ICT Policy review was initiated to examine the policy and regulatory frameworks that apply to telecommunications, broadcasting, postal and e-commerce and will lead to an adoption of a White Paper on Integrated ICT policy Framework for South Africa which will be futuristic, taking into account greater technology and services convergence mainly for ensuring universal service and access to all South Africans.

The Department plans to issue a Green Paper on Integrated ICT Policy Framework in the 2013/14 financial year.

***Broadcasting Digital Migration***

The Department amended the initial Digital Migration Policy which sets the parameters of migrating the country's broadcasting from analogue to digital and meeting the ITU resolutions. Following the amendments to the Digital Migration Policy, in March 2012, Cabinet approved the Scheme for Ownership Support (SOS) of Set Top Boxes (STBs) as well as the STB Manufacturing Sector Development Strategy.

As part of the implementation of the Broadcasting Digital Migration Policy, the Department will in the 2013/14 financial year focus on, amongst others, increasing national digital coverage, rolling out the Scheme for Ownership Support (SOS), implementing the STB Manufacturing Sector Development Strategy as well as ensure digital migration awareness and provision of technical user support through the establishment of a National BDM Call Centre.

***Broadband***

Broadband is an enabling infrastructure for building the knowledge economy and information society and for accelerating the socio-economic growth and development of South Africa. Although the National Broadband Policy was approved by the Cabinet in June 2010, the Department has embarked on developing a revised National Broadband Policy and Broadband Strategy for the country which it plans to submit to Cabinet for approval in the 2013/14 financial year.

The revised Broadband Policy aims at ensuring universal access to reliable, affordable and secure broadband infrastructure and services by 2020 and stimulates sustainable uptake and usage of ICTs. Furthermore, the Policy prioritises the need to implement interventions aimed at strategic positioning of broadband infrastructure as a catalyst for social and economic growth and enhance universal access. To this end, Government will encourage and support investment in broadband backbone network infrastructure and increasing the uptake and usage of broadband services.

#### 4. STRATEGIC OUTCOME ORIENTED GOALS

The table below reflect the progress made towards the achievement of the Departments goals.

<p>Competitiveness and economic growth of the ICT industry</p>	<ul style="list-style-type: none"> <li>• The Department hosted a National ICT Policy Colloquium from 19<sup>th</sup> to 20<sup>th</sup> April 2012 which focused on telecommunications, postal, broadcasting, digitising government, local content and ICT industry development. Following the Colloquium, a Colloquium report with recommendations and proposals was produced which informed the policy review process. Due to the enormity, complexity and the need to ensure inclusivity in the development of these documents, the Minister of Communications appointed an ICT Policy Review Panel which began with its work in January 2013. Furthermore, the Chairperson and Deputy Chairperson of the Panel as well as Chairpersons of the various work streams were appointed. Lastly, a policy framing document was developed and literature review of existing ICT policies was conducted.</li> <li>• With regards to the Lending, Borrowing and Investment Policies of the Postbank, during the reporting period, the Department developed the policies and concluded extensive consultations with National Treasury prior to obtaining concurrence from the Ministry of Finance. All three Policies were thereafter approved by Cabinet and submitted to the Speaker of Parliament ahead of schedule. Furthermore, the Postbank Amendment Bill was also developed.</li> </ul>
<p>Accessibility, reliability and affordability of secured ICT Infrastructure</p>	<ul style="list-style-type: none"> <li>• With regards to implementation of the Broadcasting Digital Migration Policy, the Department conducted continuous monitoring and evaluation and produced quarterly monitoring reports. The Local Digital Content Strategy was tabled at the Economic Sector &amp; Employment Cluster &amp; approved to go to Cabinet for final approval.</li> <li>• Furthermore, the STB Technical Specifications were finalised and gazetted. The STB Conformance MoU was developed with South African Bureau of Standard (SABS) and the Department of Trade and Industry. Lastly, the RFI for local STB Manufacturing was issued and submissions were analysed by a panel that was set up for this purpose.</li> <li>• In terms of Digital signal coverage, the DTT infrastructure rollout was continuously monitored and as at the end of the reporting period, 80.4% population coverage was achieved. Lastly, the Department also commenced with the roll-out of the BDM Public Awareness campaign in December 2012.</li> <li>• During the reporting period, the Department amended the National Broadband Policy. The Policy was gazetted and the development of National Broadband strategy commenced under the auspices of SIP 15. The Department also conducted a Broadband marketing study together with National Treasury to inform the development of the Broadband Funding Model after which three Funding Models were developed.</li> <li>• Furthermore, the Department established baseline data for broadband coverage, penetration, speed and cost, and also completed a GIS Mapping report. Recommendations stemming from the broadband study were incorporated into the revised Broadband Policy and consultation was conducted with Industry in this regards.</li> </ul>

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<p>Building of an inclusive Information Society</p>	<ul style="list-style-type: none"> <li>• The Department developed the final National e-Skills Curriculum Development and Competency Framework and instructional design guideline which guided the implementation of targeted courses. Furthermore, the Department developed the e-Skills aggregation monitoring and evaluation mechanism. A model to support e-skills aggregation for impact in rural and peri-urban communities was also developed by the Department.</li> <li>• As part of developing local applications and exploitation of new technologies, a Blackberry Apps lab was established at the University of Pretoria. A Mobile applications survey is in the process of being conducted by the Gauteng e-Skills Provincial Hub. Code jamming sessions were held at the Western Cape hub (UWC) in partnership with business and higher education National e-Skills Curriculum Courseware.</li> <li>• The Department also hosted the 3rd research colloquium which was held at the University of the Western Cape in October 2012. The theme for the Colloquium focused on Creative Industries and new skills. During the reporting period, three provincial application factories became operational as part of the activities of the provincial co labs.</li> </ul>
<p>Performance of DoC and ICT State Owned Companies (SOCs)</p>	<ul style="list-style-type: none"> <li>• As part of its State Owned Companies (SOCs) oversight function, the Department facilitated the development of budget for entities for the 2013 MTEF and engagements with SOCs to discuss their additional funding requirements. In terms of its monitoring and evaluation role, the Department conducted analysis of SOCs Quarterly reports and provided feedback to the SOCs with recommendations.</li> <li>• Furthermore, the Department paid focus on alignment of SOC priorities with that of Government in general, and the Department in specific, through undertaking joint and integrated planning. The Department also reviewed the Articles of Association which were continuously monitored in liaison with Company Secretaries.</li> <li>• Lastly, in adhering to good corporate governance, the DoC undertook a process to amend all the Articles of Association of its SOCs (except ICASA and .ZDNA) and to convert them into Memorandum of Incorporation (Moi) as required by the new Companies Act. In drafting the MOIs, compliance and alignment with the provisions of the Companies Act, the PFMA as well as King 3 Report on Corporate Governance was considered.</li> </ul>
<p>Contribution to the global ICT agenda</p>	<ul style="list-style-type: none"> <li>• On the postal programme, South Africa chaired the African Support Committee/ UPU key Content Committee of PAPU as part of Africa's regional preparation for the UPU Congress. Amongst the successes, South Africa made an important contribution to Addressing the World Ministerial Debate on delivering the 2020 Postal Vision. This led to Minister adopting the White Paper in support of the UPU's global declaration to prioritise the development of addressing infrastructure. Recognition was given to South Africa on the work of the National Address Systems, and South Africa continues to assist a number of African countries in rolling out their national address system.</li> <li>• Additionally, another success was the election of South Africa to the Council of Administration of the UPU for the first time since admission to the UPU in 1994, receiving the highest number of votes within the Africa region, and among the top six countries elected overall. Additional to the election to the Council, South Africa was selected to Chair the Future Strategy Committee, and as a consequence will also form part of the Management Board of UPU.</li> </ul>

- South Africa participated in key global conferences, which was the World Conference on International Telecommunications (WCIT), convened by the ITU, whose focus was to deal with amendments to the International Telecommunication Regulations (ITRs) which were last addressed in 1988. Considering the phenomenal development of ICT technology and infrastructure, the treaty conference adopted amongst others a resolution, entitled “International telecommunication service traffic termination and exchange”, which addresses the regulatory, technical and economic issues which need to be taken into consideration in the transition from dedicated phone and data networks to the converged IP-based networks. This resolution is linked to the national and regional agenda of ensuring transparency in international mobile roaming charges, and the fostering of competition to the benefit of consumers. South Africa was elected as the Chair of the African group, and as the Vice Chair of the WCIT Conference.
- In ensuring alignment and advancing the African Agenda, a key programme in the form of the DotAfrica, which is a domain name space entity for Africa, was adopted by the African countries aimed at increasing regional infrastructure integration whilst providing a secure network. A South African entity, .ZACR was successful in its bid for the operation of the DotAfrica on behalf of the African Union and its community. This decision will help ensure African ownership and administration of the DotAfrica domain name. An application was submitted to Internet Corporation for Assigned Names and Numbers (ICANN), and to date 41 countries have endorsed and given support to DotAfrica. This programme will contribute to economic wealth of the continent.

## 5. PERFORMANCE INFORMATION BY PROGRAMME

### 5.1 PROGRAMME 1: ADMINISTRATION

The purpose of the programme 1 (Administration) is to provide strategic support to the Ministry and overall management of the Department. The following are the sub-programmes for Programme 1 of the Department of Communications:-

- Ministry
- Departmental Management
- Internal Audit
- Corporate Services
- Financial Management
- Office Accommodation

The Strategic Objectives for the 2012/13 Financial Year are listed below:-

- Support and enable the provision of multiplicity of ICT applications and services through facilitating the modernisation and deployment of the infrastructure;
- Contribute to rural development through increasing Universal Access and Services to ICTs;
- Contribute to increasing the ICT skills base in South Africa for employability in the knowledge economy and increase access to and uptake and usage of ICTs; and
- Enhance Departmental performance through improving institutional processes and mechanisms.

As per the 2012/13 APP, Programme 1 committed to achieve a total of 5 targets by the end of the 2012/13 financial year. Of these targets, 4 (80%) were achieved while 1 (20%) was not fully achieved.

## PROGRAMME 1: ADMINISTRATION

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Support and enable the provision of multiplicity of ICT applications and services through facilitating the modernisation and deployment of the infrastructure	Implementation of BDM Policy monitored	BDM Public Awareness campaign was launched in March 2012	Implementation of BDM Policy monitored (Public Awareness)	<ul style="list-style-type: none"> <li>Department fully achieved the target of monitoring the implementing of the BDM Policy (Public Awareness). The service provider was appointed to do the Public Awareness and the Proof of BDM concept was showcased in Kimberly (Motswedimosa) as part of BDM awareness.</li> <li>As part of public awareness the Department has placed adverts in 8 national and regional commercial stations in January 2013 in the following provinces:</li> </ul>	-	-

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>• Gauteng – 26 Stations</li> <li>  Mpumalanga – 13 Stations</li> <li>  Limpopo – 13 Stations</li> <li>  Free State – 10 Stations</li> <li>  North West – 9 Stations</li> <li>  KwaZulu-Natal – 15 Stations</li> <li>  Eastern Cape – 17 Stations</li> <li>  Northern Cape – 6 Stations</li> <li>  Western Cape – 20 Stations</li> <li>• Adverts were placed on SABC 1, 2 and 3, as well as e-TV and Provantage TV in January 2013 and out of Home Advertising Billboards have been flighted in 80 sites across the country for three (3) and half months up to March 2013. These include billboards, murals and airport screens.</li> </ul>		



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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute to rural development through increasing Universal Access and Services to ICTs	Implementation of the DoC engagement model across three spheres of Government	<ul style="list-style-type: none"> <li>The Department provided IGR advice and support to the relevant branches, Minister and Deputy Minister and supported the Public Participation Programmes.</li> <li>The Department also supported the work of the SOCs:</li> </ul>	Promotion of the ICT agenda across the three spheres of Government through established institutional mechanisms implemented and monitored	<ul style="list-style-type: none"> <li>The Department provided IGR advice and support to the relevant Departmental Programmes, the Ministry and Deputy Ministry through supporting relevant Public Participation Programmes.</li> <li>The Department coordinated SOC forum meetings during the reporting period and the Rural Development Programme was broadly consulted with SOCs.</li> </ul>	-	-

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>ICASA was supported during the review of licensing obligations; USAASA was supported during its negotiations on broadband in Emalaheni in the Eastern Cape; and</li> <li>Sentech was supported to secure a site for a low power transmitter in Kwaggafontein, Mpumalanga.</li> </ul>		<ul style="list-style-type: none"> <li>The functioning of the ISAD IGRF and its Technical Committee was achieved through the sitting of the Technical Committee in November 2012.</li> <li>Ministerial bilaterals were facilitated with the Free State and Mpumalanga, which resulted in draft MOUs being signed by the Minister and the two Premiers.</li> </ul>		

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>• With regards to providing IGR related support and advice, the Department facilitated and coordinated various initiatives together with its SOCs across multiple Provinces.</li> <li>• The DoC has consistently participated in its Core Government Clusters namely Infrastructure Development and the Economic Sector Cluster. Additional participation also took place in the JCPS and ICTs Clusters.</li> <li>• The DoC has consistently submitted Outcome implementation reports in respect of Outcome 4 and 6 as part of reporting on Minister's performance agreements for the last quarter of 2012.</li> </ul>		

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Support and enable the provision of multiplicity of ICT applications and services through facilitating the modernisation and deployment of the infrastructure	Implementation of ICT Rural Development Strategy	<ul style="list-style-type: none"> <li>The ICT Rural Development Strategy was developed and presented to the ISAD Multi-stakeholder Forum in April 2011 and to the Outcome 7 Executive Implementation Committee for discussion.</li> <li>The strategy was further presented at the DG's Implementation Cluster Committee for adoption</li> </ul>	Implementation of the ICT Rural Development Strategy coordinated, monitored and evaluated	<p>The Department did not fully achieve the target of implementing, coordinating, monitoring and evaluating the ICT Rural Development Strategy. However the following are the ICT rural development initiatives that the Department has participated in the Limpopo and Free State province:</p> <ul style="list-style-type: none"> <li>The DoC rural development plan was presented to the provincial implementation forum.</li> <li>The Rural Development strategy was presented to the National IDP coordinators Forum meeting on 21-22 June 2012 in Cape Town.</li> <li>The Project Team met with all the Provincial Task teams under the guidance of the IGR Engagement Model.</li> </ul>	<p>The Department is yet to roll-out the ICT services in 61 sites as per approved business plans through the utilisation of green technologies where viable.</p>	<p>The Provinces need to be informed that there is a need to bring synergy between the ICT Rural Development Project, Broadband Plans and SIP 15. Once this is cleared the roll-out will begin and the Provinces will be engaged further.</p>

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute to increasing the ICT skills base in South Africa for employability in the knowledge economy and increase access to and uptake and usage of ICTs	Implementation of Gender, Disability, Youth and Children Programmes	<ul style="list-style-type: none"> <li>The Youth and ICT Strategy was developed and approved by the Department.</li> <li>The service deployment was conducted and concluded in 5 FET Colleges however, the number of 800 students was revised to 190 owing to budget constraints and over 100 students have been deployed to date.</li> </ul>	Gender, Disability, Youth and Children Programmes implemented through relevant strategies	<ul style="list-style-type: none"> <li>With regards to the development and implementation of the Youth Month Support Programme, the Department supported the Youth Development and International Colloquium hosted by DIRCO in June 2012 through participating and facilitating the discussion on Youth Participation in Multilateral Systems.</li> <li>The Department also supported the Imbizo on Youth Precipitation in Arts and Culture hosted by Department of Arts and Culture (DAC) in June 2012.</li> </ul>	-	-

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>• A contract with four more FET Colleges has been concluded.</li> <li>• The Disability and ICT Strategy and Gender and ICT Strategy were approved in August 2011 and February 2012 respectively.</li> </ul>		<ul style="list-style-type: none"> <li>• The Youth Development and ICT Strategy were launched on the 26th of November by the Minister, which included the role and responsibilities of all SOCs. SAPO and SABC committed to support the strategy by including youth development initiatives in their respective strategic plans.</li> <li>• With regards to developing a Concept paper on the e-Social Cohesion Youth Programme, the Department developed the paper and consulted with the Department of Arts and Culture on the approach to be taken in regard to social cohesion programs.</li> </ul>		

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>The Department consulted stakeholders on the e-Social Cohesion Concept Program through the launch of the Youth and ICT Strategy Implementation Plan Workshop where all stakeholders present welcomed and approved the broad principles of using electronic platforms to promote social cohesion.</li> <li>The Department concluded with the partnership with the Department of Basic Education on the Digital Story Telling Project as part of the broader e-Social Cohesion Programme. Consultation with SABC concluded on the Program and support was confirmed.</li> </ul>		

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>• The Department also embarked on implementing the Service deployment component of the e-Cadre programme for 3 FET Colleges.</li> <li>• Regarding concluding the ICDL training for the 2nd intake for the e-Cadre programme, the Department concluded the recruitment of the students for the e-Cadre programme and have liaised with the relevant colleges. The ICDL Training was conducted in all participating colleges and the implementation plan for the 3rd ICDL Training Intake for the e-Cadre Programme was developed.</li> </ul>		



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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>The Department also hosted the Child Online Dialogue in partnership with the Film and Publication Board supported by the Ministry for Women, Children and Persons with Disabilities in December 2012.</li> <li>The Department developed and presented a draft Gender and ICT Strategy focusing on the Young Women and ICT Program at the launch of the Women and ICT Forum that was held in November 2012.</li> </ul>		

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>The Department implemented the Techno-Girl Program, the first intake of ten girls was hosted by the Department in June 2012, while the second intake of the Techno Girl Program was hosted in October 2012 as part of the continued implementation of the project. The ten girls were mentored by a number of managers in the Department during the second intake.</li> <li>The Mobinet Project has been implemented through a workshop that was held in August 2012 as part of the content generation component of the project which focused on issues of sexuality and identification of how it is portrayed on the internet.</li> </ul>		

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Enhance departmental performance through improving institutional processes and mechanisms	Effective & efficient organisation, business processes and systems	The Department undertook an extensive organisational review, which was approved by the Minister and submitted for DPSA concurrence.	Organisational change and transformation agenda implemented focusing on culture, values, people, management performance processes and systems	<ul style="list-style-type: none"> <li>The Department has fully achieved the target. As required, the Department has developed the Service Delivery Improvement Plan during the reporting period and commenced with monitoring its implementation.</li> <li>As part of designing and developing a Leadership Development programme, a competency assessment process was conducted for senior managers which will inform the development of the Leadership Development Programme.</li> </ul>	-	-

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>With regard to mapping and re-engineering of identified business processes and standard operating procedure, the Department identified both core and support processes to be mapped and re-engineered. The Department is in the process of mapping and re-engineering the identified processes.</li> <li>The Migration process for the new organisational structure and a migration plan was developed and agreed with organised labour. The migration to the new structure has commenced and structural audit variance determination was finalised. Lastly, staff workshops on the migration process were also conducted.</li> </ul>		

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>The MPAT Action Plan was developed by the Department and was also included in the 2012/13 business plan. The Action plan was implemented and monitored periodically during the reporting period. The 2012/2013 MPAT Self Assessment was conducted and submitted to DPME for review. All outstanding evidence was uploaded unto the DPME system.</li> </ul>		

### **Strategy to overcome areas of under performance**

The Department does acknowledge its areas of underperformance in certain targets. Project specific reasons for such underperformance have been provided under “comments on deviation” where applicable. Of significance are the challenges in terms of monitoring the implementation of the ICT Rural Development Strategy as it is highly dependent on cooperation and commitment from the various Provinces. Going forward the Department will exploit the existence of relevant Intergovernmental Relations forums so as to ensure synergy and cooperation.

Furthermore, to address organisational performance related issues, the Programme facilitates the functioning of an Organisational Performance Assessment Board, which meets at the end of every quarter to evaluate performance. Specific attention is given to addressing such quarterly targets where specific recommendations are made for urgent implementation by the relevant DDG. Such targets also inform the agenda of management meetings and are specifically focused on during performance reporting. Lastly, evidence against all reported achievements are collected and analysed on a quarterly basis and submitted accordingly to the AG during the audit of performance information.

### **Linking performance with budgets**

The programme focused its spending on providing strategic support to the ministry and overall management of the Department, and support for the implementation of digital terrestrial television through awareness campaigns.

### **Sub-programme expenditure**

Sub-Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	3,669	3,629	40	3,494	3,622	(128)
Departmental Management	42,139	42,139	-	40,803	41,828	(1,025)
Internal Audit	5,450	5,450	-	4,620	3,199	1,421
Corporate Services	75,591	75,485	106	52,124	43,679	8,445
Financial Management	61,354	63,735	(2,381)	59,643	56,692	2,951
Office accommodation	7,808	5,521	2,287	7,386	7,172	214
<b>Total</b>	<b>196,011</b>	<b>195,959</b>	<b>52</b>	<b>168,070</b>	<b>156,192</b>	<b>11,878</b>

## 5.2 PROGRAMME 2: ICT INTERNATIONAL AFFAIRS AND TRADE

The purpose of programme 2: ICT International Affairs and Trade is to ensure alignment between South Africa's International activities and agreements in the field of ICT and South Africa's foreign policy.

ICT International Affairs and Trade Programme have the following sub-programme:-

- **International Affairs**- which coordinate the functions and responsibilities of the Department to meet South Africa's international ICT; and
- **ICT Trade/ Partnerships**- which develops and advances South Africa's interests in international trade forums through participation in the World Trade Organisation's ICT related initiatives and other international agreements such as South African European Union trade agreement and bilateral agreements with counterparts countries.

The Strategic Objectives for the 2012/13 Financial Year are listed below:-

- Facilitate South Africa's active participation in Multilateral, Bilateral and other International Forums to advance the SA ICT Agenda; and
- Explore and Exploit trade and investment opportunities for the ICT sector in South Africa.

As per the 2012/13 APP, Programme 2 committed to achieve a total of 4 targets by the end of the 2012/13 financial year. Of these targets, 2 (50%) were achieved while 2 (50%) were not fully achieved however some progress was made by the Department towards achieving these targets.

## PROGRAMME 2: ICT INTERNATIONAL AFFAIRS &amp; TRADE BRANCH

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Facilitate South Africa's active participation in Multilateral, Bilateral and other International Forums to advance the SA ICT Agenda	Implementation of Multilateral Relations Programme	<ul style="list-style-type: none"> <li>Hosted the first South African Internet Governance Forum as per mandate of the SADC ICT Ministerial Decision.</li> <li>South Africa's proposal to SADC ICT Ministers to develop an Institutional Mechanism in support of the SADC Secretariat in the implementation of the Digital Broadcasting Migration Roadmap was concluded.</li> <li>South Africa set up a Regional Internet Exchange Point and also facilitated information from the African Union to assist in fast tracking the SADC POA and other SADC Member States in establishing their own IXPs.</li> </ul>	Africa Multilateral and Bilateral Relations programmes implemented within relevant Multilateral Forums	<ul style="list-style-type: none"> <li>South Africa hosted the SADC Regional Infrastructure Development Master Plan workshops in which the Digital SADC 2027 strategy was adopted. The foundation pillar for the Digital SADC 2027 has been proposed as the Policy and Regulatory Harmonisation.</li> <li>South Africa participated in the SADC GE06 Frequency Coordination meeting and the SADC DTT Forum. The meeting encouraged Member States to consider Digital Dividend licensing frameworks that would improve competitiveness and flexibility in the frequency spectrum market, technology neutrality and providing incentives in the form of differential pricing, discounts, tax breaks/exemptions to operators.</li> <li>Member States were urged to accelerate their processes to migrate from the analogue to digital broadcasting technologies in order for purposes of benefitting from the Digital Dividend that will be released. The meeting also agreed and validated the minimum list of specifications for the low cost FTA STBs.</li> </ul>	-	-



## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>DoC developed a position paper for the AU Ministers of Communications and Information Technology (CIT) with the primary focus on the implementation of the Oliver Tambo Declaration.</li> <li>South Africa is among six SADC countries participating in the</li> <li>SADC-UNECA study examining e-Commerce Readiness in the Sub-Saharan region. With regard to roaming, South Africa has engaged industry on issuing policy directives on price structure.</li> </ul>		<ul style="list-style-type: none"> <li>With regards to monitoring the transparency and Consumer awareness targets on regional interconnection in order to advance the "Home and away Roaming" project; the Department conducted ongoing monitoring of transparency and consumer awareness. Monitoring of outcomes necessitated recommendations which fed into the Zanzibar meeting in October 2012 that concluded new recommendations on the report. The recommendations sought to fast-track the implementation of principles advocated by SADC Ministers to reduce the cost to communicate, regulate and harmonise across the region.</li> <li>The Department has been working closely with the SADC Secretariat in the revision of the Draft Terms of Reference for the SADC DTT PMO. The draft ToRs were amended at the SADC DTT Forum in April 2013 and will be submitted to SADC Ministers responsible for Communications, ICT and Postal for approval on 23 May 2013.</li> <li>Similarly, the Department has embarked on a process of sourcing CVs and making recommendations for Minister on the appointment of a Project Manager and Technical Expert for the SADC DTT PMO Minister has approved relevant recommendations in this regard.</li> </ul>		

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>The DoC submitted a South African proposal to the AU for the operation of DotAfrica. This will be operationalised by .Za DNA and supported by the DoC.</li> <li>South Africa hosted a Spectrum Regulation and Management workshop to consider issues of spectrum farming, harmonisation in spectrum migration and rationalisation and reallocation of the digital dividend.</li> </ul>		<ul style="list-style-type: none"> <li>With regards to implementation of AU CIT decisions, key programmes emanating out of the Oliver Tambo Declaration (AU CIT Ministers' decision) were implemented such as Cyber security, where South Africa became the first member state to provide input to the Draft AU Convention on the establishment of a credible legal framework for Cyber Security in Africa. Subsequently, RSA participated at the AU convened Workshop in Addis Ababa, Ethiopia in June 2012 to discuss and validate the AU Convention on Cyber Security. The AU Convention on Cyber Security has been approved by the AU Executive Council at the 2013 January AU Summit.</li> <li>The DoC, in liaison with .ZACR was also instrumental in ensuring a full bid document on the operationalisation of DotAfrica which was submitted to AUC and ICANN. Lobby and support by other member-states was also conducted for a South African entity (.ZACR) in the operation of .Africa. .ZACR has received overwhelming support from African Ministers to operate DotAfrica. The launch is scheduled for the second quarter of 2013</li> </ul>		

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>The following countries, amongst others, were engaged to strengthen relations further through the formation and implementation of strategic partnerships: Egypt, Algeria, Angola, Mozambique, Ghana, and Tunisia.</li> </ul>		<ul style="list-style-type: none"> <li>South Africa was elected to the Steering Committee for the period 2012 - 2014. The outcomes of the AU CITMC – 4 included among key issues, resolutions on the operation of the DotAfrica project; the endorsement of the text of the draft AU Convention on Cyber Security which formed part of the Oliver Tambo Declaration agreed to by Ministers at the AU CIT Extraordinary Conference held in South Africa in 2009.</li> <li>Outcomes of the AU CIT were submitted to Parliament for endorsement as part of reporting to Parliament on work of DOC.</li> <li>The Department developed a Position paper on DotAfrica. The DotAfrica Domain name has been approved by ICANN and will be operated by a South African Entity - .ZACR</li> <li>South Africa, as part of its continuing strategy, provided an early warning against dotconnectafrica (DCA's) application for Africa. To date 41 African countries have provided support.</li> </ul>		

Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Facilitate South Africa's active participation in Multilateral, Bilateral and other International Forums to advance the SA ICT Agenda	Implementation of RSA interventions on increasing SA's ICT influence globally	<ul style="list-style-type: none"> <li>Target was achieved through the implementation of the Programme for identification and positioning of candidates for election in multilateral organisations for SA's Candidature for the UPU Council of Administration and the Postal Operations Council</li> </ul>	RSA ICT Position further advanced through increasing SA's influence in ICT Multilateral Forums, implementing strategic multilateral partnerships and participating in decisions of major summits	<ul style="list-style-type: none"> <li>The Department engaged in Programmes of Cooperation (PoC) and Memorandums of Understanding (MoU) with various countries. The levels of completion and implementation of such PoCs and MoUs vary depending on specific circumstances surrounding the respective countries. The countries in question are the following amongst others: Egypt, Algeria, Angola, Ghana, Mozambique, Uganda, Zimbabwe, DRC, Malawi, Lesotho, Nigeria, Tunisia, and Ethiopia.</li> </ul>	-	-
		<ul style="list-style-type: none"> <li>With regards to UPU, South Africa's candidature for Council of Administration was approved, supported by DIRCO and backed by AU. Through extensive consultations and lobbying, South Africa was elected for the first time to the Council of Administrations, and re-election to the Council of Administrations Council. South Africa had the highest number of votes for the CA and the 2nd highest for POC out of all the African countries. In addition, South Africa was appointed to Chair key Committees in both the CA and POC and as a member of the UPU Bureau. South Africa was also part of the successful African lobby for the election of the first African Director-General of the UPU.</li> </ul>				

Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>The Department achieved the implementation of relevant international resolutions as planned.</li> <li>South Africa hosted and chaired the African support committee in preparation for the UPU congress and made key inputs for the UPU towards the development of a common African position.</li> </ul>		<ul style="list-style-type: none"> <li>In the ITU Standardisation sector during the World Telecommunications Standardisation Assembly, South Africa for the first time was appointed as Vice-Chair for one of the Study Groups (SG16 dealing with IPTV, e-health etc).</li> <li>South Africa oversaw the effective coordination of the Africa group to ensure that Africa had Chairs or VCs for nearly all the T-sector Study Groups, as well as an agreed African Vice-Chair of the Standardisation Review Committee.</li> <li>The Department participated in Internet Governance issues through nominating two officials to represent South Africa on the Government Advisory Committee (GAC) of the Internet Corporation for Assigned Names and Numbers (ICANN).</li> <li>With regards to the UPU World Postal Congress, the Department established a National Preparatory Working Group and developed an RSA Position.</li> <li>The Department Chaired the Key Contents Committee of PAPU for the African position for the UPU.</li> </ul>		

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>• A summary report on the UPU World Postal Conference outcomes was concluded. Key outcomes included the new Doha World Postal Strategy, building on the previous Nairobi strategy, as well as the Declaration on 'Addressing the World' dealing with the importance of national address systems in extending universal service, and issues around the development of new postal products and services.</li> <li>• South Africa hosted and Chaired the 2<sup>nd</sup> African WTSAWCIT Regional preparatory meeting to develop an African position for both the World Telecommunications Standardisation Assembly and the World Conference on International Telecommunications.</li> <li>• South Africa was selected as the host for the regional outcomes meeting for Africa to address WTSAWCIT implementation, which will consider key issues including Cyber security, Conformance and Interoperability, and the T-sector Strategic Review of Standardisation process etc.</li> <li>• South Africa was approved as the host for SG16/Global standards Initiative on IPTV and e-health in May 2013.</li> </ul>		

Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>South Africa was also selected as the host for the ICANN meeting in May 2013 which is an important opportunity to publicise need to protect the cultural heritage of developing countries in the domain name space. Discussions were held with ZA domain name authority and ICANN in preparation.</li> <li>With regards to identifying and implementing areas of cooperation with the EU, approval has been obtained to host an SA-EU Bilateral meeting in May 2013 focusing on Broadband and BDM.</li> <li>As Chair of the WCIT/WTSA 2<sup>nd</sup> African regional preparatory meeting South Africa played a key role in developing regional positions for both WCIT and WTSA 2013.</li> <li>With regards to participation in WCIT-WTSA-12 and UPU-12, African Common proposals were considered in detail and where appropriate endorsed, otherwise alternative positions were elaborated. South Africa was appointed as Moderator for the high level panel on Bridging the Standardisation Gap for the Global Standards Symposium. South Africa was also appointed as Chair of Africa group for both WTSA and WCIT.</li> </ul>		

Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>• Strong developing country alliances bore fruit during the conference, including interactions with the Arab group, with BRICS, especially China and Brazil, and other countries such as Mexico, Malaysia, and Cuba.</li> <li>• The Department successfully co-hosted Commonwealth Telecommunications Organisation Forum on Switchover to Digital Broadcasting in February which was well attended by African Broadcasting sector and international experts.</li> </ul>		



## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Facilitate South Africa's active participation in Multilateral, Bilateral and other International Forums to advance the SA ICT Agenda	Strengthening of North-South and South-South Relations	<ul style="list-style-type: none"> <li>The implementation of the IBSA Information Society Working Group's annual programme of action was partially achieved</li> </ul>	Relations with North-South and South-South countries further strengthened	<ul style="list-style-type: none"> <li>The target was not fully achieved. With regards to the SA/Mexico relations, Mexico is seen as a strategic partner and the Department of Communications has submitted a draft MoU in the field of ICT to the Mexican authorities earlier in 2012. A possible cooperation area is formal relations between Tec de Monterrey and the South African e-Skills Institute to exchange academic programmes, information and expertise. Mexico also has interesting programmes to encourage investment in ICTs. The Mexican Authorities acknowledged receipt and noted that considering the wide scope of the first MoU proposed by South Africa, they would not be able to negotiate it within a single Ministry. However, Mexico presented a new proposal related to the Mexican Department for Public Security, which is under consideration by the Department. It was agreed that the Department of Communication and the Mexican Embassy should meet to discuss the issue further and find finality prior to the next BNC.</li> </ul>	The Department did not make substantial achievements in terms of IBSA related initiatives and with regards to the ODA strategy.	<ul style="list-style-type: none"> <li>Human resource</li> </ul>

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>South Africa's e-readiness measurement tool was developed.</li> <li>The promotion of South-South bilateral relations was achieved by the Department during the reporting period and substantial progress was made with regard to the South Africa/Cuba agreement on cooperation, which will pave the way for the implementation of the proposed training programme.</li> </ul>		<ul style="list-style-type: none"> <li>With regards to the IBSA Free Open Source Software, the Brazil/South Africa FOSS Joint Project was approved by Minister for the focused training of youth to administer the software solutions at local government level. The exposure to the Brazil software would also contribute to a vibrant platform that would stimulate local content production in the light of the digital age. South Africa and Brazil are in the process of finalising a bilateral agreement in the field of ICTs to help facilitate projects such as the one approved by the Minister.</li> <li>With regards to BRICS, The DoC successfully participated at the BRICS Roundtable for emerging economies to discuss Internet Governance and Cyber Security. The Department has offered to host the next Roundtable should resources allow. Convergence of BRICS minds to discuss these two issues would assist South Africa in its own process to finalise the cyber security related legislation and the fight against cyber crimes and bullying. The WSIS agenda and Declaration would also find prominence on the discussion of Internet governance matters.</li> </ul>		<ul style="list-style-type: none"> <li>Further delays were as a result of slow turn-around times from counter-part countries.</li> </ul>

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>A South African training programme needs assessment was conducted with a view to centralising ICT training and capacity-building at NEMISA. The training programme was implemented and officials attended training on e-Skills, broadband and DTT in partner countries.</li> <li>MoUs on training and development opportunities drafted and forwarded to embassies of India and Mexico.</li> </ul>				

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Explore and Exploit trade and investment opportunities for the ICT sector in South Africa	Implementation of Strategic trade and investment programmes	<ul style="list-style-type: none"> <li>The target was achieved largely through the development of an ICT trade and investment strategy, which was formulated in consultation with Trade and Investment South Africa in the DTI so as to ensure alignment with the ICT trade-related projects in which the DTI is involved. An implementation framework and a plan of action were also developed.</li> </ul>	2 strategic trade and investment programmes for ICT sector developed and implemented	<ul style="list-style-type: none"> <li>The Department did not fully achieve the target however the DoC worked with the Department of Trade and Industry (DTI) to organise the Annual Trade and Investment Conference and Exhibition in which ICT SMMEs showcased their products, services and innovations with a view to attract business interest from the business delegates. This provided a platform to establish strategic business collaborations. A number of ICT SMMEs established relations and exchange business contacts. A clear interest in the South African ICT SMMEs was demonstrated by a number of business people visiting the exhibition stands picking exhibition materials. This was followed by follow-up dialogue on possible business partnerships.</li> </ul>	The ICT Fair and Exhibition was not hosted as planned however it has been scheduled for the third quarter of 2013/14 financial year.	Extensive consultations and advising of SOEs proved to be more time consuming than initially planned.

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>• Areas of ICT bilateral and multilateral trade cooperation in Africa were identified with Angola, Ghana and Egypt. MOUs were signed with the above-mentioned countries and POCs for Egypt and Angola were developed and communicated to them; the DoC is currently awaiting feedback from them.</li> </ul>		<ul style="list-style-type: none"> <li>• The Department continued to work in collaboration with the DTI to organise the Investment and Trade Initiative to Brazil. The Department's interest was to promote participation of the ICT SMMES to gain exposure as well as possible business partnership with Brazilian ICT businesses. As a consequence, a number of ICT SMMES participated in the Investment and Trade Initiative in Brazil. These ICT SMMES held dialogues with their Brazilian counterparts through the Brazilian Association of ICT Businesses. As a result, some ICT SMMES have travelled to Brazil on follow-up to enter possible business collaborations with Brazilian ICT companies. The Department agreed with the DTI to collaborate in organising the ICT Fair and Exhibition for the ICT SMMES aimed expanding the reach to other ICT SMMES so that the two Departments could identify different types of these ICT SMMES and their business focus. This will assist in organising a tailor-made and focused outbound Investment and Trade Initiatives for ICT SMMES. The ICT Fair and Exhibition is planned to be convened towards the third quarter of 2013/14.</li> </ul>		

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>The Department also developed a SMMEs development programme and as part of the implementation framework and implementation plan, the DoC lobbied the Department of Trade and Industry (DTI) to incorporate ICT SMMEs in the Trade and Investment Initiative to Brazil that took place in Brazil from 12 to 16 March 2012.</li> </ul>		<ul style="list-style-type: none"> <li>The Department also held a dialogue with the African Broadcasters Network which is leading an ICT Business Consortium that has interest to invest in the digital broadcasting sector. The dialogue sought to explore areas where public private partnership could be formed to reach the under-served communities. The dialogue also sought to distil the approaches of establishing digital content development hubs throughout the country and possible investment in the manufacturing of advanced set-top-boxes for unsubsidised market. As a consequence the African Broadcasters Network has forwarded letters of investment intent from various members of consortium. The letters of investment intent covers various ICT areas.</li> </ul>		

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>The DoC is leading a process of advancing South Africa's interests through establishing a treaty on the protection of broadcasting organisations. In view of the convergence of technologies between telecommunication and broadcasting, the broadcasting business activities include ICT services trade. The treaty provides a framework to facilitate the trade ICT services relating to broadcasting. Several proposals have been made to WIPO, which have been adopted.</li> </ul>		<ul style="list-style-type: none"> <li>As part of implementing the Department's ICT Trade and Investment Strategy, the Department held engagements with the Business Swedish Trade and Investment Council which yielded positive developments with regards to taking ICT trade companies to Sweden. A business Mission to Sweden is currently being scheduled for the third quarter of 2013.</li> </ul>		

**Strategy to overcome areas of under performance**

The Department does acknowledge its areas of underperformance in certain targets. Project specific reasons for such underperformance have been provided under “comments on deviation” where applicable. Of significance are the challenges in terms of implementing IBSA related projects which was largely affected by human resource constraints as well as delays with regards to slow turnaround times from counterpart countries which is not in the direct control of the Department. Going forward, the Department is in the process of filling priority vacancies and the poor response time from counterpart countries will be taken into consideration during the planning phase. Furthermore, during the planning phase, sufficient time will be allocated to ensure extensive stakeholder consultation as this has proved to be more time consuming than expected.

**Linking performance with budgets**

This programme has spent R44.2 million of its budget during the 2012/13 financial year, mainly on membership fees payments to international organisations within the communications sector, participating in the global discourse within the United Nations system on telecommunications, postal services, information society and green technology; participating in engagements that results in e-skills development initiatives for young South Africans and employment creation projects; and pursuing bilateral engagement with countries of the South and the North.

**Sub-programme expenditure**

Sub-Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
ICT International Affairs	15,688	11,803	3,885	16,762	16,720	42
ICT Trade / Partnership	32,178	32,387	(209)	25,060	24,892	168
<b>Total</b>	<b>47,866</b>	<b>44,190</b>	<b>3,676</b>	<b>41,822</b>	<b>41,612</b>	<b>210</b>



### 5.3 PROGRAMME 3: ICT POLICY DEVELOPMENT

The purpose of programme 3: ICT Policy Development is to develop ICT Policies and legislations that support the development of an ICT sector that creates favourable conditions for the accelerated and shared growth of the economy. Develop strategies that increase the uptake and usage of ICT by the majority of South African population, thus bridging the digital divide.

ICT Policy Development Programme has the following sub-programme:-

- **ICT Policy Development-** drafts legislations, regulations, policy and guidelines that governs the broadcasting, telecommunications, postal and IT sectors, thus ensuring broad based economic development within the ICT sector.
- **Economic Analysis, Market modelling and Research-** is responsible for economic analysis of the broadcasting, telecommunications, postal and IT sector to determine trends and make growth projections. Market research is also undertaken to explore areas that require policy interventions.

The Strategic Objectives for the 2012/13 Financial Year are listed below:-

- Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislation and strategies that positively impact on the quality of life for all;
- Support and enable the provision of a multiplicity of ICT applications and services through facilitating the modernisation and deployment of the infrastructure; and
- Improve cost, quality, availability and usage of ICTs.

As per the 2012/13 APP, Programme 3 committed to achieve a total of 11 targets by the end of the 2012/13 financial year. Of these targets, 5 (45%) were achieved while 6 (55%) were not fully achieved however some progress was made by the Department towards achieving these targets.

**PROGRAMME 3: ICT POLICY DEVELOPMENT BRANCH**

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
<p>Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislation and strategies that positively impact on the quality of life for all</p>	<p>Approved National Integrated ICT Policy</p>	<ul style="list-style-type: none"> <li>The integrated ICT policy framework for a converged ICT environment was approved</li> <li>An extensive research, including 14th AU summit was conducted</li> <li>Hosting of ICT colloquium was adopted.</li> <li>Logistical arrangements for the planned national colloquium on the 19th and 20th April were finalised.</li> </ul>	<p>Green paper on ICT Policy published</p>	<ul style="list-style-type: none"> <li>The Target was not fully achieved. The National ICT Policy Colloquium was held on the 19th and 20th April 2012 after which a draft colloquium report was produced.</li> <li>A draft framing document was developed.</li> <li>A Literature review of ICT policies was conducted and shared with the ICT Policy Review Panel members.</li> </ul>	<p>The Green paper was not developed as planned however ICT Policy Review Panel members were appointed by the Minister and the Panel began with its work in January 2013. The Chairperson and Deputy Chairperson of the Panel as well as Chairpersons of the various work streams were appointed.</p>	<p>During the period under review, the ICT Policy review process was revised in line with international best practices and thereafter a revised route was followed.</p>

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislation and strategies that positively impact on the quality of life for all	Implementation of the Postbank Act	<ul style="list-style-type: none"> <li>Postbank Proclamation notice was signed by President, and the Postbank Act came into operation on the 22 July 2011.</li> <li>Following extensive research, the borrowing policy, lending and investment policies were developed and underwent stakeholder consultation with National Treasury, Postbank and SAPO</li> </ul>	Postbank Act implemented and monitored	<ul style="list-style-type: none"> <li>The target on the monitoring of the implementation of the Postbank Act was fully achieved. Consultations were concluded with National Treasury on the Borrowing, Lending and Investment Policies of the Postbank.</li> <li>The 3 Policies were thereafter approved by Cabinet and submitted to the speaker of Parliament.</li> </ul>	Over and above the planned targets, the Postbank board was also appointed and the Postbank Amendment Bill was developed and published for comments after which a revised Postbank Amendment Bill was drafted.	The appointment of the Postbank board and the development of the Postbank Amendment Bill was in line with the implementation of the Postbank Act.

Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>Postbank implementation was monitored through actively participating in the Postbank working committee and Operations committee.</li> </ul>		<ul style="list-style-type: none"> <li>With regards to monitoring the implementation of the Postbank Act, Bi-weekly and monthly meetings were held with the Operational Committee and Working Committee respectively and updated reports were developed and presented to Top Management, Exco as well as Cabinet.</li> <li>The Postbank Amendment Bill was developed and published for comments after which a revised Postbank Amendment Bill was drafted. The Cabinet memorandum to request Cabinet approval to submit the Amendment Bill was also drafted.</li> </ul>		

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislation and strategies that positively impact on the quality of life for all	Approved Electronic Communications Amendment	<ul style="list-style-type: none"> <li>A consultative process on the Electronic Communication Amendment Bill was undertaken and the Bill was gazetted for public comment however later withdrawn to allow further engagement with ICASA.</li> </ul>	EC Amendment Bill introduced to Parliament	<ul style="list-style-type: none"> <li>The target was not fully achieved. The Department developed the draft EC Amendment Bill which was gazetted for public comments.</li> <li>Public consultation was completed and an ECA draft analysis report on public comments was completed and analysis report produced.</li> <li>Furthermore, the RIA report was finalised.</li> <li>The EC Amendment Bill was finalised for submission to Cabinet for approval.</li> </ul>	The EC Amendment Bill was not submitted to Cabinet as planned.	The extended public consultation period took longer than envisaged as per the planned timeline.

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislation and strategies that positively impact on the quality of life for all	Approved ICASA Amendment Act	<ul style="list-style-type: none"> <li>• Extensive Consultation on ICASA Bill was undertaken with relevant stakeholders.</li> <li>• RIA on the purpose and intended effect of the ICASA Amendment Bill was conducted</li> </ul>	ICASA Amendment Bill introduced to Parliament	<ul style="list-style-type: none"> <li>• The target was not fully achieved. The Department developed the ICASA Amendment Bill and concluded necessary consultations with ICASA.</li> <li>• The RIA report was finalised.</li> <li>• The Bill underwent extensive stakeholder consultation including the Infrastructure Development Cluster where it was approved for tabling in Cabinet.</li> </ul>	The ICASA Amendment Bill was not submitted to Cabinet as planned.	Extended consultation with the Infrastructure Development Cluster impacted on planned timelines
Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislation and strategies that positively impact on the quality of life for all	Approved Broadcasting Services Policy	Due diligence on the White paper on Broadcasting Policy was conducted, after which a position paper on public broadcasting services was developed	Report on Broadcasting Services finalised	<ul style="list-style-type: none"> <li>• The target was fully achieved as due diligence on the White Paper on Broadcasting (1998) was completed and a report was produced which was integrated into the comprehensive ICT Policy Review Process.</li> </ul>	-	-

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislation and strategies that positively impact on the quality of life for all	Enactment of Post and Telecommunications-related Matters Amendment Bill	-	Post and Telecommunications - related Matters Bill developed	<ul style="list-style-type: none"> <li>• Furthermore, a dedicated working group was established as part of the ICT Policy Review Panel.</li> <li>• The target was not fully achieved. The Post and Telecommunications related Matters Amendment Bill was developed and gazetted for public consultation.</li> <li>• Analysis of the public comments was conducted and affected on the Bill accordingly.</li> <li>• Meetings with SAPO and the Pension Fund were held to implement the Constitutional Court decision.</li> </ul>	The Bill was not submitted to Cabinet as planned	The extended consultations with SAPO and the Pension Fund took longer than envisaged as per the planned timelines.

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislation and strategies that positively impact on the quality of life for all	Community Broadcasting Programme including Community Radio and Television	-	Position paper focusing on Community Television support developed	<ul style="list-style-type: none"> <li>The target was fully achieved. A final community TV business model report was produced following a study that was undertaken.</li> <li>The Position Paper was developed and work shopped with relevant stakeholders.</li> <li>A report containing oral submissions from the stakeholders has been produced. The recommendations from the stakeholders' workshop are currently being considered.</li> </ul>	-	
Support and enable the provision of a multiplicity of ICT applications and services through facilitating the modernisation and deployment of the infrastructure.	Implementation of the BDM policy	<ul style="list-style-type: none"> <li>STB manufacturing sector development strategy was approved by Cabinet in March 2012</li> <li>The Digital migration project office structure was developed and approved</li> </ul>	BDM Policy implemented and monitored (STB Manufacturing and SOS)	<ul style="list-style-type: none"> <li>The target was not fully achieved however substantial progress was made towards the manufacturing of the STBs and the roll-out of the SOS which has been reported as deviation from the planned target.</li> </ul>	USAASA and Post Office were consulted and the draft MoU for the implementation of the SOS was developed.	Delays were largely related to the court proceedings against the Department regarding the management of the STB control mechanism. As a result the tender for the manufactured of subsidised STBs could not be finalised.



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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>• A technical advisor for digital migration was appointed and other key posts in digital migration project office were advertised and interviews were concluded.</li> <li>• Furthermore, a BDM public awareness campaign was launched in March 2012</li> </ul>			<p>The STB Technical Specifications were finalised and gazetted in June 2012. This enables the manufacturers to know the technical specification for Set-top boxes for DTT.</p> <p>Extensive engagements were held with the SABS on the finalisation of the STB technical specifications. This led to the finalisation of the technical specifications for STBs.</p>	

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
					<p>The STB Conformance MoU was developed with SABS and DTI. The MoU allows the DTI through SABS to establish a conformance lab to test the STBs for Digital Migration.</p>	

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
					<p>MoU for the implementation of the SOS has been signed off with the Post Office, USAASA and the DoC. The MoU outlines the roles of the three parties in terms of implementation of the Scheme for ownership support for poor TV owning households.</p>	

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
					<p>The qualifying criteria for the scheme for ownership support for poor TV owning households has been gazetted for public comments and the Department addressed various platforms of engagements in Provinces around the qualifying criteria. The final qualifying criteria is due to be gazetted for citizens to start applying for the subsidy.</p>	

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
					<p>The local digital content strategy was tabled at the Economic Sector &amp; Employment Cluster &amp; approved to go to Cabinet for final approval. The strategy still awaits Cabinet approval.</p>	

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
					<p>The RFI for local STB Manufacturing was issued and submissions analysed. Furthermore, the Panel for the considerations of nominations has been set up and the Panel has already started working on the recommendations.</p> <p>The Minister has approved the appointment of candidates to be appointed to serve on the Production Advisory Body.</p>	

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Support and enable the provision of a multiplicity of ICT applications and services through facilitating the modernisation and deployment of the infrastructure.	Implementation of Community Radio Station support programme	-	Community Radio Station support programme developed and implemented (programme production, capacity building, signal distribution and infrastructure)	The target was fully achieved as the four key areas of the Department's Community Radio Support Programme were implemented as follows:	-	-

Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li> <b>Programme Production:</b> The Department partnered with NEMISA to train 40 community radio stations as part of a concerted effort to enable the stations to produce their own programmes that addresses the needs of the communities in which they broadcast. Three personnel from each station received training in the areas of script writing, programme production, and audio editing. The project is in its second phase, which entails attaching the trainees to mentors who will nurture the stations to produce one drama and one documentary, in indigenous languages. The third and final phase involves the translation of the produced programmes, in partnership with Pan-SALB, into other languages for sharing by all stations.                 </li> </ul>		



## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li> <b>Capacity Building:</b> The Department hosted the Community Radio Governance Indaba in Sept 2012 wherein station managers and board members of 80 stations were trained in station management, corporate governance and financial management. The purpose of the Indaba was to assist the stations with the necessary knowledge to comply with corporate governance and license conditions. A report was compiled thereafter and indicates further areas of training to improve governance within community radio stations.         </li> <li> <b>Signal Distribution:</b> The Department subsidises the signal distribution cost of community radio stations owed to Sentech. In order to support more stations, a new subsidy prioritising rural based stations was developed and implemented in 2012/13. The new subsidy supports stations in the following two categories:         </li> </ul>		

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Improve cost, quality, availability and usage of ICTs	Market study reports and implementation of policies and recommendations aimed at improving the cost, quality, availability and usage of telecommunication, postal and broadcasting services		Market study conducted on wholesale and retail prices in telecommunications (i.e. voice, sms and data)	<ul style="list-style-type: none"> <li>○ 100% subsidy for rural based and needy stations</li> <li>○ 70% subsidy for the rest of the stations in the Support Programme</li> <li>● <b>Infrastructure Rollout:</b> The draft support strategy was developed and presented for internal consultation. The strategy is currently being revised taking into account the recommendations received</li> <li>● The target was not fully achieved. The Department together with the Independent Communications Authority of South Africa (ICASA) commenced with the preparation of an Electronic Communications Network and Services Value Chain Analysis of the South African Telecommunications Industry.</li> </ul>	The market study was not concluded as planned	The project was delayed due to the extensive consultation that was required with ICASA at the inception of the project.

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute to increasing the ICT Skills base in South Africa for employability in the knowledge economy and, increase access to uptake and usage of ICT'S	Implementation of the comprehensive e-skills Programme	Comprehensive e-Skills Programme was implemented towards creating appropriately skilled people for the knowledge economy job opportunities	Comprehensive e-Skills Programme implemented towards creating appropriately skilled people for the knowledge economy job opportunities	<ul style="list-style-type: none"> <li>An Inception Workshop was held to develop a shared understanding of the intentions of the study, the terms of reference and consequent nature and scope of the project.</li> </ul>	-	
				<ul style="list-style-type: none"> <li>The target was fully achieved. With regards to conducting the environmental scan for e-Skills interventions, data gathered during the environmental scan was processed in five provinces which provided input to the national comments made by the e-SI on the (1) Green Paper for Post Schooling and Training; (2) Final Report of the DST Ministerial Review Committee on the STI Landscape in South Africa and (3) Draft Policy Framework for the Provision of Distance Education in South African Universities.</li> </ul>	-	

Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>The Department developed the final National e-Skills Curriculum Development and Competency Framework and instructional design guideline which guided the implementation of targeted courses.</li> <li>With regards to the development of the e-Skills aggregation monitoring and evaluation mechanism, the Department developed a model to support e-skills aggregation for impact in rural and peri-urban communities.</li> <li>The Department also developed an e-skills aggregation monitoring and evaluation mechanism.</li> </ul>		

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>With regards to developing local applications and exploitation of new technologies, a Blackberry Apps lab was established at the University of Pretoria. A Mobile applications survey is in the process of being conducted by the Gauteng e-Skills Provincial Hub. Code jamming sessions were held at the Western Cape hub (UWC) in partnership with business and higher education National e-Skills Curriculum Courseware.</li> <li>The Department hosted the 3rd research colloquium which was held at the University of the Western Cape in October 2012. The theme for the Colloquium focused on Creative Industries and new skills.</li> <li>During the reporting period, three provincial application factories became operational as part of the activities of the provincial co-labs.</li> </ul>		

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>With regards to the e-Skills virtual network for knowledge transfer, an E-skills virtual network for knowledge production and transfer was constructed in Strand, Cape Town. Testing of the network was completed and all required infrastructure was put in place. The virtual network is currently being used to test targeted courses developed by the e-skills e.g. e-Literacy. A draft ToR for the nationwide network has also been developed.</li> </ul>		

**Strategy to overcome areas of under performance**

The Department does acknowledge its areas of underperformance in certain targets. Project specific reasons for such underperformance have been provided under “comments on deviation” where applicable.

With regards to the ICT Policy review process, delays were as a result of a change in the ICT Policy review process which was revised in line with international best practices during the period under review. Going forward the Department has planned the Policy Review process in line with such international best and has been prioritised as a flagship project of the Department.

In terms of implementing the legislative programme, significant delays were due to lengthy periods of public consultation on respective Bills however going forward during the planning phase, sufficient time will be allocated to ensure extensive stakeholder consultation as it is a rather time consuming exercise.

The delays related to the BDM project were largely related to the court proceedings against the Department regarding the management of the STB control mechanism. As a result the tender for the manufacturing of subsidised STBs could not be finalised. However in the 2013/14 financial year, BDM has been identified as a flagship project of the Department and all facets of the project will be prioritised.

**Linking performance with budgets**

The programme has spent its budget on digital migration; the implementation of the Post Bank Act and the review of ICT policies and legislation. Furthermore, it promotes economic growth and access to information, job creation, youth employment, SMME development and e-cooperatives; capacity building for multimedia; and providing support services for institutional mechanisms.

**Sub-programme expenditure**

Sub-Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
ICT Policy Development	59,641	59,937	(296)	47,939	44,681	3,258
Economic Analysis, Market Modelling and Research	6,956	6,956	-	6,620	5,953	667
Uptake and Usage	850	850	-	7,007	4,129	2,878
Intergovernmental Relations	9,442	9,442	-	8,851	8,698	153
SABC: Community Radio Stations	8,381	8,000	381	7,663	7,663	-
SABC: Programme Production	10,000	10,000	-	10,000	10,000	-
<b>Total</b>	<b>95,270</b>	<b>95,185</b>	<b>85</b>	<b>88,080</b>	<b>81,124</b>	<b>6,956</b>

**5.5 PROGRAMME 4: ICT ENTERPRISE DEVELOPMENT**

The purpose of Programme 4: **ICT** Enterprise Development is oversee and manage the Government's shareholding interest in public entities and to facilitate growth and development of small, medium, and micro enterprises (SMMEs) in the ICT sector.

ICT Enterprise Development Programme has the following sub-programme:-

- **Public Entity Oversight** – provide the oversight on state entities by managing Government's shareholder interests in public enterprises to support the achievement of national priorities.
- **Small Medium and Micro Enterprise Development-** facilitates the growth and development of ICT SMMEs.

The Strategic Objectives for the 2012/13 Financial Year are listed below:-

- Facilitate the growth and development of SMMEs as well as improve their sustainability through the use of ICTs; and
- Provide efficient and effective oversight to SOEs and other entities through effective monitoring and corporate governance mechanisms.

As per the 2012/13 APP, Programme 4 committed to achieve a total of 2 targets by the end of the 2012/13 financial year. Of these targets, 1 (50%) was achieved while 1 (50%) were not fully achieved however some progress was made by the Department towards achieving this target.



**PROGRAMME 4: ICT ENTERPRISE DEVELOPMENT BRANCH**

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Facilitate the growth and development of SMMEs as well as improve their sustainability through the use of ICTs	Implementation of ICT SMME Programmes	<ul style="list-style-type: none"> <li>The Department finalised a business plan for the roll-out of the ICT Hubs which was submitted to Treasury.</li> <li>Discussions held with Limpopo and Free State Provinces to secure their buy-in on the rollout of hubs.</li> </ul>	ICT SMME Programmes developed and its implementation facilitated	<ul style="list-style-type: none"> <li>The Department did not fully achieve the target with regards to facilitating ICT SMME programmes. With regards to ICT Hubs, a draft business plan was approved and discussions with the Provinces were held.</li> </ul>	The Department was unable to deliver on the export readiness project and on the implementation of the developmental plan to ensure that SMMEs to take up opportunities in the BDM value chain.	<ul style="list-style-type: none"> <li>The participation of SMMEs in the BDM value chain was dependant on the appointment of STB manufacturers which was delayed.</li> <li>Furthermore, HR capacity as well as budgetary constraints also proved to be a challenge.</li> </ul>

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Provide efficient and effective oversight to SOEs and other entities through effective monitoring and corporate governance mechanisms	Implementation of comprehensive SOE Oversight Programme	<ul style="list-style-type: none"> <li>The Department facilitated the development of budgets for entities for the 2012 MTEF and engagements with SOEs to discuss their additional funding requirements.</li> <li>The Department conducted an analysis of SOEs' Quarterly reports and provided feedback to the SOEs.</li> </ul>	Comprehensive SOE Oversight programme implemented and monitored	<ul style="list-style-type: none"> <li>In terms of fulfilling its oversight responsibility, the Department fully achieved its set target. With regards to coordinating the MTEF requests from SOEs in line with priorities, the Department, facilitated discussions to decide on the total quantum of funding needed for entities and provided relevant advice accordingly.</li> <li>In order to ensure strategic alignment of Government priorities with draft strategic/corporate plans, DoC officials participated in the SOEs Strategic Planning Workshops and SOEs participated in the DoC Strategic planning Workshops. Furthermore, a joint DoC/SOE workshop was held with all public entities on 17 January 2013.</li> </ul>	-	-

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>Annual Reports and Financial Statements of entities were submitted and tabled in Parliament by the Minister.</li> <li>Furthermore, the Department facilitated the development of strategic and corporate plans of SOEs. It communicated the strategic planning cycle to all SOEs to ensure alignment and compliance.</li> </ul>		<ul style="list-style-type: none"> <li>DoC held all planned Bilateral meetings with respective SOEs</li> <li>Corporate Plans of all public entities were tabled in the National Assembly on 13 March 2013</li> <li>The ENE submissions by the SOEs were facilitated as submissions were reviewed and the inputs were prepared for consolidation and submission to National Treasury.</li> <li>Corporate and Strategic Plans of all public entities were tabled in the National Assembly on 13 March 2013.</li> <li>Quarterly reports of SOEs were analysed to determine actual performance against targets and meetings were held with executive management of SOEs to present their performance against targets and to provide Departmental feedback.</li> </ul>		

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>• 2011/12 Annual Reports of SOEs were analysed and feedback to the Chairpersons of SOEs was provided.</li> <li>• With regards to ongoing monitoring of adherence to good Corporate Governance practices, the Department established a Company Secretaries Forum (CSF) focused at realising adherence to good Corporate Governance practices as well as sharing best practices in this regard. As part of adhering to good corporate governance, the DoC also coordinated the appointment of the USAASA Board. Furthermore, a Bi-annual compliance report pertaining to corporate governance was developed</li> </ul>		

Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>In addition to measures to strengthen governance, the Minister approved the King 3 compliance score card which will be used to measure compliance by the State Owned Enterprises within the Department.</li> <li>Furthermore, the DoC has undertaken a process to amend all the Articles of Association of its SOEs (except ICASA and .ZDNA) and to convert them into Memorandum of Incorporation (Moi) as required by new Companies Act. In drafting the MOIs, compliance and alignment with the provisions of the Companies Act, the PFMA as well as King 3 Report on Corporate Governance was considered. Review of the MOIs is completed.</li> </ul>		

**Strategy to overcome areas of underperformance**

The Department does acknowledge its areas of underperformance in certain targets. Project specific reasons for such underperformance have been provided under “comments on deviation” where applicable.

With regards to the implementation of the SMME programme, delays were experienced as a result of lack of human resource capacity as well as budgetary constraints. The Department has prioritised the filling of critical vacancies and will address budgetary issues through the MTEF process.

Furthermore, delays with regards to participation with SMMEs in the BDM value chain was affected by the delays in the manufacturing of STBs. The entire BDM programme has been identified as a flagship project of the Department and will be prioritised going forward.

**Linking performance with budgets**

The programme has spent its allocation on strengthening the Department’s ability to exercise oversight over the public entities and facilitating the growth and development of ICT SMMEs. The bulk of the budget is transferred the public entities.

**Sub-programme expenditure**

Sub-Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
ICT Enterprise Development	1 193,249	1 193,249	-	1 391,657	1390,523	1,134
Small Medium and Macro Enterprise	15,786	15,786	-	12,144	13,278	(1,134)
<b>Total</b>	<b>1 209,035</b>	<b>1 209,035</b>	<b>-</b>	<b>1 403,801</b>	<b>1 403,801</b>	<b>-</b>

## 5.5 PROGRAMME 5: ICT INFRASTRUCTURE DEVELOPMENT

The purpose of ICT Infrastructure Development is to promote investment in robust, reliable, secure and affordable ICT infrastructure that supports the provision of a multiplicity of applications and services.

ICT Infrastructure Development has the following sub-programmes:-

- **Applications and Research** – is responsible for technology research and analysis, applications and content development, analysing the legal environment to promote infrastructure technologies, and managing the use of the frequency spectrum.
- **Meraka Institute** – makes transfers to the Meraka Institute to conduct research and develop ICT applications in the national interest.
- **112 Emergency Call Centre** – provides a single national emergency number, from which all emergency calls will be routed to the most suitable local response unit.
- **.za Domain Name Authority** – is responsible for administering and managing the .za domain name space.

The Strategic Objectives for the 2012/13 Financial Year are listed below:-

- Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislations and strategies that positively impact on the quality of life for all;
- Support and enable the provision of multiplicity of ICT applications and services through facilitating the modernisation and deployment of the infrastructure; and
- Contribute towards efficient management and use of the National Radio Frequency Spectrum.

As per the 2012/13 APP, Programme 5 committed to achieve a total of 8 targets by the end of the 2012/13 financial year. Of these targets, 4 (50%) were achieved while 4 (50%) were not fully achieved however some progress was made by the Department towards achieving these targets.

**PROGRAMME 5: ICT INFRASTRUCTURE DEVELOPMENT BRANCH**

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislations and strategies that positively impact on the quality of life for all	Implementation of the ECT Act	-	ECT Amendment Bill enacted	The Department did not fully achieve the target of enacting the ECT Amendment Bill. During the reporting period the Department gazetted the ECT Amendment Bill for public comments on 26 October 2012 and 25 submissions were received. The draft bill was endorsed by Top Management of the Department for submission to the cluster.	ECT Amendment Bill was not submitted to the Cabinet for approval and introduced to Parliament as planned.	The Department did not have requisite legal resources required and had to acquire external expertise as a result it took longer than expected.
Support and enable the provision of multiplicity of ICT applications and services through facilitating the modernisation and deployment of the infrastructure	National Cyber-security Policy Framework implemented	<ul style="list-style-type: none"> <li>The Department processed three new cryptography applications and renewed nine registrations in terms of the ECT Act and regulations thereof.</li> </ul>	Cyber security Hub established and awareness programme implemented	<ul style="list-style-type: none"> <li>The Target was not fully achieved as during the reporting period, no substantial progress was made with regards the establishment of the Cyber Inspectorate. However, a detailed project plan was developed and a building was identified and building blueprints have been drawn and approved.</li> </ul>	<ul style="list-style-type: none"> <li>The Cyber awareness strategy still to be finalised and implemented.</li> </ul>	<p>The achievement of the target was hampered by lack of HR capacity as well as delays in acquiring the physical security assessment report which impacted on the refurbishment of the building in which the cybersecurity hub will be established.</p>



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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Support and enable the provision of multiplicity of ICT applications and services through facilitating the modernisation and deployment of the infrastructure	Increase in broadband penetration through the implementation of the National Broadband Master Plan	<ul style="list-style-type: none"> <li>Three cyber inspectors' training modules were developed and trained four cyber inspectors.</li> </ul>	National Broadband Master Plan implemented and monitored	<ul style="list-style-type: none"> <li>Cybersecurity project plan was finalised and the implementation of CSIRT was commenced. A physical security assessment was also conducted by SAPS.</li> <li>A Virtual lab has been established and business processes and internal policies have been developed.</li> </ul>	<ul style="list-style-type: none"> <li>The National Cyber Advisory Council (NCAC) is still to be operationalised.</li> <li>The establishment of the Cybersecurity Hub (CSIRT) is still to be concluded.</li> </ul>	The full achievement of the target is largely dependent on the approval of the revised Broadband policy which is expected to be tabled at Parliament in the first quarter of the 2013/14 financial year.
		<ul style="list-style-type: none"> <li>The Department developed a broadband strategy and the broadband implementation plan.</li> <li>The project of analysing the current broadband status in South Africa has commenced with five reports having been produced.</li> </ul>		<ul style="list-style-type: none"> <li>The Department has not fully achieved the target. The National Broadband Policy was amended and a draft broadband strategy was developed. The National Broadband Policy was gazetted and the development of strategy and implementation plan has commenced under the auspices of SIP 15.</li> <li>The Broadband marketing study was conducted together with National Treasury to inform the development of the funding model. Three (3) Funding models have been developed.</li> </ul>	<ul style="list-style-type: none"> <li>The revised Broadband policy is yet to be approved.</li> <li>In terms of school connectivity the Department is yet to connect (40%) 798 schools in the next financial year to finalise the project.</li> </ul>	

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>• A report focusing on baseline data for broadband coverage, penetration, speed, and cost was also developed.</li> <li>• The Department identified ongoing private sector and public sector broadband initiatives including, amongst others, the Western Cape Project, KZN project, Dark fiber projects and MTN projects. Going forward, the DoC will monitor developments until they are commissioned.</li> <li>• The GIS Mapping report has been concluded as planned.</li> <li>• The recommendations from the broadband study were incorporated into the revised Broadband Policy Strategy and consultation was conducted with Industry in this regards.</li> </ul>		

Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Support and enable the provision of multiplicity of ICT applications and services through facilitating the modernisation and deployment of the infrastructure	Implementation of BDM Policy (96% population coverage)	<ul style="list-style-type: none"> <li>The DoC continually facilitated and monitored the roll-out of DTT infrastructure. 60% of population coverage was achieved.</li> </ul>	Implementation of the BDM Policy monitored (74% DVB- T2 infrastructure rollout)	<ul style="list-style-type: none"> <li>During the reporting period the Department signed a contract and developed an implementation plan for connectivity of 1650 schools. As at the end of the reporting period, 852 of identified schools were connected (WAN installation) and implementation was monitored accordingly.</li> <li>The Department has fully achieved the target during the reporting period as the DTT infrastructure rollout was continuously monitored. As at the end of the reporting period, 80.4% population coverage was achieved.</li> </ul>	80.4% population coverage was achieved as opposed to the planned 74%.	Sentech was able to switch on additional DTT transmitters in the 2012/13 financial year which were only planned for the 2013/14 financial year. This resulted in an increased population coverage of 6.4% against the planned target.

Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute towards efficient management and use of the National Radio Frequency Spectrum	Reviewed National Frequency Plan	<ul style="list-style-type: none"> <li>The low power transmitter roll-out was facilitated and monitored and nineteen low power stations were established.</li> </ul> <p>Department appointed a service provider to audit the national radio frequency spectrum between 500 MHz and 1000 GHz, and work in this regard has commenced.</p>	Current National Radio Frequency Spectrum Plan and usage validated from 9 kHz to 500 MHz	The Department fully achieved the target as the usage of the National Radio Frequency spectrum was validated from 9 KHz to 500 MHz and all key deliverables in line with the project implementation plan were delivered.	-	-
Contribute towards efficient management and use of the National Radio Frequency Spectrum	Policy directions on optimisation of Digital Dividend	-	Policy directions developed on optimisation of Digital Dividend and the re-planning of DTT spectrum to achieve socio-economic objectives	<ul style="list-style-type: none"> <li>The target was not fully achieved. The Department conducted an assessment of current and future usage of the UHF band.</li> <li>Furthermore, Policy directions on high demand spectrum were prepared and submitted to the Minister for consideration.</li> </ul>	The Digital Dividend Spectrum policy is yet to be gazetted and aligned to the spectrum policy and strategy.	Department needs to involve a wide range of key stakeholders which will assist in the alignment of the spectrum policy and the Strategy.

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Support and enable provision of multiplicity of ICT applications and services through facilitating the modernisation and deployment of the infrastructure	Implementation of outcomes of WRC	<ul style="list-style-type: none"> <li>Preparations for the WRC-12 were done at regional and national level January and February 2012.</li> <li>A National common position for WRC-12 was developed and presented including the SADC draft Common Positions, African Common Group position papers and Sub-regional Common Positions.</li> </ul>	Outcomes of WRC-12 implemented through relevant departmental projects	<ul style="list-style-type: none"> <li>National Radio Frequency Plan was reviewed as a result of the decisions of WRC-12 and proposed amendments to National Radio Frequency Plan were drafted in co-operation with ICASA.</li> <li>A draft project plan was developed and Security services were consulted on proposed amendments to the National Radio Frequency Plan.</li> <li>Consultations to ascertain spectrum requirements of Security services were held and inputs were incorporated in the National Radio Frequency Plan. As a result, a draft revised National Radio Frequency Plan was published for public comment.</li> </ul>	-	-

**Strategy to overcome areas of under performance**

The Department does acknowledge its areas of underperformance in certain targets. Project specific reasons for such underperformance have been provided under “comments on deviation” where applicable.

With regards to the ECT Amendment Bill, the Department did not have requisite legal resources required and had to acquire external expertise as a result it took longer than expected. Furthermore, other targets were also affected by human resource constraints as well as specific skills shortages. Going forward the Department has conducted a skills audit and has prioritised the filling of critical vacancies.

With regards to broadband roll-out, progress was delayed as a result of delays in the finalisation of the revised Broadband Policy however, the department has prioritised the Cabinet approval of the revised Broadband policy for the first quarter of the 2013/14 financial year.

**Linking performance with budgets**

This programme focused its spending on broadband coverage, migration from analogue to digital television and monitoring of national radio frequency spectrum.

**Sub-programme expenditure**

Sub- Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
ICT Infrastructure Development	69,265	68,235	1,030	159,446	63,074	96,372
112 Emergency Call Centre	-	1,030	(1,030)	98,498	3,310	95,188
.za Domain Name Authority	1,500	1,500	-	1,500	1,500	-
<b>Total</b>	<b>70,765</b>	<b>70,765</b>	<b>-</b>	<b>259,444</b>	<b>67,884</b>	<b>191,50</b>

## 5.6 PROGRAMME 6: PRESIDENTIAL NATIONAL COMMISSION

The purpose of Presidential National Commission is to facilitate the development of an inclusive information society by promoting the uptake and usage of ICT for improved socio-economic development and research.

The Presidential National Commission has the following sub-programmes:-

- **Planning, Coordination and Evaluation**- ensures that South Africa has proactive and progressive national plans on information society and development, with sectoral, provincial and local government inputs. This entails assessing the impact of ICT programmes and projects.
- **e-Applications** – facilitates the implementation of information society related to projects and programmes to attain the sectoral targets of the information society and development plan, and maximises the benefits of the information society for the development of women, children and youth, people with disabilities and poor communities.
- **Information Society and Development Cluster** - supports the effective and efficient functioning of the information society and development of institutional mechanisms such as the inter-ministerial committee on information society and development, the information society and development intergovernmental relations forum, the forum of South African Directors General for information society and development, and the intergovernmental relations forum technical committee such as Information Society and Development Multi Stakeholder forum and ICT Indaba. The decisions of these platforms are implemented on an annual basis by the Department and the sector broadening.

The Strategic Objectives for the 2012/13 Financial Year are listed below:-

- Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislations and strategies that positively impact on the quality of life for all;
- Contribute to the rural development through increasing Universal Access and Service to ICTs;
- Contribute to increasing the ICT skills base in South Africa for employability in the knowledge economy and increase access to and uptake and usage of ICTs;
- Facilitate the growth and development of SMME's as well as improve their sustainability through the use of ICTs; and
- Improve evidence-based policy-making through conducting ICT research and development for economic growth and global competitiveness.

As per the 2012/13 APP, Programme 6 committed to achieve a total of 9 targets by the end of the 2012/13 financial year. Of these targets, 5 (56%) were achieved while 4 (44%) were not fully achieved however substantial progress was made by the Department towards achieving these targets.

## PROGRAMME 6: PRESIDENTIAL NATIONAL COMMISSION ON ISAD BRANCH

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislation and strategies that positively impact on the quality of life for all	Implementation of National e-strategy, including Vision 2020, towards transforming South Africa to knowledge economy	e-Strategy framework, including vision 2020, was developed in line with ECT and NDP	Development of an e-Strategy, including Vision 2020, towards transforming South Africa to a knowledge economy, concluded	<ul style="list-style-type: none"> <li>The target was not fully achieved as only a draft framework on the e-Strategy was developed.</li> <li>The Department also developed an internal working committee to prioritise the development of the e-Strategy.</li> </ul>	The e-Strategy is still to be approved by the Department.	HR Capacity constraints due to the resignation of the designated project manager proved to be a challenge. Furthermore, development of the e-Strategy is dependent on certain policies which are yet to be completed.
Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislation and strategies that positively impact on the quality of life for all.	Implementation of ICT Industry Development Strategy	<ul style="list-style-type: none"> <li>The Uptake and Usage strategy was developed and approved</li> </ul>	ICT Industry Development Strategy, focusing on specific niche ICT services, developed	The target was not fully achieved. During the reporting period, the research prioritising the ICT SMME as a niche was conducted. This culminated in the development of the draft ICT SMME Development Strategy	The Department still needs to approve the Final ICT Industry development strategy.	As part of reprioritising, this target will be incorporated in the broader National e-Strategy in the 2013/14 financial year.



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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
<p>Contribute to creating conditions for inclusive economic growth through the development and implementation of ICT policies, legislation and strategies that positively impact on the quality of life for all</p>	<p>Digital Programmes Implemented</p>	<ul style="list-style-type: none"> <li>• Furthermore, an implementation plan was developed, which identifies relevant implementation areas</li> <li>• The collation of digital content for the NDR portal was in three targeted provinces was not achieved, however a process of collating content has commenced through soliciting proposal from young people in this regard</li> <li>• Recruitment guidelines for the training of military veterans was developed</li> </ul>	<p>Comprehensive digital content programmes implemented (education, health, cultural content and creative industries)</p>	<p>The Department has fully achieved the target for the implementation of comprehensive digital content programmes in prioritised provinces.</p> <ul style="list-style-type: none"> <li>• With regard to cultural heritage content, 13 part series documentaries were developed and cut into 160 smaller stories for the NDR portal.</li> </ul>	<p>-</p>	<p>-</p>

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>A workshop was hosted for the military veterans who are participating in the project, where they were trained on the deployment programme in province</li> <li>The project was implemented and content was collected during the reporting period.</li> <li>The Health content framework was approved in August 2011 for further consultation</li> <li>Implementation of the Health Content Framework has commenced with key health stakeholders</li> </ul>		<ul style="list-style-type: none"> <li>With regards to development of a Digital repository for Military Veterans content, a digital support system for the military veteran's content was developed. A total of 681 Registrations have been uploaded on the Database.</li> <li>A DVD for the digitisation programme has been produced which entails the demonstration of the G3 software system which is used to capture information of Military Veterans such as interviews.</li> <li>The prototype and the design of the portal have been concluded.</li> <li>A draft Animation programme was also developed.</li> </ul>		

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>With regards to the health content, Clause 6.1.6 of the Broadcasting Digital Migration Policy 2008, proposes that the public broadcaster, on its own or in partnership, should cater for three public regional television channels as well as channels prioritising education, health, youth, SMMEs, interactive services, as well as Parliamentary and government information and services needs. In view of the above policy directive. Therefore, the Health Content Policy Framework was gazetted for public comment. Substantial comments were received from the SABC as well as the National Association of Broadcasters. The Health Content Policy Framework for Broadcasting in South Africa was revised and finalised taking into consideration the comments received.</li> <li>With regards to conducting research and stakeholder consultation on Creative industry support needs, a concept document on Creative Industries were developed.</li> </ul>		

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
				<ul style="list-style-type: none"> <li>• With regards to the development of a mobile interface to access education content, a concept document for the development of the mobile interface was developed and consulted with the Department of Basic Education.</li> <li>• With regards to monitoring the implementation of the Local and digital content development strategy, ongoing implementation and monitoring occurred through the above-mentioned initiatives</li> </ul>		

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute to the rural development through increasing Universal Access and Service to ICTs	Implementation of ICT Rural development strategy	<ul style="list-style-type: none"> <li>The ICT Rural Development Strategy was developed and presented to the ISAD Multi-stakeholder Forum in April 2011 and Outcome 7 Executive Implementation Committee for discussion.</li> <li>The Strategy was further presented at the DG's implementation and was adopted</li> <li>An implementation plan was developed and its implementation commenced.</li> </ul>	ICT Rural development strategy implemented through facilitating ICT interventions in the 61 rural sites / under-services areas through the utilisation of green technologies where viable	<ul style="list-style-type: none"> <li>The Department did not fully achieve the target. A field research tool was approved by the Project Team after which the Department undertook extensive consultation at a Provincial level to conduct field research.</li> <li>A research report as well as a Benchmarking report was completed which entailed a Baseline study of ICT Status in provinces.</li> <li>The Department thereafter developed business plans for the 61 Rural sites to facilitate the implementation.</li> </ul>	The Department still has to roll-out the ICT services in 61 sites as per approved business plans through the utilisation of green technologies where viable.	Provinces had a difficulty in identifying the relevant structures to assist with information as per the Field research tool. The provinces already engaged indicated that the information required will take a long time to receive because of the District Municipality challenges.

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Contribute to increasing the ICT skills base in South Africa for employability in the knowledge economy and increase access to and uptake and usage of ICTs	Implementation of e-skills Programmes (e-Skills Council)	<ul style="list-style-type: none"> <li>• Terms of reference for the council were compiled with options of relevant members.</li> <li>• e-Skills development plan for a single institution for e-skills was developed</li> </ul>	Comprehensive National e-Skills Programme implemented towards creating appropriately skilled people for the knowledge economy job opportunities	<ul style="list-style-type: none"> <li>• The Department fully achieved the target regarding the implementation of the National e-Skills Programme.</li> <li>• The Department hosted the Information Ethics Conference and related awards in collaboration with University of Pretoria.</li> <li>• An Ethics centre of Excellence was created with 18 African countries participating including approximately 20 Universities.</li> <li>• An Action Plan on Information Ethics was also developed and a 2nd volume reader on Information Ethics was published.</li> <li>• Further implementation is taking place through the e-Skill Institute.</li> </ul>	-	-
Facilitate the growth and development of SMME's as well as improve their sustainability through the use of ICTs	Implementation of comprehensive programme for ICT capacity development	<ul style="list-style-type: none"> <li>• 1050 young people participated in the e-literacy training programme during the reporting period.</li> </ul>	Comprehensive programme for ICT capacity development in business, Government services, and Transversal implemented.	<ul style="list-style-type: none"> <li>• The Department has fully achieved the target on implementing the Comprehensive programme for ICT capacity development in business, Government services, and transversal.</li> </ul>	-	-

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>In partnership with the University of Johannesburg, 36 young people were trained on A+ skills, enabling them to dismantle and assemble computers and for them to get the skill to start computer refurbishment ventures.</li> <li>The Annual Women's month workshop on ICT Skills was hosted on 23 August 2011 at the University of Johannesburg, a total of 211 women entrepreneurs and 372 girl children attended. The impact was that they were capacitated with ICT Skills, enabling them to use ICTs in the running and management of their enterprises.</li> </ul>		<ul style="list-style-type: none"> <li>The e-Commerce platform has been operationalised covering Tourism, Art and Craft sectors. Business profiles for SMMEs in Limpopo, Eastern Cape and Mpumalanga has been uploaded.</li> <li>A comprehensive report on the uptake and usage of the e-Commerce Platform was developed which covered two provinces.</li> </ul>		

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Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
		<ul style="list-style-type: none"> <li>Nine cooperatives have been linked to ICT opportunities in the e-Government sector to develop and maintain websites</li> </ul>		<ul style="list-style-type: none"> <li>A programme to encourage the use of ICTs within Government has been developed. The programme is focused on developing interactive Municipal websites in 5 Provinces.</li> <li>e-Co-operatives have been contracted to develop interactive website in municipalities.</li> <li>A computer refurbishment programme was developed and internally approved. The implementation and the monitoring will be conducted in the next financial year.</li> <li>Furthermore, regarding the participation of unemployed youth in the ISAD programme, the Department deployed 113 youth in Mpumalanga, North West, Free State and Eastern Cape provinces to provide ICT support in schools. A total of 192 Young people have participated in the National Digital Repository, developing the stories and documentaries in preserving the cultural heritage.</li> </ul>		



## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
Improve evidence-based policy-making through conducting ICT research and development for economic growth and global competitiveness	Implementation of ICT Research Agenda	<ul style="list-style-type: none"> <li>The Country's information society report including primary studies where secondary data was unavailable was published in August 2011.</li> <li>Research programme developed and implemented focused on supporting priority policies.</li> </ul>	ICT Research Agenda, focusing on priority research, developed and implemented	<ul style="list-style-type: none"> <li>The Department did not fully achieve the target for developing and implementing the ICT Research Agenda, focusing on priority research.</li> <li>The Department conducted a global benchmarking with countries in Europe, Asia, and America and BRICS countries.</li> <li>A Framework towards an establishment of an ICT Research Council was finalised.</li> </ul>	The e-Readiness Working Group was not established and the updated indicators were not published as planned.	Due to capacity constraints the e-Readiness Working Group will be constituted in the next financial year.
Improve evidence-based policy-making through conducting ICT research and development for economic growth and global competitiveness	Successful hosting of the ICT Indaba	-	1st International ICT Indaba convened and implementation of the action lines monitored	<ul style="list-style-type: none"> <li>The ICT Indaba 2012 was successfully hosted from 4-7 June 2012.</li> <li>A Ministerial Declaration was signed by African Ministers to ensure implementation of the outcomes of the Indaba.</li> <li>Programme of Action was developed in line with the outcomes to ensure implementation of the declaration.</li> <li>Relevant initiatives are being implemented by the Department such as Broadband, Rural connectivity, schools connectivity and skills development.</li> </ul>	-	-

## Vote 27: Department of Communications

Strategic objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comment on deviations
<p>Improve evidence-based policy-making through conducting ICT research and development for economic growth and global competitiveness</p>	<p>Quarterly reports on the level of Job Creation through relevant ICT Projects</p>	<p>-</p>	<p>Impact of ICT Programmes on Job Creation monitored and evaluated</p>	<ul style="list-style-type: none"> <li>The Department fully achieved the target as quarterly reports on job creation covering jobs created by the Department and the Department's SOCs were developed as planned.</li> <li>The total number of jobs created in the 2012/13 financial year is 13662. This is a consolidation of employment created through the Department's SOCs and internal HR appointments. The South Africa Post Office accounted for 69% (9425) of the total employment. It is important to note that the majority of these jobs were temporary. Adding figures contributed by MTN, increases the number of jobs created during the 2012/13 financial year to 16185 as MTN contributed 2523 direct jobs.</li> </ul>	<p>-</p>	<p>-</p>

**Strategy to overcome areas of under performance**

The Department does acknowledge its areas of underperformance in certain targets. Project specific reasons for such underperformance have been provided under “comments on deviation” where applicable.

Over and above, project specific challenges, the performance of the Programme was largely affected by shortage of human resource capacity as well as skills shortages. Going forward the Department has conducted a skills audit and has prioritized the filling of critical vacancies.

**Linking performance with budgets**

The spending focus on this programme is on development of an inclusive information society in which Information and Communications Technology tools are key drivers of economic and societal development.

**Sub-programme expenditure**

Sub-Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Planning Coordination and Evaluation	3,328	3,328	-	3,074	2,833	241
e-Applications	20,183	20,183	-	17,987	17,777	210
ISAD Cluster	2,575	2,575	-	14,142	14,286	(144)
PNC Operations	10,081	10,081	-	6,445	6,445	-
<b>Total</b>	<b>36,077</b>	<b>36,077</b>	<b>-</b>	<b>41,648</b>	<b>41,341</b>	<b>307</b>

## 6. SUMMARY OF FINANCIAL INFORMATION

The spending for the 2012/13 financial year amounted to R1.651 billion (99.8 per cent) and the underspending of R3.8 million. The underspending is mainly on transfer payment to New Partnership for Africa's Development e-Africa Commission (NEPAD). The huge spending is mainly under programme 4, which constitute 73% of the budget on transfer payments to entities. Administration programme has spent 12% of the total allocation due to the DTT awareness.

### 6.1 DEPARTMENTAL RECEIPTS

Departmental receipts	2012/2013			2011/2012		
	Revised Estimate	Actual Amount Collected	(Over) / Under Collection	Revised Estimate	Actual Amount Collected	(Over) / Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts						
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	1 060,161	941,949	(118,212)	899,764	889,729	(35)
Transfers received	-	-	-	15	15	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	1 669,422	1 669,331	(91)	1 420, 781	1 420,768	(13)
Sale of capital assets	-	-	-	-	-	-
Financial transactions in assets and liabilities	630	940	310	255	589	344
<b>Total</b>	<b>2 730,213</b>	<b>2 612,220</b>	<b>(117,993)</b>	<b>2 320,815</b>	<b>2 321,086</b>	<b>271</b>

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**6.2 PROGRAMME EXPENDITURE**

Programme Name	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	196,011	195,959	52	168,070	156,192	11,878
ICT International Affairs	47,866	44,190	3,676	41,822	41,612	210
ICT Policy Development	95,270	95,185	85	88,080	81,124	6,956
ICT Enterprise Development	1 209,035	1 209,035	-	1 403,801	1 403,801	-
ICT Infrastructure	70,765	70,765	-	259,444	67,884	191,560
Presidential National Commission	36,077	36,077	-	41,648	41,341	307
<b>Total</b>	<b>1 655,024</b>	<b>1 651,211</b>	<b>3,813</b>	<b>2 002,865</b>	<b>1 791,954</b>	<b>210,911</b>

**6.3 TRANSFER PAYMENTS, EXCLUDING PUBLIC ENTITIES**

All Departmental transfers were made to its Public Entities.

**6.4 PUBLIC ENTITIES**

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Key Achievements of the public entity
<b>SA Post Office SOC Ltd</b>	Postal and financial services	51 965 000	51 965 000	<ul style="list-style-type: none"> <li>• To increase access to its services, 49 new points of presence were with a reduction of 10 points of presence that closed due to the closure of trading businesses in low economic areas.</li> <li>• Rolled out 1.2 million new addresses</li> <li>• The Postbank depositor's funds have increased by R235 million to R4.5 billion during the financial year under review.</li> </ul>

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Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Key Achievements of the public entity
<b>SABC</b>	Television and Radio Broadcasting	197 443 999	190 855 248	<ul style="list-style-type: none"> <li>• In the period under review, the SABC posted net profit of R343 million, exceeding the Government Guarantee of R225 million.</li> <li>• The public service channels also remained the most watched channels with an audience share of 57% of the 7 million analogue terrestrial households and approximately 3 million direct-to-home satellite households.</li> <li>• A monitoring task team continues to monitor the performance of the SABC against the Government Guarantee targets.</li> </ul>
<b>NEMISA</b>	Training in electronic media	34 116 000	34 116 000	<ul style="list-style-type: none"> <li>• NEMISA supplemented its academic support programmes with on-line support for student through social network interface with lecturers.</li> <li>• In order to ensure its financial sustainability and viability has offered short broadcasting training programmes to the SABC, Community Radio and FET multi-media.</li> </ul>
<b>Sentech</b>	Signal Distribution	173 834 000	116 634 664	<ul style="list-style-type: none"> <li>• Achievement of the DTT population coverage target of 80%</li> <li>• Achievement of the Low Power/ Self Help transmitter network roll-out</li> <li>• Achievement of BEE and SMME spend as well as achievement of CSI objectives.</li> </ul>

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Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Key Achievements of the public entity
<b>Independent Communications Authority of South Africa (ICASA)</b>	Regulating the telecommunications, broadcasting and postal industries in the public interest and ensure affordable services of a high quality for all South Africans.	342 384 576 (excluding unspent funds for ring-fenced projects of 63 412 424)	334 796 141	<ul style="list-style-type: none"> <li>• Licensed 44 Class Electronic Communications Network Service, 44 Electronic Communications Service, 16 Unreserved Postal Services Certificates, 26 Class Sound Broadcasting Service Registrations;</li> <li>• Reviewed 59 (exceeding the target of 55) notifications for tariff lodgement;</li> <li>• Process 395 out of a target of 435 applications for mobile phone operators, TV operators and TV signal distributors;</li> <li>• Completed Band 570 - 670 MHz and band 670-770 MHz whilst Bands 3.4-4.2 GHz and Band 4.4 - 4.9 GHz was not completed;</li> <li>• A total of 2334 Equipment Type approval certificates were issued, thus exceeding a set target of 2000;</li> <li>• Issued 4492 (exceeding the set target of 3680) new spectrum licenses which includes all types of new licences issued and pre-assigned;</li> <li>• Resolve 64% out of 70% of the consumer complaints;</li> <li>• A total number of 653 was achieved in respect of a target of 740 in the public education and awareness initiatives throughout the country. The community outreach were maximised through the use of national print media, ICASA website, Community and Public broadcasting services</li> </ul>
<b>.za Domain Name Authority</b>	ZA namespace regulation & administration	1 500 000	1 500 000	<ul style="list-style-type: none"> <li>• Launch of ZA Central Registry</li> <li>• Policy development</li> </ul>

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<b>USAASA</b>	Management of the USAF Fund	59 801	51 701	<ul style="list-style-type: none"> <li>• Strengthened internal controls</li> <li>• Policies &amp; procedures established</li> <li>• Governance structures put in place</li> <li>• Corrective steps taken against transgressors</li> <li>• IT governance put in place</li> <li>• Risk structures set up</li> <li>• Project Management Office established in CEO's office</li> <li>• Strategic appointments concluded</li> <li>• New Board in place</li> <li>• All Board Committees functional</li> </ul>
<b>USAF</b>	Providing Access to ICT's	273 977	46 599	<ul style="list-style-type: none"> <li>• 104 New Access Centres</li> <li>• 80 Access centre revamped</li> <li>• Development of the National Strategy on Universal Access and Universal Service i.e. Situational Analysis; International Benchmarking; access gap quantification; qualification and costing; consultative framework and draft national strategy.</li> </ul>

**6.5 CONDITIONAL GRANTS AND EARMARKED FUNDS PAID**

No conditional grants were given to the Department.

**6.6 DONOR FUNDS**

No donor funds were given and used by the Department.

**6.7 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN**

No Capital investments were made or maintained by the Department of Communications during the period under review. There were changes in the Department asset holdings in Transport assets and Fix movable air conditioner equipment over the period of review.

The Departmental has implemented the capital, investment and asset management plan that was revised in order to meet the expectations for the next financial year. We put in place a proper asset acquisition and replacement strategy that has assisted in identifying asset needs, utilisation and maintenance as well as disposals.

We maintained a complete and accurate Asset Register which fully adheres to the minimum requirements set out in the asset management framework and the National Treasury. The Department has updated the asset register with all the acquisitions and disposals.

During the period under review all assets that could not be cost effectively repaired or refurbished were disposed by means of scraping, while redundant assets that were no longer required were donated to needy schools. All losses due to theft were reported, investigated and recommendations were made to determine liability, either to recover the loss or to write off. The number of losses due to theft was relatively low. All the finalised cases on losses were removed from the asset register and updated accordingly.

Asset reconciliation is done on a monthly basis as well as quarterly for the interim financial statement to ensure that all asset acquisitions and disposals are correctly accounted for.

Annual asset verification was undertaken to ensure that all assets are accounted for and movements are corrected. Ad hoc asset verification was done throughout the financial year, where necessary.



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The following reflects the current state of the Department's capital stock:-

- Good condition: 60%
- Fair condition: 22%
- Bad condition 18%

There were no major maintenance projects undertaken during the financial year under review. The maintenance and repairs done were due to normal wear and tear of assets, the maintenance of our vehicles were mostly to services cost due to the ageing of our fleet. A three year service warranty is included when acquiring new assets from suppliers.

### 6.8 INVENTORIES

Inventory opening and closing balances, together with movements for the year IS reflected in the Annexure on Inventory. Inventory on hand was verified in April 2013 observed by the Office of the Auditor-General. There were no discrepancies during the period under review.

The total inventory on hand at year-end of R1, 085, 000, comprised mainly stationery and printing is included in the Annexure to the annual financial statements.

# PART: C GOVERNANCE



## 1. INTRODUCTION

Commitment by the Department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the Department has good governance structures in place to effectively, efficiently and economically utilise the state resources, which is funded by the tax payer.

The Department of Communications and its leadership therefore subscribes and is committed to ensuring and maintaining the highest level of governance standards and compliance with relevant laws and regulations. The Department has, during the year under review, developed and implemented a comprehensive governance and compliance framework to guide and enforce adherence to relevant laws and regulations and encourage the application of best governance principles and practices.

Awareness on governance and compliance was also successfully launched during the period under review to ensure the Department's leadership is up to date and aware of the best governance principles and practices as well as compliance with relevant laws and regulations including any new developments in governance and compliance laws and regulations, principles and practices.

## 2. RISK MANAGEMENT

### A. NATURE OF RISK MANAGEMENT

A rigorous and robust risk management framework has been adopted by the Department to ensure that the Department is able to identify and address most significant risks exposures. This includes among other things the proper allocation of risk management responsibilities to those charged with governance, leadership and management of the Department and the successful launch of risk management awareness initiatives throughout the Department.

### B. RISK MANAGEMENT STRATEGIES TO IDENTIFY RISKS AND MANAGE THE RISKS

The Department's risk management framework encompasses risk management strategy, policy, risk identification and assessment methodology, etc. The risk management strategy, a strategy aligned to the current strategic plan of the Department, has been successfully implemented throughout the period under review.

Risk identification and assessment is conducted through the Department's duly adopted risk identification and assessment methodology that has been thoroughly work shopped throughout the Department through the comprehensive risk awareness initiatives. Identified risk are, assessed and ranked in accordance with their significance to the achievement of the Department's goals and objectives and reported to relevant governance structures including Top Management (TMM), Risk Management (RMC) and Audit Committee (AC) throughout the period under review.

Risk appetites and tolerance levels have been determined as levels at which risks identified are evaluated and ranked in terms of their significance to the achievement of the Department's strategic goals and objectives. This ensures that the Department take risks and exploit opportunities within acceptable/calculated levels when making decision and choosing alternatives to follow in fulfilling the Department's mandate.

### C. PROGRESS MADE IN ADDRESSING RISKS IDENTIFIED

Comprehensive risk mitigation or treatment strategies or plans have been developed and implemented for the Department's significant risk exposures – risk in excess of relevant risk appetites and tolerance level. Implementation of these mitigation strategies is monitored through comprehensive monitoring processes and reported to relevant structures on regular intervals.

## 3. FRAUD AND CORRUPTION

### A. THE DEPARTMENT'S FRAUD PREVENTION PLAN AND THE PROGRESS MADE IN IMPLEMENTING THE FRAUD PREVENTION PLAN

The Department has developed and implemented a comprehensive fraud prevention plan in accordance with the national anti-fraud and corruption initiatives. This plan includes a

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policy, strategy, procedure manual and whistle-blowing policy that have been work shopped throughout the Department through successfully launched fraud prevention awareness campaigns during the year under review. The implementation of the plan has been monitored by relevant structures such as Risk Management and Audit Committees.

**b. Mechanisms in place to report fraud and corruption and how these operates**

The approved whistle-blowing policy and procedure manual are used as the mechanisms to report and investigate fraud and corruption matters in a systematic and consistent manner throughout the Department. These whistle-blowing policy and procedure manual provides all processes to be followed when suspicious actions are identified and has been made available for ease of access throughout the Department and by external whistle-blowers.

**c. How these are reported and what action is taken**

The Department's whistle-blowing policy provide for reporting to the Public Services Commission (PSC) though the fraud hotline (with or without providing personal details) as required by the anti-fraud and corruption and other relevant laws and regulations and to ensure that whistle-blowers are protected from victimisation and intimidation. All reported cases through PSC are send to the Department for proper investigations.

**4. MINIMISING CONFLICT OF INTEREST**

- All Bid Evaluation Committee members sign code of conduct and declaration of interest.
- DBAC members sign declaration of interest on all meetings, members who have interest by chairperson's instruction are expected to recuse themselves.
- SBD 4 Documents are signed by all prospective bidders to declare any interest.

**5. CODE OF CONDUCT**

The Departmental Code of Conduct was developed and circulated to all staff for awareness and all new entrants to the Department are required to sign the Code of Conduct.

**6. INTERNAL CONTROL UNIT**

The Department does not currently have an internal control unit and each branch within the Department is responsible for implementing and maintaining the highest level of adherence to internal control policies and procedures. The responsibilities for proper implementation and adherence to internal control policies and procedures are invested in Branch Heads throughout the Department. Oversight on the effectiveness of internal control throughout the Department is the responsibility of governance structures such as Top Management (TMM), Departmental Executive Committee (DEC), Executive Committee (EXCO), Audit Steering Committee (ASC), Risk Management Committee (RMC) and Audit Committee (AC).

Weakness in internal controls identified through risk assessment, internal and external audit processes are presented to these governance structures for consideration and implementation of action to prevent the weaknesses and improve internal controls. Action plans are developed from the recommendations made through the above processes and implemented by the relevant and affected Branches. Implementation of these action plans is monitored by the relevant structures such as the Audit Steering, Risk Management and Audit Committees.

The Department is however committed to a plan to establish a governance and compliance function during the 2013/14 financial year to address among other thing the following:

1. Provide first level of assurance on the functioning of internal controls;
2. Evaluate and report on the effectiveness of governance and compliance including internal controls; and
3. Make recommendation on the relevant interventions to improve governance, compliance and implementation of effective risk management and internal controls.

7. **AUDIT COMMITTEE REPORT**

We are pleased to present our report for the financial year ended 31 March 2013.

**Audit Committee Members and Attendance**

The audit committee consists of the members listed hereunder and should meet at least four times per annum as per its approved terms of reference. During the year under review six meetings were held.

Name of Member	Date of appointment	No. of Meetings Attended
Mr Willy Huma (Chairperson)	09-Sep-11	6
Adv. Collen Weapond *	01-Jul-11	6
Mr Tshepo Mofokeng	01-Aug-11	5
• Also appointed as Chairperson of Risk Management Committee		

**AUDIT COMMITTEE RESPONSIBILITY**

The Audit Committee reports that it has effectively complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has conducted its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

**THE EFFECTIVENESS OF INTERNAL CONTROL**

The system of internal control was not entirely effective during the year under review, as several instances of non-compliance with internal controls were reported by both Internal Audit and the AGSA. Of particular concern to the Audit Committee is the fact that a number of the matters raised by the AGSA are repeat findings from one or more previous years. The Audit Committee will continue to monitor progress against the corrective action plans implemented by management of DoC.

The performance information management area needs close supervision to ensure that the Department improves its performance information reporting mechanisms. This continues to be an area of concern to the Audit Committee, and to this end Internal Audit reviews the quarterly performance information to ensure that the results are supported by a portfolio of evidence. The risk management system complies with the basic legislative requirements and efforts are being implemented to advance towards the expected levels of efficiency, effectiveness and transparency. More special attention is however needed for risk management to function effectively.

The Audit Committee is concerned that the instability in leadership at Accounting Officer level over the preceding year has had an adverse impact on the Department and might also have impacted on the performance of the Department. Stable leadership and coherence at top management level is of utmost importance for the success of the Department going forward, and this is an area that we believe should receive urgent attention.

**THE QUALITY OF IN YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA AND THE DIVISION OF REVENUE ACT**

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer during the year under review.

***Evaluation Of Financial Statements***

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor General and the Accounting Officer;
- reviewed the Auditor General's management report and management's responses thereto;

- reviewed changes in accounting policies and practices;
- reviewed the Department's compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit; and
- reviewed information on pre-determined objectives to be included in the annual report.

The Audit Committee concurs with and accepts the Auditor General's conclusions 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.

#### **INTERNAL AUDIT**

The Audit Committee has reviewed the performance of the Internal Audit function and the adequacy of Internal Audit resources. The Audit Committee has recommended to management of the Department to address the capacity challenges within the Internal Audit function.

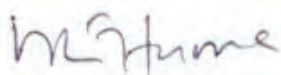
#### **AUDITOR GENERAL - SOUTH AFRICA**

The Audit Committee did meet with the Auditor General - South Africa during the 2012/2013 financial year to ensure that there were no unresolved issues.

#### **CONCLUSION**

The Audit Committee expresses its grave concern at the continued lack of performance on the part of DoC; this is the second year in a row that the Department has failed to achieve a significant percentage of its planned targets. The Audit Committee urges management to implement an action plan to address non-achievement of targets on a quarterly basis, so that the problems of non-performance can be arrested timeously. The Audit Committee also urges the Department to hold the relevant members of management accountable for the non-achievement of targets in their particular areas.

The Audit Committee wishes to thank the Director-General and the relevant staff of DoC for their continued commitment to the good governance within the Department. The Audit Committee also congratulates the Department for achieving another unqualified audit report for the year under review. Our appreciation is also extended to the finance team for their efforts regarding the financial statements for the year and to the team from the AGSA for the value they continue to add to the Department.



**Mr William Huma**  
**Chairperson of the Audit Committee**  
30 August 2013

# PART: D

## HUMAN RESOURCE MANAGEMENT



## 1. LEGISLATION THAT GOVERN HR MANAGEMENT

The information provided in this part is prescribed by the Public Service Regulations (Chapter 1, Part III J.3 and J.4).

## 2. INTRODUCTION

### OVERVIEW OF HR MATTERS AT THE DEPARTMENT:

Below are the Human Resource matters and priorities which support the alignment of the Department's workforce with the Government's priorities, Department mission, strategic plan and budgetary resources. Amongst other things these Human Resource matters aim to ensure that the Department has the right people at the right time to achieve the objectives and goals of the Department.

- Ensure that the departmental strategic plan is achieved;
- Ensure an adequate supply of correctly qualified staff;
- Provide Human Resource information to other functions in the Department;
- Develop recruitment strategies that support the attraction of highly skilled talent to the Department;
- Develop retention strategies that are true to the relevant policies and deliver talent to the Department;
- Ensure equal opportunities for all employees within the Department;
- Ensure that capacity issues are adequately addressed across all levels of the organisation; and
- Address changing service delivery demands.

### *HR priorities and its impact*

HR Priorities	Impact
• Filling of critical and prioritised positions.	• Ensure that prioritised and critical positions are discussed with various business units and filled accordingly.
• Skills audit	• Ensure that the Department has right people at the right place and at the right time.
• Leadership Development Programme	<ul style="list-style-type: none"> <li>• Ensure that the Department has effective leadership that respond to the needs within the Department as well as the dynamic ICT environment.</li> <li>• Ensure that there is also a leadership that drives positive culture that drives individual and organisational performance.</li> </ul>
• Training, development and empowerment of employees	• Ensure that training interventions are in line with Work Place Skills Plan and that they are implemented to develop and empower the Departmental workforce.
• Performance Management	• Ensure effective implementation and monitoring of individual performance as per the performance agreements and cycle in line with the Departmental strategy.
• Development of succession as well as retention strategies	<ul style="list-style-type: none"> <li>• Develop and implement an integrated Talent Management framework, which will include amongst others:               <ul style="list-style-type: none"> <li>• Implementation of a Succession Planning Strategy.</li> <li>• Implementation of a Reward and Recognition, Career Management Policies.</li> </ul> </li> <li>• Implement an effective Induction Programme.</li> </ul>



HR Priorities	Impact
<ul style="list-style-type: none"> <li>Labour Relations Issues.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure effective management of labour relations matters.</li> </ul>
<ul style="list-style-type: none"> <li>Marketing of Employee Wellness programs</li> </ul>	<ul style="list-style-type: none"> <li>Increase accessibility and advocacy of Employee Assistance Programmes within the Department</li> </ul>
<ul style="list-style-type: none"> <li>Development and implementation of Organisational Development interventions effectively</li> </ul>	<ul style="list-style-type: none"> <li>Ensure effective rendering of management advisory services to improve the organisational performance</li> <li>Ensure effective and efficient organisational implementation (implementation of the approved organisational structure).</li> <li>Conduct the climate and culture survey and monitor the implementation.</li> <li>Ensure that all jobs are subjected to job evaluation and monitor the implementation of the salary grades.</li> <li>Ensure the development and review of job functions, roles and responsibilities for all jobs.</li> </ul>
<ul style="list-style-type: none"> <li>Alignment of employment equity and gender issues to departmental targets</li> </ul>	<ul style="list-style-type: none"> <li>Ensure alignment of recruitment processes to employment equity targets.</li> </ul>

#### HIGHLIGHT ACHIEVEMENTS

- The Department has on 28 August 2012 approved the organisational structure.
- The Department has appointed 2 Deputy Directors-General.
- The Department is in a process of migrating staff from old structure to the newly approved organisational structure.

### 3. HUMAN RESOURCE OVERSIGHT STATISTICS

#### 3.1 PERSONNEL RELATED EXPENDITURE

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

**Table 3.1.1 Personnel expenditure by programme**

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services Expenditure (R'000)	Personnel Expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
<b>Branch 1: Governance and Administration</b>	192,878	65,424	1,688	4,855	34	511
<b>Branch 2: ICT International Affairs and Trade</b>	44,186	11,293	36	139	26	627
<b>Branch 3: ICT Policy Development</b>	95,188	40,613	444	15,066	43	580

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Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services Expenditure (R'000)	Personnel Expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Branch 4: Finance and ICT Enterprise Development	1,214,165	4,795	368	13,769	0.4	599
Branch 5: ICT Infrastructure Development	66,873	19,357	247	25,377	29	538
Branch 6: Presidential National Commission	37,919	16,030	1,685	13,670	42	501
<b>TOTAL</b>	<b>1,651,209</b>	<b>157,512</b>	<b>4,468</b>	<b>72,876</b>	<b>10</b>	<b>539</b>

*Table 3.1.2 Personnel costs by salary band*

Salary band	Personnel Expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (level 3-5)	3,048	2	18	169
Highly skilled production (levels 6-8)	21,830	13.9	79	276
Highly skilled supervision (levels 9-12)	50,121	31.8	102	491
Senior and Top management (levels 13-16)	67,297	42.7	77	874
Contract (Levels 1-2)	0	0	0	0
Contract (Levels 3-5)	921	0.6	3	307
Contract (Levels 6-8)	782	0.5	2	391
Contract (Levels 9-12)	3,894	2.5	6	649
Contract (Levels 13-16)	8,072	5.1	5	1,614
Periodical Remuneration	0	0	0	0
Abnormal Appointment	1,547	1	30	52
<b>Total</b>	<b>157,512</b>	<b>100</b>	<b>322</b>	<b>489</b>

**Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme**

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Branch 1: Governance and Administration	41,338	63.2	857	1.3	976	1.5	1,208	1.8
Branch 2: ICT International Affairs and Trade	6,642	58.8	316	2.8	174	1.5	350	3.1
Branch 3: ICT Policy Development	26,269	64.7	47	0.1	498	1.2	1,074	2.6
Branch 4: Finance and ICT Enterprise Development	2,931	61.1	11	0.2	177	3.7	165	3.4
Branch 5: ICT Infrastructure Development	12,505	64.6	11	0.1	245	1.3	578	3.0
Branch 6: Presidential National Commission	10,435	65.1	10	0.1	190	1.2	469	3.0
<b>TOTAL</b>	<b>100,120</b>	<b>64.0</b>	<b>1,252</b>	<b>0.8</b>	<b>2,260</b>	<b>1.4</b>	<b>3,844</b>	<b>3.1</b>

**Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band**

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	0	0	0	0	0	0	0	0
Skilled (level 3-5)	1,893	62.1	83	2.8	184	6	265	8.6
Highly skilled production (levels 6-8)	9,362	42.9	510	2.3	768	3.5	1,261	5.7
Highly skilled supervision (levels 9-12)	29,970	59.8	438	0.9	676	1.3	1,595	3.2
Senior management (level 13-16)	47,769	71	0	0	601	0.9	1,351	2

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Contract (Levels 3-5)	737	80	11	1.2	11	1.2	9	1
Contract (Levels 6-8)	535	68.4	0	0	13	1.7	35	4.5
Contract (Levels 9-12)	2,842	73	0	0	0	0	56	1.4
Contract (Levels 13-16)	7,012	86.9	0	0	0	0	68	0.9
<b>Total</b>	<b>100,120</b>	<b>63.6</b>	<b>1,042</b>	<b>0.6</b>	<b>2,259</b>	<b>1.4</b>	<b>4,671</b>	<b>2.9</b>

### 3.2 EMPLOYMENT AND VACANCIES

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

**Table 3.2.1 Employment and vacancies by programme**

Programme	Number of posts on approved establishment (including additional posts)	Number of posts filled (including additional posts)	Vacancy Rate	Number of employees additional to the establishment
Branch 1: Governance and Administration	181	128	29.3	11
Branch 2: ICT International Affairs and Trade	26	18	30.8	1
Branch 3: ICT Policy Development	108	70	35.2	18
Branch 4: Finance and ICT Enterprise Development	11	8	27.3	0
Branch 5: ICT Infrastructure Development	79	36	54.4	0

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Programme	Number of posts on approved establishment (including additional posts)	Number of posts filled (including additional posts)	Vacancy Rate	Number of employees additional to the establishment
Branch 6: Presidential National Commission	59	32	45.8	1
<b>Total</b>	<b>464</b>	<b>292</b>	<b>37.1</b>	<b>31</b>

*Table 3.2.2 Employment and vacancies by salary band*

Salary band	Number of posts on approved establishment (including additional posts)	Number of posts filled (including additional posts)	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	0	0	0	0
Skilled(3-5)	20	18	10	4
Highly skilled production (6-8)	146	79	45.9	10
Highly skilled supervision (9-12)	175	102	41.7	7
Senior management (13-16) (Include Minister and Deputy Minister)	102	77	24.5	5
Contract (Levels 3-5)	2	3	-50	2
Contract (Levels 6-8)	3	2	33.3	0
Contract (Levels 9-12)	7	6	14.3	2
Contract (Levels 13-16)	9	5	44.4	1
<b>Total</b>	<b>464</b>	<b>292</b>	<b>37.1</b>	<b>31</b>

*Table 3.2.3 Employment and vacancies by critical occupations*

Critical occupation	Number of posts on approved establishment (including additional posts)	Number of posts filled (including additional posts)	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	128	64	50	6
Client Information Clerks (Switchboard, Reception, Information Clerks)	0	2	0	2
Communication and Information Related	7	2	71.4	0
Finance and Economics Related	2	2	0	0
Finance and Related Professionals	9	7	22.2	0
Finance clerks and credit controllers	2	1	50	0
Head of Department/Chief Executive Officer	1	1	0	0

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Critical occupation	Number of posts on approved establishment (including additional posts)	Number of posts filled (including additional posts)	Vacancy Rate	Number of employees additional to the establishment
General legal administration & Related Professionals	1	0	100	0
Other Occupations (Minister and Deputy Minister)	2	2	0	0
Human Resources and Organisational Development	10	7	30	0
Human Resources Clerks	1	1	0	1
Human Resources Related	9	7	22.2	0
Information Technology Related	5	4	20	0
Language Practitioners Interpreters and Other Communication Related	5	5	0	0
Library Mail and Related Clerks	7	4	42.9	0
Logistical Support Personnel	13	13	0	4
Messengers, Porters and Deliverers	6	6	0	0
Other Administrative and Related Clerks and Organisers	105	74	29.5	11
Other Information Technology Personnel	14	7	50	0
Risk Management and Security Services	1	0	0	0
Secretaries and other Keyboard Operating Clerks	12	7	41.7	1
Senior Managers	122	76	37.7	6
<b>TOTAL</b>	<b>464</b>	<b>292</b>	<b>37.1</b>	<b>31</b>

**Notes**

The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

**3.3 JOB EVALUATION**

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

**Table 3.3.1 Job Evaluation by Salary band**

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	20	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	146	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	175	0	0	0	0	0	0
Senior Management Service Band A	65	0	0	0	0	0	0
Senior Management Service Band B	26	0	0	0	0	0	0
Senior Management Service Band C	9	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
Contract (Levels 1-2)	0	0	0	0	0	0	0
Contract (Levels 3-5)	2	0	0	0	0	0	0
Contract (Levels 6-8)	3	0	0	0	0	0	0
Contract (Levels 9-12)	7	0	0	0	0	0	0
Contract (Band A)	5	0	0	0	0	0	0
Contract (Band B)	2	0	0	0	0	0	0
Contract (Band C)	0	0	0	0	0	0	0
Contract (Band D)	2	0	0	0	0	0	0
<b>Total</b>	<b>464</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

**Table 3.3.2 Profile of employees whose positions were upgraded due to their posts being upgraded**

Beneficiary	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
<b>Employees with a disability</b>					<b>0</b>

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

**Table 3.3.3 Employees with salary levels higher than those determined by job evaluation by occupation**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	-	-	-	-
Percentage of total employed				0

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

**Table 3.3.4 Profile of employees who have salary levels higher than those determined by job evaluation**

Beneficiary	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	0	0	0	0	0
Employees with a disability	0	0	0	0	0

<b>Total Number of Employees whose remuneration exceeded the grade determined by job evaluation in 2012/13</b>	<b>0</b>
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### 3.4 EMPLOYMENT CHANGES

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

**Table 3.4.1 Annual turnover rates by salary band**

Salary Band	Number of employees at beginning of period-April 2012	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled ( Levels 1-2)	0	0	0	0
Skilled (Levels3-5)	17	0	0	0
Highly skilled production (Levels 6-8)	80	1	1	1.25
Highly skilled supervision (Levels 9-12)	105	3	6	5.7
Senior Management Service Bands A	52	0	2	3.8
Senior Management Service Bands B	21	1	3	14.3
Senior Management Service Bands C	5	0	0	0
Senior Management Service Bands D	2	0	0	0
Contract (Levels 1-2)	0	0	0	0
Contract (Levels 3-5)	2	13	11	550
Contract (Levels 6-8)	3	0	1	33.3



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Salary Band	Number of employees at beginning of period-April 2012	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Contract (Levels 9-12)	6	1	1	16.7
Contract (Band A)	6	1	4	66.7
Contract (Band B)	2	1	2	100
Contract (Band C)	0	0	0	0
Contract (Band D)	1	0	0	0
<b>Total</b>	<b>302</b>	<b>21</b>	<b>31</b>	<b>10.3</b>

**Table 3.4.2 Annual turnover rates by critical occupation**

Critical Occupation	Number of employees at beginning of period-April 2012	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative Related	81	3	5	6.2
Client Information Clerks (Switchboard, Reception, Information Clerks)	0	2	0	0
Communication and Information Related	3	0	0	0
Finance and Economics Related	2	0	0	0
Finance and Related Professionals	6	1	0	0
Finance clerks and credit controllers	1	0	0	0
Head of Department/Chief Executive Officer	1	0	0	0
General legal administration & Related Professionals	1	0	0	0
Other Occupations (Minister and Deputy Minister)	2	0	0	0
Human Resources and Organisational Development	9	0	0	0
Human Resources Clerks	1	0	0	0
Human Resources Related	8	1	1	12.5
Information Technology Related	4	0	0	0
Language Practitioners Interpreters and Other Communication Related	5	0	0	0
Library Mail and Related Clerks	7	1	1	14.3
Logistical Support Personnel	12	0	0	0
Messengers, Porters and Deliverers	5	0	0	0
Other Administrative and Related Clerks and Organisers	72	10	13	18.3

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Critical Occupation	Number of employees at beginning of period-April 2012	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Other Information Technology Personnel	7	1	1	14.3
Risk Management and Security Services	0	0	0	0
Secretaries and other Keyboard Operating Clerks	9	0	0	0
Senior Managers	66	2	10	15.2
<b>TOTAL</b>	<b>302</b>	<b>21</b>	<b>31</b>	<b>10.3</b>

The table below identifies the major reasons why staff left the Department.

**Table 3.4.3 Reasons why staff left the Department**

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	13	42
Expiry of contract	15	48
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	3.3
Transfer to other Public Service Departments	2	6.7
Other	0	0
<b>Total</b>	<b>31</b>	<b>100</b>
Total number of employees who left as a % of total employment	-	10.3

**Table 3.4.4 Promotions by critical occupation**

Occupation	Employees 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	81	2	2.5	46	56.8
Client Information Clerks (Switchboard, Reception, Information Clerks)	0	0	0	0	0
Communication and Information Related	3	0	0	2	66.7
Finance and Economics Related	2	0	0	1	50

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Occupation	Employees 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Finance and Related Professionals	6	0	0	5	83.3
Finance clerks and credit controllers	1	0	0	0	0
Head of Department/ Chief Executive Officer	1	0	0	0	0
General legal administration & Related Professionals	1	0	0	0	0
Other Occupations (Minister and Deputy Minister)	2	0	0	0	0
Human Resources and Organisational Development	9	0	0	7	77.8
Human Resources Clerks	1	0	0	1	100
Human Resources Related	8	0	0	5	62.5
Information Technology Related	4	0	0	2	50
Language Practitioners Interpreters and Other Communication Related	5	0	0	3	60
Library Mail and Related Clerks	7	0	0	5	71.4
Logistical Support Personnel	12	0	0	8	66.7
Messengers, Porters and Deliverers	5	1	20	3	60
Other Administrative and Related Clerks and Organisers	72	1	1.4	58	81
Other Information Technology Personnel	7	1	14.3	2	28.6
Risk Management and Security Services	0	0	0	0	0
Secretaries and other Keyboard Operating Clerks	9	0	0	8	88.9
Senior Managers	66	3	4.5	46	69.7
<b>TOTAL</b>	<b>302</b>	<b>8</b>	<b>2.6</b>	<b>202</b>	<b>66.9</b>

**Table 3.4.5 Promotions by salary band**

Salary Band	Employees 1 April 2012	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled ( Levels 1-2)	0	0	0	0	0
Skilled (Levels3-5)	17	1	5.9	17	100
Highly skilled production (Levels 6-8)	80	1	1.3	59	73.8
Highly skilled supervision (Levels 9-12)	105	3	2.9	80	76.2
Senior Management (Level 13-16)	80	3	3.8	46	57.5
Contract (Levels 3-5)	2	0	0	0	0
Contract (Levels 6-8)	3	0	0	0	0
Contract (Levels 9-12)	6	0	0	0	0
Contract (Levels 13-16)	9	0	0	0	0
<b>Total</b>	<b>302</b>	<b>8</b>	<b>2.6</b>	<b>202</b>	<b>66.9</b>

### 3.5 EMPLOYMENT EQUITY

**Table 3.5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2013**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	30	2	4	6	21	1	0	0	64
Professionals	8	0	0	2	26	2	1	5	44
Technicians and associate professionals	39	0	1	6	36	2	3	3	90
Clerks	22	0	0	0	55	8	0	4	89
Elementary occupations	3	0	0	0	2	0	0	0	5
<b>Total</b>	<b>102</b>	<b>2</b>	<b>5</b>	<b>14</b>	<b>140</b>	<b>13</b>	<b>4</b>	<b>12</b>	<b>292</b>
Employees with disabilities	2	1	0	0	1	0	0	0	4

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**Table 3.5.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2013**

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management(L15-L16)	4	1	0	0	2	0	0	0	7
Senior Management(L13-L14)	33	1	3	6	23	1	1	0	68
Professionally qualified and experienced specialists and mid-management	35	0	0	7	49	4	2	6	103
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	15	0	1	0	50	6	1	6	79
Semi-skilled and discretionary decision making	9	0	0	0	7	1	0	0	17
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract (Top Management)	0	0	0	1	1	0	0	0	2
Contract (Senior Management)	2	0	1	0	1	0	0	0	4
Contract (Professionally qualified)	1	0	0	0	4	1	0	0	6
Contract (Skilled technical)	1	0	0	0	1	0	0	0	2
Contract (Semi-skilled)	2	0	0	0	2	0	0	0	4
<b>Total</b>	<b>102</b>	<b>2</b>	<b>5</b>	<b>14</b>	<b>140</b>	<b>13</b>	<b>4</b>	<b>12</b>	<b>292</b>

**Table 3.5.3 Recruitment**

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	0	0	1	2	0	0	0	3

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Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract (Top Management)	0	0	0	0	0	0	0	0	0
Contract (Senior Management)	1	0	1	0	0	0	0	0	2
Contract (Professionally qualified)	0	0	0	0	1	0	0	0	1
Contract (Skilled technical)	0	0	0	0	0	0	0	0	0
Contract (Semi-skilled)	7	0	0	0	6	0	0	0	13
<b>Total</b>	<b>9</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

**Table 3.5.4 Promotions**

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	0	0	0	2	0	0	1	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1

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Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	3	0	0	0	4	0	0	1	8
Employees with disabilities	0	0	0	0	0	0	0	0	0

**Table 3.5.5 Terminations**

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	1	2	1	0	0	5
Professionally qualified and experienced specialists and mid-management	3	0	0	0	2	0	0	1	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract (Top Management)	0	0	0	0	0	0	0	0	0
Contract (Senior Management)	2	1	0	1	2	0	0	0	6
Contract (Professionally qualified)	1	0	0	0	0	0	0	0	1
Contract (Skilled technical)	0	0	0	0	1	0	0	0	1
Contract (Semi-skilled)	7	0	0	0	4	0	0	0	11
<b>Total</b>	14	1	0	2	12	1	0	1	31
Employees with Disabilities	0	0	0	0	1	0	0	0	1

**Table 3.5.6 Disciplinary action**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary Action	1	0	0	0	2	0	0	0	3

**Table 3.5.7 Skills development**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	28	0	2	5	25	2	0	0	62
Professionals	14	0	1	2	31	1	0	1	50
Technicians and associate professionals	1	0	0	0	3	0	0	0	4
Clerks	16	0	1	0	42	6	0	3	68
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>59</b>	<b>0</b>	<b>4</b>	<b>7</b>	<b>101</b>	<b>9</b>	<b>0</b>	<b>4</b>	<b>184</b>
Employees with disabilities	1	0	0	0	1	1	0	0	3

### 3.6 PERFORMANCE REWARDS

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability), salary bands and critical occupations.

**Table 3.6.1 Performance Rewards by race, gender and disability**

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African, Male	45	104	43.2	1,108	24 622
Asian, Male	1	4	25	24	24 000
Coloured Male	0	3	0	0	0
White Male	6	15	40	238	39 667



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Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African Female	80	140	57.1	1,705	21 313
Asian Female	2	4	50	51	25 500
Coloured Female	9	13	69.2	198	22 000
White Female	10	14	71.4	249	24 900
<b>TOTAL</b>	<b>153</b>	<b>302</b>	<b>50.7</b>	<b>3,573</b>	<b>23 353</b>

**Table 3.6.2 Performance Rewards by salary band for personnel below Senior Management Service,**

Salary Band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	13	17	76.5	113	8 692	0.04
Highly skilled production (level 6-8)	62	80	77.5	1,122	18 097	0.05
Highly skilled supervision (level 9-12)	75	105	71.4	2,172	28 960	0.04
Contract (Levels 3-5)	0	2	0	0	0	0
Contract (Levels 6-8)	0	3	0	0	0	0
Contract (Levels 9-12)	0	6	0	0	0	0
<b>Total</b>	<b>150</b>	<b>213</b>	<b>70.4</b>	<b>3,407</b>	<b>22 713</b>	<b>0.04</b>

**Table 3.6.3 Performance Rewards by critical occupation**

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative Related	40	81	49.4	1,338	33 450
Client Information Clerks (Switchboard, Reception, Information Clerks)	0	0	0	0	0
Communication and Information Related	2	3	66.7	41	20 500
Finance and Economics Related	1	2	50	42	42 000

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Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Finance and Related Professionals	5	6	83.3	114	22 800
Finance clerks and credit controllers	0	1	0	0	0
Head of Department/ Chief Executive Officer	0	1	0	0	0
General legal administration & Related Professionals	0	1	0	0	0
Other Occupations (Minister and Deputy Minister)	0	2	0	0	0
Human Resources and Organisational Development	7	9	77.8	107	15 286
Human Resources Clerks	0	1	0	0	0
Human Resources Related	5	8	62.5	156	31 200
Information Technology Related	3	4	75	85	28 333
Language Practitioners Interpreters and Other Communication Related	4	5	80	110	27 500
Library Mail and Related Clerks	5	7	71.4	41	8 200
Logistical Support Personnel	12	12	100	240	20 000
Messengers, Porters and Deliverers	4	5	80	41	10 250
Other Administrative and Related Clerks and Organisers	52	72	72.2	977	18 788
Other Information Technology Personnel	4	7	57.1	88	22 000
Risk Management and Security Services	0	1	0	0	0
Secretaries and other Keyboard Operating Clerks	7	9	77.8	111	15 857
Senior Managers	2	65	3.1	83	41 500
<b>Total</b>	<b>153</b>	<b>302</b>	<b>60.6</b>	<b>3,574</b>	<b>23 359</b>

**Table 3.6.4 Performance related rewards (cash bonus), by salary band for Senior Management Service**

Salary Band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	2	58	3.4	83	41 500	0.2
Band B	1	22	4.5	84	84 000	0.4
Band C	0	5	0	0	0	0
Band D	0	4	0	0	0	0
<b>Total</b>	<b>3</b>	<b>89</b>	<b>3.4</b>	<b>167</b>	<b>55 667</b>	<b>0.3</b>

### 3.7 FOREIGN WORKERS

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

**Table 3.7.1 Foreign workers by salary band**

Salary Band	01 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3.7.2 Foreign workers by major occupation**

Major Occupation	01 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% Change
None	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### 3.8 LEAVE UTILISATION

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

**Table 3.8.1 Sick leave**

Salary Band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	91	76.9	13	6	7	36
Highly skilled production (levels 6-8)	392	72.2	59	27.4	7	282
Highly skilled supervision (levels 9 -12)	591	75.8	88	40.9	7	854
Top and Senior management (levels 13-16)	213	74.2	42	19.5	5	647
Contract (Levels 3-5)	10	70	5	2.3	2	3
Contract (Levels 6-8)	30	86.7	2	0.9	15	21
Contract (Levels 9-12)	16	87.5	3	1.4	5	26
Contract (Levels 13-16)	9	100	3	1.4	3	32
<b>Total</b>	<b>1352</b>	<b>75.1</b>	<b>215</b>	<b>100</b>	<b>6</b>	<b>1901</b>

**Table 3.8.2 Disability leave (temporary and permanent)**

Salary Band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	17	100	1	33.3	17	12
Highly skilled supervision (Levels 9-12)	21	100	1	33.3	21	40
Senior management (Levels 13-16)	0	0	0	0	0	0
Contract (Levels 6-8)	18	100	1	33.3	18	13
<b>Total</b>	<b>56</b>	<b>100</b>	<b>3</b>	<b>100</b>	<b>19</b>	<b>65</b>

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

**Table 3.8.3 Annual Leave**

Salary Band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	330.9	17	19
Highly skilled production (Levels 6-8)	1731	80	22
Highly skilled supervision(Levels 9-12)	2271	109	21
Senior management (Levels 13-16)	1583	77	21
Contract (Levels 3-5)	32	9	4
Contract (Levels 6-8)	22	3	7
Contract (Levels 9-12)	84	8	11
Contract (Levels 13-16)	121	14	9
<b>Total</b>	<b>6175</b>	<b>317</b>	<b>16</b>

**Table 3.8.4 Capped leave**

Salary Band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as at 31 March
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	4	2	2	7
Highly skilled supervision(Levels 9-12)	5	1	5	12
Senior management (Levels 13-16)	5	1	5	46
<b>Total</b>	<b>14</b>	<b>4</b>	<b>4</b>	<b>23</b>

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

**Table 3.8.5 Leave payouts**

Reason	Total Amount (R'000)	Number of Employees	Average per employee (R'000)
Leave payout for 2012/13 due to non-utilisation of leave for the previous cycle	72	6	12000
Capped leave payouts on termination of service for 2012/13	122	10	12200
Current leave payout on termination of service for 2012/13	3	12	250
<b>Total</b>	<b>197</b>	<b>28</b>	<b>7036</b>

3.9 HIV/AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.9.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
	<p><b>Programmes are available 24/7/365</b></p> <ul style="list-style-type: none"> <li>• 24-hour toll free number call centre which provides telephonic counselling and advice on a variety of wellbeing issued including health, financial, legal, family care, HIV and AIDS, TB, change, work, substance abuse and stress.</li> <li>• Face-to-face counselling.</li> <li>• Trauma counselling.</li> <li>• HIV and AIDS and TB Programme.</li> <li>• Health promotion and Life Management Programme.</li> <li>• Desk drops in line with Health Calendar.</li> <li>• Access to counselling and support is also available to immediate families of employees.</li> <li>• Encourage and support staff to participate in sports activities.</li> </ul>

Table 3.9.2 Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
<p>1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.</p>	Yes		<ul style="list-style-type: none"> <li>• The Chief Director: HRM manages and oversee the function.</li> </ul>
<p>2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.</p>	Yes		<ul style="list-style-type: none"> <li>• The function is performed under the Directorate: Organisational Development, Employment Equity and Change Management. There are 2 dedicated staff members. The budget is R1,000,000.</li> <li>• The Department has appointed a new service provider to administer the Health and Wellness services for the Department.</li> <li>• The new service provider will commence duty on 1 April 2013 for duration of two (2) years.</li> </ul>
<p>3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.</p>	Yes		<ul style="list-style-type: none"> <li>• 24-hour toll free number call centre which provides telephonic counselling and advice on a variety of wellbeing issued including health, financial, legal, family care, HIV and AIDS, TB, change, work, substance abuse and stress.</li> <li>• Face-to-face counselling.</li> <li>• Trauma counselling.</li> <li>• HIV and AIDS and TB Programme.</li> <li>• Health promotion and Life Management Programme.</li> <li>• Desk drops in line with Health Calendar.</li> <li>• Access to counselling and support is also available to immediate families of employees.</li> <li>• Encourage and support staff to participate in sports activities.</li> </ul>

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Question	Yes	No	Details, if yes
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		No	
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		No	<ul style="list-style-type: none"> <li>• However the Department is currently embarked in a process of reviewing its Health and Wellness policies.</li> </ul>
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		<ul style="list-style-type: none"> <li>• An HIV and AIDS and TB (HCT) screening and testing were conducted during the World Aids Day Commemoration on 1 December 2012 to establish prevalence rates, taking into account variables such as age and gender.</li> <li>• Condom distribution to all business units and utilisation of campaign.</li> <li>• Counselling and support through the Employee Assistance Programme.</li> </ul>
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		<ul style="list-style-type: none"> <li>• An HIV and AIDS and TB (HCT) screening and testing were conducted during the World Aids Day Commemoration on 1 December 2012 to establish prevalence rates, taking into account variables such as age and gender.</li> </ul>
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		<ul style="list-style-type: none"> <li>• Implement HCT campaigns and other Wellness campaigns.</li> <li>• Implement Employee Wellness programme (EAP).</li> </ul>

### 3.10 LABOUR RELATIONS

**Table 3.10.1 Collective agreements**

Subject Matter	Date
None	

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

**Table 3.10.2 Misconduct and disciplinary hearings finalised**

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	1	33
Suspended without pay	1	33
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	1	33
<b>Total</b>	<b>3</b>	<b>100</b>

**Table 3.10.3 Types of misconduct addressed at disciplinary hearings**

Type of misconduct (based on annexure A)	Number	% of total
Falsification of records/information	1	33.3
Refusal to carry out lawful instructions	1	33.3
Various issues of non-compliance to HRM policies and procedures	1	33.3
<b>Total</b>	<b>3</b>	<b>100</b>

**Table 3.10.4 Grievances logged**

	Number	% of Total
Number of grievances resolved	2	20
Number of grievances not resolved	8	80
<b>Total number of grievances lodged</b>	<b>10</b>	<b>100</b>

**Table 3.10.5 Disputes logged**

	Number	% of Total
Number of disputes upheld	1	20
Number of disputes dismissed	4	80
<b>Total number of disputes lodged</b>	<b>5</b>	<b>100</b>

**Table 3.10.6 Strike actions**

Total number of persons working days lost	0
Total costs working days lost	0
Amount (R'000) recovered as a result of no work no pay	0



**Table 3.10.7 Precautionary suspensions**

Number of people suspended	0
Number of people who's suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspension	0

### 3.11 SKILLS DEVELOPMENT

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

**Table 3.11.1 Training needs identified**

Occupational Category	Gender	Number of employees as at 1 April 2012	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	27	0	66	12	78
	Male	42	0	98	21	119
Professionals	Female	32	0	47	17	64
	Male	12	0	17	2	19
Technicians and associate professionals	Female	44	0	5	0	5
	Male	48	0	1	0	1
Clerks	Female	68	0	74	14	88
	Male	22	0	30	9	39
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	3	0	0	0	0
	Male	4	0	0	0	0
Sub Total	Female	174	0	192	43	235
	Male	128	0	146	32	178
<b>Total</b>		<b>302</b>	<b>0</b>	<b>338</b>	<b>75</b>	<b>413</b>

**Table 3.11.2 Training provided for the period**

Occupational Category	Gender	Number of employees as at 1 April 2012	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	27	0	24	18	42
	Male	42	0	24	29	53
Professionals	Female	32	0	73	17	90
	Male	12	0	24	12	36
Technicians and associate professionals	Female	44	0	4	0	4
	Male	48	0	1	0	1
Clerks	Female	68	0	101	10	111
	Male	22	0	42	0	42
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	3	0	0	0	0
	Male	4	0	0	0	0
Sub Total	Female	174	0	202	45	247
	Male	128	0	91	41	132
<b>Total</b>		<b>302</b>	<b>0</b>	<b>293</b>	<b>86</b>	<b>379</b>

### 3.12 INJURY ON DUTY

The following tables provide basic information on injury on duty.

**Table 3.12.1 Injury on duty**

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

3.13 UTILISATION OF CONSULTANTS

Table 3.13.1 Report on consultant appointments using appropriated funds

Project Title	Total Number of consultants that worked on project	Duration Work days	Contract value in Rand
Appointment of a service provider to assist the Department in evaluating applications for accreditation	12	18 weeks	1 020 000
Appointment of a service provider for auditing of current National Radio – Frequency spectrum between 9 KHz and 500 MHz	8 (core)	6 months	6 848 550
Appointment of a service provider for exploiting the “second digital dividend” in South Africa	9 (core)	6 months	5 647 202
Appointment of a service provider to conduct a skills audit for the Department	14 (core)	53	766 712
Appointment of a service provider to design, develop and execute leadership and management development programme in the Department	40	6 months	1 463 000
Appointment of a service provider to render public awareness campaign on the Broadcasting Digital Migration	9 (core)	36 months	11 800 000
Appointment of a service provider to facilitate the migration process	7	12 months	7 060 000
Appointment of a service provider for the electronic communications network and services value chain analysis of the South African Telecommunications Industry	9	18 months	3 773 193
Appointment of a service provider to assist the Department with the rolling out of ICT services to 61 rural wards as identified and prioritised by the Comprehensive Rural Development Programme	10	10 months	5 372 136
Appointment of a service provider to assist the Department in conducting an independent evaluation of corporate governance practices at SABC, SAPO, SENTECH, USAASA, USAF & NEMISA	6	10 weeks	885 757

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
10	124	-	44 636 550

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**Table 3.13.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)**

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Appointment of a service provider to assist the Department in evaluating applications for accreditation	BBBEE Level 3 Contributor (100% Black Ownership)	-	6
Appointment of a service provider for auditing of current National Radio – Frequency spectrum between 9 KHz and 500 MHz	BBBEE Level 5 Contributor	-	1
Appointment of a service provider for exploiting the “second digital dividend” in South Africa	BBBEE Level 2 Contributor (27.76% Black ownership)	-	4
Appointment of a service provider to conduct a skills audit for the Department	BBBEE Level 1 Contributor (100% Black ownership)	-	14
Appointment of a service provider to design, develop and execute leadership and management development programme in the Department	BBBEE Level 3 Contributor (70% Black ownership)	-	25
Appointment of a service provider to render public awareness campaign on the Broadcasting Digital Migration	BBBEE Level 3 Contributor (74% Black ownership)	-	7
Appointment of a service provider to facilitate the migration process	BBBEE Level 3 Contributor (100% Black ownership)	-	6
Appointment of a service provider for the electronic communications network and services value chain analysis of the South African Telecommunications Industry	Non-compliant contributor (0% Black ownership)	-	3
Appointment of a service provider to assist the Department with the rolling out of ICT services to 61 rural wards as identified and prioritised by the Comprehensive Rural Development Programme	BBBEE Level 3 Contributor (100% Black ownership)	-	9
Appointment of a service provider to assist the Department in conducting an independent evaluation of corporate governance practices at SABC, SAPO, SENTECH, USAASA, USAF & NEMISA	BBBEE Level 2 Contributor (90% Black ownership)	-	3

**Table 3.13.3 Report on consultant appointments using Donor funds**

No consultants were appointment using donor fund in the Department during the reporting period

Project Title	Total Number of consultants that worked on project	Duration Work days	Donor and Contract value in Rand
-	0	0	0

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
-	0	0	0

## Vote 27: Department of Communications

**Table 3.13.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)**

No consultants were appointment using donor fund in the Department during the reporting period

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
-	0	0	0

# PART: E

## FINANCIAL INFORMATION



## MANAGEMENT REPORT FOR THE YEAR ENDED 31 MARCH 2013

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

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

#### 1.1 IMPORTANT POLICY DECISIONS AND STRATEGIC ISSUES FACING THE DEPARTMENT

##### *ICT Policy Review*

The Minister of Communications launched a process to review Information and Communications Technology (ICT) policies through the hosting of a National ICT Policy Colloquium on the 19th and 20th of April 2012. The Colloquium consisted of six Commissions focusing on telecommunications, postal, broadcasting, digitising government, local content and ICT industry development. The ICT Policy review was initiated to examine the policy and regulatory frameworks that apply to telecommunications, broadcasting, postal and e-commerce and will lead to an adoption of a White Paper on Integrated ICT policy Framework for South Africa which will be futuristic, taking into account greater technology and services convergence mainly for ensuring universal service and access to all South Africans.

The Department plans to issue a Green Paper on Integrated ICT Policy Framework in the 2013/14 financial year. Due to the enormity, complexity and the need to ensure inclusivity in the development of these documents, the Minister of Communications appointed an ICT Policy Review Panel which shall review the current policy and regulatory framework in the ICT sector with a view to make relevant recommendations.

##### *Broadcasting Digital Migration*

Broadcasting Digital Migration programme remains a strategic issue facing the Department for the upcoming MTEF period.

The Department amended the initial Digital Migration Policy which sets the parameters of migrating the country's broadcasting from analogue to digital and meeting the ITU resolutions. Following the amendments to the Digital Migration Policy, in March 2012, Cabinet approved the Scheme for Ownership Support (SOS) of Set Top Boxes (STBs) as well as the STB Manufacturing Sector Development Strategy. The Scheme for Ownership Support (SOS) of Set Top Boxes (STBs) allows for Government to provide an incentive towards the cost of the STB for the poorest TV owning households which will help the country in its efforts to build an information society and bridge the digital divide by using TV as a platform to improve access to services for poor communities. The Scheme will also accelerate the uptake of DTT in the country so as to meet the South African Digital Migration timelines and directly benefit poor TV households. The STB Manufacturing Sector Development Strategy aims to revitalize the electronics manufacturing industry while creating sustainable jobs in the industry as well as promote innovation and research.

As part of the implementation of the Broadcasting Digital Migration Policy, the Department will in the 2013/14 financial year focus on, amongst others, increasing national digital coverage, rolling out the Scheme for Ownership Support (SOS), implementing the STB Manufacturing Sector Development Strategy as well as ensure digital migration awareness and provision of technical user support through the establishment of a National BDM Call Centre.

##### *Broadband*

Broadband is an enabling infrastructure for building the knowledge economy and information society and for accelerating the socio-economic growth and development of South Africa. Although the National Broadband Policy was approved by the Cabinet in June 2010, the Department has embarked on developing a revised National Broadband Policy and Broadband

Strategy for the country which it plans to submit to Cabinet for approval in the first quarter of the 2012/13 financial year.

The revised Broadband Policy aims at ensuring universal access to reliable, affordable and secure broadband infrastructure and services by 2020 and stimulates sustainable uptake and usage of ICTs. Furthermore, the Policy prioritises the need to implement interventions aimed at strategic positioning of broadband infrastructure as a catalyst for social and economic growth and enhance universal access. To this end, government will encourage and support investment in broadband backbone network infrastructure and increasing the uptake and usage of broadband services.

In the 2012/13 financial year, the Department will focus on the finalization and approval of the Broadband Policy and the Broadband Strategy as well as coordinate and monitor relevant broadband initiatives of identified stakeholders aligned to the Broadband Policy and Strategy.

## 1.2 SIGNIFICANT EVENTS THAT HAVE TAKEN PLACE DURING THE YEAR

### *National ICT Policy Colloquium*

The Minister of Communications launched a process to review Information and Communications Technology (ICT) policies through the hosting of National ICT Policy Colloquium which was hosted from the 19<sup>th</sup> to 20<sup>th</sup> April 2012. The Colloquium consisted of six Commissions focusing on telecommunications, postal, broadcasting, digitising government, local content and ICT industry development. The dialogue was intended to cultivate and foster a positive approach towards collectively building a world class competitive ICT industry sector in South Africa which will ultimately create employment opportunities, increase access to ICT services towards universal access across the country, and in the process boost South Africa's technology capability and export index.

Stemming from the ICT Policy Colloquium, a Colloquium report with proposals and recommendations was developed which has informed the ICT Policy review process going forward.

### *Information, Communication and Technology Indaba*

The Department hosted the inaugural ICT Indaba from the 4<sup>th</sup> to 7<sup>th</sup> of June 2012 at the Cape Town International Convention Centre (CTICC). The workshop was hosted by DoC, partnering with the International Telecommunications Union (ITU). The Indaba's main aim was to bring together leading African ICT industry players, labour, civil society and Africa's governments to form a partnership that will shape the African continent's ICT development initiative. This approach to ICT development will be a catalyst to education, health, business and rural development. The ICT Indaba's ultimate goal was to engage global ICT players, the media, governments, labour and civil societies on the role that all parties could play in propelling the African ICT development agenda. The Indaba also served as the platform to build relations with the African ICT market which presents a good investment opportunity.

### *African Union Ministers Meeting*

The African Union Ministers Meeting took place in September 2012 in Sudan. A key programme aimed at ensuring that infrastructure network remains secure is the AU Cyber Convention Framework, which was approved by the AU CIT Ministerial meeting in September 2012. South Africa formed part of the 5 member committee of experts that worked on the Framework which promotes electronic transactions, cyber security and personal data protection for all citizens.

## 1.3 MAJOR PROJECTS UNDERTAKEN OR COMPLETED IN THE YEAR

### *ICT Policy Review*

The Department hosted a National ICT Policy Colloquium from the 19<sup>th</sup> to 20<sup>th</sup> of April 2012 which focused on telecommunications, postal, broadcasting, digitising government, local content and ICT industry development. Following the Colloquium, a Colloquium report with recommendations and proposals was produced which has informed the policy review process.



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Due to the enormity, complexity and the need to ensure inclusivity in the development of these documents, the Minister of Communications appointed an ICT Policy Review Panel which began with its work in January 2013. Furthermore, the Chairperson and Deputy Chairperson of the Panel as well as Chairpersons of the various work streams were appointed. Lastly, a policy framing document was developed and literature review of existing ICT policies was conducted.

### ***Postbank***

With regards to the Lending, Borrowing and Investment Policies of the Postbank, during the reporting period, the Department developed the policies and concluded extensive consultations with National Treasury prior to obtaining concurrence from the Ministry of Finance. All three Policies were thereafter approved by Cabinet and submitted to the Speaker of Parliament ahead of schedule. Furthermore, the Postbank Amendment Bill was also developed.

### ***Broadcasting Digital Migration (BDM)***

With regards to implementation of the Broadcasting Digital Migration Policy, the Department conducted continuous monitoring and evaluation and produced quarterly monitoring reports. The Local Digital Content Strategy was tabled at the Economic Sector & Employment Cluster & approved to go to Cabinet for final approval.

Furthermore, the STB Technical Specifications were finalised and gazetted. The STB Conformance MoU was developed with South African Bureau of Standard (SABS) and the Department of Trade and Industry. Lastly, the RFI for local STB Manufacturing was issued and submissions were analysed by a panel that was set up for this purpose.

In terms of Digital signal coverage, the DTT infrastructure rollout was continuously monitored and as at the end of the reporting period, 80.4% population coverage was achieved. Lastly, the Department also commenced with the roll-out of the BDM Public Awareness campaign in December 2012.

### ***Broadband***

During the reporting period, the Department amended the National Broadband Policy. The Policy was gazetted and the development of National Broadband strategy commenced under the auspices of SIP 15. The Department also conducted a Broadband marketing study together with National Treasury to inform the development of the Broadband Funding Model after which three Funding Models were developed.

Furthermore, the Department established baseline data for broadband coverage, penetration, speed and cost, and also completed a GIS Mapping report. Recommendations stemming from the broadband study were incorporated into the revised Broadband Policy and consultation was conducted with Industry in this regards.

### ***State Owned Companies Oversight***

As part of its State Owned Companies (SOC) oversight function, the Department facilitated the development of budget for entities for the 2013 MTEF and engagements with SOCs to discuss their additional funding requirements. In terms of its monitoring and evaluation role, the Department conducted analysis of SOCs Quarterly reports and provided feedback to the SOCs with recommendations.

Furthermore, the Department paid specific focus on alignment of SOC priorities with that of Government in general, and the Department in specific, through undertaking joint and integrated planning. The Department also reviewed the Articles of Association which were continuously monitored in liaison with Company Secretaries.

Lastly, in adhering to good corporate governance, the DoC undertook a process to amend all the Articles of Association of its SOCs (except ICASA and .ZDNA) and to convert them into Memorandum of Incorporation (Moi) as required by the new Companies Act. In drafting the MOIs, compliance and alignment with the provisions of the Companies Act, the PFMA as well as King 3 Report on Corporate Governance was considered.

**International Programme**

On the postal programme, South Africa chaired the African Support Committee/UPU key Content Committee of PAPU as part of Africa's regional preparation for the UPU Congress. Amongst the successes, South Africa made an important contribution to Addressing the World Ministerial Debate on delivering the 2020 Postal Vision. This led to Ministers adopting the White Paper in support of the UPU's global declaration to prioritise the development of addressing infrastructure. Recognition was given to South Africa on the work of the National Address Systems, and South Africa continues to assist a number of African countries in rolling out their national address system.

Additionally, another success was the election of South Africa to the Council of Administration of the UPU for the first time since admission to the UPU in 1994, receiving the highest number of votes within the Africa region, and among the top six countries elected overall. Additional to the election to the Council, South Africa was selected to Chair the Future Strategy Committee, and consequently will also form part of the Management Board of UPU.

South Africa participated in key global conferences, key amongst which was the World Conference on International Telecommunications (WCIT), convened by the ITU, whose focus was to deal with amendments to the International Telecommunication Regulations (ITRs) which were last addressed in 1988. Considering the phenomenal development of ICT technology and infrastructure, the treaty conference adopted amongst others a resolution, entitled "International telecommunication service traffic termination and exchange", which addresses the regulatory, technical and economic issues which need to be taken into consideration in the transition from dedicated phone and data networks to the converged IP-based networks. This resolution is linked to the national and regional agenda of ensuring transparency in international mobile roaming charges, and the fostering of competition to the benefit of consumers. South Africa was elected as the Chair of the African group, and as the Vice Chair of the WCIT Conference.

In ensuring alignment and advancing the African Agenda, a key programme in the form of the DotAfrica, which is a domain name space entity for Africa, was adopted by the African countries aimed at increasing regional infrastructure integration whilst providing a secure network. A South African entity, .ZACR was successful in its bid for the operation of the DotAfrica on behalf of the African Union and its community. This decision will help ensure African ownership and administration of the dot Africa domain name. An application was submitted to Internet Corporation for Assigned Names and Numbers (ICANN), and to date 41 countries have endorsed and given support to DotAfrica. This programme will contribute to economic wealth of the continent.

**1.4 SPENDING TRENDS**

The Department's final allocation for the 2012/13 financial year amounts to R1, 655 billion and is made up of the baseline allocation of R1,712 billion and an adjustment of minus R57,315 million. The adjusted allocation includes additional R1,642 million for higher personnel remuneration and the reduction of R58,957 million under goods and services which was identified by the Department as savings.

The spending for the 2012/13 financial year amounted to R1,651 billion (99,8 per cent) and the underspending of R3,8 million. The underspending is mainly transfer payment to New Partnership for Africa's Development e-Africa Commission (NEPAD).

The Department submitted a request to National Treasury in terms of section 43 (4) (b) of the Public Finance Management Act to virement NEPAD's allocation, of which approval was not granted.

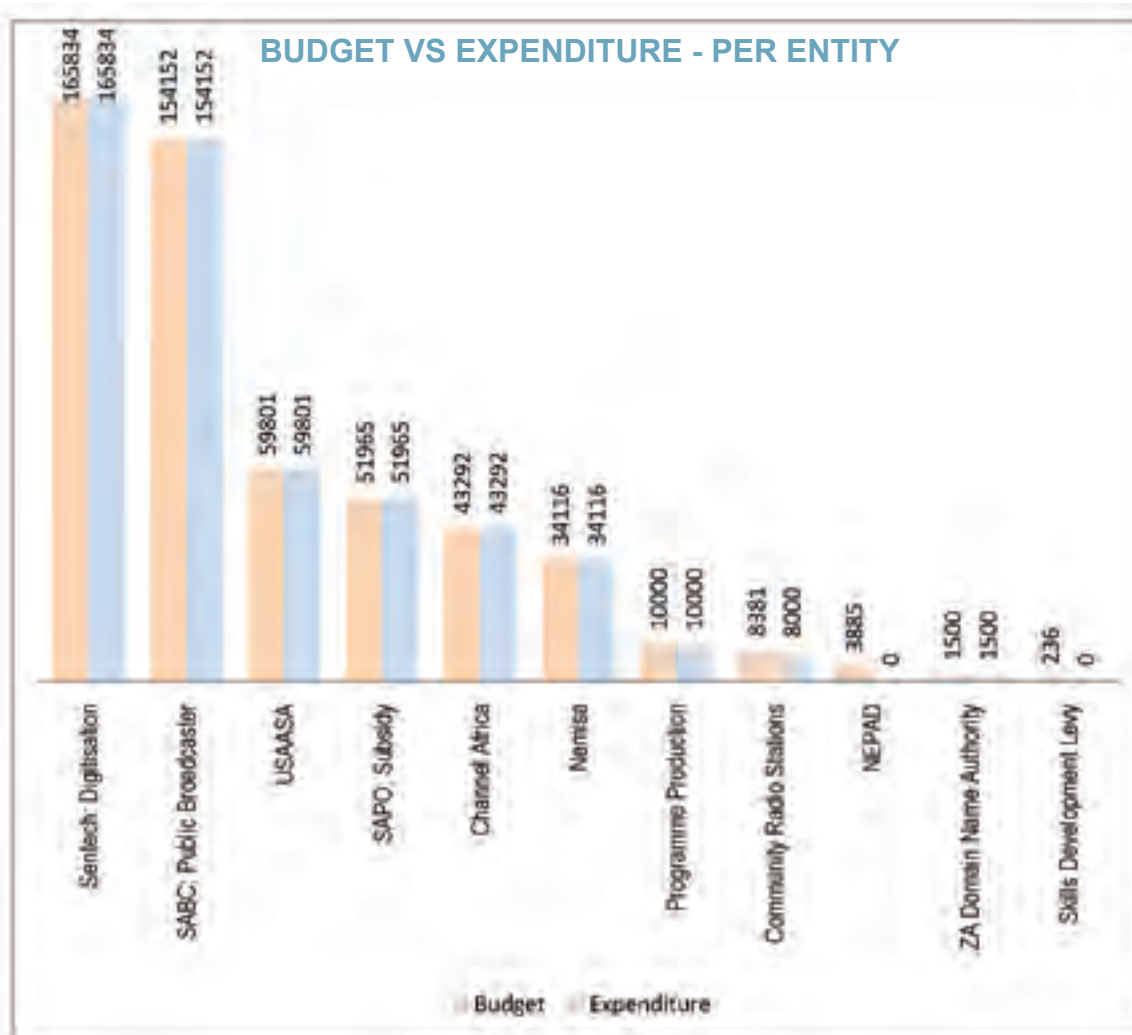
The Department is structured into six programmes namely: Administration, ICT International Affairs and Trade, ICT Policy Development, ICT Enterprise Development, ICT Infrastructure Development and Presidential National Commission. The ICT Enterprise Development programme accounts for the highest budget allocation of 73% of the total budget of the Department. This is mainly due to transfer payments to entities in the Department's portfolio

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namely: Independent Communications Authority of South Africa (ICASA), South African Broadcasting Corporation (SABC), South African Post Office (SAPO), Sentech, Universal Service and Access Agency of South Africa (USAASA), Universal Service and Access Fund (USAF) and The National Electronic Media Institute of South Africa (NEMISA).

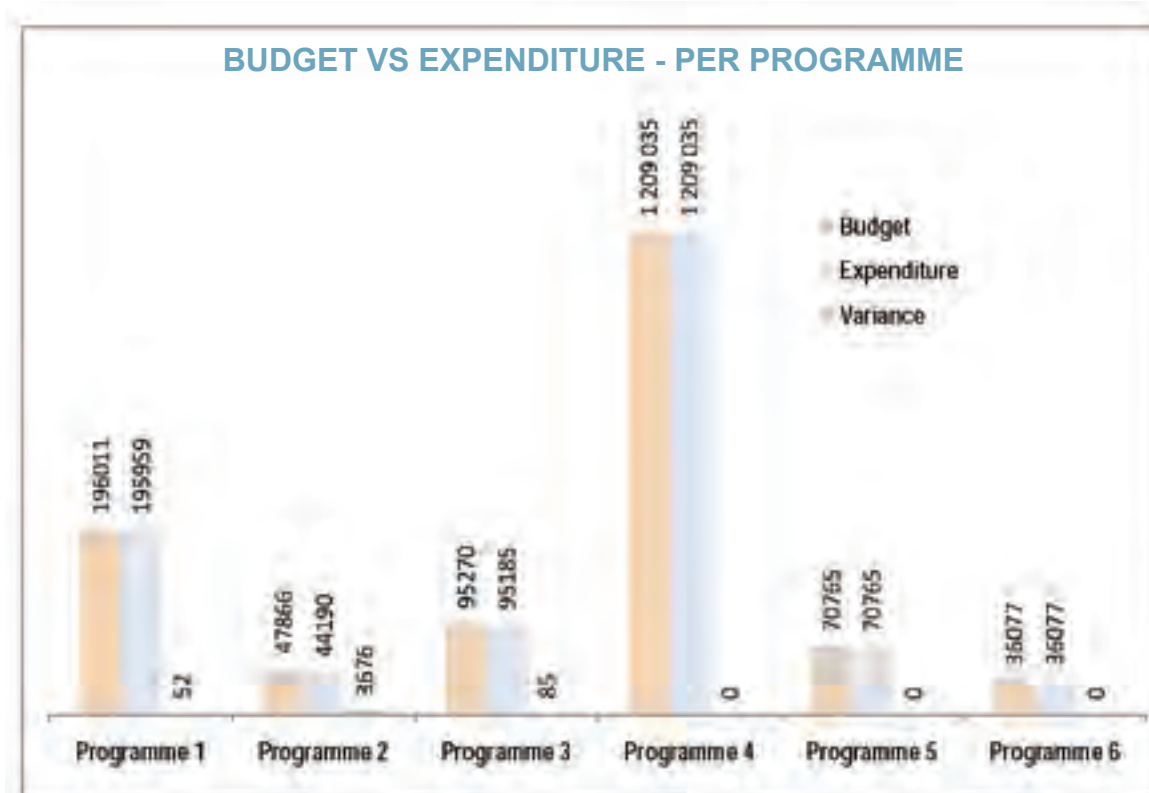
The transfers constitute 98% of the programme expenditure and are made as follows:

Entity	Allocated funds	Expenditure as at 31 <sup>st</sup> March 2013
	R'000	R'000
Independent Communications Authority of South Africa	405,797	405,797
Universal Service and Access Fund	273,977	273,977
Universal Service and Access Agency of South Africa	59,801	59,801
Sentech	165,834	165,834
South African Broadcasting Corporation	197,444	197,444
South African Post Office	51,965	51,965
National Electronic Media Institute of South Africa	34,116	34,116
<b>Total</b>	<b>1,188,934</b>	<b>1,188,934</b>



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Programme	Final allocation	Expenditure as at 31 <sup>st</sup> March 2013
	R'000	R'000
Administration	196,011	195,959
ICT International Affairs and Trade	47,866	44,190
ICT Policy Development	95,270	95,185
ICT Enterprise Development	1,209,035	1,209,035
ICT Infrastructure Development	70,765	70,765
Presidential National Commission	36,077	36,077
<b>Total</b>	<b>1,655,024</b>	<b>1,651,211</b>



**1.5 VIREMENT**

Virement was effected from all programmes on all items to defray excess expenditure, this is mainly due to savings being realised from different items in different programmes. Virement was in accordance with section 43 (1, 2 and 4) of the Public Finance Management Act (PFMA) and was effected as follows:

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**Programme 1: Administration**

	Adjusted Allocation	Expenditure	Variance	Shiftings	Virement	Final Allocation	Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	74,486	65,424	9,062	(6,177)	(2,845)	65,464	40
Goods and services	121,216	126,949	(5,733)	5,509		126,725	(224)
Interest and rent on land	-	23	(23)	23		23	-
Payments for financial assets	-	343	(343)	343		343	-
Provincial and local governments	-	5	(5)	5		5	-
Departmental agencies & accounts	236	-	236	-		236	236
Non profit institutions	-	11	(11)	11		11	-
Households	-	286	(286)	286		286	-
Machinery and equipments	1,071	2,918	(1,847)		1,847	2,918	-
<b>Total</b>	<b>197,009</b>	<b>195,959</b>	<b>1,050</b>	<b>-</b>	<b>(998)</b>	<b>196,011</b>	<b>52</b>

**Programme 2: ICT International Affairs and Trade**

	Adjusted Allocation	Expenditure	Variance	Virement	Final Allocation	Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	10,853	11,293	(440)	440	11,293	-
Goods and services	9,638	11,426	(1,788)	1,579	11,217	(209)
Foreign Gov & International Org	16,161	21,383	(5,222)	5,222	21,383	-
Non profit institutions	3,885	-	3,885	-	3,885	3,885
Machinery and equipments	509	88	421	(421)	88	-
<b>Total</b>	<b>41,046</b>	<b>44,190</b>	<b>(3,144)</b>	<b>6,820</b>	<b>47,866</b>	<b>3,676</b>

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**Programme 3: ICT Policy Development**

	Adjusted Allocation	Expenditure	Variance	Virement	Final Allocation	Balance
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	36,894	40,613	(3,719)	3,719	40,613	-
Goods and services	34,242	36,119	(1,877)	1,581	35,823	(296)
Public Corporations & Private entities	18,381	18,000	381	-	18,381	381
Households	0	88	(88)	88	88	-
Machinery and equipments	775	365	410	(410)	365	-
<b>Total</b>	<b>90,292</b>	<b>95,185</b>	<b>(4,893)</b>	<b>4,978</b>	<b>95,270</b>	<b>85</b>

**Programme 4: ICT Enterprise Development**

	Adjusted Allocation	Expenditure	Variance	Shiftings	Virement	Final Allocation	Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	7,444	4,795	2,649	(100)	(2,549)	4,795	-
Goods and services	16,585	15,189	1,396		(1,396)	15,189	-
Departmental agencies & accounts	773,691	773,691	-		-	773,691	-
Public Corporations & Private entities	415,243	415,243	-		-	415,243	-
Non profit institutions	-	100	(100)	100	-	100	-
Machinery and equipments	892	17	875		(875)	17	-
<b>Total</b>	<b>1,213,855</b>	<b>1,209,035</b>	<b>4,820</b>	<b>-</b>	<b>(4,820)</b>	<b>1, 209,035</b>	<b>-</b>

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**Programme 5: ICT Infrastructure Development**

	Adjusted Allocation	Expenditure	Variance	Shiftings	Virement	Final Allocation	Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	35,493	19,357	16,136	(9,785)	(6,351)	19,357	-
Goods and services	38,815	47,112	(8,297)	8,297		47,112	-
Departmental agencies & accounts	1,500	1,500	-	-		1,500	-
Non profit institutions	-	198	(198)	198		198	-
Households	-	89	(89)	89		89	-
Machinery and equipments	1,062	2,140	(1,078)	832	246	2,140	-
Software & intangible assets	-	369	(369)	369		369	-
<b>Total</b>	<b>76,870</b>	<b>70,765</b>	<b>6,105</b>	<b>-</b>	<b>(6,105)</b>	<b>70,765</b>	<b>-</b>

**Programme 6: Presidential National Commission**

	Adjusted Allocation	Expenditure	Variance	Shiftings	Virement	Final Allocation	Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	19,347	16,030	3,317	(3,317)		16,030	-
Goods and services	16,023	19,739	(3,716)	3,317	399	19,739	-
Universities & Technicons	-	100	(100)	-	100	100	-
Households	-	13	(13)	-	13	13	-
Machinery and equipments	582	195	387	-	(387)	195	-
<b>Total</b>	<b>35,952</b>	<b>36,077</b>	<b>(125)</b>	<b>-</b>	<b>125</b>	<b>36,077</b>	<b>-</b>

**1.6 FRUITLES AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure for the 2012/13 financial year amounted to R1,095 million, of which R1,001 million was paid in respect of settlement agreements and is disclosed in disclosure note of the financial statements.

During the 2012/13 financial year, fruitless and wasteful expenditure to the amount of R515 thousand was condoned and R37 thousand was transferred to the receivables for recovery. These amounts have been recovered from relevant parties. The total amount of fruitless and wasteful expenditure as at 31 March 2013 amounted to R12,098 million which includes previous year's fruitless and wasteful expenditure. The significant amounts included in this figure are detailed below:

A forensic investigation was conducted during 2011/12 financial year and the following payments appear to be fruitless and wasteful expenditure according to the report:

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- Payment to regard to the NEPAD e-Africa Conference amounting to R1,657 million, reported to SAPS as fraud case and it is still under investigation;
- Lease payments with regard to the 112 Emergency Call Centre after it was closed down with rentals amounting to R6,807 million for accommodation and R228 thousand for water and electricity. The matter is being dealt with by the Departmental Legal Services in conjunction with the State Attorney;
- Lease payment of R1,043 million not recovered from sub-letting to plan B at the 112 Emergency Call Centre. The matter is being dealt with by the Departmental Legal Services in conjunction with the State Attorney; and
- Payment of R467 thousand for security services rendered at 112 Emergency Call Centre after it was closed down. The matter is also being dealt with by the Departmental Legal Services.

**1.7 DEPARTMENTAL RECEIPTS**

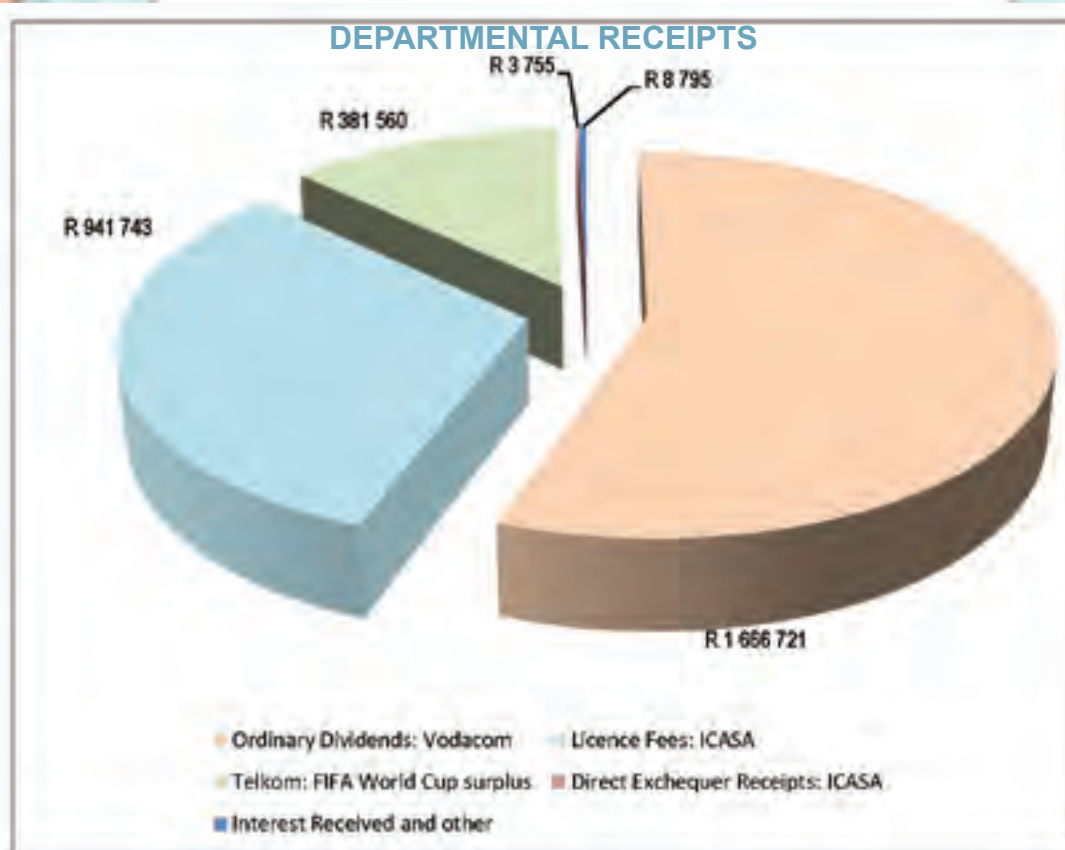
The Departmental receipts for the 2012/13 financial year amounted to R3, 002,574,000 and of which R941, 743,000 is license fees collected by the Independent Communications Authority of South Africa and is made up as follows:

	<b>R'000</b>
Post Office	19,546
Telecommunications Service Providers	324,053
Cellular Network	1,703
Private Radio Stations	439,308
Private Television Stations	149,164
Unreserved Postal Service Registration Fees	438
Telephone Equipment	7,531
<b>Total</b>	<b>941,743</b>

***The balance of the receipts is made up as follows:***

	<b>R'000</b>
Direct Exchequer Receipts : ICASA	8,795
2010 FIFA World Cup Proceeds From Telkom	381,560
Ordinary Dividend From Vodacom	1,666,721
Interest On Nedbank Account	823
Interest From SABC Loan	1,780
Interest On Debts	7
Sales Of Tender Documents	36
Rental Of Office Building	117
Cryptography Fees	9
Commission On Insurance	44
Financial Transactions In Assets And Liabilities	939
<b>Total</b>	<b>2,060,831</b>
<b>TOTAL RECEIPTS</b>	<b>3,002,574</b>





## 2. SERVICE RENDERED BY THE DEPARTMENT

2.1 The Department's core business is policy formulation for the Information Communications Technology sector. In addition, the Department controls and manage shareholding in SAPO, NEMISA, Sentech, and USAASA. Detailed descriptions of services provided by different programmes are covered later in this report.

### 2.2 TARIFF POLICY

The department does not charge tariffs for goods sold and/or services rendered since the testing facility at ISSA was closed down in 2009.

### 2.3 FREE SERVICES

The Department does not provide any free services.

### 2.4 INVENTORIES

The total inventory on hand at year-end of R 1, 085 million comprised mainly of stationery and printing is included in the Annexure to the annual financial statements.

## 3. CAPACITY CONSTRAINTS

The Department has developed a new organizational structure to ensure that service delivery imperatives are enhanced and accelerated. The migration process has commenced to relocate staff to the new organizational structure. The vacancy rate in the Department has been a major constraint due to resignations and the inability to attract scarce skills in critical areas such as spectrum, broadband and cyber-security. The Department has identified critical positions to be filled as a matter of urgency and a total of 29 posts were advertised and the process of filling prioritised senior management posts has begun whereby 14 of the advertised posts have been filled already. The remaining vacant posts will be filled at the end of the migration process in the second quarter of the current financial year.

#### 4. UTILISATION OF DONOR FUNDS

The Department received an amount of R281 thousands from Finland for Inspire Programme Conversions. This fund will be surrendered to National Treasury since this programme has been discontinued.

#### 5. TRADING ENTITIES AND PUBLIC ENTITIES

##### 5.1 NATIONAL ELECTRONIC MEDIA INSTITUTE OF SOUTH AFRICA (NEMISA)

The National Electronic Media Institute of South Africa (NEMISA) was established as a non-profit institute of education by the Department of Communications in terms of the Companies Act (1973). Formed as part of a government initiative in 1998, in response to the White Paper on Broadcasting Policy, the institute's main purpose is to train previously disadvantaged individuals, particularly women, to equip them with the necessary skills to play significant roles in the constantly changing broadcasting environment. The institute offers hands-on training in the electronic media, including content design and production, technical operations and content transmission. The institute provides skills training at an advanced level for the broadcasting industry. It offers national certificates and short courses. National certificates are offered in the areas of television production, animation and radio production. NEMISA supplemented its academic support programmes with on-line support for student through social network interface with lecturers. In order to ensure its financial sustainability and viability has offered short broadcasting training programmes to the SABC, Community Radio and FET multi-media.

##### 5.2 SAPO

The South African Post Office was established in accordance with the Post Office Act (1958) as a government business enterprise to provide postal and related services to the public. It was granted an exclusive mandate to conduct postal services in the country by the Postal Services Act (1988). This act makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations and the financial services activities of Postbank. The Post Office Act (1958) was repealed and replaced by the Post Office Bill and the Postbank Bill, which have been enacted into law by March 2012. The South African Post Office has a retail post office infrastructure of 2,486 service points, which delivers postal, courier, financial and Postbank services. To increase access to its services, 49 new points of presence were opened during the 2012/13 financial year with a reduction of 10 points of presence that closed due to the closure of trading businesses in low economic areas. The entity expects to open an additional 150 new points of presence over the Medium term. The increase in the postal footprint will add to the job creation outcome in providing indirect jobs in the different communities the new points are being targeted for roll-out. South African Post Office also rolled out 1,2 million new addresses. A further 3,6 million new addresses will be rolled out over the medium term to allow wider access to postal and 150 post offices to extend access to financial services to all citizens. The new addresses will also allow more citizens to be included in the communication network and thus stimulate economic activity. The Postbank depositor's funds have increased by R235 million to R4,5 billion during this financial year under review. The increase in the depositor's book is an indication that more citizens are now part of the banked population and can therefore participate in economic activity.

##### 5.3 SENTECH

Sentech Limited is a state owned enterprise established in terms of the Sentech Act (1996) and the Sentech Amendment Act (1999) and is listed as a schedule 3B public entity in terms of the Public Finance Management Act (1999). Its mandate is to provide broadcasting signal distribution for broadcasting licensees. In 2002, Sentech was awarded value added network service licences for its multimedia and carrier of licences, thus allowing for converged ICT solutions. In 2009, these licences were converted to individual electronic communications network service and individual electronic communications service licences under the Electronic Communications Act (2005).

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The highlights at the end of FY2012/13 included the achievement of the DTT population coverage target of 80%, the achievement of the Low Power/ Self Help transmitter network roll-out, achievement of BEE and SMME spend as well as achievement of CSI objectives. However the finalization of the DTT tariff model was delayed to accommodate these new developments that are still in the process of being finalised. Also, delays with the migration of VSAT to the New Dawn Satellite. The minimum threshold of revenue achievement of 97% of budget was slightly missed, with SENTECH achieving 94% of the revenue budget. Also, the SENTECH SW (Short Wave) service is currently under business review as it has failed to achieve the set profitability targets of 5%.

#### 5.4 SABC

The South African Broadcasting Corporation's mandate is set out in its charter and in the Broadcasting Act (1999), which require it to provide its services to all South Africans in all the official languages; provide programming that informs, educates and entertains and which reflects the diversity of South Africans; and maintain freedom of expression and journalistic, creative and programming independence. The corporation's service and broadcasting activities are regulated through the licence conditions issued by the Independent Communications Authority of South Africa for each of its radio and television services. It reports to the authority quarterly to comply with licence conditions. The corporation is further bound to meet licence conditions set for its individual radio stations and television channels, and has to abide by regulations set by the Independent Communications Authority of South Africa outlining minimum quotas and standards in areas such as local content.

The corporation became a limited liability company in 2004, with two operational divisions: public broadcasting services and commercial broadcasting services. As a national public service broadcaster, the corporation operates 18 radio stations and three television stations, reaching about 24 million people daily. The South African Broadcasting Corporation continued preparation for the migration to digital terrestrial television which will allow the corporation to increase the number of channels it offers as well as enhance its public broadcasting services by offering content in areas such as children's programming, news, sport, regional content, youth, women and education, as well as more comprehensive services in all languages and to communities with disabilities. The corporation continues to promote universal access to broadcasting services by switching on lower power radio and television transmitters. These low power transmitters broadcast television and radio signals at a very low cost to communities in historically marginalised communities and rural areas. In the previous financial year, the SABC posted net profit of R343 million, exceeding the Government Guarantee of R225 million. The SABC is the most listened Radio Service provider in the country with weekly audiences that have grown to 28,2 million in June 2012. The public service channels also remained the most watched channels with an audience share of 57% of the 7 million analogue terrestrial households and approximately 3 million direct-to-home satellite households. The SABC continues to broadcast the nation's most watched television programmes. A monitoring task team continues to monitor the performance of the SABC against the Government Guarantee targets.

#### 5.5 ICASA

The Independent Communications Authority of South Africa was established in terms of the Independent Communications Authority of South Africa Act (2000). The authority makes regulations and issues communications licences in terms of the Electronic Communications Act (2005) and Postal Services Act (1998). In addition, the authority enforces compliance with rules and regulations, protects consumers from unfair business practices and poor quality services, hears and decides on disputes and complaints brought against licenses and controls and manages the frequency spectrum. During the 2012/13 financial year ICASA:

- Licensed 44 Class Electronic Communications Network Service, 44 Electronic Communications Service, 16 Unreserved Postal Services Certificates, 26 Class Sound Broadcasting Service Registrations;
- Reviewed 59 (exceeding the target of 55) notifications for tariff lodgement;

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- Process 395 out of a target of 435 applications for mobile phone operators, TV operators and TV signal distributors;
- Completed Band 570 - 670 MHz and band 670-770 MHz whilst Bands 3.4-4.2 GHz and Band 4.4 - 4.9 GHz was not completed;
- A total of 2334 Equipment Type approval certificates were issued, thus exceeding a set target of 2000;
- Issued 4492 (exceeding the set target of 3680) new spectrum licenses which includes all types of new licences issued and pre-assigned;
- Resolve 64% out of 70% of the consumer complaints;
- A total number of 653 was achieved in respect of a target of 740 in the public education and awareness initiatives throughout the country. The community outreach were maximised through the use of national print media, ICASA website, Community and Public broadcasting services

#### 5.6 **UNIVERSAL SERVICE AGENCY AND ACCESS OF SOUTH AFRICA – AGENCY AND THE FUND (USAASA AND USAAF)**

The Universal Service and Access Agency of South Africa, is established in terms of section 80 of the Electronic Communications Act Number 36 of 2005 as a statutory body. Its sole mandate is to promote universal service and universal access to electronic communications services, electronic communications network services and broadcasting services. The agency is responsible for managing the Universal Service and Access Fund. In terms of the act, the fund receives contributions from licensed telecommunications providers and broadcasters which are used to fulfil universal access obligations in under-served areas. The agency plays a key role in facilitating the achievement of 100 per cent ICT penetration by 2020. As at 31 March 2013, USAASA had new access centres completed. This gives a total of 68 access centres that were established since 2008/09 financial year. An additional 80 old sites were also upgraded. Over the medium term, the fund expects to deploy 600 cyber labs to under-served areas by 2014/15.

### 6. **ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE**

#### 6.1 **PROGRAMME PRODUCTION**

South African Broadcasting Corporation: Programme Production was allocated R10 million for the period under review. This allocation was transferred to SABC for programme production.

#### 6.2 **COMMUNITY RADIO STATIONS**

South African Broadcasting Corporation: Community Radio Stations has been allocated R8,381 million for the 2012/13 financial year. Of this allocation, R8 million has been transferred to Sentech to fund the new signal distribution subsidy scheme that took effect from 1 September 2012 for community broadcasting services. The new signal distribution subsidy scheme will be valid for four (4) years.

#### 6.3 **.ZA DOMAIN NAME**

za Domain Name Authority was established in terms of chapter 10 of the Electronic Communication and Transactions (ECT) Act of 2002 to take responsibility for .za Domain Name Space. The Department has been funding the .za Domain Name Authority since its inception. An amount of R1,5 million has been allocated for the 2012/13 financial and transferred to this organisation.

#### 6.4 **NEW PARTNERSHIP FOR AFRICA'S DEVELOPMENT e-AFRICA (NEPAD)**

No transfer was made to New Partnership for Africa's Development e-Africa (NEPAD) for the 2012/13 financial year. This had negative impact on the delivery of programmes.

During 2012 period, the NEPAD e-Africa programme focused on infrastructure development programme, ensuring alignment to the AU- Broadband Infrastructure Programme, Programme for Infrastructure Development in Africa (PIDA) and Presidential Infrastructure Champion

Initiative (PICI), within the NPCA mandate. The work focused on harmonisation and coordination with the AUC and with the Regional Economic Communities, especially SADC.

NEPAD e-Africa continued to implement the AU-NEPAD ICT Broadband Infrastructure Programme, which seeks to facilitate the accelerated development of ICT infrastructure, accelerated use of this infrastructure for ICT services and applications, and bridging of the digital divide within Africa, and between Africa and the rest of the world. The programme will integrate the African continent by harmonizing ICT infrastructure initiatives across the continent, enabling trade, social and cultural interchange to take place with ease and affordability. The programme forms part of the broader Programme for Infrastructure Development in Africa (PIDA).

In January 2012 the African Union Summit approved PIDA and its 51 Priority Actions Programmes/Projects (PAPs). The ICT sector has **3 Priority Action Programmes** which need to be developed into actionable projects.

The 3 ICT PIDA PAPs are:

1. ICT Enabling Environment: This programme is intended to improve the enabling environment in order to attract public and private sectors to invest in broadband infrastructure.
2. ICT Terrestrial Connectivity: This programme has two components;
  - a. Ensure that every landlocked country has at least two different broadband connections to two submarine cables.
  - b. Ensure that every coastal and island country has a submarine landing station.
3. Internet Exchange Points: This programme is to ensure that the continent has adequate internet nodes intended to keep local traffic local.

With funding support from the DoC, the e-Africa Programme, undertook a number of PIDA activities as part of the NPCA PIDA Team. The main PIDA activities undertaken during 2012 were engagement of key stakeholders including RECs, AfDB and World Economic Forum (WEF) to:

- Identify Bankable projects to complete network designs and business plans for implementation of regional cross-border networks. It is expected that availability of business plans will expedite attraction of investment funds into the PIDA Priority Action Programme (PAP) projects.
- A Geographic Information Systems (GIS) database and an Interactive-Map of Africa's broadband connectivity.
- Identification of gaps and bottlenecks in the policy and regulatory frameworks required to facilitate implementation of cross-border terrestrial networks.

#### ***Presidential Infrastructure Champion Initiative (PICI)***

With funding support from the DoC, the e-Africa Programme has participated in and tracked progress of Presidential Infrastructure Champion Initiative (PICI) right from its inception. During 2012, ICT-PICI Project No 7 Championed by President Kagame recorded substantial success by completion of a 2 500 km fibre-optic national backbone and linking landlocked Rwanda with neighbouring Tanzania and Uganda. In the ITU "Measuring the Information Society 2012 Report" Rwanda was ranked 3rd and the only least developed country (LDC) among the top 10 most dynamic ICT Development Indicators (IDI) countries. International Internet bandwidth per Internet user more than doubled, from around 2 000 bit/s in 2010 to over 4 000 bit/s in 2011-12.

The model used for the Rwanda-Tanzania-Uganda connectivity will be used as a bench-mark for the other countries, especially connectivity between DRC-Tanzania, DRC-Zambia, and DRC-Angola where cross boarder connectivity is still missing. Through this initiative the SADC Region Information Infrastructure (SRII) project (Phase 1) will be complete.

## 7. PUBLIC PRIVATE PARTNERSHIPS (PPP)

The Public Private Partnerships (PPP) approved by National Treasury reached procurement stage, however a strategic decision by management was taken to cancel the project.

## 8. CORPORATE GOVERNANCE ARRANGEMENTS

### 8.1 Risk Management Approach

#### 8.1.1 Risk Management Committee

The Department has a formally established Risk Management Committee (RMC) comprising of nine (9) members. The Committee's membership consists of two (2) independent non-executive members and seven (7) internal senior management members formally appointed by the Accounting Officer with a blend of skills and knowledge. The Committee is chaired by an independent non-executive member who is also a member of the Audit Committee.

The RMC operates in terms of its approved reference contained in the Department's Risk Management Committee Charter. The Risk Management Committee met four times during the year under review and continued to provide objective oversight and assisting the Accounting Officer with encouraging and embedding risk management culture throughout the Department. The Accounting Officer, Risk Owners (DDGs), Chief Director: Internal Audit and Risk Management, National Treasury and the Auditor-General are standing invitees to the meetings in terms of the Committee's terms of reference.

#### 8.1.2 Enterprise Risk Management

Management of risks has become essential for any institution and the Department of Communications is no exception. In carrying out its mandate, Department of Communications is faced with challenges, internally and externally, exposing the Department to a variety of risks that should be mitigated as well as opportunities that should be pursued.

The Accounting Officer is also required in terms of Section 38 (1)(a)(i) of the PFMA to have and maintain effective, efficient and transparent systems of risk management. Treasury Regulation (TR) 3.2.1 requires the Accounting Officer to ensure that a risk assessment is conducted regularly to identify emerging risks for the Department. However, the extension of general responsibilities in terms of Section 45 of the PFMA to all managers within the Department implies that responsibility for risk management vests at all levels of management and that it is not limited to only the Accounting Officer. Thus the Department's Risk Owners and Risk Champions assist the Accounting Officer in fulfilling the responsibilities of managing the Department's risk exposure to acceptable levels whilst the Risk Management and Audit Committees assisting with the oversight of the Department's risk management processes and compliance with the above legislative requirements.

Risk management within the Department is not only about compliance with laws and regulations but also to ensure that risk exposures are reduced to acceptable appetites and tolerance levels while opportunities presented are pursued. Thus, a comprehensive and rigorous risk management framework and assessment approach have been adopted by Top Management and implemented throughout the Department to ensure that all the major risks facing the Department are identified and managed. With this approach, the Department enhances its ability to fulfil its mandate and achieve its strategic goals and objectives and to improve the Department's risk management maturity.

### 8.2 Fraud Prevention

Parliament has passed various laws and regulations to support the Government's fight against fraud and corruption, including but not limited to the Prevention and Combating of Corrupt Activities Act (No. 12 of 2004), the Promotion of Administration of Justice Act (No. 3 of 2000), the Protected Disclosure Act (No. 26 of 2000), etc. In developing and implementing the Department's Fraud Prevention Strategy, the Risk Management Directorate has taken into consideration the above and other relevant laws and regulations.

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The Department acknowledges that fraud prevention is imperative for responsible management of public funds to ensure effective service delivery, protection of public interest and maintenance of public trust. The Department has implemented an approved Fraud Prevention Strategy throughout the year. The Fraud Prevention Strategy has been reviewed and approved by Top Management, Risk Management and Audit Committees during the year under review.

### 8.3 Risk Management and Fraud Prevention Awareness and Reporting

The implementation of the Department's risk management, fraud prevention and governance and compliance enabling provisions (Frameworks, Strategies, Policies and Plans) was facilitated through workshops and awareness campaigns that have been initiated during the year under review. The implementation of these programmes and campaigns was monitored through implementation reports that have been prepared and presented to the Risk Management and Audit Committees meetings during the current year under review. Recommendations from Oversight Committees have been considered and implemented to enhance the implementation of the programmes, campaigns and risk management maturity.

### 8.4 Effectiveness of Internal Audit and Audit Committee

In ensuring that the Department complies with the provisions of section 38 of the PFMA, the Accounting Officer established the internal audit unit and appointed an audit committee to provide an oversight on the systems of internal control, governance and risk management.

#### 8.4.1 Internal Audit

The Department has an Internal Audit Unit providing an independent, objective assurance and consulting activity designed to add value and improve the Department's operations. Internal Audit reports administratively to the Accounting Officer and functionally to the Audit Committee. The Unit operates in terms of an approved internal audit charter and under the control and direction of an Audit Committee. In providing the assurance services the unit follows a risk based internal audit plan approved by the Audit Committee. The plan is accomplished by implementing systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

During the period under review Internal Audit experienced capacity challenges with only the positions of the Chief Director, two Deputy Directors and Senior Administrative Officer being filled, out of the structure with nine (9) positions. With only two Deputy Directors doing the field work, the unit managed to complete 62% of the annual audit plan.

#### 8.4.2 Audit Committee

The Audit Committee is established in accordance with section 76 and 77 of the PFMA. The Committee operates in accordance with an approved Audit Committee Charter as its terms of reference. During the period under review the committee had six (6) meetings and three special meetings i.e. with the Director-General and Chief Audit Executive (CAE); and the Office of the Auditor General (AGSA), respectively.

### 8.5 Other Governance Structures

The following governance structures are currently operational in the Department of Communications:

The **Executive Committee** (EXCO): The purpose of EXCO is to oversee the implementation of the mandate of the Department.

EXCO is constituted by the Deputy Minister, Director-General, with the Minister as the Chairperson. The Heads of Ministry and the Office of the Director-General participate in an ex officio capacity. The Secretariat support is provided by the Office of the Director-General.

## Vote 27: Department of Communications

During the period under review, four (4) EXCO meetings took place.

The **Departmental Executive Committee (DEC)**: The purpose of the DEC is to:

- Oversee the implementation of the Strategic Plan of the Department;
- Support the Minister in giving effect to the Department's Shareholder Oversight role in respect of the portfolio of State Owned Companies reporting to the Department of Communications; and
- Oversee the implementation of and reporting on other priority projects that might be identified to address short and medium-term Government goals as prescribed by Cabinet, Cabinet Committees, Forum of South African Director General (FOSAD) Clusters, Presidential Infrastructure Coordinating Commission (PICC) or any other Government structure.

The DEC is constituted by the Director-General (Chairperson), DDGs, Heads of Ministry, Office of the Director-General and Chief Director: Strategic Planning Monitoring as ex officio members. The Secretariat support is provided by the Office of the Director-General.

During the period under review, 10 meetings of the DEC took place.

The **Top Management Committee (TMM)**: The purpose of the TMM is to ensure the implementation of the strategies of the Department.

The TMM is constituted by the DDGs, Chief Directors, with the Director-General as the Chairperson.

During the period under review, 10 TMM meetings took place.

The **Organisational Performance Assessment Board (OPAB)**: The purpose of OPAB is to monitor and evaluate the implementation of the Department's Strategic and Business Plans and put in place corrective measures to address challenges affecting optimal service delivery.

Members of OPAB are the Director-General and DDGs. The OPAB is coordinated by the Chief Director: Strategic Planning Management (SPM), while the CAE and the Chief Director: Office of the Director-General participates as ex-officio members.

During the period under review 4 quarterly OPAB meetings took place.

#### 8.6 **Code of Conduct**

The Code of Conduct was circulated to all staff for awareness and all new entrants to the Department are required to sign the Code of Conduct.

#### 8.7 **Financial Interest Disclosures**

All SMS members disclose their financial interests every year in line with the provision of Public Service Regulations.

### 9. **DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED**

None

### 10. **NEW/PROPOSED ACTIVITIES**

None

### 11. **ASSET MANAGEMENT**

The Department has maintained a complete and accurate Asset Register which fully adheres to the minimum requirements set out in the asset management framework and the National Treasury. The Department has updated the asset register with all the acquisitions and disposals.



## 12. INVENTORIES

Inventory opening and closing balances, together with movements for the year are reflected in the annexure on Inventory. Inventory on hand was verified in April 2013 observed by the Office of the Auditor-General. There were no discrepancies during the period under review.

## 13. EVENTS AFTER THE REPORTING DATE

No significant events occurred after the closing date.

## 14. INFORMATION ON PREDETERMINED OBJECTIVES

The Department of Communications has implemented an integrated Strategic Management Policy with specific focus on structured and integrated planning and performance reporting. The Strategic Planning process is aligned to the Framework for Strategic Plans and Annual Performance Plans issued by National Treasury. Furthermore, the Departments cascades the Annual Performance Plan (APP) into Operational Plans which further unpacks quarterly targets into actions steps and deliverables within the quarter. This operational planning process allows for clear alignment between individual and organisational performance reporting.

The Department conducts quarterly performance monitoring and evaluation against the quarterly targets as committed to in the APP. Furthermore, the Department has established an Organisational Performance Assessment Board which interrogates organisational performance reports on a quarterly basis and makes recommendations in terms of implementing mitigating measures to eliminate challenges and bottlenecks so as to improve organisational performance. The performance reports contain detailed analysis of the organisations performance and include dashboards and graphs depicting progress against the achievement of the quarterly targets as well as identification of challenges hindering performance and corrective measures. The Quarterly performance reports are submitted to the Minister via the Accounting Officer and copies are also forwarded to National Treasury and the Department of Performance Monitoring and Evaluation.

Furthermore, during the 2012/13 financial year, the Department rolled out an Electronic Organisational Performance Management System (e-OPMS) which allows for online capturing and analyzing of performance information, development of electronic graphs, dashboards and detailed reports as well as the uploading of performance related evidence. Such evidence is also provided to the Auditor-General during its audit of performance information.

## 15. SCOPA RESOLUTIONS

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
None	None	None

## 16. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
None	None	None

## 17. EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

None

**18. INTERIM FINANCIAL STATEMENTS**

The Interim Financial Statements (IFS) for the financial year ended 31 March 2013 were prepared quarterly and submitted to the National Treasury as requested by the Office of Accountant General Instruction Note 1 of 2012/13. The IFS were prepared on the modified cash basis principle of accounting and the relevant guidelines specified/issued by National Treasury and were free from material misstatements and omissions. All amounts appearing in the IFS were cast and cross cast. The form and content of the IFS conform to the requirements as applicable to annual complete set of financial statements.

**19. OTHER**

None

**20. APPROVAL**

The Annual Financial Statements set out on pages 188 to 259 have been approved by the Accounting Officer(s).



**Ms Rosey Sekese**  
**DIRECTOR-GENERAL**  
**31 August 2013**

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMANT ON THE FINANCIAL STATEMENTS OF VOTE 27: DEPARTMENT OF COMMUNICATIONS FOR THE YEAR ENDED 31 MARCH 2013

## Introduction

1. I have audited the financial statements of the Department of Communications (DoC) set out on pages 181 to 259, which comprise the appropriation statement, statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information, and the accounting officer's report.

## Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these separate financial statements in accordance with the Departmental financial reporting framework prescribed by the National Treasury 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 the accounting officer determines it necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. 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.
4. 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 risk 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 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Communications as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and in the requirements of the PFMA.

### **Additional matters**

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

### **Unaudited supplementary schedules**

8. The supplementary information set out on pages 240 to 259 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

### **Financial reporting framework**

9. The financial reporting framework prescribed by the National Treasury and applied by the Department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they “present fairly”. Section 20(2) (a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

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

10. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

### **Predetermined objectives**

11. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 20 to 113 of the annual report.
12. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information*.
13. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
14. The material findings are as follows:

## **USEFULNESS OF INFORMATION**

### **Measurability**

15. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that performance targets be specific in clearly identifying the nature and required level of performance. A total of 25% of the targets selected for audit purposes were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management did not include the indicator description as part of the annual performance plan.
16. The National Treasury *Framework for managing programme performance information (FMPPi)* requires that performance targets be measurable. The required performance could not be measured for 25% of the targets. This was due to management not including the indicator description as part of the annual performance plan.

**Additional matter**

17. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

**Achievement of planned targets**

18. Of the total number of 39 targets planned for the year, 18 targets were not achieved during the year under review. This represents 46% of total planned targets that were not achieved during the year under review.
19. This was mainly due to the lack of technical description and policies and procedures to ensure a consistent understanding of the objectives of the department and therefore achievement based on that consistent understanding. In addition, some of the positions which were required to achieve the planned targets were vacant and this also, did not enable the achievement of these targets.

**Compliance with laws and regulations**

20. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

**Expenditure management**

21. Payments to suppliers were not made within 30 days as required by Treasury Regulations 8.2.3.

**Human resource management and compensation**

22. Appointments were made in posts which were not approved and funded, as required by Public Service Regulation 1/III/F.1(a) and (d).
23. Employees were appointed without following a proper process to verify the claims made in their applications in contravention of Public Service Regulation 1/VII/D.8.
24. Employees received overtime compensation in excess of 30% of their monthly salaries, in contravention of Public Service Regulation I/V/D.2(d).
25. The Department did not always have a written policy of overtime as required by Public Service Regulation 1/V/D.2(b).
26. Funded vacant posts were not filled within 12 months as required by Public Service Regulation 1/VII/C.1A.2.
27. Employees acted in higher vacant posts for more than 12 months in contravention of Public Service Regulation 1/VII/B.5.3.
28. The accounting officer did not ensure that all leave taken by employees were recorded accurately and in full as required by Public Service Regulation 1/V/F(b).

**Internal control**

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control 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 regulation included in this report.

**Leadership**

30. The accounting officer did not always exercise oversight responsibility in regard to proper processes in place to ensure compliance with laws and regulations.

**Financial performance management**

31. Management did not adequately review and monitor compliance with applicable laws and regulations to prevent non-compliance.
32. Management did not ensure that there are policies and procedures in place to ensure a consistent understanding and implementation of performance information.

*Auditor-General*

**Pretoria  
31 July 2013**



## ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2013

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

### 1. Presentation of the Financial Statements

#### 1.1 Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting.

Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The “modification” results from the recognition of certain near-cash balances in the financial statements as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

#### 1.2 Presentation currency

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

#### 1.3 Rounding

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

#### 1.4 Comparative figures

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

#### 1.5 Comparative figures - Appropriation Statement

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

### 2. Revenue

#### 2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

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

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

Any amount due from the National/Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

## **2.2 Departmental revenue**

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure notes to the annual financial statements.

## **2.3 Direct Exchequer receipts**

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the National/Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the National/Provincial Revenue Funds at the end of the financial year is recognised as a payable in the statement of financial position.

## **2.4 Direct Exchequer payments**

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

## **2.5 Aid assistance**

Aids assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).

The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the statement of financial position.

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

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the statement of financial performance when final authorisation for payments effected on the system (by no later than 31 March of each year).

Inappropriately expensed amounts using CARA funds are recognised as payables in the statement of financial position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the revenue fund.

## **3. Expenditure**

### **3.1 Compensation of employees**

#### **3.1.1 Salaries and wages**

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed



in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

### **3.1.2 Social contributions**

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

### **3.2 Goods and services**

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as *goods and services* and not as *rent on land*.

### **3.3 Interest and rent on land**

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

### **3.4 Payments for financial assets**

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements.

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

### **3.5 Transfers and subsidies**

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

### **3.6 Unauthorised expenditure**

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

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date stipulated in the Act.

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

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

### **3.8 Irregular expenditure**

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

## **4. Assets**

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

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

Bank overdrafts are shown separately on the face of the statement of financial position.

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

### **4.2 Other financial assets**

Other financial assets are carried in the statement of financial position at cost.

### **4.3 Prepayments and advances**

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

### **4.4 Receivables**

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

### **4.5 Investments**

Capitalised investments are shown at cost in the statement of financial position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

### **4.6 Loans**

Loans are recognised in the statement of financial position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the statement of financial

position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

#### **4.7 Inventory**

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

#### **4.8 Capital assets**

##### **4.8.1 Movable assets**

###### **Initial recognition**

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

###### **Subsequent recognition**

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

##### **4.8.2 Immovable assets**

###### **Initial recognition**

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

###### **Subsequent recognition**

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

##### **4.8.3 Intangible assets**

###### **Initial recognition**

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.

### **Subsequent expenditure**

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital asset” and is capitalised in the asset register of the Department.

Maintenance is expensed as current “goods and services” in the statement of financial performance.

## **5. Liabilities**

### **5.1 Payables**

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

### **5.2 Contingent liabilities**

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

### **5.3 Contingent assets**

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

### **5.4 Commitments**

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

### **5.5 Accruals**

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

### **5.6 Employee benefits**

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

### **5.7 Lease commitments**

#### **Finance lease**

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as a capital expense in the statement of financial performance and are not apportioned between the capital and the interest portions. The total finance lease payment is disclosed in the disclosure notes to the financial statements.

#### **Operating lease**

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statements.

### **5.8 Impairment**

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the

instrument.

## 5.9 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

## 6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements. These receivables are written off when identified as irrecoverable and are disclosed separately.

## 7. Net Assets

### 7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

### 7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

## 8. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

## 9. Key management personnel

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

## 10. Public private partnerships

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

## Vote 27: Department of Communications

<b>Appropriation Statement</b>											
for the year ended 31 March 2013											
<b>Appropriation per Programme</b>											
<b>2012/13</b>											
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	<b>2011/12</b>	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>1. Administration</b>											
Current payment	195,702	(645)	(2,845)	192,212	192,396	(184)	100,1%	164,631	153,028		
Transfers and subsidies	236	302	1	539	303	236	56,2%	377	377		
Payment for capital assets	1,071	-	1,846	2,917	2,917	-	100,0%	941	666		
Payment for financial assets	-	343	-	343	343	-	100,0%	2,121	2,121		
	<b>197,009</b>	<b>-</b>	<b>(998)</b>	<b>196,011</b>	<b>195,959</b>	<b>52</b>		<b>168,070</b>	<b>156,192</b>		
<b>2. ICT International Affairs And Trade</b>											
Current payment	20,491	-	2,019	22,510	22,719	(209)	100,9%	26,182	26,182		
Transfers and subsidies	20,046	-	5,222	25,268	21,383	3,885	84,6%	15,351	15,351		
Payment for capital assets	509	-	(421)	88	88	-	100,0%	289	79		
	<b>41,046</b>	<b>-</b>	<b>6,820</b>	<b>47,866</b>	<b>44,190</b>	<b>3,676</b>		<b>41,822</b>	<b>41,612</b>		

## Vote 27: Department of Communications

		2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>3. ICT Policy Development</b>										
Current payment	71,136	-	5,300	76,436	76,732	(296)	100,4%	69,377	64,421	
Transfers and subsidies	18,381	-	88	18,469	18,088	381	97,9%	17,665	17,665	
Payment for capital assets	775	-	(410)	365	365	-	100,0%	1,038	1,038	
	<b>90,292</b>	<b>-</b>	<b>4,978</b>	<b>95,270</b>	<b>95,185</b>	<b>85</b>		<b>88,080</b>	<b>81,124</b>	
<b>4. ICT Enterprise Development</b>										
Current payment	24,029	(100)	(3,945)	19,984	19,984	-	100,0%	17,109	17,165	
Transfers and subsidies	1,188,934	100	-	1,189,034	1,189,034	-	100,0%	1,386,428	1,386,428	
Payment for capital assets	892	-	(875)	17	17	-	100,0%	264	208	
	<b>1,213,855</b>	<b>-</b>	<b>(4,820)</b>	<b>1,209,035</b>	<b>1,209,035</b>	<b>-</b>		<b>1,403,801</b>	<b>1,403,801</b>	
<b>5. ICT Infrastructure Development</b>										
Current payment	74,308	(1,487)	(6,352)	66,469	66,469	-	100,0%	256,905	66,213	
Transfers and subsidies	1,500	287	-	1,787	1,787	-	100,0%	1,504	1,504	
Payment for capital assets	1,062	1,200	247	2,509	2,509	-	100,0%	1,035	167	
	<b>76,870</b>	<b>-</b>	<b>(6,105)</b>	<b>70,765</b>	<b>70,765</b>	<b>-</b>		<b>259,444</b>	<b>67,884</b>	

## Vote 27: Department of Communications

		2012/13						2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>6. Presidential National Commission</b>									
Current payment	35,370	-	399	35,769	35,769	-	100,0%	40,589	40,533
Transfers and subsidies	-	-	113	113	113	-	100,0%	443	443
Payment for capital assets	582	-	(387)	195	195	-	100,0%	616	365
<b>TOTAL</b>	<b>35,952</b>	<b>-</b>	<b>125</b>	<b>36,077</b>	<b>36,077</b>	<b>-</b>		<b>41,648</b>	<b>41,341</b>
	<b>1,655,024</b>	<b>-</b>	<b>-</b>	<b>1,655,024</b>	<b>1,651,211</b>	<b>3,813</b>	<b>99,8%</b>	<b>2,002,865</b>	<b>1,791,954</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b> Departmental receipts				2,612,220				2,321,086	
Direct Exchequer receipts				390,355				8,427	
Aid assistance				281				240	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				<b>4,657,880</b>				<b>4,332,618</b>	
<b>Actual amounts per Statement of Financial Performance Expenditure</b>					<b>1,651,211</b>				<b>1,791,954</b>



## Vote 27: Department of Communications

Appropriation per Economic classification for the year ended 31 March 2013										
	2012/13					2011/12				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>Current payments</b>										
Compensation of employees	184,517	(19,379)	(7,586)	157,552	157,512	40	100,0%	173,213	151,585	
Goods and services	236,519	17,123	2,163	255,805	256,534	(729)	100,3%	401,488	213,867	
Interest and rent on land	-	23	-	23	23	-	100,0%	15	15	
<b>Transfers &amp; subsidies</b>										
Provinces & municipalities	-	5	-	5	5	-	100,0%	7	7	
Departmental agencies & accounts	775,427	-	-	775,427	775,191	236	100,0%	692,674	692,674	
Universities & technicians	-	-	100	100	100	-	100,0%	100	100	
Foreign governments & international organisations	16,161	-	5,222	21,383	21,383	-	100,0%	11,653	11,653	
Public corporations & private enterprises	433,624	-	-	433,624	433,243	381	99,9%	713,191	713,191	
Non-profit institutions	3,885	309	-	4,194	309	3,885	7,4%	4,015	4,015	
Households	-	375	101	476	476	-	100,0%	128	128	
<b>Payment for capital assets</b>										
Machinery & equipment	4,891	832	-	5,723	5,723	-	100,0%	4,073	2,412	
Software & other intangible assets	-	369	-	369	369	-	100,0%	186	186	
<b>Payment for financial assets</b>										
	-	343	-	343	343	-	100,0%	2,122	2,121	
<b>Total</b>	<b>1,655,024</b>	<b>-</b>	<b>-</b>	<b>1,655,024</b>	<b>1,651,211</b>	<b>3,813</b>	<b>99,8%</b>	<b>2,002,865</b>	<b>1,791,954</b>	

Detail per Programme 1 - Administration for the year ended 31 March 2013										
Details per Sub-Programme	2012/13					2011/12				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>1.1 Ministry</b>										
Current payment	3,669	-	-	3,669	3,629	40	98,9%	3,494	3,622	
<b>1.2 Management</b>										
Current payment	34,208	7,625	-	41,833	41,833	-	100,0%	40,130	41,255	
Transfers and subsidies	-	81	-	81	81	-	100,0%	114	114	
Payment for capital assets	589	(364)	-	225	225	-	100,0%	534	458	
<b>1.3 Internal Audit</b>										
Current payment	3,503	1,884	-	5,387	5,387	-	100,0%	4,645	3,200	
Payment for capital assets	54	-	9	63	63	-	100,0%	-	-	
<b>1.4 Corporate Services</b>										
Current payment	87,884	(11,359)	(1,961)	74,564	74,694	(130)	100,2%	51,714	44,897	
Transfers and subsidies	236	114	1	351	115	236	32,8%	225	225	
Payment for capital assets	202	364	110	676	676	-	100,0%	192	149	
<b>1.5 Financial Management</b>										
Current payment	58,630	1,205	(884)	58,951	61,332	(2,381)	104,0%	57,262	52,882	
Transfers and subsidies	-	107	-	107	107	-	100,0%	38	38	
Payment for capital assets	226	-	1,727	1,953	1,953	-	100,0%	215	59	
Payment for financial assets	-	343	-	343	343	-	100,0%	2,121	2,121	

## Vote 27: Department of Communications

Details per Sub-Programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.6 Office Accommodation</b>									
Current payment	7,808	-	-	7,808	5,521	2,287	70,7%	7,386	7,172
<b>Total</b>	197,009	-	(998)	196,011	195,959	52	100,0%	168,070	156,192

Detail per Programme 1 - Administration										
For the year ended 31 March 2013										
Programme 1 Per Economic classification	2012/13					2011/12				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>Current payments</b>										
Compensation of employees	74,486	(6,177)	(2,845)	65,464	65,424	40	99,9%	70,202	58,598	
Goods and services	121,126	5,509	-	126,725	126,949	(224)	100,2%	94,337	94,339	
Interest and rent on land	-	23	-	23	23	-	100,0%	15	15	
<b>Transfers &amp; subsidies</b>										
Provinces & municipalities	-	5	-	5	5	-	100,0%	7	7	
Departmental agencies & accounts	236	-	-	236	-	236		225	225	
Foreign governments & international organisations	-	-	-	-	-	-		6	6	
Public corporations & private enterprises	-	-	-	-	-	-		49	49	
Non-Profit institutions	-	11	-	11	11	-	100,0%	15	15	
Households	-	286	-	286	286	-	100,0%	75	75	
<b>Payment for capital assets</b>										
Machinery & equipment	1,071	-	1,847	2,918	2,918	-	100,0%	1,017	742	
<b>Payment for financial assets</b>										
	-	343	-	343	343	-	100,0%	2,122	2,121	
<b>Total</b>	<b>197,009</b>	<b>-</b>	<b>(998)</b>	<b>196,011</b>	<b>195,959</b>	<b>52</b>	<b>100,0%</b>	<b>168,070</b>	<b>156,192</b>	

Detail per Programme 2 - ICT International Affairs And Trade									
For the year ended 31 March 2013									
Details per Sub-Programme	2012/13					2011/12			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>2.1 International Affairs</b>									
Current payment	11,787	(494)	440	11,733	11,733	-	100,0%	12,980	12,980
Transfers and subsidies	3,885	-	-	3,885	-	3,885		3,702	3,702
Payment for capital assets	319	-	(249)	70	70	-	100,0%	80	38
<b>2.2 ICT Trade/Partnerships</b>									
Current payment	8,704	494	1,579	10,777	10,986	(209)	101,9%	13,202	13,202
Transfers and subsidies	16,161	-	5,222	21,383	21,383	-	100,0%	11,649	11,649
Payment for capital assets	190	-	(172)	18	18	-	100,0%	209	41
<b>Total</b>	<b>41,046</b>	<b>-</b>	<b>6,820</b>	<b>47,866</b>	<b>44,190</b>	<b>3,676</b>	<b>92,3%</b>	<b>41,822</b>	<b>41,612</b>

Detail per Programme 2 - ICT International Affairs And Trade									
For the year ended 31 March 2013									
Programme 2 Per Economic classification	2012/13					2011/12			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	10,853	-	440	11,293	11,293	-	100,0%	11,826	11,826
Goods and services	9,638	-	1,579	11,217	11,426	(209)	101,9%	14,356	14,356
<b>Transfers &amp; subsidies</b>									
Foreign governments and international organisations	16,161	-	5,222	21,383	21,383	-	100,0%	11,647	11,647
Non-profit institutions	3,885	-	-	3,885	-	3,885		3,700	3,700
Households	-	-	-	-	-	-		4	4
<b>Payment for capital assets</b>									
Machinery & equipment	509	-	(421)	88	88	-	100,0%	289	79
<b>Total</b>	<b>41,046</b>	<b>-</b>	<b>6,820</b>	<b>47,866</b>	<b>44,190</b>	<b>3,676</b>	<b>92,3%</b>	<b>41,822</b>	<b>41,612</b>

Detail per Programme 3 - ICT Policy Development									
For the year ended 31 March 2013									
Details per Sub-Programme	2012/13					2011/12			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>3.1 ICT Policy Development</b>									
Current payment	46,338	10,802	2,110	59,250	59,546	(296)	100,5%	47,055	43,797
Transfers and subsidies	-	-	58	58	58	-	100,0%	-	-
Payment for capital assets	356	-	(23)	333	333	-	100,0%	884	884
<b>3.2 Economic Analysis, Market Modelling and Research</b>									
Current payment	10,788	(5,158)	1,294	6,924	6,924	-	100,0%	6,610	5,943
Transfers and subsidies	-	-	-	-	-	-	-	2	2
Payment for capital assets	132	-	(100)	32	32	-	100,0%	8	8
<b>3.3 ICT Uptake and Usage</b>									
Current payment	4,489	(3,639)	-	850	850	-	100,0%	7,007	4,129
Payment for capital assets	128	-	(128)	-	-	-	-	-	-
<b>3.4 Intergovernmental Relations</b>									
Current payment	9,521	(2,005)	1,896	9,412	9,412	-	100,0%	8,705	8,552
Transfers and subsidies	-	-	30	30	30	-	100,0%	-	-
Payment for capital assets	159	-	(159)	-	-	-	-	146	146

## Vote 27: Department of Communications

Details per Sub-Programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>3.5 SABC: Community Radio Stations</b>									
Transfers and subsidies	8,381	-	-	8,381	8,000	381	95,5%	7,663	7,663
<b>3.6 SABC:Programme Production</b>									
Transfers and subsidies	10,000	-	-	10,000	10,000	-	100,0%	10,000	10,000
<b>Total</b>	<b>90,292</b>	<b>-</b>	<b>4,978</b>	<b>95,270</b>	<b>95,185</b>	<b>85</b>	<b>99,9%</b>	<b>88,080</b>	<b>81,124</b>



Detail per Programme 3 - ICT Policy Development									
For the year ended 31 March 2013									
Programme 3 Per Economic classification	2012/13					2011/12			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	36,894	-	3,719	40,613	40,613	-	100,0%	34,677	34,371
Goods and services	34,242	-	1,581	35,823	36,119	(296)	100,8%	34,700	28,051
<b>Transfers &amp; subsidies</b>									
Public corporations & private enterprises	18,381	-	-	18,381	18,000	381	97,9%	17,663	17,663
Households	-	-	88	88	88	-	100,0%	2	2
<b>Payment for capital assets</b>									
Machinery & equipment	775	-	(410)	365	365	-	100,0%	1,038	1,037
<b>Total</b>	<b>90,292</b>	<b>-</b>	<b>4,978</b>	<b>95,270</b>	<b>95,185</b>	<b>85</b>	<b>99,9%</b>	<b>88,080</b>	<b>81,124</b>

Detail per Programme 4 - ICT Enterprise Development										
For the year ended 31 March 2013										
Details per Sub-Programme	2012/13					2011/12				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>4.1 Public Entity Oversight</b>										
Current payment	6,136	(326)	(1,504)	4,306	4,306	-	100,0%	5,207	4,073	
Transfers and subsidies	1,188,934	-	-	1,188,934	1,188,934	-	100,0%	1,386,428	1,386,428	
Payment for capital assets	-	9	-	9	9	-	100,0%	22	22	
<b>4.2 Small Medium And Micro Enterprise Development</b>										
Current payment	17,893	226	(2,441)	15,678	15,678	-	100,0%	11,902	13,092	
Transfers and subsidies	-	100	-	100	100	-	100,0%	-	-	
Payment for capital assets	892	(9)	(875)	8	8	-	100,0%	242	186	
<b>Total</b>	<b>1,213,855</b>	<b>-</b>	<b>(4,820)</b>	<b>1,209,035</b>	<b>1,209,035</b>	<b>-</b>	<b>100,0%</b>	<b>1,403,801</b>	<b>1,403,801</b>	

Detail per Programme 4 - ICT Enterprise Development									
For the year ended 31 March 2013									
Programme 4 Per Economic classification	2012/13					2011/12			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	7,444	(100)	(2,549)	4,795	4,795	-	100,0%	7,082	4,392
Goods and services	16,585	-	(1,396)	15,189	15,189	-	100,0%	10,027	12,773
<b>Transfers &amp; subsidies</b>									
Departmental agencies & accounts	773,691	-	-	773,691	773,691	-	100,0%	690,949	690,949
Public corporations & private enterprises	415,243	-	-	415,243	415,243	-	100,0%	695,479	695,479
Non-profit institutions	-	100	-	100	100	-	100,0%	-	-
<b>Payment for capital assets</b>									
Machinery & equipment	892	-	(875)	17	17	-	100,0%	78	22
Software & other intangible assets	-	-	-	-	-	-	-	186	186
<b>Total</b>	<b>1,213,855</b>	<b>-</b>	<b>(4,820)</b>	<b>1,209,035</b>	<b>1,209,035</b>	<b>-</b>	<b>100,0%</b>	<b>1,403,801</b>	<b>1,403,801</b>

<b>Detail per Programme 5 - ICT Infrastructure Development</b>									
<b>For the year ended 31 March 2013</b>									
Details per Sub-Programme	2012/13					2011/12			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>5.1 Applications And Research</b>									
Current payment	74,308	(1,487)	(6,352)	66,469	65,439	1,030	98,5%	158,407	62,903
Transfers and subsidies	-	287	-	287	287	-	100,0%	4	4
Payment for capital assets	1,062	1,200	247	2,509	2,509	-	100,0%	1,035	167
<b>5.2 112 Emergency Call Centre</b>									
Current payment	-	-	-	-	1,030	(1,030)		98,498	3,310
<b>5.3 .Za Domain Name Authority</b>									
Transfers and subsidies	1,500	-	-	1,500	1,500	-	100,0%	1,500	1,500
<b>Total</b>	<b>76,870</b>	<b>-</b>	<b>(6,105)</b>	<b>70,765</b>	<b>70,765</b>	<b>-</b>	<b>100,0%</b>	<b>259,444</b>	<b>67,884</b>

Detail per Programme 5 - ICT Infrastructure Development									
For the year ended 31 March 2013									
Programme 5 Per Economic classification	2012/13					2011/12			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	35,493	(9,785)	(6,351)	19,357	19,357	-	100,0%	32,287	25,515
Goods and services	38,815	8,297	-	47,112	47,112	-	100,0%	224,618	40,698
<b>Transfers &amp; subsidies</b>									
Departmental agencies & accounts	1,500	-	-	1,500	1,500	-	100,0%	1,500	1,500
Non-profit institutions	-	198	-	198	198	-	100,0%	-	-
Households	-	89	-	89	89	-	100,0%	4	4
<b>Payment for capital assets</b>									
Machinery & equipment	1,062	832	246	2,140	2,140	-	100,0%	1,035	167
Software & other intangible assets	-	369	-	369	369	-	100,0%	-	-
<b>Total</b>	<b>76,870</b>	<b>-</b>	<b>(6,105)</b>	<b>70,765</b>	<b>70,765</b>	<b>-</b>	<b>100,0%</b>	<b>259,444</b>	<b>67,884</b>

Detail per Programme 6 - Presidential National Commission										
For the year ended 31 March 2013										
Details per Sub-Programme	2012/13					2011/12				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>6.1 Planning Coordination and Evaluation</b>										
Current payment	5,155	(1,917)	-	3,238	3,238	-	100,0%	2,879	2,833	
Payment for capital assets	145	-	(145)	-	-	-	-	195	-	
<b>6.2 E-Application</b>										
Current payment	14,302	5,382	399	20,083	20,083	-	100,0%	17,787	17,577	
Transfers and subsidies	-	-	100	100	100	-	100,0%	200	200	
Payment for capital assets	145	-	(145)	-	-	-	-	-	-	
<b>6.3 ISAD Cluster</b>										
Current payment	9,081	(6,519)	-	2,562	2,562	-	100,0%	13,886	14,086	
Transfers and subsidies	-	-	13	13	13	-	100,0%	200	200	
Payment for capital assets	145	(48)	(97)	-	-	-	-	56	-	
<b>6.4 PNC Operations</b>										
Current payment	6,832	3,054	-	9,886	9,886	-	100,0%	6,037	6,037	
Transfers and subsidies	-	-	-	-	-	-	-	43	43	
Payment for capital assets	147	48	-	195	195	-	100,0%	365	365	
<b>Total</b>	<b>35,952</b>	<b>-</b>	<b>125</b>	<b>36,077</b>	<b>36,077</b>	<b>-</b>	<b>100,0%</b>	<b>41,648</b>	<b>41,341</b>	

Detail per Programme 6 - Presidential National Commission									
For the year ended 31 March 2013									
Programme 6 Per Economic classification	2012/13					2011/12			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payments</b>									
Compensation of employees	19,347	(3,317)	-	16,030	16,030	-	100,0%	17,139	16,883
Goods and services	16,023	3,317	399	19,739	19,739	-	100,0%	23,450	23,650
<b>Transfers &amp; subsidies</b>									
Universities & technikons	-	-	100	100	100	-	100,0%	100	100
Non-profit institutions	-	-	-	-	-	-	-	300	300
Households	-	-	13	13	13	-	100,0%	43	43
<b>Payment for capital assets</b>									
Machinery & equipment	582	-	(387)	195	195	-	100,0%	616	365
<b>Total</b>	<b>35,952</b>	<b>-</b>	<b>125</b>	<b>36,077</b>	<b>36,077</b>	<b>-</b>	<b>100,0%</b>	<b>41,648</b>	<b>41,341</b>

**Notes to the Appropriation Statement  
for the year ended 31 March 2013**

**1. Details of transfers and subsidies as per Appropriation Act (after Virement):**

Details of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-I) to the Annual Financial Statements.

**2. Details of specifically and exclusively appropriated amounts voted (after Virement):**

Details of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

**3. Details on payments for financial assets**

Details of these transactions per programme can be viewed in the note to payments for financial assets to the Annual Financial Statements.

**4. Explanations of material variances from Amounts Voted (after virement):**

4.1 Per programme:	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%

<b>Administration</b>	196,011	195,959	52	0,0%
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<b>ICT International Affairs and Trade</b>	47,866	44,190	3,676	7,7%
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The underspending is due to funds not transferred to NEPAD. The Department submitted a request to National Treasury in terms of section 43 (4) (b) of the Public Finance Management Act to virement NEPAD's allocation, of which approval was not granted.

<b>ICT Policy Development</b>	95,270	95,185	85	0,1%
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4.2 Per economic classification:	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%

**Current expenditure**

Compensation of employees	157,552	157,512	40	0,0%
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Goods and services	255,805	256,534	(729)	(0,3)%
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Interest and rent on land	23	23	-	0,0%
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**Transfers and subsidies**

Provinces and municipalities	5	5	-	0,0%
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**Notes to the Appropriation Statement  
for the year ended 31 March 2013 (continued)**

	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Variance as a % of Final Appropriation</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>
Departmental agencies and accounts	775,427	775,191	236	0,0%
Universities and technikons	100	100	-	0,0%
Foreign governments and international organisations	21,383	21,383	-	0,0%
Public corporations and private enterprises	433,624	433,243	381	0,1%
Non-profit institutions	4,194	309	3,885	92,6%
Households	476	476	-	0,0%
<b>Payments for capital assets</b>				
Machinery and equipment	5,723	5,723	-	0,0%
Software and other intangible assets	369	369	-	0,0%
<b>Payments for financial assets</b>	343	343	-	0,0%

The underspending is due to funds not transferred to NEPAD. The Department submitted a request to National Treasury in terms of section 43 (4) (b) of the Public Finance Management Act to virement NEPAD's allocation, of which approval was not granted.

**Statement of Financial Performance  
for the year ended 31 March 2013**

		2012/13	2011/12
	Note	R'000	R'000
<b>REVENUE</b>			
Annual appropriation	1	1,655,024	2,002,865
Departmental revenue	2	2,612,220	2,321,086
Direct Exchequer Receipts	3	390,355	8,427
Aid assistance	4	281	240
<b>TOTAL REVENUE</b>		<b>4,657,880</b>	<b>4,332,618</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>		<b>414,069</b>	<b>365,467</b>
Compensation of employees	5	157,512	151,585
Goods and services	6	256,534	213,867
Interest and rent on land	7	23	15
<b>Transfers and subsidies</b>		<b>1,230,707</b>	<b>1,421,768</b>
Transfers and subsidies	9	1,230,707	1,421,768
<b>Expenditure for capital assets</b>		<b>6,092</b>	<b>2,598</b>
Tangible capital assets	10	5,723	2,412
Software and other intangible assets	10	369	186
<b>Payments for financial assets</b>	8	343	2,121
<b>TOTAL EXPENDITURE</b>		<b>1,651,211</b>	<b>1,791,954</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3,006,669</b>	<b>2,540,664</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds		3,813	210,911
Annual appropriation	17	3,813	210,911
Departmental revenue	18	2,612,220	2,321,086
Direct Exchequer Receipts	3	390,355	8,427
Aid assistance	4	281	240
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>3,006,669</b>	<b>2,540,664</b>

Statement of Financial Position  
at 31 March 2013

		2012/13	2011/12
	Note	R'000	R'000
<b>ASSETS</b>			
<b>Current Assets</b>		<b>401,111</b>	<b>216,049</b>
Cash and cash equivalents	11	391,549	205,891
Prepayments and advances	13	1,001	2,049
Receivables	14	8,561	8,109
<b>Non-Current Assets</b>		<b>14,472,822</b>	<b>14,472,822</b>
Investments	15	14,445,160	14,445,160
Loans	16	27,391	27,391
Other financial assets	12	271	271
<b>TOTAL ASSETS</b>		<b>14,873,933</b>	<b>14,688,871</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>398,106</b>	<b>213,300</b>
Voted funds to be surrendered to the Revenue Fund	17	3,813	210,911
Departmental revenue to be surrendered to the Revenue Fund	18	1,923	1,926
Direct Exchequer Receipts to be surrendered to the Revenue Fund	19	390,355	150
Payables	20	1,734	73
Aid assistance unutilised	4	281	240
<b>TOTAL LIABILITIES</b>		<b>398,106</b>	<b>213,300</b>
<b>NET ASSETS</b>		<b>14,475,827</b>	<b>14,475,571</b>
<b>Represented by:</b>			
Capitalisation reserve		14,472,551	14,472,551
Recoverable revenue		3,276	3,020
<b>TOTAL</b>		<b>14,475,827</b>	<b>14,475,571</b>

**Statement of Changes in Net Assets  
for the year ended 31 March 2013**

		2012/13	2011/12
	<i>Note</i>	R'000	R'000
<b>Capitalisation Reserves</b>			
Opening balance		14,475,571	14,472,551
Transfers:			
Other movements		-	-
Closing balance		<b>14,475,571</b>	<b>14,472,551</b>
<b>Recoverable revenue</b>			
Opening balance		3,020	1,491
Transfers		256	1,529
Irrecoverable amounts written off	8.2	51	-
Debts recovered (included in departmental receipts)		(337)	(306)
Debts raised		542	1,835
Closing balance		<b>3,276</b>	<b>3,020</b>
<b>TOTAL</b>		<b>14,475,827</b>	<b>14,475,571</b>

**Cash Flow Statement**  
**for the year ended 31 March 2013**

		2012/13	2011/12
	Note	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>2,991,159</b>	<b>2,914,342</b>
Annual appropriated funds received	1.1	1,655,024	2,002,865
Departmental revenue received		945,499	902,810
Direct Exchequer receipts	3	390,355	8,427
Aid assistance	4	281	240
Net (increase)/ decrease in working capital		2,257	(730)
Surrendered to Revenue Fund		(2,823,284)	(3,045,865)
Surrendered to RDP Fund/Donor		(240)	(1,792)
Current payments		(414,069)	(377,114)
Payments for financial assets		(343)	(2,121)
Transfers and subsidies paid		(1,230,707)	(1,410,121)
<b>Net cash flow available from operating activities</b>	<b>21</b>	<b>(1,475,227)</b>	<b>(1,923,401)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	10	(6,092)	(2,598)
<b>Net cash flows from investing activities</b>		<b>(6,092)</b>	<b>(2,598)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		1,666,721	1,418,276
Increase/ (decrease) in net assets		256	1,529
<b>Net cash flows from financing activities</b>		<b>1,666,977</b>	<b>1,419,805</b>
Net increase/ (decrease) in cash and cash equivalents		185,658	(506,194)
Cash and cash equivalents at beginning of period		205,891	712,085
<b>Cash and cash equivalents at end of period</b>	<b>11</b>	<b>391,549</b>	<b>205,891</b>

**Notes to the Annual Financial Statements  
For the year ended 31 March 2013**

**1 Annual Appropriation**

1.1 Annual Appropriation	2012/13			
	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation Received 2011/12 R'000
<b>Programmes</b>				
Administration	196,011	196,011	-	168,070
ICT International affairs and trade	47,866	47,866	-	41,822
ICT Policy development	95,270	95,270	-	88,080
ICT Enterprise development	1,209,035	1,209,035	-	1,403,801
ICT Infrastructure development	70,765	70,765	-	259,444
Presidential National Commission	36,077	36,077	-	41,648
<b>Total</b>	<b>1,655,024</b>	<b>1,655,024</b>	<b>-</b>	<b>2,002,865</b>

2 Departmental Revenue	Note	2012/13	2011/12
		R'000	R'000
Sales of goods and services other than capital assets	2.1	941,949	889,729
Interest, dividends and rent on land	2.2	1,669,331	1,420,768
Financial transactions in assets and liabilities	2.3	940	589
Total revenue collected		2,612,220	2,321,086
<b>Departmental revenue collected</b>		<b>2,612,220</b>	<b>2,321,086</b>

**Sales of goods and services other than capital assets:** The increase is mainly due to the implementation of the General License Fees Regulations by ICASA.

**Interest, dividends and rent on land:** The increase is mainly due to the dividend rate per share of Vodacom Group Limited that increased from 280 cents per share to 450 cents per share in June 2012 and from 260 cents per share to 355 cents per share in December 2012.

**Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)**

	<i>Note</i>	2012/13 R'000	2011/12 R'000
<b>2.1 Sales of goods and services other than capital assets</b>	<b>2</b>		
Sales of goods and services produced by the department		941,949	899,729
Sales by market establishment		117	98
Administrative fees		941,752	899,597
Other sales		80	34
Sales of scrap, waste and other used current goods		-	-
<b>Total</b>		<u>941,949</u>	<u>899,729</u>
<b>2.2 Interest, dividends and rent on land</b>	<b>2</b>		
Interest		2,610	2,492
Dividends		1,666,721	1,418,276
<b>Total</b>		<u>1,669,331</u>	<u>1,420,768</u>
<b>2.3 Transactions in financial assets and liabilities</b>	<b>2</b>		
Receivables		108	127
Other Receipts including Recoverable Revenue		832	462
<b>Total</b>		<u>940</u>	<u>589</u>
<b>3 Direct Exchequer Receipts</b>			
Transfers received		390,355	8,427
		<u>390,355</u>	<u>8,427</u>
The increase is mainly due to unutilised funds of R382 million returned by Telkom for the 2010 FIFA WORLD CUP			
<b>4 Aid Assistance</b>			
<b>4.1 Aid assistance received in cash from RDP</b>			
<b>Local</b>			
Opening Balance		-	1,792
Revenue		-	-
Surrendered to RDP Fund		-	(1,792)
<b>Closing Balance</b>		<u>-</u>	<u>-</u>

Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

	2012/13	2011/12
<i>Note</i>	R'000	R'000
<b>4.2 Aid assistance received in cash from RDP</b>		
<b>Foreign</b>		
Opening Balance	240	-
Revenue	281	240
Surrendered to the RDP	(240)	-
<b>Closing Balance</b>	<u>281</u>	<u>240</u>
<b>4.3 Total</b>		
<b>Opening Balance</b>	240	1,792
Revenue	281	240
Surrendered/Transferred to retained funds	(240)	(1,792)
<b>Closing Balance</b>	<u>281</u>	<u>240</u>
<b>4.4 Analysis of balance</b>		
Aid assistance repayable	281	240
RDP	281	240
<b>Closing balance</b>	<u>281</u>	<u>240</u>

The R281 thousand is in respect of donation received from Finland for Provincial Information Society Strategy Programme through the RDP Fund. See also Annexure 1J.

**5 Compensation of Employees**

**5.1 Salaries and wages**

Basic salary	100,364	95,069
Performance award	3,704	3,524
Service Based	136	157
Compensative/circumstantial	3,055	3,661
Other non-pensionable allowances	32,372	31,720
<b>Total</b>	<u>139,631</u>	<u>134,131</u>



Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

	Note	2012/13 R'000	2011/12 R'000
<b>5.2 Social Contributions</b>			
<b>Employer contributions</b>			
Pension		13,020	12,576
Medical		4,844	4,862
Bargaining council		17	16
<b>Total</b>		<b>17,881</b>	<b>17,454</b>
<b>Total compensation of employees</b>			
Average number of employees		319	314
<b>6 Goods and services</b>			
Administrative fees		2,625	2,423
Advertising		39,942	9,100
Assets less than R5,000	6.1	374	993
Bursaries (employees)		259	414
Catering		3,521	2,178
Communication		5,369	5,055
Computer services	6.2	3,368	3,345
Consultants, contractors and agency/outsourced services	6.3	76,195	72,320
Entertainment		159	126
Audit cost – external	6.4	14,654	6,241
Fleet services		554	553
Inventory	6.5	6,291	5,636
Operating leases		37,766	36,901
Property payments	6.6	9,842	9,340
Rental and Hiring		1,731	1,481
Travel and subsistence	6.7	39,209	35,770
Venues and facilities		4,638	8,139
Training and staff development		4,869	10,827
Other operating expenditure	6.8	5,168	3,025
<b>Total</b>		<b>256,534</b>	<b>213,867</b>

**Administrative fees:** The increase mainly due to fees payable to travel agency.

**Advertising:** The increase is mainly due to an awareness campaign on the broadcasting digital migration process to the value of R35.6 million.

**Training and staff development:** The decrease is mainly due to training of non employees during the 2011/2012 financial year on the training programme ICT Reporting - Highway Africa Conference 2011, of youth and entrepreneurs in ICT skills, e-literacy programme for youth offenders, e-Caders.

**Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)**

	<i>Note</i>	2012/13 R'000	2011/12 R'000
<b>6.1 Assets less than R5,000</b>			
<b>Tangible assets</b>	6	368	993
Machinery and equipment		368	993
<b>Intangible assets</b>		6	-
<b>Total</b>		374	993
<b>6.2 Computer services</b>	6		
SITA computer services		2,382	2,248
External computer service providers		986	1,097
<b>Total</b>		3,368	3,345
<b>6.3 Consultants, contractors and agency/outsourced services</b>	6		
Business and advisory services		72,335	57,099
Legal costs		541	1,172
Contractors		2,399	14,012
Agency and support/outsourced services		920	37
<b>Total</b>		76,195	72,320
<b>Business and advisory services are mainly for:</b>			
(a) Transaction advisory services to the Department on the proposed transaction between Telkom and KT Corporation (2012/13 paid R13.5 million);			
(b) A partnership to coordinate and facilitate the ICT Policy Colloquium (2012/13 paid R6.3 million);			
(c) The implementation and roll-out of ICT interventions in 61 rural areas (2012/13 paid R5.4 million);			
(d) Conducting a study on Exploiting the Second Digital Dividend "DD2" in South Africa (2012/13 paid R4.1 million);			
(e) Appointment of Consultants to produce and manage the Military Veterans project (2012/13 paid R3.8); and			
<b>6.4 Audit cost – external</b>	6		
Regularity audits		3,918	3,671
Performance audits		10,475	666
Investigations		261	1,904
<b>Total</b>		14,654	6,241

**Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)**

	<i>Note</i>	2012/13 R'000	2011/12 R'000
<b>Performance audit:</b> R7,263 million paid to conduct an audit of National Frequency Spectrum between 500 MHz and 1000 GHz by a firm. R2,739 million paid to conduct an audit of National Frequency Spectrum between 9 KHz to 500 MHz by a firm.			
<b>6.5 Inventory</b>	6		
Fuel, oil and gas		6	4
Other consumable materials		72	155
Maintenance material		43	41
Stationery and printing		6,168	5,435
Medical supplies		2	1
<b>Total</b>		<u>6,291</u>	<u>5,636</u>
<b>6.6 Property payments</b>	6		
Municipal services		2,712	2,945
Property maintenance and repairs		866	564
Other		6,264	5,831
<b>Total</b>		<u>9,842</u>	<u>9,340</u>
The cleaning and security services for the property are included under other.			
<b>6.7 Travel and subsistence</b>	6		
Local		23,419	22,207
Foreign		15,790	13,563
<b>Total</b>		<u>39,209</u>	<u>35,770</u>

Travel and subsistence is mainly due to:

- (a) the ICT Policy Colloquium;
- (b) various projects that were launched for previously disadvantaged communities;
- (c) various international obligations relating to ICT;
- (d) various International Telecommunication Union (ITU) events;
- (e) an awareness campaign on the digital migration (DD2);
- (f) other commitments; and
- (g) see also par 1.2 and 1.3 of the Management report.

Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

	Note	2012/13 R'000	2011/12 R'000
<b>6.8 Other operating expenditure</b>	6		
Learnership		1,544	1,951
Professional bodies, membership and subscription fees		102	11,967
Other		3,522	754
<b>Total</b>		<u>5,168</u>	<u>14,672</u>
<b>Professional bodies, membership and subscription fees:</b> The decrease is mainly due to the reclassification of subscription fees to International Organisations from goods and services to transfer payments in the 2012/2013 financial year.			
<b>Other:</b> Stipend at R2 000 per month paid to unemployed youth on the E-Literacy project. (Approximately 150 unemployed youth @ R2 000 per month.			
<b>7 Interest and Rent on Land</b>			
Interest paid		23	15
		<u>23</u>	<u>15</u>
<b>8 Payments for financial assets</b>			
Material losses through criminal conduct		16	1,273
Theft	8.3	16	1,273
Other material losses written off	8.1	290	842
Debts written off	8.2	35	-
Forex losses	8.4	2	6
<b>Total</b>		<u>343</u>	<u>2,121</u>
<b>8.1 Other material losses written off</b>	8		
<b>Nature of losses</b>			
Recruitment advertisements		-	327
Vehicle excess payments		-	11
No shows		13	41
Interest on late payment – Telkom		2	-
Cancelation fee		-	26
Arbitration award		218	-
Damaged rented vehicles		51	425
Damaged departmental vehicles		-	4
Traffic fines		6	-
Other		-	8
<b>Total</b>		<u>290</u>	<u>842</u>

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Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

	<i>Note</i>	2012/13 R'000	2011/12 R'000
<b>8.2 Debts written off</b>	<b>8</b>		
<b>Nature of debts written off</b>			
Other debts written off			
Income tax		2	-
Salary overpayments		22	-
Bursary		8	-
Interest on late payment		3	-
Total debt written off		<u>35</u>	<u>-</u>
<b>8.3 Details of theft</b>	<b>8</b>		
<b>Nature of theft</b>			
Notebook		16	-
Voice recorder		-	1
International Calls on departments PABX system		-	1,272
		<u>16</u>	<u>1,273</u>
<b>8.4 Forex losses</b>	<b>8</b>		
<b>Nature of losses</b>			
Foreign exchange - travel and subsistence		3	6
<b>Total</b>		<u>3</u>	<u>6</u>

**Notes to the Annual Financial Statements**  
**For the year ended 31 March 2013 (continued)**

	Note	2012/13 R'000	2011/12 R'000
<b>9 Transfers and Subsidies</b>			
Provinces and municipalities	<i>Annex 1A</i>	5	7
Departmental agencies and accounts	<i>Annex 1B</i>	775,191	692,674
Foreign governments and international organisations	<i>Annex 1C</i>	21,383	11,647
Public corporations and private enterprises	<i>Annex 1D</i>	433,243	713,192
Non-profit institutions	<i>Annex 1E</i>	-	3,700
Households	<i>Annex 1F</i>	470	127
Gifts, donations and sponsorships made	<i>Annex 1G</i>	415	421
<b>Total</b>		<b>1,230,707</b>	<b>1,421,768</b>

**Departmental Agencies and Accounts:** The increase is mainly due to an increase in ICASA's funding requirements.

**Foreign governments and international organisations:** The increase is as a result of reclassification of subscription fees to international organisations from goods and services to transfer payments and Universal Postal Union (UPU) subscription for 2011/12 financial year paid in the 2012/13 financial year.

**10 Expenditure for capital assets**

<b>Tangible assets</b>		5,723	2,412
Machinery and equipment	37.1	5,723	2,412
<b>Software and other intangible assets</b>		369	186
Computer software	38.1	-	186
Patents, licences, copyright, brand names, trademarks		369	-
<b>Total</b>		<b>6,092</b>	<b>2,598</b>

**10.1 Analysis of funds utilised to acquire capital assets - 2012/13**

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
<b>Tangible assets</b>	5,723	-	5,723
Machinery and equipment	5,723	-	5,723
<b>Software and other intangible assets</b>	369	-	369
Patents, licences, copyright, brand names, trademarks	369	-	369
<b>Total</b>	<b>6,092</b>	<b>-</b>	<b>6,092</b>

**Notes to the Annual Financial Statements  
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**10.2 Analysis of funds utilised to acquire capital assets - 2011/12**

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
<b>Tangible assets</b>	2,412	-	2,412
Machinery and equipment	2,412	-	2,412
<b>Software and other intangible assets</b>	186	-	186
Computer software	186	-	186
<b>Total</b>	<u>2,598</u>	<u>-</u>	<u>2,598</u>

	Note	2012/13 R'000	2011/12 R'000
<b>11 Cash and Cash Equivalents</b>			
Consolidated Paymaster General Account		386,268	203,765
Cash on hand		35	35
Cash with commercial banks (Local)		5,246	2,091
<b>Total</b>		<u>391,549</u>	<u>205,891</u>

The increase is mainly due to unutilized funds of R382 million returned by Telkom in March 2013 for the 2010 FIFA World Cup close up.

**12 Other Financial Assets**

**Non-Current**

**Local**

Deposits	200	200
<b>Total</b>	<u>200</u>	<u>200</u>

**Foreign**

Deposits	71	71
<b>Total</b>	<u>71</u>	<u>71</u>

**Total Non-Current other financial assets**

	<u>271</u>	<u>271</u>
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**Foreign:** Deposits paid by International Relations on hired accommodation for an employee stationed in Paris, France.

Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

	<i>Note</i>	2012/13 R'000	2011/12 R'000
<b>13 Prepayments and Advances</b>			
Travel and subsistence		197	691
Advances paid to other entities		804	1,358
<b>Total</b>		<u>1,001</u>	<u>2,049</u>

<b>13.1 Advances paid</b>	<b>Note</b>		
National departments	Annex 7	804	1,358
		<u>804</u>	<u>1,358</u>

**Advances paid to National departments:** The decrease is mainly due to invoices/claims received from Department of International Relations and Cooperation.

	<i>Note</i>	2012/13			Total R'000	2011/12 R'000
		Less than one year R'000	One to three years R'000	Older than three years R'000		
<b>14 Receivables</b>						
Claims recoverable	<i>14.1 Annex 4</i>	39	-	-	39	-
Recoverable expenditure	<i>14.2</i>	-	1,649	-	1,649	1,649
Staff debt	<i>14.3</i>	109	-	33	142	133
Other debtors	<i>14.4</i>	581	2,288	3,862	6,731	6,327
		<u>729</u>	<u>3,937</u>	<u>3,895</u>	<u>8,561</u>	<u>8,109</u>

	<i>Note</i>	2012/13 R'000	2011/12 R'000
<b>14.1 Claims recoverable</b>	<i>14</i>		
National departments		39	-
<b>Total</b>		<u>39</u>	<u>-</u>

Claims for The Presidency and DPSA. Payment of R37 thousand received from the Presidency in April 2013.

<b>14.2 Recoverable expenditure</b>	<i>14</i>		
Disallowance payments - fraud		1,649	1,649
		<u>1,649</u>	<u>1,649</u>

Fraudulent orders and invoices to the amount of R1 649 120.49.



Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

	<i>Note</i>	2012/13 R'000	2011/12 R'000
<b>14.3 Staff debt</b>	14		
Debt accounts		142	133
<b>Total</b>		<u>142</u>	<u>133</u>
<b>14.4 Other debtors</b>	14		
Ex-employees		1,047	938
Suppliers		5,388	5,158
SARS income tax		282	221
Non-employees		14	10
<b>Total</b>		<u>6,731</u>	<u>6,327</u>
<b>Suppliers:</b> The increase is mainly due to interest charged on debts in respect of the travel agency pending a court case and an outstanding tax refund from SARS to the amount of R282 thousand of which the refund is outstanding for more than a year irrespective of numerous requests.			
		2012/13 R'000	2011/12 R'000
<b>15 Investments</b>	<i>Note</i>		
<b>Non-Current</b>			
<b>Shares and other equity</b>			
Telkom SA Limited		2,070,380	2,070,380
South African Post Office Limited		200,940	200,940
Sentech (Pty) (Ltd)		1	1
Vodacom Group Limited		12,173,839	12,173,839
<b>Total</b>		<u>14,445,160</u>	<u>14,445,160</u>
<b>Total non-current</b>		<u>14,445,160</u>	<u>14,445,160</u>
<b>Analysis of non-current investments</b>			
Opening balance		14,445,160	14,445,160
<b>Closing balance</b>		<u>14,445,160</u>	<u>14,445,160</u>

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

**Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)**

	<i>Note</i>	2012/13 R'000	2011/12 R'000
<b>16 Loans</b>			
Public corporations		27,391	27,391
<b>Total</b>		<u>27,391</u>	<u>27,391</u>
<b>Analysis of Balance</b>			
Opening balance		27,391	27,391
<b>Closing balance</b>		<u>27,391</u>	<u>27,391</u>
The amount of R27,4 million was made available to the SABC as permanent capital and is not repayable. Interest at 6% per annum is payable on the loan amount. Section 30 (2) of the Exchequer Act, (Act No 66 of 1975) refers.			
<b>17 Voted Funds to be Surrendered to the Revenue Fund</b>			
Opening balance		210,911	711,524
Transfer from statement of financial performance		3,813	210,911
Paid during the year		(210,911)	(711,524)
<b>Closing balance</b>		<u>3,813</u>	<u>210,911</u>
The decrease is mainly due to underspending of voted funds in the 2011/2012 financial year.			
<b>18 Departmental revenue to be surrendered to the Revenue Fund</b>			
Opening balance		1,926	2,728
Transfer from Statement of Financial Performance		2,612,220	2,321,086
Paid during the year		(2,612,223)	(2,321,888)
<b>Closing balance</b>		<u>1,923</u>	<u>1,926</u>
The decrease is as a result of revenue paid in time to the department's bank account by ICASA and subsequently transferred to the National Revenue Fund before 31 March 2013.			
<b>19 Direct Exchequer receipts to be surrendered to the Revenue Fund</b>			
Opening balance		150	4,176
Transfer from Statement of Financial Performance		390,355	8,427
Paid during the year		(150)	(12,453)
<b>Closing balance</b>		<u>390,355</u>	<u>150</u>
The increase is mainly due to unutilized funds of R382 million returned by Telkom in March 2013 for the 2010 FIFA World Cup close up.			

**Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)**

	<i>Note</i>	2012/13 R'000	2011/12 R'000
<b>20 Payables - current</b>			
Clearing accounts	20.1	34	25
Other payables	20.2	1,700	48
<b>Total</b>		<u>1,734</u>	<u>73</u>
<b>20.1 Clearing accounts</b>	20		
Clearing amounts		4	25
Refund Department of Water Affairs		1	-
Dispute with supplier		1	-
State guarantee		28	-
		<u>34</u>	<u>25</u>
<b>20.2 Other payables</b>	20		
Salary deductions		-	5
SARS – USF License fees		1,681	15
State Guarantee refund		-	28
Supplier invoices – legal dispute		19	-
<b>Total</b>		<u>1,700</u>	<u>48</u>

The increase is mainly due to Universal Service Fund contributions of R1,681 million rand paid into the Departments account on 28 March 2013 by ICASA which could not be transferred to the South African Revenue Services on or before 31 March 2013.

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

Net surplus/(deficit) as per Statement of Financial Performance	3,006,669	2,540,664
Add back non cash/cash movements not deemed operating activities	(4,481,896)	(4,464,065)
(Increase)/decrease in receivables – current	(452)	1,184
(Increase)/decrease in prepayments and advances	1,048	(1,419)
Increase/(decrease) in payables – current	1,661	(495)
Proceeds from sale of investments	(1,666,721)	(1,430,729)
Expenditure on capital assets	6,092	2,598
Surrenders to Revenue Fund	(2,823,284)	(3,033,412)
Surrenders to RDP Fund/Donor	(240)	(1,792)
<b>Net cash flow generated by operating activities</b>	<u>(1,475,227)</u>	<u>(1,923,401)</u>

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Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

	<i>Note</i>	2012/13 R'000	2011/12 R'000
<b>22 Reconciliation of cash and cash equivalents for cash flow purposes</b>			
Consolidated Paymaster General account		386,268	203,765
Cash on hand		35	35
Cash with commercial banks (Local)		5,246	2,091
<b>Total</b>		<u>391,549</u>	<u>205,891</u>

Disclosure Notes to the Annual Financial Statements  
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	Note	2012/13 R'000	2011/12 R'000	
<b>23</b>				
<b>Contingent liabilities and contingent assets</b>				
<b>23.1 Contingent liabilities</b>				
<b>Liable to</b>	<b>Nature</b>			
Housing loan guarantees	Employees	Annex 3A 192	219	
Other guarantees		Annex 3A 256,745	973,995	
Claims against the department		Annex 3B 833,351	403,470	
Other departments (interdepartmental unconfirmed balances)		Annex 5 -	-	
<b>Total</b>		<u>1,090,288</u>	<u>1,377,684</u>	
The decrease is mainly due to repayments by the SABC on the Nedcor bank loan. See annexure 3 for more detail of the loan.				
<b>23.2 Contingent assets</b>				
<b>Nature of contingent asset</b>				
Counter claim submitted		2,863	2,863	
<b>Total</b>		<u>2,863</u>	<u>2,863</u>	
<b>24</b>				
<b>Commitments</b>				
<b>Current expenditure</b>		48,532	71,951	
Approved and contracted		48,532	65,706	
Approved but not yet contracted		-	6,245	
<b>Capital Expenditure</b>		1,118	1,536	
Approved and contracted		1,118	1,536	
Approved but not yet contracted		-	-	
<b>Total Commitments</b>		<u>49,650</u>	<u>73,487</u>	
<b>Commitments for longer than a year:</b>				
<b>Order number</b>	<b>Expire date</b>	<b>Amount</b>		
OR-008203	2013-12-31	R1,162		
OR-008363	2013-06-30	R2,093		
OR-008839	2014-01-01	R12,690		
OR-009709	2015-08-31	R9,833		
OR-009180	2015-08-31	R5,372		
<b>Total</b>		<u><u>R31,150</u></u>		
<b>25</b>				
<b>Accruals</b>				
<b>Listed by economic classification</b>	<b>30 days</b>	<b>30+ days</b>	<b>Total</b>	<b>Total</b>
Goods and services	12,032	8,801	20,833	18,116
Capital assets	272	-	272	-
<b>Total</b>	<u>12,304</u>	<u>8,801</u>	<u>21,105</u>	<u>18,116</u>

Disclosure Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

	Note	2012/13 R'000	2011/12 R'000	
<b>Listed by programme level</b>				
Administration		9,436	5,720	
ICT International Affairs and Trade		397	3,765	
ICT Policy Development		1,604	992	
ICT Enterprise Development		96	134	
ICT Infrastructure Development		8,347	2,510	
Presidential National Commission		1,225	4,995	
<b>Total</b>		<b>21,105</b>	<b>18,116</b>	
Confirmed balances with departments	<i>Annex 5</i>	-	388	
<b>Total</b>		<b>-</b>	<b>388</b>	
<b>26 Employee benefits</b>				
Leave entitlement		5,976	4,049	
Service bonus (Thirteenth cheque)		3,676	3,421	
Performance awards		3,704	3,483	
Capped leave commitments		3,305	2,734	
<b>Total</b>		<b>16,661</b>	<b>13,687</b>	
<b>27 Lease commitments</b>				
<b>27.1 Operating leases expenditure</b>				
<b>2012/13</b>	<b>Land</b>	<b>Buildings and other fixed structures</b>	<b>Machinery and equipment</b>	<b>Total</b>
Not later than 1 year	-	-	2,482	2,482
Later than 1 year and not later than 5 years	-	-	1,166	1,166
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>3,648</b>	<b>3,648</b>
<b>2011/12</b>	<b>Land</b>	<b>Buildings and other fixed structures</b>	<b>Machinery and equipment</b>	<b>Total</b>
Not later than 1 year	-	-	2,596	2,596
Later than 1 year and not later than 5 years	-	-	2,661	2,661
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>5,257</b>	<b>5,257</b>

Leases in respect of Minister and Deputy Minister's vehicles, GG vehicles for Ministry and photo copy machines.

**Disclosure Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)**

	<i>Note</i>	2012/13 R'000	2011/12 R'000
<b>28 Receivables for departmental revenue</b>			
Sales of goods and services other than capital assets		33,643	8,189
		<u>33,643</u>	<u>8,189</u>
The increase is mainly due to revenue collected ICASA in March 2013 paid into the department's bank account in April 2013.			
<b>28.1 Analysis of receivables for departmental revenue</b>			
Opening balance		8,189	6,933
Less: Amounts received		(8,189)	(6,933)
Add: Amounts recognised		33,643	8,189
Closing balance		<u>33,643</u>	<u>8,189</u>
<b>29 Irregular expenditure</b>			
<b>29.1 Reconciliation of irregular expenditure</b>			
Opening balance		116,701	32,516
Add: Irregular expenditure - relating to prior year		-	95,485
Add: Irregular expenditure - relating to current year		5,210	20,054
Less: Amounts condoned		(51)	(31,354)
Less: Amounts not recoverable (not condoned)		(2)	-
<b>Irregular expenditure awaiting condonation</b>		<u>121,858</u>	<u>116,701</u>
<b>Analysis of awaiting condonation per age classification</b>			
Current year		5,162	115,473
Prior years		116,696	1,228
<b>Total</b>		<u>121,858</u>	<u>116,701</u>
A complete irregular expenditure register exist with detail information with regard to the above.			
<b>29.2 Details of irregular expenditure – prior and current year</b>			<b>R'000</b>
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>		
<b>Current year</b>			
Procurement procedures not followed	In process		50
Approval not obtained in accordance with TR 21.1.1 for the donation of toolkits to unemployed youth	In process		2
Procurement procedures not followed	In process		5,130
Irregular appointment of committee member	In process		28
			<u>5,210</u>

**Disclosure Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)**

**29.3 Details of irregular expenditure condoned**

Incident	Condoned by (condoning authority)	
Treasury Regulation 12.1.2 not adhered to. Exceeded the R250 000 limit.	National Treasury	5
Procurement procedures not followed	Departmental Bid Adjudication Committee	46
		<u>51</u>

**29.4 Details of irregular expenditure recoverable (not condoned)**

Approval not obtained in accordance with TR 21.1.1 for the donation of toolkits to unemployed youth.	Recovered Receipt number RE 0205846 dated 31 October 2012 refers.	2
		<u>2</u>

	Note	2012/13 R'000	2011/12 R'000
<b>30 Fruitless and wasteful expenditure</b>			
<b>30.1 Reconciliation of fruitless and wasteful expenditure</b>			
Opening balance		11,553	1,564
Fruitless and wasteful expenditure – relating to prior year		22	12,714
Fruitless and wasteful expenditure – relating to current year		1,075	764
Less: Amounts condoned		(515)	(2,118)
Less: Amounts transferred to receivables for recovery		(37)	(1,371)
<b>Fruitless and wasteful expenditure awaiting condonement</b>		<u>12,098</u>	<u>11,553</u>
<b>Analysis of awaiting condonement per economic classification</b>			
Current		12,098	11,553
<b>Total</b>		<u>12,098</u>	<u>11,553</u>

A complete fruitless and wasteful expenditure register exist with detail information with regard to the above.

**30.2 Analysis of Current Year's Fruitless and wasteful expenditure** **2012/13**

Incident	Disciplinary steps taken/criminal proceedings	R'000
<b>Current year</b>		
No show	In process	12
Interest: Telkom, American Express and Bursary	In process	25
Settlement agreements	In process	1001
Motor vehicle accidents	In process	52
Traffic fines	In process	<u>7</u>



**Disclosure Notes to the Annual Financial Statements**  
**For the year ended 31 March 2013 (continued)**

**31 Related party relationships**

**Investment entities:**

Telkom SA Limited  
South African Post Office Limited;  
Vodacom Group Limited; and  
Sentech.

**Other:**

Universal Service and Access Agency of South Africa  
Universal Service and Access Fund  
Independent Communications Authority of South Africa  
South African Broadcasting Corporation  
National Electronic Media Institute of South Africa; and DPW  
See also Annexure 2A and Management report in this regard.

	<i>No. of Individuals</i>	<b>2012/13 R'000</b>	<b>2011/12 R'000</b>
<b>32 Key management personnel</b>			
Political office bearers	2	3,678	3,604
Officials:			
Level 15 to 16	6	8,907	9,098
Level 14	7	5,101	5,460
Family members of key management personnel	-	-	-
<b>Total</b>		<u>17,686</u>	<u>18,162</u>
The decrease is mainly due to officials that have left the department.			
<b>33 Impairment</b>			
Other		-	-
<b>Total</b>		<u>-</u>	<u>-</u>
<b>34 Provisions</b>			
Debtors		3,869	2,333
<b>Total</b>		<u>3,869</u>	<u>2,333</u>
<b>35 Non-adjusting events after the reporting date</b>			
Payment of settlement agreements of two SMS members after 31 March 2012		-	1,001
		<u>-</u>	<u>1,001</u>

The above expenditure is regarded as fruitless and wasteful and payment thereof in the 2012/2013 financial year has been disclosed. See note 30.2

Disclosure Notes to the Annual Financial Statements  
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36 Moveable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	57,655	-	5,723	3,727	59,651
Transport assets	2,349	-	930	-	3,279
Computer equipment	29,336	-	2,935	3,460	28,811
Furniture and office equipment	8,907	-	1,155	189	9,873
Other machinery and equipment	17,063	-	703	78	17,688
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>57,655</b>	<b>-</b>	<b>5,723</b>	<b>3,727</b>	<b>59,651</b>

36.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	5,723	-	-	-	5,723
Transport assets	930	-	-	-	930
Computer equipment	2,935	-	-	-	2,935
Furniture and office equipment	1,155	-	-	-	1,155
Other machinery and equipment	703	-	-	-	703
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>5,723</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,723</b>

**Disclosure Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)**

**36.2 Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received Actual R'000
<b>MACHINERY AND EQUIPMENT</b>	-	3,727	3,727	-
Computer equipment	-	3,460	3,460	-
Furniture and office equipment	-	189	189	-
Other machinery and equipment	-	78	78	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	-	3,727	3,727	-

**36.3 Movement for 2011/12**

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>MACHINERY AND EQUIPMENT</b>	55,528	2,890	763	57,655
Transport assets	2,349	-	-	2,349
Computer equipment	27,746	2,353	763	29,336
Furniture and office equipment	8,600	307	-	8,907
Other machinery and equipment	16,833	230	-	17,063
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	55,528	2,890	763	57,655

**Disclosure Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)**

**36.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED  
31 MARCH 2013**

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	50	-	11,575	-	11,625
Current year adjustments to prior year balances	-	-	28	-	28
Additions	3	-	245	-	248
Disposals	2	-	960	-	962
<b>TOTAL MINOR ASSETS</b>	<b>51</b>	<b>-</b>	<b>10,888</b>	<b>-</b>	<b>10,939</b>

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	162	-	162
Number of minor assets at cost	-	-	4,552	-	4,552
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>4,714</b>	<b>-</b>	<b>4,714</b>

**36.5 MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED  
31 MARCH 2012**

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	50	-	11,443	-	11,493
Additions	-	-	175	-	175
Disposals	-	-	43	-	43
<b>TOTAL MINOR ASSETS</b>	<b>50</b>	<b>-</b>	<b>11,575</b>	<b>-</b>	<b>11,625</b>

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	184	-	184
Number of minor assets at cost	17	-	4,694	-	4,711
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>17</b>	<b>-</b>	<b>4,878</b>	<b>-</b>	<b>4,895</b>

**Disclosure Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)**

**36.6 MOVEABLE ASSETS WRITTEN OFF**

**MOVEABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2013**

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Assets written off	-	-	64	-	64
<b>TOTAL MOVEABLE ASSETS WRITTEN OFF</b>	-	-	64	-	64

**MOVEABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2012**

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Assets written off	-	-	56	-	56
<b>TOTAL MOVEABLE ASSETS WRITTEN OFF</b>	-	-	56	-	56

**37 Intangible Capital Assets**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED  
31 MARCH 2013**

	Opening balance	Current year adjust- ments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Computer software	9,607	-	-	1,277	8,330
Patents, Licences, Copy rights, Brands, Names, Trademarks	-	-	369	-	369
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	9,607	-	369	1,277	8,699

Disclosure Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

37.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash R'000	Non-cash R'000	(Develop- ment work- in-progress current costs) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
Patents, Licences, Copy rights, Brands, Names, Trademarks	369	-	-	-	369
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>369</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>369</b>

The amount of R369 thousand is for system licences for an Electronic Organisational Performance Management System.

37.2 DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received Actual R'000
Computer software	-	1,277	1,277	-
<b>TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>1,277</b>	<b>1,277</b>	<b>-</b>

37.3 Movement for 2011/12

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer software	9,421	186	-	9,607
<b>TOTAL</b>	<b>9,421</b>	<b>186</b>	<b>-</b>	<b>9,607</b>

Disclosure Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

38 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Current year adjust- ments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	18	-	-	-	18
Non-residential buildings	18	-	-	-	18
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	18	-	-	-	18

38.1 Movement for 2011/12

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	18	-	-	18
Non-residential buildings	18	-	-	18
<b>TOTAL TANGIBLE CAPITAL ASSETS</b>	18	-	-	18

Disclosure Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

39 TRANSFER OF FUNCTIONS

None

39.1	Statement of Financial Position	Note	Bal per dept 2011/12 AFS before transfer	Func-tions per dept (trans-ferred)/ received)	Func-tions per dept (trans-ferred)/ received)	Func-tions per dept (trans-ferred) / received	2011/12 Balance after transfer
			2011/12 R'000	2011/12 R'000	2011/12 R'000	2011/12 R'000	2011/12 R'000
<b>ASSETS</b>							
<b>Current Assets</b>			<b>216,049</b>	-	-	-	<b>216,049</b>
	Fruitless and wasteful expenditure		-	-	-	-	-
	Cash and cash equivalents	11	205,891	-	-	-	205,891
	Prepayments and advances	13	2,049	-	-	-	2,049
	Receivables	14	8,109	-	-	-	8,109
<b>Non-Current Assets</b>			<b>14,472,822</b>	-	-	-	<b>14,472,822</b>
	Investments	15	14,445,160	-	-	-	14,445,160
	Loans	16	27,391	-	-	-	27,391
	Other financial assets	12	271	-	-	-	271
<b>TOTAL ASSETS</b>			<b>14,688,871</b>	-	-	-	<b>14,688,871</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>			<b>213,300</b>	-	-	-	<b>213,300</b>
	Voted funds to be surrendered to the Revenue Fund	17	210,911	-	-	-	210,911
	Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	18	1,926	-	-	-	1,926
	Direct Exchequer Receipts to be surrendered to the Revenue Fund	19	150	-	-	-	150
	Payables	20	73	-	-	-	73
	Aid assistance unutilised	4	240	-	-	-	240



Disclosure Notes to the Annual Financial Statements  
For the year ended 31 March 2013 (continued)

<b>Non-Current Liabilities</b>	-	-	-	-	-
Payables	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>213,300</b>	-	-	-	<b>213,300</b>
<b>NET ASSETS</b>	<b>14,475,571</b>	-	-	-	<b>14,475,571</b>

39.2 Disclosure Notes		Bal per dept	Func-	Func-	Functions	2011/12
		2011/12	tions	tions	per dept	Balance
		AFS before	per dept	per dept	(trans-	after
		transfer	(trans-	(trans-	ferred) /	transfer
		received	ferred) /	ferred) /	received	
		2011/12	2011/12	2011/12	2011/12	2011/12
		R'000	R'000	R'000	R'000	R'000
Contingent liabilities	23	1,374,821	-	-	-	1,374,821
Commitments	24	73,487	-	-	-	73,487
Accruals	25	18,116	-	-	-	18,116
Employee benefits	26	13,687	-	-	-	13,687
Lease commitments - operating lease	27	5,257	-	-	-	5,257
Receivables for departmental revenue	28	8,189	-	-	-	8,189
Irregular expenditure	29	116,701	-	-	-	116,701
Fruitless and wasteful expenditure	30	11,553	-	-	-	11,553
Impairment and other provisions	33 & 34	2,333	-	-	-	2,333
Movable tangible capital assets	36	57,655	-	-	-	57,655
Immovable tangible capital assets	38	18	-	-	-	18
Intangible capital assets	37	9,607	-	-	-	9,607

**Annexure to the Annual Financial Statements  
 for the year ended 31 March 2013**

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

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2011/2012 Total Available
	Amount R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by Municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %		
Cape Town	-	-	-	-	1	-	-	-	-	-	1
Tshwane	-	-	-	-	4	-	-	-	-	-	6
	-	-	-	-	5	-	-	-	-	-	7

Vehicle license fees.

## Vote 27: Department of Communications

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

**ANNEXURE 1B****STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12 Appropriation Act R'000
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Universal Service and Access Agency of South Africa	59,801	-	-	59,801	59,801	100%	83,168
Universal Service and Access Fund	43,977	-	-	43,977	43,977	100%	40,930
Universal Service and Access Fund: Set Top Box Subsidy	230,000	-	-	230,000	230,000	100%	220,000
Independent Communications Authority of South Africa	405,797	-	-	405,797	405,797	100%	313,378
National Electronic Media Institute of SA	34,116	-	-	34,116	34,116	100%	33,473
.ZA Domain Name Authority	1,500	-	-	1,500	1,500	100%	1,500
ISETT SETA (Skills development levy)	236	-	-	236	-	-	225
	775,427	-	-	775,427	775,191		692,674

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

**ANNEXURE 1C**

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

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2011/12	
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Capital	Current		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
<b>Public Corporations</b>										
<b>Transfers</b>										
SABC: Public Broadcaster	154,152	-	-	154,152	154,152	100%	-	154,152	84,907	
SABC: Channel Africa	43,292	-	-	43,292	43,292	100%	-	43,292	41,230	
SABC: Programme Production	10,000	-	-	10,000	10,000	100%	-	10,000	10,000	
SABC: Community Radio Stations	8,381	-	-	8,381	8,000	95%	-	8,000	7,663	
Sentech Digitisation	165,834	-	-	165,834	165,834	100%	165,834	-	268,900	
Sentech Digital Terrestrial Television	-	-	-	-	-	-	-	-	120,000	
<b>Subsidies</b>										
SA Post Office	51,965	-	-	51,965	51,965	100%	-	51,965	180,442	
<b>Total</b>	433,624	-	-	433,624	433,243		165,834	267,409	713,142	

ANNEXURE 1C (Continues)									
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES									
NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE			2011/12 Appropriation Act R'000
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred	Capital R'000	Current R'000	
<b>Private Enterprises</b>									
<b>Transfers</b>									
Claims against the State (Mohlaba & Moshwana Inc)	-	-	-	-	-	-	-	-	5
Claims against the State (Woodford Car & Bakkie Hire)	-	-	-	-	-	-	-	-	15
Claims against the State (Mooney Ford Attorneys - CMH Car Hire (Pty Ltd)	-	-	-	-	-	-	-	-	30
<b>TOTAL</b>	433,624	-	-	433,624	433,243		165,834	267,409	713,192

## Vote 27: Department of Communications

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

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

FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				TRANSFER		2011/12
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
African Telecommunication Union (ATU)	710	-	-	710	708	100%	668
Universal Postal Union (UPU)	3,555	-	-	3,555	7,380	208%	-
Pan African Postal Union (PAPU)	680	-	-	680	733	108%	494
International Telecommunications Union (ITU)	10,826	-	-	10,826	12,450	115%	10,176
Commonwealth Telecommunication Organization (CTO)	281	-	-	281	-	-	205
Organisation for Economic and Cultural Development	109	-	-	109	112	103%	104
<b>TOTAL</b>	16,161	-	-	16,161	21,383		11,647

Membership fees to the above international organisations were previously budgeted for under goods and services. However this has been corrected in the 2012/13 financial year (adjustment budget) and comparative figures adjusted. Transfers and subsidies for previous year have increased by R11,647 million and goods and services decreased by R11,647.

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

**ANNEXURE 1E  
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

	TRANSFER ALLOCATION				EXPENDITURE		2011/12 Appropriation Act R'000
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
<b>NON-PROFIT INSTITUTIONS</b>							
<b>Transfers</b>							
New Partnership for Africa's Development e-Africa Commission (Contributions to operations)	3,885	-	-	3,885	-		3,700
<b>Total</b>	3,885	-	-	3,885	-		3,700

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

**ANNEXURE 1F  
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2011/12 Appropriation Act R'000
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	
<b>Transfers</b>							
H/H EMPL S/BEN:LEAVE GRATUITY	-		-	-	458		103
H/H PMT/REFUND&REM-ACT/GRACE	-		-	-	12		24
<b>Total</b>	-		-	-	470		127



**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

<b>ANNEXURE 1G STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED</b>			
<b>NAME OF ORGANISATION</b>	<b>NATURE OF GIFT, DONATION OR SPONSORSHIP</b>	<b>2012/13</b>	<b>2011/12</b>
		<b>R'000</b>	<b>R'000</b>
<b>Received in kind</b>			
South Korea	Computer equipment with regard to the ITCC project - In terms of the MoU the equipment after the finalisation of the project became the assets of the Department.	-	278
South Korea	Furniture and office equipment with regard to the ITCC project - In terms of the MoU the equipment after the finalisation of the project became the assets of the Department.	-	38
South Korea	Other machinery and equipment with regard to the ITCC project - In terms of the MoU the equipment after the finalisation of the project became the assets of the Department.	-	162
National Institute Community Development and Management (NICDAM)	120 Toolkits to unemployed young people who participated in the e-Literacy Programme for unemployed Youth.	12	
<b>TOTAL</b>		12	478

**Annexures to the Annual Financial Statements  
for the year ended 31 March 2013**

**ANNEXURE 1H  
STATEMENT OF AID ASSISTANCE RECEIVED**

NAME OF DONOR	PURPOSE	OPENING BALANCE	TRANSFERRED TO REVENUE/ RDP FUND	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000	
Received in cash						
Finland	Provincial Information Society Strategy Programme	240	240	281	-	281
<b>TOTAL</b>		240	240	281	-	281

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

**ANNEXURE 11**

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE**

NATURE OF GIFT, DONATION OR SPONSORSHIP	2012/13	2011/12
	R'000	R'000
<b>Paid in cash</b>		
Sponsorship to Denzhe Arts and Culture for hosting of Limpopo traditional music tour		100
Sponsorship to SANGONeT for the hosting of an ICT for Rural Development conference - "Rural Realities, Real Solutions"		100
Gifts for Minister's counterparts during meetings or official trips for the year 2011		7
Sponsorship to the University of Johannesburg's Centre for Small Business Development for upcoming conference on "Transforming Townships into economic powerhouses"	100	100
Donation of 2 laptops to Disabled Children Action Group organization		15
Donation of 20 computers to support Mahiale High School		99
Donation of computers and printers to Moleketla Primary School	100	
Donation of computers to Shiyinkosi High School	100	
Sponsorship to University of Johannesburg - Centre for Small Business Development	100	
Donations of Computers to Bashee Comprehensive High School F27/12/13	98	
Gifts for Minister's Malaysian counterparts	4	
Gifts for Minister's Korean's counterparts	2	
Sponsorship material for WDSC 2012 connection group	9	
Gifts for Deputy Minister's delegation from China	2	
<b>Subtotal</b>	<b>415</b>	<b>421</b>

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

**ANNEXURE 1I (Continued)**

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE**

**NATURE OF GIFT, DONATION OR SPONSORSHIP**

Made in kind

During the 2011/2012 financial year:

None

During the 2012/2013 financial year:

Donation of 3 outdated computers to Moleketa Primary School with no book value

Various redundant furniture and outdated computer equipment items to Nomsa Mapongwana Primary School with no book value

Various redundant furniture and office equipment items to Lehlabile Secondary School

**Subtotal**

**Remissions, refunds and payments made as an act of grace**

Condolence donations in respect of officials who passed away

**Subtotal**

**TOTAL**

	2012/13 R'000	2011/12 R'000
	-	-
	-	-
	-	-
	2	-
	2	-
	12	24
	12	24
	429	445

## Vote 27: Department of Communications

Annexure to the Annual Financial Statements for the year ended 31 March 2013													
ANNEXURE 2 STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2013 (Only Public and Private Entities)													
Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 12/13	% Held 11/12	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed	
				2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12		
								R'000	R'000	R'000	R'000	Yes/No	
<b>National/Public Entity</b>													
Universal Service and Access Agency of South Africa	3A	100%	100%	-	-	-	-	-	-	(281)	7,019	No	
Universal Service and Access Fund	3A	100%	100%	-	-	-	-	-	-	238,244	256,035	No	
Telkom SA Limited	2	39.8%	39.8%	207,038,058	207,038,058	10	10	2,070,381	2,070,381	(11,499)	(90)	No	
South African Post Office Ltd	2	100%	100%	200,939,821	200,939,821	1	1	200,940	200,940	(178,687)	(157,855)	No	
Independent Communications Authority of South Africa	1	100%	100%	-	-	-	-	-	-	14,596	6,482	No	
South African Broadcasting Corporation	2	100%	100%	-	-	-	-	-	-	329,513	343,493	No	

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

**ANNEXURE 2 (Continued)  
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2013  
(Only Public and Private Entities)**

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 12/13	% Held 11/12	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed
				2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12	
National Electronic Media Institute of South Africa	3A	100%	100%	-	-	-	-	-	-	(974)	(5,437)	No
Sentech (Pty) Ltd	3B	100%	100%	998	998	1	1	1	1	11,177	192,259	No
Vodacom Group Limited	2	13.90%	13.90%	207,038,059	207,038,059	59	59	12,173,838	12,173,838	13,224,000	10,203,000	No
<b>Total</b>				615,016,936	615,016,936	71	71	14,445,160	14,445,160	13,626,089	10,844,906	

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

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

## ANNEXURE 3A

## STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013- LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2012	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2013	Guaranteed interest for year ended 31 March 2013	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABSA Standard Bank	Housing	77	77	-	27	-	50	-	-
		142	142	-	-	-	142	-	-
	Subtotal	219	219	-	27	-	192	-	-
* Nedcor Bank	Other (SABC Loan - 17 December 2009)	1,000,000	888,889	-	722,222	-	166,667	-	-
		1,000,219	889,108	-	722,249	-	166,859	-	-
	<b>TOTAL</b>								

\* The loan is repayable over a five year period (a) on the basis of a two year capital moratorium on the Capital amount of R1,000,000,000.00 (b) quarterly or monthly amortising capital repayments starting in the first month of year three, for the remaining three year period (c) Interest to be services on a quarterly or monthly basis over the five year period (d) Pricing to a maximum of an All rate of one month JIBAR + 180 Basis Points.

**ANNEXURE 3A (continued)**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 - FOREIGN**

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2012	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2013	Guaranteed interest for year ended 31 March 2013	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Telkom SA Ltd	Other								
	Natexis Banque	80,786	7,228	-	666	(6,097)	465	-	-
	Natexis Banque	203,761	77,877	-	-	11,675	89,552	61	-
	Subtotal	284,547	85,105	-	666	5,578	90,017	61	-
	<b>Total</b>	284,547	85,105	-	666	5,578	90,017	61	-



**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

<b>ANNEXURE 3B</b>						
<b>STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2013</b>						
Nature of liability	Opening balance 1 April 2012	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2013	
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>						
Possible legal claim	26	-	-	-	26	
Possible legal claim	4	-	-	-	4	
Possible legal claim	137	-	-	-	137	
Possible legal claim	375,500	428,644	-	-	804,144	
Possible legal claim	500	-	148	-	352	
Possible legal claim	2,000	-	-	-	2,000	
Possible legal claim	728	-	-	-	728	
Possible legal claim	600	-	-	-	600	
Possible legal claim	21,108	-	36	-	21,072	
Possible legal claim	80	40	120	-	-	
Possible legal claim	-	300	54	-	246	
Possible legal claim	-	1,179	153	-	1,026	
Possible legal claim	-	74	-	-	74	
Possible legal claim	-	100	-	-	100	
Possible legal claim	-	10	-	-	10	
Possible legal claim	-	15	-	-	15	
Possible legal claim	-	30	-	-	30	
Possible legal claim	2,787	-	-	-	2,787	
<b>TOTAL</b>	403,470	430,392	511	-	833,351	
Nature of liabilities recoverable	Opening balance 1 April 2012	Details of liability and recoverability			Movement during the year	Closing balance 31 March 2013
	R'000	R'000			R'000	R'000

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

**ANNEXURE 4****CLAIMS RECOVERABLE**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000
<b>Department</b>						
Presidency	37	-	-	-	37	-
Government Communication and Information systems	-	293	-	-	-	293
International Relations and Cooperations	-	-	-	1,065	-	1,065
Public Service and Administration	-	-	2	-	2	-
<b>TOTAL</b>	37	293	2	1,065	39	1358

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

**ANNEXURE 5****INTER-GOVERNMENT PAYABLES**

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
<b>GOVERNMENT ENTITY</b>						
<b>DEPARTMENTS</b>						
Current						
Justice and Constitutional Development	-	388	-	-	-	388
<b>TOTAL</b>	-	388	-	-	-	388

**Annexures to the Annual Financial Statements  
for the year ended 31 March 2013**

**ANNEXURE 6**

INVENTORY	Note	2012/13		2011/12	
		Quantity	R'000	Quantity	R'000
<b>Inventory</b>					
Opening balance		10,920	1,133	15,521	1,276
Add: Additions/Purchases - Cash		36,951	4,175	39,573	4,924
(Less): Disposals		(585)	(249)	-	-
(Less): Issues		(34,785)	(3,974)	(44,174)	(5,067)
Add/(Less): Adjustments		-	-	-	-
Closing balance		12,501	1,085	10,920	1,133

**Annexure to the Annual Financial Statements  
for the year ended 31 March 2013**

**ANNEXURE 7****INTER-ENTITY ADVANCES PAID (Note 13)**

	Confirmed balance		Unconfirmed balance		Total	
	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000	31/03/2013 R'000	31/03/2012 R'000
<b>Government entity</b>						
<b>National Department</b>						
International Relations and Cooperations	-	-	804	1,065	804	1,065
Government Communication and Information systems	-	-	-	293	-	293
<b>TOTAL</b>	-	-	804	1,358	804	1,358



Annual Report 2012 / 2013

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