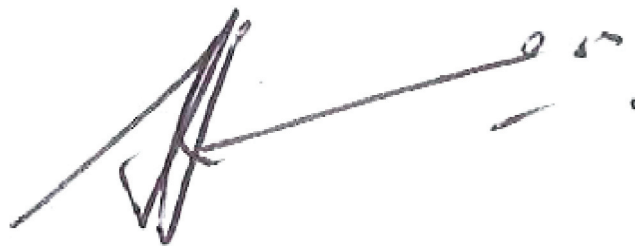# 2010/11 Annual Report

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Department:
Communications
REPUBLIC OF SOUTH AFRICA

I have the honour of submitting the

2010/11 Annual Report of the Department of Communications

in terms of the Public Finance Management Act, 1999

DR HAROLD WESSO

Acting Director-General

31 August 2011

TABLE OF CONTENTS

GENERAL INFORMATION

ORGANISATIONAL STRUCTURE

Deputy Minister
Obed Bapela, MP

Minister
Radhakrishna L. Padayachie (Roy), MP

Acting Director-General
Dr Harold Wesso

PROGRAMME 1
Governance and Administration

PROGRAMME 2
International Affairs and Trade

PROGRAMME 3
ICT Policy Development

PROGRAMME 4
ICT Enterprise Development

PROGRAMME 5
ICT Infrastructure Development

PROGRAMME 6
Presidential National Commission

VISION

South Africa as a global leader in the development and use of Information and Communication Technologies for socio-economic development

MISSION

Building a better life for all through an enabling and sustainable world-class Information and Communication Technologies environment

VALUES

Tranparency
Respect
Accountability
Fairness
Integrity
Excellence
Innovation

LEGAL AND 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 affordable and accessible 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;
- To ensure the development of robust, reliable and affordable ICT infrastructure that supports and enables the provision of a multiplicity of applications and services to meet the needs of the country and its people;
- To strengthen both the ICT Regulator and the Independent Communications Authority of South Africa (ICASA), in order to enable it to regulate the sector in the public interest and ensure growth and stability in the sector;
- To enhance the capacity of, and exercise oversight over, State-Owned Enterprises (SOEs) as the delivery arms of government; and
- To fulfill South Africa's continental and international responsibilities in the ICT field.

The mandate of the Department of Communications is further embedded in legislation as well as other policy documents. The legislative framework for the work of the Department is contained mainly in the:
- Broadcasting Act (Act 4 of 1999);
- Electronic Communications and Transactions Act (Act 25 of 2002);
- Electronic Communications Act (Act 36 of 2005);
- Former States Broadcasting Reorganisation Act (Act 91 of 1996);
- Independent Broadcasting Authority Act (Act 153 of 1993);
- Independent Communications Authority of South Africa Act (Act 13 of 2000);
- Sentech Act (Act 63 of 1996);
- Telecommunications Act (Act 103 of 1996);
- Post Office Act (Act 44 of 1958);
- Postal Services Act (Act 124 of 1998);
- Telegraph Messages Protection Act (Act 44 of 1963); and
- ICASA Act as Amended, Act 3 of 2006.

In executing its role, the Department is also guided, amongst others, by:
- The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)
- Public Service Act, (Act 103 of 1994) as amended; and
- Public Finance Management Act, 1999 (Act 1 of 1999) as amended.

THE ICT PUBLIC ENTITIES AND AGENCIES REPORTING TO THE EXECUTIVE AUTHORITY, AND THE ICT REGULATOR

South African Post Office

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

The Post Office is seen to be the core ICT public access network and should be used to achieve South Africa's universal service goals in the sector. In this regard, post offices will be built, using Expanded Public Works Principles, in several communities each year.

The Postbank Act was passed on 3 December 2010, formally launching the Postbank and enabling the implementation of the Postbank Act which will establish the Postbank as a standalone subsidiary of the SAPO.

South African Broadcasting Corporation

The South African Broadcasting Corporation (SABC) was established in terms of the Broadcasting Act (1936) as a government enterprise to provide radio and television broadcasting services to South Africa.

As provided for in the Broadcasting Amendment Act (2002), from October 2004 the SABC has been incorporated into a limited liability company with two operational divisions: public broadcasting services and commercial broadcasting services.

The SABC is South Africa's national public services broadcaster and operates 17 radio stations. Its operations are based on the broadcasting charter, which guarantees independence and freedom of expression in creative, journalistic and programming terms. The charter also requires the SABC to encourage South African expression by providing a wide range of programming in all official languages.

Sentech

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

Sentech is viewed as a core provider of wireless broadband in South Africa. Cabinet confirmed this policy statement and declared that Sentech shall remain as a strategic State-Owned Enterprise.

National Electronic Media Institute of South Africa

The National Electronic Media Institute of South Africa (NEMISA) was established as a non-profit organisation in terms of the Companies Act (1973). It provides much needed skills training at an advanced level for the broadcasting industry. It is accredited by the Council for Higher Education and offers diploma courses, short courses and internships in three subjects: TV production, radio production and creative multimedia.

The emphasis is on equipping students to be market-ready in a wide range of broadcasting disciplines and to have the ability to work effectively in constantly changing conditions.

Universal Service and Access Agency of South Africa (USAASA)

The Universal Service Agency of South Africa (USAASA) was established in terms of section 58 of the Telecommunications Act (1996). The main role of the agency is to promote universal service and access to communications technologies and services for all South Africans. It also facilitates and offers guidance on evaluating, monitoring and implementing schemes, that propose to improve universal access and service.

The Agency is mandated to administer the Universal Service and Access Fund (USAF) and the money in the USAF must be utilised in accordance with Chapter 14, Section 88 of the Electronic Communications Act (ECA).

.za Domain Name Authority

The .za Domain Name Authority (.za DNA) was established to assume responsibility for the .za Domain Name Space. The .za DNA was established in terms of Chapter 10 of the Electronic Communications and Transactions Act (ECT), 2002. The DoC currently provides funding for the .za DNA until the Authority is fully operational. Funding will then be sourced through a funding model developed in accordance with section 66(3) of the ECT. The .za DNA will also oversee the implementation of the alternative dispute resolution mechanism.

The DoC is actively involved in the .za DNA and will continue its participation until the Authority is fully operational and sustainable.

Independent Communications Authority of South Africa (ICASA)

The Independent Communications Authority of South Africa Act, (2000) provided for the merger of the South African Telecommunications Regulatory Authority and the Independent Broadcasting Authority to form the Independent Communications Authority of South Africa (ICASA).

ICASA is responsible for regulating the telecommunications and broadcasting industries in the public interest, to ensure affordable services of a high quality for all South Africans. In addition to developing regulations ICASA issues licenses to telecommunications and broadcasting service providers, enforces compliance with rules and regulations, protects consumers from unfair business practices and poor quality services, hears and decides on disputes and complaints brought against licensees, and controls and manages the effective use of radio frequency spectrum.

STATEMENT BY THE MINISTER OF COMMUNICATIONS
HON RADHAKRISHNA L. PADAYACHIE (ROY), MP

During the year under review, the Department of Communications focused on the creation of an enabling environment for competition and the provision of universal access and service to electronic communications and postal services. While the sector has over the years experienced growth in its contribution to the GDP, many South Africans are still without access to ICTs, and this is partly because of limited competition.

Our government has, since the advent of democracy, consistently identified ICTs as one of the drivers of economic growth and social development. Complimentary public and private sector interventions are needed to increase uptake and usage of ICTs, especially in rural and poor urban areas.

Without this, it will continue to be difficult to integrate many South Africans, living in abject poverty, into the economic mainstream, thus increasing the inequality gap between the haves and have nots within and between communities.

Efforts to introduce competition led to the introduction of various pro-competitive regulations, especially the Call Termination regulations, which deal with the prices that operators charge one another for the termination of traffic in their respective networks. These follow on the finalisation of related regulations of the leasing of facilities and the provision of transparent, non-discriminatory interconnection.

While the introduction of these regulations laid a foundation for the creation of a full competitive environment, a lot more still need to be done to ensure that the reduction in call termination rates ultimately benefit the consumers. Going forward, we will continue with endeavours to capacitate the Independent Communications Authority of South Africa, ICASA, to finalise outstanding wholesale and retail markets that are necessary to facilitate competition throughout the value chain.

Furthermore, we have began to also focus our energy towards the contribution of the sector in job creation, in partnership with the private sector. Government's National Growth Path enjoins the ICT and other infrastructure sectors to contribute over 100 000 jobs by 2020. In our recent engagement with the Top ICT industries, it was estimated that our sector alone can still create more jobs above the target set out in the growth path. Engagements with SMMEs and co-operatives are underway to define mechanisms to enhance job creation.

In November 2010, we unveiled six flagship projects to be undertaken over the next few years to achieve universal service and access as well as accelerate the role of ICTs in job creation in line with the national policy imperatives. These are:

1. Broadband infrastructure
2. Digital television migration
3. Postbank rollout
4. E-skills
5. Rural development
6. Job creation

The presentation of this annual report coincides with ongoing efforts to stabilise and capacitate the Department of Communications to discharge its fiduciary responsibilities. This, in particular, relates to change management in terms of introducing a new culture and ethics, ensuring that the department implements a comprehensive management system and addresses the filling of vacant positions.

While the period under review was characterised by some difficulties in the functioning of the organisation, sufficient progress is being made to bring about lasting stability. In particular, the appointment of the Director-General will help us finalise the outstanding appointments in the senior management system (SMS).

Sufficient progress was made and work continues to stabilise governance in the state owned enterprises, especially Sentech and the SABC. In both organisations, we have managed to fully capacitate the Boards of Directors which are taking forward the responsibility to fill all existing vacancies, especially at the executive level.

Our interventions take place in an environment that demands new skills, both at the professional and community levels. In this regard, the Department is incubating an e-Skills Institute which will act as a catalyst for a new e-Skills revolution in the country.

All these endeavours take place in the context of ongoing international discussions on the uptake and usage of ICT within countries. Over the years, the Department has worked with other countries on the continent and in the rest of the world to establish a global regulatory regime that responds to the needs of the rest of humanity, especially in the developing world.

As part of the Council of the International Telecommunications Union, ITU, we will continue to advocate for an equitable distribution of ICT knowledge and resources. On the African continent, South Africa will use its expertise and, where necessary, share resources to facilitate the smooth migration from analogue to digital terrestrial television in the region.

I have no doubt that the foundation created over the last few months will enable us to respond adequately to the mandate bestowed on us by the people. We remain committed to our vision to position our country as a global leader in harnessing ICTs for socio-economic development. Poverty, unemployment and inequality remain our most formidable challenges. The Department remains committed to making its contribution to eradicating these challenges.

RADHAKRISHNA L. PADAYACHIE (ROY), MP

MINISTER OF COMMUNICATIONS

STATEMENT BY THE DEPUTY MINISTER OF COMMUNICATIONS HON OBED BAPELA, MP

In line with the vision of Government, the Department of Communications has undergone a paradigm shift to a service-delivery oriented model, and it is clear in this annual report that this is where the Department is now focused. In this financial year the Department undertook an efficiency and effectiveness exercise, in the form of an organisational review, which is aimed at streamlining the capacity and focus of the organisation. The exercise emphasises internal efficiency, and its three key deliverables – namely focusing on core business, eliminating duplication and correct placement of skills – will result in amended priorities for the Department. This task will be finalised in the new financial year.

Let us not forget though that the need for organisational stability and organisational change are constant in the information technology arena. Finding the required balance between continuity and change must be central to the challenge for service delivery.

In this financial year we have also focused on our engagement with the provincial and local spheres of Government, which is a bridge we had to build to reach ordinary South Africans. A comprehensive model for this engagement has been finalised, and going forward, it will enable the Department to be in touch on a daily basis with those who deliver services to our people on the ground. It will also enable us to synchronise our processes, especially our planning, with the rest of Government, especially local Government, for greater efficiency in delivering services. Already, we have embarked on two projects with local municipalities, that seek to deploy broadband connectivity at these municipalities.

The lesson learnt in this financial year when interacting with local Government, is that there is a need for the Department to promote the role of technology as an enabler in service delivery. The strategy of the Department therefore should be to drive technology requirements in line with standards that are common and accessible to all our people. The deployment of technology and its cost of ownership should also have an acceptable level of return on investment, and this investment should be quantified in the number of our people having access to ICT and services carried on our networks.

Another lesson we have learnt in this interaction is that effectiveness of technology is people dependent. On its own technology cannot achieve results if we do not promote its use in day-to-day activities. Therefore efforts to encourage and school our people on the use of technology in their lives, such as those we are hatching at the e-Skills Institute, should also move apace with what the rest of the Department is doing. I am encouraged that in the new financial year, the e-Skills Institute will begin to crystalise and its work will begin to be seen.

Our relationships and communication with stakeholders local and abroad has improved significantly as you will read in the Acting DG's report. Because of these relationships we have scored some significant success in the building of a common vision locally and abroad, there is renewed confidence in our ability within the sector locally and in the region, as well as a refreshing appreciation of our role. Internationally, we are working with other government departments to build relationships that can benefit our people, the SADC region and the continent.

Going forward, we are going to begin to focus on the development of women, the disabled, and young people, in the sector as a priority. These groups must play a meaningful role in the sector, and our annual report must start

reflecting the work we are doing in this area. This must also go hand in hand with the development of our own people, which, as is evident in the Acting DG's report, improved significantly in this financial year.

Finally, we are blessed as a country to have the leadership of our President, Mr Jacob Zuma, who is steadily driving a citizen-focused Government. I am also grateful for the leadership of Minister Radhakrishna L Padayachie and the support of the staff of the **DoC**.

HON. OBED BAPELA, MP
DEPUTY MINISTER OF COMMUNICATIONS

OVERVIEW BY THE ACTING DIRECTOR-GENERAL OF THE DEPARTMENT OF COMMUNICATIONS

DR HAROLD WESSO

An annual report normally is a time to look back at a year well spent, at achievements and opportunities created, as well as those missed. Our annual report comes in a year of local government elections, and questions still linger: are we succeeding in bringing Government closer to the people, in bringing a seamless service delivery to all citizens of this country, equally and with the same efficiency? This is the goal of Government, to bring cohesion to a nation that might otherwise be polarised, by creating a single nationhood and identity through the equal serving of all our people, wherever they are, whatever their background, every day.

We have to improve the way our people experience Government drastically, and how drastically we do this will be reflected in the polls later this year. However, we already have a framework for doing this, through the Single Public Service vision. This vision does not mean creating a single body of public servants, but can translate into an integrated delivery of services to our people through the various, constitutionally prescribed tiers.

Therefore, our annual report is not a time to give ourselves a pat on the shoulders, but rather to open the books on the next financial year by looking at whether we are achieving the goals of Government, and if not, looking at why and working on the solutions. This annual report therefore is a time of introspection while we build a head of steam for the task ahead.

The task is made easier because, unlike many other departments, we have managed to retain most of our key skills. Our Human Resource Management unit has worked extremely hard in the past financial year to ensure that we normalise our labour relations function. In this regard, the unit undertook a review of all our policies to ensure that they are aligned with all the key legislation, chief of which is our Constitution. This has made the Department one of the most progressive in Government. This process included the review of our Bursary Policy and our recruitment processes to ensure that the best candidates don't escape the net.

In order to strengthen the Department, we undertook an organisational review process in this financial year that was aimed at streamlining the way we function, removing unnecessary duplication and ensuring that the correct placement of skills. This consultative process will be concluded in the new financial year.

In order to facilitate tighter management and control of our targets, we instituted a performance monitoring systems that has seen the Department improve vastly on how we monitor progress, identify weaknesses and ensure interventions where we are not meeting our targets. We still need to strengthen this function, however, it achieved an important aim: to enable the Department to monitor delivery on our strategic plan. Largely due to this initiative, we were able to meet many of our key milestones.

On the policy and regulation front, the Department was perhaps at its most active in a long time. The Postbank Act was passed on 3 December 2010, formally launching the Postbank and enabling the implementation of the Postbank Act.

Broadband is undoubtedly the key infrastructure that enables us to connect the country with itself, and with the rest of the world. The Broadband Policy was published in July 2010, and seeks to facilitate the provisioning of affordable and accessible broadband infrastructure for all South Africans, for economic development, and to connect the three tiers of Government. We also established and operationalised the Broadband Inter-governmental Implementation Committee, which held its inaugural meeting on 9 November 2010. This meeting, which was attended by all key stakeholders, established key focus groups to develop the Broadband Implementation Plan. Further, the National Broadband legislation document was completed for incorporation into the Electronic Communications Act Amendment Bill.

A second draft of the Public Service Broadcasting Bill was prepared and a separate money bill on the funding of the public broadcaster was also prepared. Although this bill was later shelved in favour of a policy review process, public hearings on the Bill were held.

Frequency Spectrum has long been identified as a scarce and essential resource, and the country needs to move to guard and regulate the use of this resource. As a result, the National Radio Frequency Policy was issued in April 2010, the aim of which is to provide directives to the regulator to promote the rational, economical and efficient use of the radio frequency spectrum. Also prepared were the policy directions on preferential spectrum pricing as well as policy directions for spectrum usage.

The ICASA Amendment Bill, was approved by Cabinet for public consultation. Subsequently, the Bill was published for public comments, which have been incorporated into the Bill.

On the international front, the Department continued to use its membership of regional, continental and international ICT organisation to strive towards a common vision. We participated in processes that led to the drafting of a SADC ICT Policy, which makes recommendations on universal access guidelines, and incorporates the telecommunications, broadcasting and postal sectors.

The SADC DTT Roadmap workshop in April 2010 was an important milestone as it set the wheels in motion to finalising the DTT standard for the region. A committee was constituted at this workshop and mandated to conclude investigations of all the available standards. A SADC Extraordinary meeting was held in November to deliberate on the report of the committee and adopt DBVT-2 as the chosen standard, which gives us a clear path to the goal of migrating the country to a digital terrestrial television platform.

We also participated in the forum that developed the SADC Frequency Band Plan, which seeks to harmonise national frequency band plans in member states.

At home, the Department joined hands with the Department of Rural Development and Land Affairs to develop the Rural Development Strategy. The implementation plan will be finalised in the new financial year. However, the Department has rallied its stakeholders together and begun to implement certain areas of the strategy.

The Human Capital Development and in particular that of e-Skills Development is a critical area of priority for our government. e-Skills forms a fundamental part of building capacity for a creative and innovative workforce; an engaged connected society; and informing an academic infrastructure to meet the challenges of an emerging Information Society and Creative Knowledge-based Economies. Thus we have identified the need to advance the national e-skills agenda through the e-Skills Institute who will develop a pragmatic approach to harness ICT to increase self-reliance, strengthen local economic development, and increase skilling for equitable prosperity and global competitiveness. In July 2010, through our e-Skills Institute we hosted the first e-Skills Summit in South Africa which gave rise to our National e-Skills Plan of Action (NeSPA) 2010.

Finally, ICT is the heartbeat of our Government, our social and political interfacing, and it is the one vehicle we can use to satisfy citizens' thirst for convenience when they deal with Government. We have a lot to do in the back office to give citizens this convenience.

I am grateful to Minister Radhakrishna Padayachie and Deputy Minister Obed Bapela for their leadership and guidance. I also reserve special praise for the management and staff of the DoC, who have stood together to steer the ship into calm waters in sometimes troubled circumstances. Their resilience has been exemplary.

It now time for me to hand the baton to our newly appointed Director General, Ms Rosey Sekese, who will ensure that together the Department will strengthen communications as a key economic and social enabler for the future growth of our country both on the African continent and globally. We wish her all the best.

DR HAROLD WESSO

ACTING DIRECTOR-GENERAL

INFORMATION OF PREDETERMINED OBJECTIVES

2.1. OVERALL PERFORMANCE

2.1.1. VOTED FUNDS 2010/11

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over)/Under Expenditure R'000
2 113,999	2 138,001	1 427,686	710,315
Responsible Minister	Honourable Minister Padayachie		
Administering Department	Department of Communications		
Accounting Officer	Dr Harold Wesso		

2.1.2. AIM OF THE VOTE

The aim of the Department of Communications is to develop ICT policies and legislation that stimulate and improve the sustainable economic development of the South African first and second economies and positively impact on the social wellbeing of all South Africans. The Department also aims to oversee the performance of state-owned entities within its portfolio.

2.1.3. SUMMARY OF PROGRAMMES

Programme 1: Administration

Strategic support to the Ministry and overall management of the Department.

Programme 2: ICT International Affairs and Trade

Ensure alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy.

Programme 3: ICT Policy Development

Develop ICT policies and legislation 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 ICTs by the majority of the South African population, thus bridging the digital divide.

Programme 4: ICT Enterprise Development

Oversee and manage government's shareholding interest in public entities. Facilitate growth and development of the small, medium and micro enterprises (SMMEs) in the ICT sector.

Programme 5: ICT Infrastructure Development

Promote investment in robust and reliable, secure and affordable ICT infrastructure that supports and enables the provision of a multiplicity of applications and services.

Programme 6: Presidential National Commission

Facilitate the development of an inclusive information society by promoting the uptake and usage of ICT for improved socio-economic development and research.

2.1.4 KEY STRATEGIC OBJECTIVE ACHIEVEMENTS

The following are the strategic objectives identified by the Department during the year under review:

STRATEGIC OBJECTIVE	ACHIEVEMENTS
Contribute to creating conditions for an accelerated and shared growth of the South African economy through the development and implementation of ICT policies, legislation and strategies that positively impacts on the wellbeing of all our people.	• The Postbank Bill was passed by the National Assembly and the NCOP's Select Committee on Labour and Public Enterprises and thereafter signed by the President into law. The Implementation of the Postbank Act has commenced. • The ICT Rural Development Strategy was developed while the Implementation Plan is currently being finalised. The Department together with USAASA, SABC, and NEMISA have begun with implementation certain areas of the ICT Rural Development strategy.
Support and enable the provision of a multiplicity of ICT applications and services through facilitating the modernisation and deployment of the infrastructure.	• The FWC ICT Infrastructure at the 10 FWC host stadia and International Broadcast Centre (IBC) were successfully delivered as per FIFA specification and within schedule. The Infrastructure was successfully operated for the duration of the FWC event (11 June to 11 July 2010) • Implementation of the DTT rollout plan by Sentech was constantly monitored and according to information supplied by Sentech, the target of 60% population coverage was achieved at the end of March 2011. • 375 (75%) out of the 500 Dinaledi schools were connected. • 16 low-power transmitters have been switched on and are on-air in 16 rural communities. • A total of 200 hospitals websites were developed across Seven (7) Provinces, of which all websites are fully functional.
Improvement with respect to cost, quality, availability and usage of ICTs in line with world-class standards by 2014.	• The Department developed a programme of action to reduce the cost to communicate, which was submitted to Cabinet for noting. The Department reduced the Mobile Termination Rates (MTR) from peak rate of R1.25 to 89 cents which was implemented in 2010. The rates will be further reduced to 77 in the 2011/12 financial years. • The Broadband Policy was approved by Cabinet during the reporting period.
Contribute to global Earth observation systems and national space programmes.	• The Square Kilometre Array policy directive was signed off by the Minister and gazetted. The Department contributed to the development of radio regulations for the Astronomy Geographic Advantage (AGA) areas. • The Implementation of radio regulations for the AGA areas have been facilitated and monitored.
Increase Universal Access and Services to ICTs.	• The Draft Policy Directions for Spectrum Usage was developed and notice for publication in Government Gazette was also prepared. • The existing numbering plan was analysed, including draft regulations that were published by ICASA on the revised numbering regulations. • As part of facilitating the development of an e-Commerce platform for SMMEs in Tourism, Agriculture, and Arts and Craft, the Department developed an SMME e-Commerce platform.
Contribute to increasing the ICT skills base in South Africa and increase access to, and uptake and usage of ICTs.	• Through extensive engagement with relevant stakeholders, the roll-out of the pilot short & certificated e-Skills courses was conducted while the Multimedia course will be offered to FET College students in 2011 and 2012. • The Department hosted a very successful e-Skills Summit in Cape Town from 26 – 28 July 2010 with 320 delegates attending from all spheres (business, government, civil society, media, labour and academia). • The framework for multi-stakeholder partnerships for knowledge production and e-skilling was developed and implementation of the framework has begun.
Promote the ICT Agenda across all stakeholders in order to ensure integrated and efficient service delivery to communities.	• As part of implementing the DoC Engagement Model, a consultative Forum was established with SoEs which focused on identifying projects and events of SoEs in the provinces and municipalities. • The Department supported various initiatives including the Minister's launch of low-power transmitters in Ekulindeni in Mpumalanga, His participation in the World Telecommunications Day and World Post Day among others. • A process is underway to compile and collate provincial ICT profiles in support of the Minister's public participation programme

Enhance departmental performance through improving institutional processes and mechanisms.	▪ The Department developed and implemented various communication plans, Media Strategies and Corporate media strategies and corporate media identity plans to support Departmental and government wide events/priorities. ▪ At the end of the reporting period, the Department achieved 37.4 % gender representivity at SMS level and 2.28% representation of people with disabilities across the Department. ▪ The Department fully complied with relevant regulations regarding the evaluation of the organisational performance and the development of the 2011-2014 Strategic Plan, which was timeously tabled in Parliament. The 2009/10 Annual Report was also timeously developed and tabled in Parliament. ▪ All Human Resource Administration and Human Resource Information System transactional functions were affected, which includes service benefits and conditions, subsistence and travelling and HR Information, among others.
Provide efficient and effective oversight to SOE's and other entities.	▪ The Department received and reviewed the Corporate and Strategic Plans of the Entities through facilitating workshops. ▪ The Department also undertook the consolidation and anlaysis of the budgets of the Entities. ▪ Quarterly performance reports that were submitted by SOEs were analysed, and feedback was presented to Minister for consideration and approval. ▪ The Department also commenced with an initiative to develop various options for the funding of SOEs.
Effective monitoring and support of SOEs through corporate governance mechanism.	▪ The Department ensured that the 2009/10 annual reports and financial statements of all SOEs were submitted to the Auditors after which recommendations were forwarded to the Chairpersons of the Board of the SABC, Sentech, USAASA and NEMISA. ▪ The Department also analysed and reviewed performance against audit findings and compliance with the PFMA requirements for all SOEs . ▪ Furthermore, Annual Reports of SOEs were analysed and submitted to the Minister for tabling in the National Assembly.
Introduce and implement performance agreements for ICASA.	▪ The ICASA Performance Management System was developed and approved for implementation.

Support the African Agenda through active participation and implementation of NEPAD as well as the African Multilateral and Bilateral ICT programmes, in order to promote development in Africa.	▪ The DoC committed to promote the NEPAD Principles and ensure that the NEPAD ICT programme is integrated in the African agenda. In this regard, the DoC focused on 3 areas:
	  o Programmatic support
	  o Promotion of NEPAD Principles
	  o Support towards implementation of the NEPAD programmes.
	▪ The DoC remains committed to strengthening regional integration- and in this regard developed three position papers aimed at regional integration with specific focus on the following key priority areas:
	  o Policy and Regulatory harmonisation
	  o Broadcasting Digital Migration
	  o Reform of the postal sector.
	▪ The SADC Extraordinary meeting was held in November 2010 which decided on DVB-T as the DTT standard for SADC. South Africa is currently implementing DVB-T2 technology for broadcasting.
	▪ In March 2011 the DoC and ICASA hosted the founding general meeting of the merger of CRASA and SAPRA, which is aimed at promoting convergence of regulatory associations and frameworks.
	▪ The Department successfully concluded and signed two bilateral relations with key African countries: Egypt and Angola.
	▪ The revised SADC Frequency Band Plan was agreed upon for adoption and harmonisation with the National Frequency Band Plan in the respective member-states.

Strengthen South-South Cooperation to support mutual economic development.	▪ A framework of cooperation has been agreed upon by the IBSA countries in the recent IBSA Ministerial Commission. ▪ With regards to extending the IBSA Portal to include civil society, a civil society inter-phase was introduced and launched at the IBSA Summit. The Department ensured that the civil society platform, which is up and running, is administered and maintained. ▪ The Department secured a commitment from the Korean and Cuban authorities to formalize customised interventions in human capital development. ▪ The Department concluded an MOU and Cooperation with Cuba which was signed on 17 April 2010 that identified a common position on the training of South Africans in ICTs by Cuba. Specific areas for skills development in the ICT field were identified and agreed upon. ▪ A Framework of Cooperation was also signed between DoC and Softel (Cuba) which included cooperation in the development of a Telematics platform.

Consolidate North – South Relations to promote economic development.	▪ The DoC identified and facilitated the INSPIRE project, which is a programme between DoC and Finland that provides funding and expertise in the development of provincial ISAD plans. ▪ The Department also finalised a draft MOU for consideration by identified Nordic countries. This MOU, which is yet to be signed, will create a legal framework to promote and advance bilateral relations with Nordic countries.
Influence debates and decisions of multilateral summits, conferences, and partnerships to promote development, and implement the outcomes thereof.	▪ Through the Department's initiatives, SADC endorsement was attained for South Africa's candidature for the ITU Council. Extensive lobbying led to successful election to the ITU Council, with the Minister leading the campaign at the PP-10. ▪ During the ITU plenipotentiary conference, key WSIS outcomes were addressed, in particular internet governance and related issues, cybersecurity, access by disabled persons, broadband access, and other critical issues such as e-health, and safety of children on-line. ▪ The Antalya Final Acts 2006 was approved by ICTS Cluster, Cabinet Committee, and finally Cabinet for submission to Parliament. ▪ The Department also developed a position paper for WTDC- 10. The African position was considered and endorsed by South Africa.
Facilitate and promote Information Society development programme to accelerate socioeconomic development.	▪ A successful ISAD-IGRF was convened in September 2010 and a report for the Forum was produced. ▪ The ISAD Multi-stakeholder Forum was convened in March 2011 and a report was produced. ▪ With regards to collecting content for the National Digital Repository, content in the form of 25 stories was collected in the following provinces: Mpumalanga, Gauteng, KZN and Limpopo. These stories have been uploaded to the NDR portal.

2.1.5   OVERVIEW OF THE SERVICE DELIVERY AND ORGANISATIONAL ENVIRONMENT FOR 2010/11

During the period under review the Department faced significant internal challenges with regards to a drastic change in the Administration, which did have a negative impact on the implementation of the strategic plan. In July 2009, the Director-General exited the Department which left a leadership vacuum that was thereafter filled with an Acting Director-General for the remainder of the reporting period. Furthermore, in October 2009, a new Minister and Deputy Minister took up their appointment to the Department which resulted in a complete change of leadership within the reporting period.

Furthermore, during the period under review, the Department embarked on an extensive organisational review and re-alignment process that was prompted by numerous challenges that face the Department including structural challenges, duplication and overlapping of function among others. The organisational review and re-alignment process did interrupt the recruitment process which was put on hold until the organisational review and re-alignment process is finalised. This temporary halt in the recruitment process resulted in HR capacity constraints in certain areas which had a negative impact on the achievement of some of the targets in the strategic plan. Significant progress has been made with regards to the organisational review and re-alignment process and the Department is anticipating to finalise the process during the 2011/12 financial year.

Another significant development was the adoption of DVB-T as the DTT standard for SADC. This adoption of the DVB-T standard, which only took place in November 2010, had a major impact on the delivery of various projects with the broader DTT programme of the Department. An amendment of the Broadcasting Digital Migration standard from DVB-T to DVB-T2 was subsequently approved by Cabinet which will lead to an amendment of the Broadcasting Digital Migration Policy.

With respect to its financial standing, an additional R4.2 million was allocated to the Department, through the adjustment estimates, for higher remuneration increases than the main budget provided for, including the housing allowances. A virement of R8.2 million was effected from programme 1 to programme 3 on compensation of employees to defray excess expenditure while R136 000 was viremented from programme 3 (goods and services) to programme 1 (transfers and subsidies). Lastly, an amount of R19.802 million was rolled over to the 2010/11 financial year and was composed of the following:

- Programme1: R2.2 million for broadcasting digital migration awareness campaign and R5 million for the organisational review project;

- Programme 3: R5 million to be transferred to Media Development and Diversity Agency for the production of programmes of community radio stations and R2.852 million for the establishment of the e-Skills Institute;

- Programme 4: R500 000 for the development of remuneration guidelines for State-Owned Enterprise boards;

- Programme 5: R1.955 million for the finalisation of government's 2010 FIFA World Cup ICT guarantees and R750 000 for completion of an electronic document management system; and

- Programme 6: R1.045 million for hospital websites in seven provinces and R500 000 for municipal websites.

2.1.6   KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Broadcasting Digital Migration

In November 2010, at a SADC Extraordinary meeting, it was decided to adopt DVB-T as the DTT standard for SADC. Subsequently, an amendment of the Broadcasting Digital Migration standard from DVB-T to DVB-T2 was approved by Cabinet which will lead to an amendment of the Broadcasting Digital Migration Policy.

Broadband

The National Broadband Policy was published on 13 July 2010. The objective of this policy is to facilitate the provisioning of affordable, universal access to broadband infrastructure to citizens, business, communities and the three spheres of Government. This is focused on stimulating the usage of broadband services in order to promote economic development and growth as well as act as an enabler for further social benefits. As part of the objective to facilitate the provisioning of affordable universal access to broadband infrastructure, focus is also placed on the building of the information society, increasing affordability and increasing of uptake and usage of broadband services.

National Radio Frequency Spectrum

The National Radio Frequency Spectrum Policy was issued on 16 April 2010. The Policy aims to provide directives to the Independent Communication Authority of South Africa to promote the rational, economical, efficient and effective usage of the radio frequency spectrum. The Policy also provides guidance on issues related to the radio frequency spectrum and the establishment and review of the national frequency plan; the establishment of principles for spectrum management; contribution to the promotion of national interests within the framework of Government strategic objectives; provisions for the allocation of spectrum for safety of life services; provision for the allocation of spectrum for government services; and also provision for the allocation of spectrum for scientific research.

South African Postbank

The South African Postbank Act, No. 9 of 2010 was promulgated on 3 December 2010. The purpose of the Act is to provide for the incorporation of the Postbank Division of the South African Post Office; to provide for the transfer of the enterprise of that Division to the Postbank company; to provide for the governance and functions of the Postbank company and to provide for matters connected therewith.

2.1.7 DEPARTMENTAL REVENUE, EXPENDITURE, AND OTHER SPECIFIC TOPICS

Collection of departmental revenue

The Departmental receipts for the 2010/12 financial amount to R1,895 billion of which R531,073 million is license fees collected by the Independent Communications Authority of South Africa and is made up as follows:

- R18,325 million for Post Office license fees;
- R17,315 for Telecommunications service providers;
- R287,439 million for cellular network license;
- R109,144 million for private radio stations;
- R91,322 for private television stations;
- R172 000 for unreserved postal services registration fees; and
- R7,356 million for telephone equipment licenses.

The balance of the receipts is made up as follows:
- R4,176 million direct exchequer receipts: ICASA;
- R362,333 million direct exchequer receipts: special dividends from Telkom;
- R258,809 million ordinary dividend from Telkom;
- R735,019 million ordinary dividend from Vodacom;
- R624 000 interest on Nedbank account;
- R1,780 million interest on SABC loan;
- R62 000 for interest on debts;
- R78 000 for entrance fees e-skills summit; and
- R70 000 for rental of office buildings.

The table below should reflect a breakdown of the sources of revenue:

	2007/08 Actual 000	2008/09 Actual 000	2009/10 Actual 000	2010/11 Target 000	2010/11 Actual 000	% deviation from target
Tax revenue	-	-	-	-	-	-
(Specify)	-	-	-	-	-	-
Non-tax revenue	**4,040,885**	**3,519,166**	**1,341,655**	**898,661**	**1,527,552**	69.98%
Sale of goods and services other than capital assets	1,760,194	2,148,962	871,878	274,579	531,258	93.48%
Interest dividend and rent on land	2,280,691	1,370,204	469,777	624,082	996,294	59.64%
Sales of capital assets	**5**	**297**	-	-	-	-
Other capital assets	5	-	-	-	-	-
Machinery and equipment	-	297	-	-	-	-
Financial transactions (Recovery of loans and advances)	**848**	**659**	**795**	**524**	**709**	35.31%
Transfers received	**942**	**-**	**2,340**	**81**	**86**	6.17%
TOTAL DEPARTMENTAL RECEIPTS	**4,042,680**	**3,520,122**	**1,344,790**	**899,266**	**1,528,347**	69.95%

2.1.8 DEPARTMENTAL EXPENDITURE

The Department's approved budget for the 2010/11 financial year amounted to R2 138 billion, made up of a baseline line of R2 114 billion and adjusted estimates allocation of R24 million.

The adjustment estimates allocation include a rollover of R19.8 million and R4.2 million for salary and housing allowance adjustment increase.

The spending for the 2010/11 financial year amounts to R1 427,7 billion and the underspending of R710.3 million which represents 33.2 % of the total budget is made up as follow:

- R18.7 million for compensation of employees due to the resignation of staff members and organisational review as well as the moratorium on staff appointment in the Department;

- R161.5 million for goods and services which arises from the withholding of projects and instability in the Department as well as key internal controls that were put on place resulting in the slow pace of spending;

- R529.9 million for transfers and subsidies for; Sentech-Digitisation (R249.9 million) and Universal Service and Access Agency for Set-Top-Boxes subsidy (R180 million) due to the delay in the finalisation of Digital Terrestrial Television (DTT); and

- R150 million to Telkom: 2010 FIFA World Cup due to effective execution of the 2010 FIFA World Cup projects.

2.1.9 TRANSFER PAYMENTS

National Electronic Media Institute of South Africa (NEMISA)

During the 2010 academic year, NEMISA had trained about 103 full-time students. Out of the total students trained, 20 were trained on animation; 42 on graphic design; 19 on radio broadcasting and 22 on TV broadcasting. In addition, the entity also trained 82 learners in radio short courses. NEMISA has also received about 450 applications for the 2011 academic year who qualified for admission.   However, due to limited facilities at their campus some of the students could not be admitted. An amount of R32.6 million was allocated to NEMISA for the 2010/11 financial year and has been transferred to the entity by DoC.

Universal Service Agency and Access of South Africa – Agency and the Fund (USAASA AND USAAF)

The key achievements at USAASA during the 2010/11 financial year were the rollout of the Broadband infrastructure at Msinga in KwaZulu-Natal and the establishment of the new public access facilities in 23 under serviced area sites. There has been a delay in finalising the digital television standard in the country, as a result USAF Broadcasting Digital Migration (BDM) Set Top Box subsidy project could not take off.

USAASA and USAF have been allocated amounts of R66.7 million and R218.6 million for the period under review respectively. An entire amount of R66.7 million was transferred to USAASA and R38.6 million to USAF. An amount of R180 million was not transferred to USAF, which was specifically allocated for Set-Top-Boxes subsidies due to the delay by the Department in finalising the DTT.

South African Post Office SAPO

The total retail outlets countrywide, as at 31 March 2011, were estimated at about 2,484. This number includes the 26 new outlets, totalling to 26, and the upgrading and relocation of 27 others. An additional 1,715,935 addresses were rolled out against the target of 1,645,945 during the 12 months ended 31 March 2011. The South African Postbank Act, No. 9 of 2010 was promulgated on 3 December 2010. SAPO was allocated an amount of R306.1 million for the 2010/11 financial year.

SENTECH

Key achievements include amongst the others, operating and maintaining the terrestrial analogue television and radio transmission networks above customer service levels, at 99.9%. Subsequently to the switch-on of DTT network in 2008, Sentech together with the SABC and Etv have been conducting a pilot broadcasting on the DTT platform involving about 3000 households. The DTT network of Sentech could potentially reach 33.3% population coverage during the period under review.

In ensuring the universal access of television and radio, Sentech (in partnership with the SABC) has been rolling out lower power transmitters. This will mainly assist a significant number of isolated and underserved rural communities to access radio and television broadcasts. Sentech was allocated an amount of R270.9 million for the 2010/11 financial year for DTT and Dual Illumination. Only R71 million was transferred and R199.9 million was not transferred due to the delay by the Department in finalising the DTT standards.

South African Broadcasting Corporation (SABC)

During the 2008/9 financial year, the SABC faced a severe financial crisis alongside a serious corporate governance crisis. In addressing this crisis a guarantee of R1.473 billion was approved by Government. A guarantee of R1 billion was granted to the SABC, with the remaining R473 million to be granted conditionally upon fulfilment of certain conditions. A monitoring task team was appointed to monitor the performance of the SABC against the Government Guarantee targets. The Corporation has also appointed a service provider, Delloite & Touche, to assist in the development of a concrete turnaround plan for the SABC. There has been some improvement in the financial performance of the SABC for the year ended 31 March 2011. SABC was allocated an amount of R268.9 million for the period under review.

Independent Communications Authority of South Africa (ICASA)

ICASA's key achievements during the 2010/11 financial year include amongst others, the release of the call termination regulation; final facilities leasing regulation; and numbering plan regulations. These regulations will assist in the liberalisation and promotion of competition in ICT Sector. In fulfilling its mandate and in ensuring that there is an effective and efficient service delivery, statistics on spectrum and type approval licences were issued and the spare Community Broadcasting frequencies and spectrum usage for the mostly used bands was compiled and published on the ICASA Website. ICASA was allocated an amount of R290.9 million for 2010/11 financial year.

2.1.10 CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

There were no capital investments made by the Department during the period under review, however with regards to the Maintenance and Asset Management Plan, the Department has made significant changes to asset holdings under its control in the period under review. The reduction was a result of assets disposed by means of scrapping of broken assets that could no longer be used and donations to needy schools. A small number of disposals were as a result of stolen assets.

The Department actively undertook numerous activities to ensure that structured asset management was conducted during the period under review. Measures were taken to ensure that the Department's asset register remained up-to-date and the Department has updated the asset register with all the new acquisitions, including the allocation of such to individual officials. The Department has also undertaken a regular spot checks and annual asset verification. All the disposed items were immediately removed from the asset register. The Department has furthermore performed asset reconciliation on a monthly basis to ensure that assets are properly captured and rectified by passing journals where there are discrepancies.

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

- Good condition: 52%
- Fair condition: 30%
- Bad condition: 18%

There were no major maintenance projects undertaken during the financial year under review. Normal maintenance and repairs were undertaken for assets; however, there has been a significant rise in the maintenance costs of vehicles due to an ageing fleet.

No facilities were closed down or downgraded during the period under review and there are no new projects, except the normal procurement, maintenance and disposals of assets that will be carried forward to the 2011/12 financial year. However it should be mentioned that there are processes in place for tendering of projects should there be a need to tender.

PROGRAMME PERFORMANCE

PROGRAMME PERFORMANCE

The activities of the Department of Communications are organised in the following programmes:

Programme 1: Administration
Programme 2: ICT International Affairs and Trade
Programme 3: ICT Policy Development
Programme 4: ICT Enterprise Development
Programme 5: ICT Infrastructure Development
Programme 6: Presidential National Commission on Information Society and Development

PROGRAMME 1: ADMINISTRATION

Purpose: Strategic support to the Ministry and overall management of the Department.

The Administration Programme is divided into five sub-programmes:-

- The ***Ministry***: provides administrative and executive support to the Office of the Minister and includes Parliamentary and Ministerial support services;

- The ***Deputy Ministry***: Support the Deputy Ministry administratively and also provide Parliamentary and Ministerial support services;

- **Management**: Provides support for the Office of the Director-General;

- **Operations**: Provide administration and secretariat support to the Department; and

- **Property Management**: Provides for the management of the property of the Department.

Service Delivery Objectives and Indicators:

The programme aims to:-

- Provide effective strategic operational support necessary to enable the Department to deliver on its own mandate;

- Provide professional and administrative services across the organisation, to enable it to function smoothly, efficiently and professionally in service delivery; and

- Facilitate organisational excellence through the coordination of the strategic and business planning process, to ensure alignment, linkages and integration across the whole of Government, and provide effective strategic operational support, enabling the Department to deliver on its mandate.

PROGRAMME: ADMINISTRATION

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	

Enhance departmental performance through improving institutional processes and mechanisms	Compliance with relevant policies, frameworks and legislative requirements.
	
	Statutory reporting regulations and deadlines are met.
	
	Improved departmental efficiency and effectiveness through optimised corporate services.
		Comprehensive annual communications strategy implemented which supports the priority and focus areas of the Department and is in line with applicable standards and guidelines	• The Department developed and implemented various communication plans, media Strategies and corporate Identify plans to support departmental and government wide events/priorities which include the following among others:
			  ○ The Commonwealth Broadcasters Conference
			  ○ The Minister's Budget Vote speech
			  ○ World Information Society Day
			  ○ Switch-on of low-power transmitters in Ekulindeni, Mpumalanga
			  ○ Cyber Security Colloquium
			  ○ SADC symposium on DTT Standards
			  ○ The Cost to Communicate
			  ○ Broadband Policy
			  ○ DTT Symposium
			  ○ Local and digital content symposium
			  ○ Handover of 80 000 cell phones to the Departments of Health and Police
			  ○ Govtech
			  ○ E-Skills summit
			  ○ 2010 ICT Career Expo
			  ○ Launch of Hospital websites
			  ○ World Youth Festival
			  ○ Announcement of the DTT standards
			• The Department developed various booklets and publications in support of departmental and government wide events/priorities.
			• The Department continuously conducted weekly media tracking and monitoring and followed up on erroneous media reports.
				-

Enhance departmental performance through improving institutional processes and mechanisms	Percentage of gender representivity	50% gender representivity at SMS level	• The Department's Employment Equity Plan was approved and implemented. • At the end of the reporting period, the Department achieved 37.4% gender representivity at SMS level.	-
Enhance departmental performance through improving institutional processes and mechanisms	Percentage of disability representivity	2% representation of people with disability across the Department	• 2.28% representation of people with disabilities across the Department was achieved.	-

PROGRAMME: ADMINISTRATION

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Enhance departmental performance through improving institutional processes and mechanisms	Compliance with relevant policies, frameworks and legislative requirements. Statutory reporting regulations and deadlines are met. Improved departmental efficiency and effectiveness through optimised corporate services.	Integrated Strategic Management and Project Management Frameworks implemented within prescribed legislative requirements	• The Department fully complied with the requirements of section 27(4) read with 36(5) of the PFMA regarding the evaluation of the organisational performance, which includes the submission of quarterly performance reports, against the strategic plan, to the Executive Authority. • The Department further complied with PFMA requirements of developing the 2011-2014 Strategic Plan, which was timeously tabled in Parliament. • Year one (2011/12) of the strategic plan was unpacked through the development of branch business plans, operational plans and project plans which were periodically monitored and evaluated. • The 2009/10 Annual Report was timeously developed and tabled in Parliament.	-

Enhance departmental performance through improving institutional processes and mechanisms	Compliance with relevant policies frameworks and legislative requirements.
	
	Statutory reporting regulations and deadlines are met.
	
	Improved departmental efficiency and effectiveness through optimised corporate services.
		Integrated, progressive and innovative HR Strategy implemented within prescribed legislative requirements	• Recruitment was conducted in terms of the recruitment policy. Two service providers were appointed to assist with the recruitment and selection process.
			• All Human Resource Administration and Human Resource Information System transactional functions were affected which includes service benefits and conditions, subsistence and travelling and HR Information.
			• The following HRD policies have been reviewed and/or developed:
			  o Educations, Training and Development Policy
			  o Bursary Policy
			  o Induction Policy
			  o Career Management Policy, and
			  o Performance Management Policy.
			• The Department's Internship Programme for 2009/10 was successfully concluded on 31 May 2010. Recruitment for the Internship Programme for 2010/11 was concluded in the last quarter and 19 Interns commenced duty on 1 March 2011.
			• With regards to implementing the performance management policy, annual assessments for levels 1-12 for the 2009/10 financial year were completed on 30 June 2010 while annual assessments for SMS members were completed in the last quarter.
				-
				
				n/a

PROGRAMME: ADMINISTRATION

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	**ACTUAL**	
			• In implementing its Employee Health and Wellness programmes, various initiatives were undertaken including several sporting events as well as a Health Day event. Furthermore, the Department appointed a service provider to render Employee Health and Wellness services to the Department for two years. • During the reporting period the Department underwent an extensive organisational review and re-alignment process. The recommendations of which were communicated to all staff members and will be implemented in the next financial year.	
Enhance departmental performance through improving institutional processes and mechanisms	• Compliance with relevant policies, frameworks and legislative requirements • Statutory reporting regulations and deadlines are met • Improved departmental efficiency and effectiveness through optimised corporate services	Reviewed business management processes and systems implemented to ensure sound financial management and other services	• The Department undertook an extensive review of its existing finance related policies. • The asset management strategy was also reviewed and implemented in line with the available budget in the Department for asset acquisition. • The Department ensured that service providers were paid within 30 days. Such payments were monitored through generating payment reports. • The Annual Financial Statements were prepared and submitted on time to both National Treasury and the Auditor-General, and were further presented to the audit committee for endorsement. • The final Estimates of the National Expenditure (ENE) chapter was completed and timeously submitted to National Treasury. • The Department ensured at all times that all transactions were undertaken in line with the provisions of the PFMA. Where transgressions were detected, corrective measures were put in place to prevent recurrence.	
Enhance departmental performance through improving institutional processes and mechanisms	Percentage spent on BEE-owned companies	30% spend on BEE-owned companies	With regards to ensuring a 30% spend on BEE owned Companies, the Department, during the reporting period far exceeded the target by spending approximately 70% of its budget on BEE owned companies.	
Facilitate and promote Information Society Development programme to accelerate socio-economic development	Status of Mobinet usage	Implementation of Mobinet facilitated	No substantial progress has been made on this target.	Human Resource capacity constraints

PROGRAMME 2: ICT INTERNATIONAL AFFAIRS AND TRADE BRANCH

Purpose: Ensure alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy.

This programme is divided into two sub-programmes:

- *International Affairs* coordinates the functions and responsibilities of the Department to meet South Africa's international ICT obligations. Funding is for membership fees to international ICT organisations such as the ITU, UPU, Pan African Postal Union (PAPU), and the Commonwealth Telecommunications Organisation (CTO), and participation in multilateral forums.

- *ICT Trade/Partnerships* develops and advances South African interests in international trade forums through participation in World Trade Organisation ICT-related initiatives and other international trade agreements. The subprogramme also promotes the interests of the South African ICT sector and developing countries through these forums. Funding mainly used for compensation of employees and related expenditure on goods and services.

Service Delivery Objectives and Indicators:

- Supports mutual economic development and promote an inclusive information society through strengthening South-South cooperation by implementing the India-Brazil-South Africa information society annual programme of action in 2010/11.

- Promote development of ICT in Africa by:

  o Coordinating the active participation of South African government in specialised ICT agencies in line with the meeting schedules provided by these bodies throughout 2010/11.

  o Facilitating and monitoring four memoranda of understanding by 2010/11.

  o Developing of a continental convention on Cyber Security Framework by December 2012

  o Promoting of the transition from analogue to digital broadcasting by March 2013 through participation in the International Telecommunication Union (ITU) and the Commonwealth Telecommunication Organisation (CTO) by regularly hosting the CTO forum on the transition.

  o Promoting ICT development in Africa by adopting a uniform approach to spectrum pricing by March 2013.

PROGRAMME: INTERNATIONAL AFFAIRS AND TRADE

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	**ACTUAL**	

Support the African Agenda through active participation and implementation of NEPAD as well as the African Multilateral and Bilateral ICT programmes, in order to promote development in Africa	Level of contribution towards the NEPAD ICT Programme	Contribute towards the implementation of the NEPAD ICT Programme	• The DoC committed to promote the NEPAD Principles and ensure that the NEPAD ICT Programme is integrated in the African agenda. In this regard, the DoC focused on three areas:
			  o Programmatic support
			  o Promotion of NEPAD Principles
			  o Support towards implementation of the NEPAD programmes.
			• The programmatic support for NEPAD was reviewed and annual support was affected. As a result, the NEPAD secretariat was able to convene one Inter-Governmental Assembly meeting, support the administration of NEPAD secretariat and ensure that the two programmes adopted by the Heads of State and Government Implementation Committee are implemented.
			• In its efforts to promote accession to the Kigali protocol the DoC participated in the NEPAD e-Africa Commission's Inter-Governmental Assembly (IGA) in which amendment to the Kigali Protocol were suggested such as the removal of exclusive reference to "Eastern and Southern Africa" to be inclusive of the rest of Africa. This was done to ensure effect harmonisation of the Protocol across Africa. The references to the EASSy submarine cable were also removed. Furthermore, the DoC ensured that RSA policies are aligned to the Kigali Protocol, which in essence supports any new developments in the submarine cable in order to increase competition and decrease the cost to communicate.
			• On June 5, 2010 – BAHARICOM Development Company, co-builder of the Africa Coast to Europe (ACE)/Uhurunet submarine cable system, joined co-builder France Telecom and 17 other signatories to sign the Construction and Management Agreement for the ACE /Uhurunet cable system. In its planned configuration, the 17,000 km-long fiber optic cable will stretch from France to South Africa and will be operational in the first half of 2012. It will connect 23 countries, either directly for coastal countries or indirectly through terrestrial links for landlocked countries Mali and Niger.
			• With regards to promoting e- Literacy programme, the AU CIT Ministerial meeting, the AU Ordinary Session of Ministers of CIT received a report on e-literacy projects on the continent wherein Ministers noted progress made in the implementation of the NEPAD e-Schools Initiative and further urged Member States to collaborate with the private sector, development partners and community fundraising efforts and to prioritise e-Schools in their national plans in order to raise resources necessary for their implementation. It was also decided at the AU CIT meeting, that the NEPAD e-schools project should move from demo phase to fully operational in all African countries. Funding for this however remains a challenge.
				-

PROGRAMME: INTERNATIONAL AFFAIRS AND TRADE

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	**ACTUAL**	
Support the African Agenda through active participation and implementation of NEPAD as well as the African Multilateral and Bilateral ICT programmes, in order to promote development in Africa	Number of SA Position Papers submitted	SADC ICT structures further strengthened in order to achieve socio-economic development and regional integration through submission of one SA Position Paper per meeting	• The DoC remains committed to strengthening regional integration and in this regard developed three position papers aimed at regional integration which focused on the following key priority areas: o Policy and Regulatory harmonisation o Digital Broadcasting Migration o Reform of the postal sector. • In the period under review, the DoC participated in two meetings aimed at reviewing the SADC ICT Policy. The outcomes were the development of a new ICT Policy document incorporating telecommunications, broadcasting and postal sectors. The draft policy document also makes recommendation on Universal Access guidelines, ICT consumer rights and protection guidelines as well as guidelines to increase competition and promote full convergence including the regulatory frameworks. • With regards to the Broadcasting Digital Migration, South Africa participated in the SADC DTT Roadmap workshop in April 2010 aimed at discussing and recommending a standard for SADC. In May 2010, a Ministerial special session was held and agreed to constitute an ad-hoc sub-committee whose mandate would be to undertake further investigations and advise Member States on the viability of the different technical standards, with a view to adopt one common standard. This was followed by a fact-finding mission to UK, France and Brazil, in order to compare the various DTT standards. Pursuant to which, a SADC Extraordinary meeting was held in November 2010 which decided on DVB-T as the DTT standard for SADC. South Africa is currently implementing DVB-T2 technology for broadcasting. • The DoC participated in the SADC ICT Ministerial meeting, which focused on: o Home and Away roaming aimed at reducing interconnection prices o Frequency Band Plan o ICT Consumer Rights and Protection Guidelines o CRASA/ SAPRA Merger o BDM o Reform of the Postal Sector. • DoC also participated in the SADC ICT Ministerial in which the Review of the SADC Frequency Band Plan was one of the strategic focus areas. Stemming from the meeting, the SADC Frequency Band Plan was agreed upon for adoption and harmonisation with the national Frequency Band Plans in respective Member States. • Furthermore, in March 2011 the DoC and ICASA hosted the founding general meeting of the merger of CRASA and SAPRA which is aimed at promoting convergence of regulatory associations and frameworks. The achievement of one unified and harmonised regulatory body in the SADC region chaired by ICASA is the result of a SADC Ministerial Decision taken in 2009 during South Africa's (DoC's) Chair of SADC. This strategically positions South Africa at the forefront of leading the regulatory and policy framework debate in SADC.	-

PROGRAMME: INTERNATIONAL AFFAIRS AND TRADE

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	**ACTUAL**	
Support the African Agenda through active participation and implementation of NEPAD as well as the African Multilateral and Bilateral ICT programmes, in order to promote development in Africa	Number of SA Position Papers submitted	African Multilateral organisations further strengthened through the influencing of key debates via the submission of at least two SA Position Papers	• The DoC continues to actively participate in African multilateral spheres in order to achieve the millennium development goals, bridge the digital divide and enhance universal access. • The AU CIT programme, linked to the SADC programme, focused on the following ICT developmental issues: reducing the costs to communicate, e-Skills development, cyber-security and addressing infrastructure deficiencies. • On the African Union programme, the DoC lobbied for the finalisation of the cyber-security framework. As one of the few countries in Africa with a policy document, the DoC shared its lessons and principles with the rest of continent. The draft cyber legislation will be tabled at the next AU CIT ministerial meeting for adoption in 2012. The DoC also hosted an e-Skills Summit in July which was attended by officials from AUC and few African countries. The commitment from the Oliver Tambo Declaration of mainstreaming ICT policies was incorporated in the final outcome report of the Summit • The President of the Republic has been mandated by the African Union to champion Infrastructure programmes in the continent, key amongst which is the broadband connectivity. DoC is therefore at the forefront of championing and promoting cross-border connectivity, as well as submarine and terrestrial linkages. To date, three submarine cables (SEACOM, WACS and TEAMS) are operational in the continent with a few more expected to be operational soon. • The DoC also participated in the African Telecommunications Union Conference of Plenipotentiaries in September 2010. Not only was the position paper advanced the promoting the six agenda issues, additionally the DoC was elected into the Administrative Council of the Union which serves as the governing body in between plenipotentiary conferences, which take place every four years. This positions South Africa positively in ensuring alignment between continental programmes and that of the ITU.	-

PROGRAMME: INTERNATIONAL AFFAIRS AND TRADE

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Support the African Agenda through active participation and implementation of NEPAD as well as the African Multilateral and Bilateral ICT programmes, in order to promote development in Africa	Level of implementation of Strategic Partnership/ Programmes with Anchor African countries towards promotion of ICTs	Bilateral relations with "Anchor" African countries further strengthened in order to be effective and mutually beneficial through the formation and implementation of Strategic Partnerships/ Programmes	• In an effort to strengthen bilateral relations with African countries, the Department successfully concluded and signed two bilateral relations with the following key African countries: Egypt and Angola. • The Egypt MOU aims to promote business investment and increase competition. It will also foster and promote the innovative skills through cooperation in e-skills programme, digital heritage and cultural documentation as well as sharing of information and collaboration in the international fora. • The MOU with Angola aims to advance business investment in the telecoms and broadcasting industry. There will also be exchanges on training and skilled development. • The MOU with Tunisia was intended to be signed in November 2010, however due to the political unrest, it was deferred. • The DoC is also working towards finalising bilateral relations with Malawi. In this regard, the Department hosted a delegation from Malawi this year. • With regard to Ghana, the Department has negotiated the draft MoU with the Ghanaian counterparts. It is expected that the MoU will be signed during the incoming State Visit scheduled for the end of June 2011.	-
Support the African Agenda through active participation and implementation of NEPAD as well as the African Multilateral and Bilateral ICT programmes, in order to promote development in Africa	Level of implementation of Post Conflict Reconstruction and Development Programme in order to contribute to Africa's development and economic up-liftment	Post Conflict Reconstruction and Development Programme facilitated in prioritised countries	• The DoC remains commitment to supporting post conflict reconstruction in the continent, as this will assist in ushering development and providing stability within the Region. • The DoC in this financial year hosted delegations from 3 countries and the focus of engagements were on providing skills development, addressing inadequate resources such human capital /brain drain, finance, skills as well as infrastructure deficiencies. Through Private Public Partnerships, engagements are ongoing.	Delays have been experienced in the projects due to political instability in certain counterpart countries.

PROGRAMME: INTERNATIONAL AFFAIRS AND TRADE

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Level of advocacy of proposed standards for international spectrum pricing in SADC and AU	Proposed standards for international spectrum pricing in SADC and AU advocated	• The DoC actively participated in the SADC ICT Ministerial meeting where the RSA position was developed and approved which included positions on the Frequency Band Plan. The objectives of the review were as follows: ○ To effectively regulate the management and allocation of spectrum in the Region, so as to allow for economies of scale for affordable user equipment and wireless broadband access. ○ To facilitate cross border coordination and Regional roaming. The review aimed at harmonising the Regional band plan with the WRC-03 and WRC-07 plans. • The revised SADC Frequency Band Plan was agreed upon for adoption and harmonisation with the National Frequency Band Plan in the respective member-states. • South Africa (DoC) recently hosted the CRASA Spectrum Management and Regulatory Workshop from 24 – 25 March 2011 to assist Member States Regulatory bodies and Policy makers in understanding modern models of spectrum management. • On the Home and Away Roaming project, SADC approved the study done by the Regional Alliance Task Team (RATT) for the development of policy and regulatory interventions. The objective is to achieve the following policy objectives: transparency; cost-based pricing; effective competition; regulatory certainty and predictability; regional development; and contribution to infrastructure development.	-
Strengthen South-South Cooperation to support mutual economic development	Level of implementation of IBSA Information Society Annual Programme of Action	IBSA information society annual Programme of Action with specific actions aligned with SADC PoA adopted and implemented	• A framework of cooperation has been agreed upon by the IBSA countries in the recent IBSA Ministerial Commission. • It was further agreed that a sub-committee of Nodal Contact Points will be identified by each IBSA country by August 2011. The purpose of the sub-committee will be to explore ways of advancing IBSA interoperability e-government standards.	The IBSA Information Society Working Group has not been able to meet in order to ratify this process.

PROGRAMME: INTERNATIONAL AFFAIRS AND TRADE

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	**ACTUAL**	
		IBSA Free Open Source Software Sub-Working Group established	• The Department was involved in the development of a separate annual activity plan for the sub-working group. However the approval of the separate annual plan for the sub-working group awaits the IBSA approval process that starts with the IBSA Focal Points, IBSA Ministerial and the IBSA Summit. • The IBSA Information Society Working Group agreed to establish the sub-committee during the IBSA Ministerial Commission in India in March 2011. It was also agreed that parties would submit names of their delegates by August 2011. • The Working Group identified a number of areas for future cooperation such as interoperability, accessibility of open source software for disabled and educational programs in open source amongst others.	The DoC is still awaiting confirmation of the IBSA annual activity plan from DIRCO and this has negatively impacted on the target.
		IBSA Portal extended to include civil society	• With regards to extending the IBSA Portal to include civil society, a civil society inter-phase was introduced and launched at the IBSA Summit. The civil society inter-phase is part of the IBSA Portal that allows civil society to keep abreast of IBSA issues and post their own views to share with others. It is intended to publicise the work of IBSA. • Content was uploaded in consultation with IBSA Partners. • The Department ensured that the civil society platform is administered and maintained. • The civil society platform is up and running and continues to receive inputs from civil society. It was agreed that work will be carried out on establishing a digital repository on Mahatma Gandhi.	Delays in the project were largely due to delays from the Brazilian Authority to conclude on their service agreement as well as the crashing of the DoC Website which affected the entire IBSA website resulting in a loss of all information.
		Status of the Portal elevated as a critical platform for IBSA	• The Department experienced insufficient capacity on the existing server to facilitate the intake and processing of new role-players and necessary updates to the membership list however registration for restricted inter-phase was facilitated and training rolled out. • The website will be relocated to the DIRCO as a new host after which training will be conducted to facilitate access.	The crashing of the DoC Website affected the entire IBSA Website which resulted in loss of information.

PROGRAMME: INTERNATIONAL AFFAIRS AND TRADE

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Strengthen South-South Cooperation to support mutual economic development	Number of countries with which international training and development opportunities have been secured	International training and development opportunities secured through bilateral cooperation with India, Cuba, South Korea and China.	• The Department secured a commitment from the Korean and Cuban authorities to formalize customised interventions in human capital development • The Department concluded an MOU and Cooperation with Cuba which was signed on 17 April 2010 which identified a common position on the training of South Africans in ICTs by Cuba. Specific areas for skills development in the ICT field were identified and agreed upon. • The Department also finalised implementation protocols with participating countries. • A Framework of Cooperation was also signed between DoC and Softel (Cuba) which included cooperation in the development of a Telematics platform. • The DoC and China (Taipei) agreed on training and capacity building in the areas of cyber security/cybercrime; Policy exchange on cybercrime; Multimedia training and exchange programmes. • Furthermore, South Korea offered training in mobile phones and broadband policy to four officials of the DoC. The selection process is underway.	-
Consolidate North – South Relations to promote economic development	Number of Official Development Assistance (ODA) strategy	Economic development interests promoted as well as e-skills development	• In its efforts to promote economic and e-skills development in SA, the Department developed a draft ODA Strategy. The DoC went further to identify relevant ODA projects in line with the Department's mandate. • The Department also registered progress with the EU Information Society Agency (ERISA) on development cooperative models and SA's SADC's participation on ERISA. • The ODA programme would seek to identify and secure support from donors to assist with the rapid development of e-skills for the manufacturing sector. ERISA is an EU based Agency with a mammoth database that could be helpful in propping up economic activity in the ICT sector	• There has been a delay in finalising the approval of the draft ODA Strategy however once approved; the strategy will be fully implemented. • Sourcing of donations is dependent on finalisation of the ODA Strategy.
		North-South bilateral relations promoted	• With regards to promoting North-South bilateral relations, the DoC identified and facilitated the INSPIRE project which is a programme between DoC and Finland that provides funding and expertise in the development of provincial ISAD plans. • The Department also finalised a draft MOU for consideration by identified Nordic countries. This MOU, which is yet to be signed, will create a legal framework to promote and advance bilateral relations with Nordic countries.	The Department is still awaiting diplomatic response from identified countries.

PROGRAMME: INTERNATIONAL AFFAIRS AND TRADE

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Influence debates and decisions of multilateral summits, conferences, and partnerships to promote development, and implement the outcomes thereof	Number of preferred candidates indentified and placed in multilateral organisation	Placement opportunities in multilateral organisations identified and taken up	• In its efforts to identify placement opportunities in relevant multilateral organisations, SA received invitations from PAPU and SADC to take up placement. The Department initiated a process to respond to this invitation through internal and sector wide recruitment and is in the process of finalising the appointment and resources. • A process of recruitment for ITU was also established and ITU employment opportunities were circulated within the sector to stimulate interest. • The Department also engaged Multilateral organisations to evaluate the different types of recruitment. • The placement strategy is continuously implemented on an ongoing basis.	A system is to be put in place to circulate advertisements from key multilateral organisations however the Department is hampered by HR capacity constraints within this area of work.
	Number of preferred candidates indentified and placed in multilateral organisations	Candidates/countries identified and supported for election in multilateral organisations	• Through the Department's initiatives, SADC endorsement was attained for South Africa's candidature for ITU Council. • A Framework/strategy for the ITU PP 2010 election was developed and submitted to the DG and Minister. • SA submitted to the ITU its candidature for the ITU Council and the database of candidates and requests for support was regularly updated. • With regards to the ITU Plenipotentiary, the Department developed election plans with the Candidature committee of DIRCO to prioritise South Africa's voting intentions. South Africa's candidature was supported by DIRCO, and submitted to the ITU. • A Note Verbale was sent to all Member States of the ITU through South Africa's Embassies abroad, together with Aide Memoire to highlight South Africa's role in the ITU. • Such lobbying led to successful election to the ITU Council, with Minister leading the campaign at the PP-10. • The Department continued with its lobbying process to secure a seat on UPU Council. In general South Africa is working closely with the African countries and like-minded countries and targeting key issues such as Postal Reform, Quality of Service, Terminal Dues and ETOEs. More practical measures for the elections will take place once the ground has been prepared, as the UPU Congress approaches.	-

PROGRAMME: INTERNATIONAL AFFAIRS AND TRADE

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	**ACTUAL**	
Influence debates and decisions of multilateral summits, conferences, and partnerships to promote development, and implement the outcomes thereof	Strategic multilateral engagement and partnership	Strategic multilateral engagement and partnership implemented with EU, UNECA and UNESCO	• With regards to implementing a Cooperation programme with the EU, South Africa submitted proposed areas for cooperation for further consideration by the EU. • The Department commenced with an analysis of the WTO position with respect to ICTs and foreign ownership limitations. • Negotiations in the UN Commission for Science and Technology for Development focused on the mid-term review of the WSIS outcomes, and especially on Internet governance. South Africa was successful in negotiating measures to address the role of governments and their responsibility towards public policies with respect to the internet, as well as developing text on broadband and development. • DoC also participating in the WIPO meeting with reference to planned diplomatic conference on the protection of broadcasting signals. • The Department also promoted, through inputs into WTDC, cybersecurity, broadband policy and other key issues. • DoC also participated in the WIPO meeting concerning the proposed Broadcasting treaty. A meeting was held with the Head of ITSO concerning the common heritage with respect to the ITSO satellite orbits, which was debated at ITU. DoC is following up on this issue to ratify the ITSO amendment. • During the ITU plenipotentiary conference, key WSIS outcomes were addressed, in particular internet governance and related issues, cybersecurity, access by disabled persons, broadband access, and other critical issues such as e-health, and safety of children on-line. • The Department also made a submission to National Treasury on the BRICS Finance Ministers meeting on Economic cooperation, highlighting DoC Initiatives, potential for international cooperation in cybersecurity, and the potential for international cooperation with respect to addressing International Standards setting. • Arrangements are being made for 2nd Dialogue meeting between SA and EU, scheduled for June 2011. The proposed agenda and content of the discussions are under negotiation.	-

PROGRAMME: INTERNATIONAL AFFAIRS AND TRADE

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Level of implementation of reviewed co-operation agreements	Participation in OECD reviewed to ensure more beneficial participation for South Africa	• As part of the contribution to the development of international best practices and development processes in SA, a meeting was held with National Treasury and OECD to strengthen participation of line function departments within OECD Committees, put in place measures to ensure greater access to OECD working documents and thus facilitate more effective participation by departments. • The Department was able to obtain a secure password access to all resources of the OECD obtainable through the OECD website, including all the relevant meeting documents and topical research documents that can be utilised by the DoC. • The Department also participated in a survey on OECD and SA government which was designed to take stock of the views of different SA government practitioners on the future of relations with the OECD.	-
	Level of implementation of reviewed co-operation agreements	SA & ITU/UPU co-operation agreement reviewed to ensure effective projects to enhance regional development	• No substantial progress was made with regards to this project.	• The Department has agreed to re-engage with the ITU on the way forward for the project. • Delays in the payment have delayed the process of re-engaging with the ITU.

PROGRAMME: INTERNATIONAL AFFAIRS AND TRADE

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Influence debates and decisions of multilateral summits, conferences, and partnerships to promote development, and implement the outcomes thereof	Number of country position papers on ICT issues	Country position papers influencing key debates on various ICT issues for WTDC, UPU, PAPU, ITU Plenipotentiaries and ATU developed and advocated	• With regards to position paper for Council – 10 in line with submission for ITU PP-10, The Department developed a position paper for ITU Council which dealt with the issues going to PP-2010. The Department also hosted a NPWG meeting to develop the position for ITU-PP. The Department also hosted a SADC meeting to coordinate some of the key positions for the ITU-PP, including SA draft resolution on 'Conformance and Interoperability', and positions on International Telecommunication Regulations, the Regional Presence of the ITU, Cybersecurity and Climate Change. South Africa campaigned successfully for re-election to Council and during ITU PP-10, an effective alliance was developed within the Africa group, overcoming previous challenges, amongst key allies, for re-election. • Antalya Final Acts 2006 was approved by ICTS Cluster, Cabinet Committee, and finally Cabinet for submission to Parliament. • With regards to the WTDC- 10, the Department hosted a National preparatory meeting. • Key issues were addressed in accordance with interests of developing countries such as cybersecurity, internet governance, ICT infrastructure and technology development and capacity building and digital inclusion. • In terms of PAPU and UPU, the Department reported on the implementation of the Nairobi Postal Strategy to PAPU and UPU. A submission was prepared with respect to the broad position and approach for the UPU High Level Strategic conference. South Africa reported, as Chair of UPU key Content issues committee for Africa, on the status of the work of the Committee and developments by African countries. SA was appointed as a member of the Steering Committee for the review of postal reform in Africa, established by the AU ministerial meeting in 2008 to look at the harmonisation of postal policies within Africa. • The Department also developed a Position paper for WTDC- 10. The African position was considered and endorsed by South Africa. • Payment of Membership Fees (ITU, ATU, UPU, PAPU) and Foreign representation in Paris was addressed with respect to outstanding payments from 2009-10.	-

PROGRAMME 3: ICT POLICY DEVELOPMENT BRANCH

Purpose: Develop ICT policies and legislation 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 ICTs by the majority of the South African population, thus bridging the digital divide.

This programme consist of the following six (6) sub-programmes

- *ICT Policy Development* drafts legislation, regulations, policy and guidelines that govern the broadcasting, telecommunications, postal and IT sectors, thus ensuring broad-based economic development within the ICT sector. Funding is used for compensation of employees and operational expenses.

- *Economic Analysis, Market Modelling and Research* is responsible for economic analysis of the broadcasting, telecommunications, postal and IT sectors to determine trends and make growth projections. The sub-programme also undertakes market research to explore areas which require policy intervention. Funding is used for compensation of employees, and related expenditure in good services.

- *ICT Uptake and Usage* ensures that the ICT industry adheres to and implements policy and legislation and undertakes research to determine the extent to which policies are being implemented in the broadcasting, telecommunications, postal and IT sectors.

- *Intergovernmental Relations* advises, coordinates and facilitates intergovernmental relations with all spheres of government in carrying out the departmental mandate.

- *South African Broadcasting Corporation: Community Radio Stations* focuses on extending signal distribution to reach all communities and extending community multimedia services at selected nodal points.

- *South African Broadcasting Corporation: Programme Production* makes transfers to the South African Broadcasting Corporation and other entities for producing programmes with local content on issues relating to youth, women, children, the disabled, and HIV and AIDS, for commercial and community radio stations.

Service Delivery Objectives and Indicators:

- Contribute to improving cost, quality, availability and usage of ICTs across the ICT sector by implementing the relevant policies and the Programme of Action by March 2013.

- Improve access to and modernise broadcasting services in South Africa through ensuring a smooth transaction from analogue to digital broadcasting by November 2011 by facilitating the implementation of the broadcasting digital migration policy, specifically:

  - Finalising the set-top box manufacturing sector development strategy by April 2010.

  - Finalising the scheme for ownership support of the set-top boxes by poor television-owning households by May 2010.

  - Operationalising the Digital Dzonga by September 2010.

- Create an enabling environment for the growth of the ICT sector by submitting the following legislation and policies to Parliament for approval:

  o Public Service Broadcasting Act by October 2010;

  o Independent Communication Authority South Africa Amendment Act submitted to Parliament by August 2010;

  o Electronic Communications Act submitted by August 2010;

  o Local and Digital Content Policy by July 2010;

- Contribute to creating conditions for an accelerated and shared growth of the South African economy by advancing convergence of the ICT Sector by enacting an integrated ICT Strategy and law by March 2013.

PROGRAMME: ICT POLICY DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Contribute to creating conditions for an accelerated and shared and growth of the South African economy through the development and implementation of ICT policies, legislation and strategies that positively impacts on the wellbeing of all our people	Approved ICT Policy inclusive of four sectors (telecoms, postal, broadcasting and e-Commerce)	Concept paper on Integrated ICT Strategy developed	• In its effort to develop an integrated ICT policy framework to promote the convergence of the ICT sector, a due diligence was conducted on different ICT policies; viz white papers on postal policy, telecommunications, broadcasting; including the digital migration policy and the green paper on e-commerce. • An international benchmarking exercise was also conducted on National ICT policies which informed the development of a concept document. • Furthermore, an inter-branch task team was established to finalise the concept document and the logistics of the planned National Colloquium on ICT Policy.	A National Colloquium on ICT Policy was planned for October 2010 however a decision was taken to postpone the hosting of the Colloquium to the first quarter of 2011 financial year which impacted on the finalisation of the concept paper.
	Level of implementation of Public Service Broadcasting Act and SAPO Act	Public Service Broadcasting Bill introduced to Parliament	• During the period under review, the Department planned to introduce the Public Service Broadcasting Bill to Parliament. In an effort to develop a legislative framework for public service broadcasting, a Second Draft Bill was prepared for discussion. A separate money Bill on the funding of the public broadcaster was also prepared. • The draft Public Service Broadcasting Bill was presented to State Law Advisors and approval to conduct financial modeling was granted. • Furthermore, an oral hearing on the second Draft Bill was held in October 2010 in order to reignite public discussion on the Bill.	The Bill could not be processed since an executive decision was taken to withdraw the Bill in favour of a Broadcasting Policy Review Process.
		SAPO Bill enacted into law	The SAPO Bill which is aimed at developing a legislative framework for SAPO governance, was developed and submitted to Parliament. It is being deliberated within the Portfolio Committee on Communications.	The SAPO Bill is still in Parliament as it is being deliberated on within the Portfolio Committee on Communications.
	Level of implementation of the Postbank Act	Postbank Bill enacted into law	• In its effort to develop a legislative framework for the corporatisation of the Post Bank, the Postbank Bill was introduced to Parliament and public hearings were conducted. • The Bill was deliberated on and passed by the Portfolio Committee on Communications, National Assembly and the NCOP's Select Committee on Labour and public enterprises. The Bill was thereafter signed by the President into law. • The implementation of the Postbank Bill has commenced. Furthermore, a Presidential proclamation has been drafted and approved by the Minister.	-

PROGRAMME: ICT POLICY DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Number of Policy guidelines/ directions published	Policy guidelines /directives as and when needed on ICT issues developed	No adhoc/unplanned policy directions were issued during the period under review.	There was no need for any adhoc/unplanned policy directions/ directives.
	Level of implementation of impact assessment recommendations	ECA Amendment Bill and ICASA Act developed and enacted into law	• The ICASA Amendment Bill which aims to strengthen the capacity of the Regulator, was finalised and approved by Cabinet for public consultation. The Bill was also published for public comments after which public comments were incorporated into the Bill and is ready for introduction into the Cabinet system. • The Electronic Communications Amendment Bill was also developed. The Bill is yet to be introduced to the Cabinet system.	Given the HR capacity, the initial target of compiling these two pieces of legislation and enacting them into law all in one year was not achievable.
		Impact Assessment conducted on key legislation and policies and recommendations implemented	• A regulatory impact assessment was conducted on the draft uptake and usage policy. • The purpose of using this instrument is to support the development of evidence based policies and legislations.	HR capacity constraints and lack of sufficient data.
	Level of compliance with National standard on all EIA requirements for ICT infrastructure roll-out	National standard on all EIA requirements for ICT infrastructure roll out developed (Infrastructure- TSAG)	• There was no substantial progress on this target however discussions were held with SABS to assist in developing the National Standards on all EIA requirements.	HR capacity constraints.
	Level of implementation of the recommendations of the reviewed business models	Business models for USALs and community radio and television stations reviewed	• Research on the existing business models for USALs and community radio and television stations was conducted and a report on community television summit was produced.	HR capacity constraints.
	Level of implementation of the Policy Direction on the declaration of essential facilities	Policy directive to ICASA on the declaration of essential facilities issued	There was no substantial progress on this target.	HR capacity constraints.
	Level of implementation of the Policy on disposal of ICT waste	Study on the impact of ICTs on the environment conducted.	The Department commenced with a study on the negative impact of ICT waste in South Africa. However, the study was not completed.	HR capacity constraints.

PROGRAMME: ICT POLICY DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Number of student reached through the e-Skills Programme aimed at equipping the unemployed and vulnerable with requisite skills to overcome poverty and unemployment	e-Skills Programmes developed.	• In its efforts to develop an e-Skills research agenda as part of the e-skills programme, the e-Skills Research Network (ReSNES) was launched at the Research Colloquium on 26 July 2010. The website for ReSNES was launched and an MOU was signed with Vaal University of Technology (VUT) to join this project as well. • The research responsibility was moved to the ReNES as there are five universities contributing to the network resulting in a bigger research base. • Furthermore an e-Skills Programme aimed at capacitating communities was also developed.	-
Support and enable the provisions of the multiplicity of ICT applications and services through ICT facilitating the modernisation and deployment of infrastructure.	Digital Migration achieved within the approved timelines	Digital Migration Policy implemented. • Scheme of Ownership Support approved and implemented.	• With regards to the Scheme of Ownership Support (SOS), consultations with the National Treasury were conducted and a cabinet memorandum was prepared and submitted to the Cabinet however the cabinet memorandum was subsequently withdrawn due to the issues around the DTT standard. • Furthermore, a presentation on the SOS was made at the ISAD IGRF technical committee for input. Such input was incorporated in the SOS framework. • A Scheme for STB Ownership Support discussion document was also developed by the Department after consultation with the stakeholders.	Delays in the finalisation of the preferred DTT standard had a negative impact on the project.
		Digital Dzonga Secretarial capacity and operational	• The Digital Dzonga council was appointed in August 2010 and Senior Management posts were advertised. • Interviews were held on the 13th December 2010 however appointments were not finalised due to the need to relook at the governance model of the Digital Dzonga Council.	A decision was taken that the Digital Migration project will be managed by the Department hence a project office reporting to the DG will be established. A structure in this regard was therefore developed.
		STB installers identified and appointed	• The Department developed the STB Manufacturing Request for proposals however it was not issued. • USAASA will be responsible for the identification and certification of STB installers.	The work will be taken forward by USAASA in the 2011/12 financial year.

PROGRAMME: ICT POLICY DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	**ACTUAL**	
		STB Conformance Scheme approved and implemented	No progress was made on this target.	Delays in the finalisation of the preferred DTT standard had a negative impact on the project.
	Number of locally manufactured STBs distributed and operational in the market	500 000 locally assembled/ manufactured STBs distributed and operational in the market	No progress was made on this target.	Delays in the finalisation of the preferred DTT standard had a negative impact on the project.
	Percentage increase in local content and digital content output	Additional 5% quota increase in local content and digital content output	• The Department presented the Draft Local and Digital Content Strategy at the Local Content summit after which a report was produced which incorporated the views from the summit. The summit endorsed the draft strategy for approval by the Executive. A further workshop with key stakeholders was held as part of the process of soliciting views from the telecommunications industry. • The Draft Local and Digital Content strategy has been completed and is ready for presentation to the Executive.	HR capacity constraints The Local and Digital Content Development Strategy is yet to be finalised.
Improvement with respect to cost, quality, availability and usage of ICTs in line with world class standards by 2014	Percentage reduction in telecommunications costs	15% reduction in telecommunications costs	• In order to facilitate the reduction of telecommunication costs and improved quality, availability and usage of ICTs the Depart of Communication has developed a Programme of Action to reduce the cost to communicate which was submitted to Cabinet for noting. • The Department reduced the Mobile Termination Rates (MTR) from a peak rate of R1.25 to 89 cents which was implemented in 2010. The rates will be further reduced to 77 cents in the 2011/12 financial year.	-
	Level of call quality	Policy direction on quality of services (telecoms and broadcasting) issued to ICASA		
	Percentage of increase in broadband penetration	5% increase of household's broadband penetration	• Broadband Policy has been approved by Cabinet during the reporting period.	-
	Level of compliance with ICASA Postal quality service standards	Compliance with ICASA Postal quality of service standards monitored	• There was progress made on this target as it is deemed to be a regulatory matter.	The target is in the domain of ICASA hence the matter was raised with ICASA during the bilateral.

PROGRAMME: ICT POLICY DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Percentage of increase in the broadcasting network coverage to remote rural areas	2% increase in the broadcasting network coverage to remote rural areas	• The Department facilitated the development of communications infrastructure in under-serviced and un-served areas through conducting consultation meetings and rallying stakeholders around the uMsinga Local Municpality Broadband Initiative project. • The uMsinga Local Municipality Broadband Initiative Working Team was established and the project will assist to speedily identify the required regulatory interventions for the support of infrastructure roll-out in under-serviced areas.	-
	Number of new Thusong Post Offices	Development of 2 new Thusong Post Offices monitored	• No progress was made on this target as monitoring did not take place.	This target was not within the mandate of Programme 3.
	Level of implementation of ICASA's implementation plan on the LLU	Policy directive issued to ICASA, on an implementation plan for the unbundling of the local loop by the set target date of 2011	• The Department monitored the Implementation of Local Loop Unbundling by ICASA. Meetings were held with ICASA to ascertain the progress made on the implementation of the policy direction on LLU. • There was no need to issue a policy directive, since it has been issued in 2007.	-
	Level of implementation of policy direction on pricing for broadband services	Policy directive on pricing for Broadband services developed (Wireless/Satellite)	• No substantial progress was made on this target.	HR capacity constraints
	Level of implementation of policy direction on mobile termination rate and other wholesale services	Policy directive on mobile termination rate issued to ICASA, with specific reference to cost-base pricing	• The target was achieved through the regulations published by ICASA with regards to reducing the Mobile Termination Rates (MTR) from peak rate of R1.25 to 89 cents which was implemented in 2010. • The rates will be further reduced to 77 cents in the 2011/12 financial year.	-
	Level of implementation of the criteria for application and allocation of Universal Services Access Fund	Criteria for application and allocation of Universal Service Access Fund to encourage private sector infrastructure investment prioritising rural and under-serviced and un-served areas developed	• The assessment on the status of USALS was conducted to identify regulatory challenges as part of development of a Business Model. • A policy on the elimination of barriers to entry will be developed in the next financial years.	The criteria for application is the responsibility of USAASA.

PROGRAMME: ICT POLICY DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Level of implementation of the criteria for application and allocation of Universal Services Access Fund	Policy instruments to separate pricing on the backbone network elements based on LRIC and/or TELRIC methodology developed (V-Sat cable, fibre, antenna, mast, POP, etc)	• No substantial progress was made with regards to this target.	HR capacity constraints
	Level of implementation of Policy Direction on aligning interconnection costs for public pay phones	Policy direction on aligning interconnection costs for public pay phones to those of community service telephone issued to ICASA	• No substantial progress was made on this target.	HR capacity constraints.
Increase Universal Access and Services to ICTs	Level of implementation of the Uptake and Usage Policy	Comprehensive Uptake and Usage Policy, aimed at increasing mobile telephony and internet uptake developed	• No substantial progress was made on this target.	HR capacity constraints.
	% of South African homes with postal addresses and access to e-mail addresses	Additional 10% of South African homes with postal addresses and e-mail addresses	• There was no substantial progress on this target however the Department did conduct research after which a concept document was developed.	HR capacity constraints.

PROGRAMME: ICT POLICY DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	

	Level of mainstreaming of issues and strategies related to gender disability, youth and children programmes of the DoC and its SOEs	Issues related to gender, disability, youth and children in the programmes of the Department and its SOEs (SABC, NEMISA and USAASA) mainstreamed in the following three Branches (International, Policy and Infrastructure) through the development and implementation of sector-specific strategies	• In terms of the Children and ICT strategy, the Department reviewed the final draft colloquium report to verify and confirm the content and ensure that the draft environmental scan report is updated.
			• The Department also liaised with the Film and Publication Board for updates on new legislation or amendments to existing legislation that need to be included on the outline of the Children and ICT Strategy.
			• A draft Implementation Framework of the Youth and ICT Strategy has been developed.
			• The Department further influenced ICT-related policies to ensure that it is inclusive of the needs of people with disabilities, young people, women and children by participating and supporting the Local Content Development and Community Television Workshops.
			• The Department also participated in various events including the following among others:
			  o The preparatory processes of the 2010 World Youth Conference which was held in August 2010 in Mexico by providing input to the Draft World Youth Conference Declaration.
			  o The Africa Youth Day Festival from 30 October to 01 November 2010 which was held in Mutare, Zimbabwe and hosted by the Zimbabwean Government.
			• The W3C Southern Africa Web Accessibility Best Practices Workshop hosted by the Meraka Institute of the CSIR on 10 November 2010 through making a presentation on the recently adopted Resolution on ICT Access and Telecommunications for Persons with Disabilities.
				-

	Number of e-Cadres for service deployment	Service Deployment for the 800 e-Cadres concluded	No substantial progress was made with regards to the service deployment of the e-Cadres during the reporting period. However, 156 e-Cadres will be deployed in the 2011/12 financial year as per the contract signed with the five FET colleges and Sentech.	The service deployment component of the programme has been delayed
		Second intake for training for 450 ICDL Learners concluded	No substantial progress was made with regards to the training of the ICDL learners. This target will be taken forward in the next financial year.	Delays in the approval process.
	Percentage of e-Cadres confirmed for exit	Exit strategies for at least 20% of the e-Cadre confirmed	Exit strategies could not be confirmed as the service deployment never took place during the 2010/11 financial year.	Non approval of the service deployment contracts with colleges.

PROGRAMME: ICT POLICY DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
		Relevant government initiatives related to Second Economy Interventions supported	• The Department supported Department of Women, Children and People with Disabilities (DWCPD) in preparation for United Nations Commission on the Status of Women (UNCSW) and participated in the consolidation of the draft concept document on SA Road Map to the implementation of the African Women Decade as well as the Concept document for the proposed National Advisory Council on Gender Based Violence in DWCPD on the 24 March 2011. • The Department also participated on Commission on Gender Equality (CGE) Hearing on Gender Transformation in the work place for all Government departments. • Department provided a perspective on the roll of ICTs in promoting gender transformation in the public sector and shared the work it does in the area of gender equality and access to ICTs for women.	The Department was not able to directly participate in the discussions on draft concept document on SA Road Map to the implementation of the African Women Decade as well as the Concept document for the proposed National Advisory Council on Gender Based Violence in New York but input in the preparatory meetings in the country was provided.
Contribute to increasing the ICT skills base in South Africa and increase access to, and uptake and usage of ICTs	Number of students reached at various educational institutions	Piloting of short and certificated e-Skill courses facilitated in collaboration with Universities and Corporate Schools to impact the employment readiness of students	• The Department engaged with partners such as NEMISA, DoHE, Neotel, ICDL, Korea, Telkom, JCSE to offer pilot short and certified e-Skills courses. As a result, roll-out of the pilot short and certificated e-Skills courses was conducted while the Multimedia course will be offered to FET College students in 2011/12. • The Department hosted a very successful e-Skills Summit in Cape Town from 26 – 28 July 2010 with 320 delegates attending from all spheres (business, government, civil society, media, labour and academia). All discussions and presentations contributed to populating the draft e-Skills Plan of Action (NeSPA). Flowing from the Summit and the NeSPA, a consultation was done with vice-chancellors and other academics for partnering universities to start with the implementation process of the NeSPA.	-
	Number of platforms developed to offer training programmes	Platforms for the virtual offering of training programmes developed	• Various consultations were conducted with universities with regards to the Shared Knowledge Centre and relevant body of Information Society/e-Skills knowledge. • 12 potential sites for the hub in the Western Cape were visited and the Programme Knowledge Production Hubs (KPH) in the Eastern Cape and KZN were launched with the support from the Walter Sisulu University and the Durban University of Technology.	-

PROGRAMME: ICT POLICY DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Extent of providing thought leadership through multi-stakeholder partnerships within a South African context	Agreed framework for multi-stakeholder partnerships for knowledge production and e-skilling developed	The framework for multi-stakeholder partnerships for knowledge production and e-skilling was developed and implementation of the framework has begun.	-
Promote the ICT Agenda across all stakeholders in order to ensure integrated and efficient service delivery to communities	Number of platforms of engagement supported and institutionalised	Five platforms of engagement supported and institutionalised	No substantial progress was made on this target	HR capacity constraints
	Level of implementation of the programme of action to respond to outcomes of the annual stakeholder survey	Annual stakeholder survey conducted	No substantial progress was made on this target	HR capacity constraints
	Number of MoUs signed with host cities	MoUs signed with host cities on 2010 WC legacy projects	There has been no substantial progress made with regards to this target.	Due to a lack of joint planning between the relevant role-players, the Department did not play a substantial role in provincial engagements regarding the World Cup legacy projects.
		Two MoUs on ICT Hubs signed with under-served provinces	There has been no substantial progress made with regards to this target	The ICT Hubs were not established in the under-served provinces hence the MoUs could not be entered into.

PROGRAMME: ICT POLICY DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	**ACTUAL**	
	Level of implementation of the DoC Engagement Model Number of provinces and districts engaged on BDM, Broadband Policy, Radio Frequency Spectrum Policy, Cybersecurity Policy, enacted legislation, ICT SMME Strategy, e-Skills programme, e-connectivity plans for schools and health centres, roll out of low-power transmitters	• Action plan on DoC engagement model developed • Nine Provincial Steering Committees established • Nine provinces and all the district municipalities engaged on BDM, Broadband Policy, Radio Frequency Spectrum Policy, Cybersecurity Policy, enacted legislation, ICT SMME Strategy, e-Skills programme, e-connectivity plans for schools and health centres, roll out of low-power transmitters	• As part of implementing the DoC Engagement Model, a consultative Forum was established with SOEs which focused on identifying projects and events of SOEs in the provinces and municipalities which require IGR related support from the DoC. Furthermore, the IGR Engagement Model was also workshopped with SOEs. • In its efforts to promote the ICT agenda across all spheres of Government, the Department supported various initiatives including the Minister's launch of low-power transmitters in Ekulindeni in Mpumalanga, his participation in the World Telecommunications Day and World Post Day among others. A process is underway to compile and collate provincial ICT profiles in support of the Minister's public participation programme. • In its efforts to support the Comprehensive Rural Development Programmes (CRDP) and Urban Renewal Programmes (URP), the Department engaged the Department of Rural Development and Land. • The Department also engaged SOEs to ascertain priority projects for the CRDP and URP so as to inform the development of the CRDP and URP Plan in relation to ICTs. • The Department workshopped the IGR Engagement model with Provinces where agreement was reached with Provinces regarding the shape and format of the Provincial Steering Committees. • Through its IGR activities the Department also led a team to Tugela Ferry in KwaZulu Natal where the Amakhosi of the area were briefed about the Msinga broadband project after which the Amakhosi endorsed the project. • A meeting was held with the municipality of Tosca in the North West where the ICT challenges of the area were highlighted. It was agreed that there will be a need to undertake a visit to the area with all the SOE's. • The Department also engaged with the community of Indermark, the Department of Education and the municipality regarding connectivity of five schools and the clinic in the area. • A meeting was also held with the Blouberg Municipality to discuss the deployment of a Post Office in Indermark. The municipality has already identified a site for the building of the Post Office.	The roll out of the road shows as well as the compilation of provincial ICT profiles are dependent on the availability of the Provinces which is not in the control of the Department.

PROGRAMME 4: ICT ENTERPRISE DEVELOPMENT BRANCH

Purpose: Oversee and manage government's shareholding interest in public entities. Facilitate growth and development of the small, medium and micro enterprises (SMMEs) in the ICT sector.

The programme consists of two sub-programmes:

- *Public Entity Oversight* provides oversight over State-Owned Enterprises by managing Government's shareholder interests in public enterprises in a manner that supports the attainment of key national goals and strategic priorities. Funding is provided on the basis of annual business plans and shareholder compacts.

- *Small Medium and Micro Enterprise Development* focuses on facilitating the growth and development of ICT SMMEs.

Service Delivery Objectives and Indicators:

- Promote good governance in all six public entities reporting to the Department by:
  - o undertaking annual corporate governance reviews;
  - o monitoring and enforcing compliance with corporate governance protocols and applicable legislation; and
  - o continuously monitoring compliance with corporate governance protocols and applicable legislation.

- Ensure the effectiveness and efficiency of public entities by aligning their business and investment plans with Government's overall strategic objectives annually.

- Strengthen the performance of public entities in the ICT sector through monitoring the implementation of their business, investment plans and their financial management practices by analysing their quarterly performance and financial reports and annual reports during the course of the year.

- Accelerate the socio-economic development through facilitating the growth and development of ICT SMMEs and improving their sustainability by facilitating access to markets for 50 ICT companies by March 2013.

- Enhance the role of State Owned Entities as the delivery arms of Government and capacitate the Independent Communications Authority of South Africa by:
  - o finalising and signing off performance agreements for ICASA councilors annually;
  - o amending existing shareholder compacts for SAPO, SABC and Sentech and formulating shareholder compacts for USAASA & NEMISA every year; and
  - o actively participating in corporate governance of SOEs by attending audit and risk committees and participating in board meetings on a continuous basis as and when scheduled.

PROGRAMME: ICT ENTERPRISE DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Increase Universal Access and Services to ICTs	Number of ICT business linkages facilitated	25 ICT business linkages facilitated	• In its efforts to facilitate the development of small enterprises to enter and compete in the export markets, the Department appointed a service provider who developed an Export Readiness Methodology (a step by step guide that outlines the requirements of participating in export markets) which was thereafter implemented. • However there was a delay in facilitating the actual linkages.	Progress on this target was hampered largely due to delays in the procurement process as well as due to the fact that some of the targeted countries for export linkages were polarised by conflict e.g. Egypt.
	Level of implementation of the Action Plan	Action plan, to benefit SMMEs in the Broadcasting Digital Migration value chain including the manufacturing, distribution, installation and maintenance of set top boxes, developed	In order to ensure benefit to SMMEs in the BDM value chain, the Department developed a draft Action Plan to facilitate an involvement of SMMEs in the STB value chain including the manufacturing, distribution, installation and maintenance of set-top boxes, however the Action Plan is yet to be approved.	The finalisation of the Action Plan and the implementation thereof was delayed largely due to delays in the finalisation of the DTT Standards. However, considering that the DTT Standards have been finalised, the finalisation and implementation of the action plan will proceed in the next financial year.
	Frequency of access of the ICT portal by SMMEs	ICT SMME portal to host and SOE ICT tenders and with links to all government tenders, for access by SMMEs through the internet and mobile phones, developed	• In its efforts to facilitate access to tender information by small enterprises in the ICT sector, the Department developed an ICT SMME Portal. • The Department is currently in the process of appointing a service provider to populate the portal with tenders that could be accessed by SMMEs.	The loading of tenders on the Portal was delayed due to technical challenges.

PROGRAMME: ICT ENTERPRISE DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Increase Universal Access and Services to ICTs	Number of ICT hubs created in the country	Establishment of two ICT hubs in two under-served provinces facilitated (one per province)	• With the intention to accelerate the entry and participation of small enterprises in the ICT sector, the Department focused on establishing ICT Hubs in under-served provinces. To this end, a model for the ICT Hubs was developed after which consultations with provinces commenced. • Within the Free State Province, Welkom in Matjhabeng Municipality was identified as a suitable site while the second site identified was in Limpopo Province. The Department is currently in the process of appointing a service provider to assist with the implementation of this project as it is experiencing HR capacity constraints in this area.	HR capacity constraints. Therefore, a service provider will be appointed to assist in expediting this project.
	Number of ICT SMMEs migrated into mainstream (non-SMME) businesses	Migration of at least five large ICT SMMEs into mainstream (non SMME) businesses facilitated	• With the intention to facilitate the growth and development of small companies into large businesses by leveraging on Equity Equivalent Programmes pursued by multinationals in line with the BEE Codes, the Department developed a draft framework for the migration of large ICT SMMEs into mainstream businesses. • Consultations were held with Microsoft as the multinational to be initially targeted with this program however the process of identifying SMMEs has been delayed due to the non-signing of an Equity Equivalent Agreement between Microsoft and the Department of Trade and Industry.	This project is delayed due to the lack of signing of the Equity Equivalent Agreement between Microsoft and the Department of Trade and Industry, however the Department is making efforts to expedite the signing of the Agreement.
Provide efficient and effective oversight to SOEs and other entities	Level of alignment of all SOE Corporate /Strategic Plans with government priorities/ PoA	Alignment of the plans of SAPO, Sentech, USAASA, NEMISA and SABC with government priorities ensured	• In its efforts to align the plans of the various entities with government priorities, the Department received and reviewed the corporate and strategicplans of the entities through facilitating workshops. • The Department also undertook the consolidation and analysis of the budgets of the Entities. • Furthermore, the Department commenced with the process of facilitating the presentation of the corporate and strategic plans to Minister before presentation to Parliament.	-

PROGRAMME: ICT ENTERPRISE DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Provide efficient and effective oversight to SOEs and other entities	Number of performance reports of SOEs submitted	Performance of SOEs monitored against set KPIs as per their Corporate Plans.	• Quarterly performance reports that were submitted by SOEs were analysed, and feedback was presented to the Minister for consideration and approval. • The Department, where necessary, also provided feedback to the Chairperson of the Boards for their consideration and action.	-
	Shareholder compacts, corporate plans and strategic plans of SOEs approved by 31 March every year	Shareholders compacts and corporate plans for SABC and strategic plans for USAASA and NEMISA concluded and quarterly monitoring undertaken.		
	Level of implementation of self sustainability funding models	Self sustainability funding model of Sentech, SABC (PSB) and NEMISA developed	• In its efforts to develop self sustainability funding models for the SOEs, the Department held meetings with NEMISA, USAASA and SAPO to facilitate the development of their five-year funding plans after which USAASA submitted its plan. • Work towards this target was also dependent on the development of the Public Broadcasting Bill which was also a focus for the Department during the period under review. • The Department also commenced with an initiative to develop various options for the funding of SOEs.	The development of self-sustainable models for SABC and Sentech are dependent on the finalisation of the Public Broadcasting Bill which was withdrawn in order to review the policy process going forward.
Effective monitoring and support of SOEs through corporate governance mechanism	Number of Corporate reviews conducted for SOEs and entities	Corporate governance reviews at Sentech, SABC, SAPO, NEMISA, .zaDNA & USAASA undertaken	• In its efforts to ensure non-recurrence of adverse audit findings and PFMA transgressions, the Department held workshops with the Chief Financial Officers and Company Secretaries of SOEs to determine their readiness for submission of annual reports. • The Department ensured that the 2009/10 annual reports and financial statements of all SOEs were submitted to the Auditors for auditing before the end of May 2010, after which recommendations were forwarded to the Chairpersons of the Board of the SABC, Sentech, USAASA and NEMISA • The Department also analysed and reviewed performance against audit findings and compliance with the PFMA requirements for all SOEs, after which recommendations were forwarded to the Chairpersons of the Board of the SABC, Sentech, USAASA and NEMISA. • Furthermore, Annual Reports of SOEs were analysed and submitted to the Minister for tabling in the National Assembly.	-

PROGRAMME: ICT ENTERPRISE DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Effective monitoring and support of SOEs through corporate governance mechanism	Level of implementation of the outcomes of the governance reviews	Articles of association of all SOEs revised in line with the new companies Act Outcomes of governance reviews implemented.	• With regards to reviewing the Articles of Association for all SOEs in line with the new Companies Act, all the Department was able to do was develop a terms of reference for the appointment of a service provider after which the tender process was initiated. • During the period under review, the Department focused largely on reviewing the Articles of Association for Telkom which was prioritised over other SOEs as some provisions were soon to be expire.	The rest of the SOEs were held in abeyance as the result of pressure to finalise the Telkom Articles of Association.
Introduce and implement performance agreements for ICASA	Non-recurrence of audit findings /PFMA transgressions	Performance agreements of ICASA councillors concluded and performance monitored on a quarterly and annual basis	• The ICASA Performance Management System was developed and approved by Exco for implementation.	There were delays in the approval of the Performance Management System.

PROGRAMME 5: ICT INFRASTRUCTURE DEVELOPMENT

Purpose: Promote investment in robust and reliable, secure and affordable ICT infrastructure that supports and enables the provision of a multiplicity of applications and services.

This ICT Infrastructure Development programme has the following sub-programmes

- *Applications and Research* is responsible for technology research and analysis, applications and content development; analysis of the legal environment to promote infrastructure technologies and managing the use of the National Frequency spectrum.

- *Meraka Institute* undertakes research and develops 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.

Service Delivery Objectives and Indicators:

- Creating an enabling environment for an accelerated and shared growth of the South African economy by increasing access, uptake and usage of Information and Communication Technologies by developing and implementing of national broadband legislation by March 2013.

- Improve universal access to information communication technology by facilitating connectivity to ICT networks and applications by schools, health and government centres by March 2013.

- Ensure the implementation of the Government ICT guarantees for the 2010 FIFA World Cup by monitoring and evaluating the access network (primary and secondary fibre optic cable links), satellite back up, uplink connectivity, and international connectivity by May 2010.

- Ensure that the ICT infrastructure developed for the 2010 FIFA World Cup yields further social and economic benefits by developing and implementing of a Legacy Plan by March 2011.

- Contribute to building confidence and security in the use of ICTs in order to maximise investment in the ICT sector through the developing and implementing a Cyber Security Policy by March 2011.

- Promote the protection of children online through the implementation of awareness programmes by May 2011, in line with United Nations Children's Fund (UNICEF) conventions.

PROGRAMME: ICT INFRASTRUCTURE DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Contribute to creating conditions for an accelerated and shared growth of the South African economy through the development and implementation of ICT policies, legislation and strategies that positively impacts on the wellbeing of all our people	Level of implementation of National Broadband Legislation	National Broadband Legislation submitted to Cabinet	The National Broadband legislation document was completed and will be incorporated as a section/chapter into the ECA Amendment Bill.	The Draft Bill is pending the Minister's approval for gazetting.
		Provinces and municipalities engaged on individual broadband guidelines	The Provincial and Municipal Guidelines have been developed and the document has been presented to the provinces and other national departments, during the first meeting of the Broadband Intergovernmental Implementation Committee.	-
		Broadband Inter-governmental implementation Committee to coordinate all broadband initiatives established	• The Department established and operationalised the Broadband Inter-governmental Implementation Committee. • The First Broadband Intergovernmental Implementation Committee meeting took place on 9th November 2010 and it was attended by all the stakeholders. Key focus groups were formed to develop the Broadband Implementation Plan.	-
	Level of implementation of integrated strategy on network roll-out	Integrated strategy on network roll-out in under-serviced and un-served areas developed	• The Department facilitated the development of communications infrastructure in under-serviced and un-served areas through conducting consultation meetings and rallying stakeholders around the uMsinga Local Municipality Broadband Initiative project. • The uMsinga Local Municipality Broadband Initiative Working Team was established and the project will assist to speedily identify the required regulatory interventions for the support of infrastructure roll-out in under-serviced areas.	-
		Establishment of access networks in two rural municipalities facilitated	• The Department facilitated the establishment of access networks in rural municipalities. The feasibility study was conducted for the Fezile Dabi District Municipality while the available study for the Ingwe Local Municipality was revised with the latest introduction of a fibre optic cable by Neotel. uMsinga Local Municipality was identified as the Minister's flagship project and consultation with stakeholders commenced with the first phase of developing technical plans for infrastructure roll-out at uMsinga and Ingwe Local Municipalities. • A low-power broadcast network comprising three low-power broadcasting stations was established by Sentech. The establishment of these transmitting stations has been completed. The Minister will switch these stations on at a date to be determined.	-

PROGRAMME: ICT INFRASTRUCTURE DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Level of connectivity using wireless mesh network for targeted communities	Conceptual framework for advancing wireless mesh networks in targeted communities implemented	• The conceptual framework for the integration of mesh networks into the uMsinga Project has been developed and was presented to the industry for consideration and implementation. • UMZITEL, a former USAL, was appointed by USAASA, to implement the broadband network in uMsinga, and has commenced with preparation for mesh networks infrastructure roll-out at uMsinga Local Municipality.	Limited funding of the broadband infrastructure at uMsinga Local Municipality has delayed the implementation.
Support and enable the provision of the multiplicity of ICT applications and services through facilitating the modernisation and deployment of infrastructure	Level of implementation of Cyber Security Policy	Cyber security advisory council established	The Department developed the Draft Cyber security policy framework that was approved by the JCPS Cluster for presentation to Cabinet for final approval.	The establishment of the National Cyber security Advisory Council (NCAC) is subject to the Cyber Security Policy being approved by Cabinet.
		Identification of Critical Information Infrastructure facilitated	• The Non-Disclosure Agreement and Master Contracts were signed, and the 1st Draft of Critical Communication Infrastructure Regulations was successfully drafted. • Opinion on Draft Regulation on CII has been received from State Law Advisors. The opinion indicated that in the absence of penalties in the underpinning legislation (ECT Act), the process of developing regulation was put on hold subject to amending the ECT Act to address this shortcoming.	The project was suspended pending the amendment of the ECT Act.
		Establishment of the Cyber inspectorate commences	• The Cyber Inspectorate operational procedure has been drafted and is under discussion with the Government Security Agencies for further scrutiny. • A Cyber Inspector internship programme has commenced and the processes of reviewing the training programme is being finalised. • Regulations and guidelines to support the activities of the inspectorate have also been developed.	HR capacity constraints.
		Establishment of CSIRT approved by Cabinet	• The business case for the establishment of a National CSIRT has been developed.	Delays in finalising the Cyber Security Policy has negatively impacted this target

PROGRAMME: ICT INFRASTRUCTURE DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Level of implementation of the amended ECT Act	ECT Amendment Bill developed and enacted into law	With regards to the ECT Amendment Bill, an initial draft issues paper was developed.	The Cabinet submission schedule was restructured pushing the ECT Amendment Act submission to August 2011
	Level of compliance of accredited authentication service providers	Fully functional South African Accreditation Authority (SAAA)	To facilitate the operations of the SAAA, the following were developed: Non disclosure agreement, complaint procedure, Safe Access Policy and a reviewed application process.	All the prerequisite policies to facilitate the operations of SAAA are in place, however due to the lack of human resources a fully functional SAAA could not be established.
		Authentication service providers accredited	• This target was subject to the SAAA receiving an application for authentication services and products. • In terms of the ECT Act, the SAAA is supposed to appoint an evaluator to assist with the assessment of applications. This process has been successfully accomplished pending receiving an application.	Although an evaluator was appointed to assist in assessing applications, no application was received during the reporting period.
		SAAA legal framework reviewed and policies to support SAAA mandate developed	Guidelines and regulations to facilitate the operations of the SAAA were developed and approved.	Going forward, the review of the SAAA legal framework is being considered as part of the ECT Act amendment process.
	• Level of fulfilment of all 2010 FIFA World Cup ICT Guarantees • Level of implantation of 2010 FIFA World Cup Legacy Plan on future utilisation of ICT infrastructure rolled out for the 2010 FIFA World Cup	ICT Infrastructure for 2010 FIFA Soccer World Cup and the International Broadcasting Centre (IBC) fully operationalised	• FWC ICT Infrastructure at the 10 FWC host stadia and International Broadcast Centrr (IBC) were successfully delivered as per FIFA specification and within schedule. The Infrastructure was successfully operated for the duration of the FWC event (11 June to 11 July 2010) • Telkom and Sentech respectively confirmed 100% and 99.99% availability of broadcast signal from the 10 host stadia to the IBC. The IBC operated successfully for the duration of the event. • ICASA and SABC successfully dispensed their respective obligations for the FIFA World Cup.	-

PROGRAMME: ICT INFRASTRUCTURE DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
		Consultations with municipalities of all the host cities and broadcasters on the implementation of the 2010 FIFA World Cup Legacy Plan concluded	• The legacy planning was finalised in January 2011. • The Department monitored the implementation of the Legacy Plan with CoJ, DTI, and broadcasters on: V&A, IBC and Fan Parks/PVAs. • Decommissioning at all stadiums was completed for Telkom, and equipment was removed. • The closeout report was completed in January 2011.	
	Level of implementation of 2010 FIFA World Cup Legacy Plan on future utilisation of ICT infrastructure rolled out for the 2010 FIFA World Cup	Implementation of the Legacy Plan on Future utilisation of ICT infrastructure rolled out for the 2010 FIFA World Cup facilitated	• The legacy planning was concluded on 14 Jan 2011. All equipment was removed from all World Cup venues and lists of equipment for City of Cape Town and City of Tshwane was finalised. • As part of the implementation of the Legacy Plan, Telkom will connect the remaining 125 Dinaledi schools from remaining legacy equipment and funds.	-
	Percentage of population coverage of DTT infrastructure	Facilitation and monitoring of DTT infrastructure roll-out commenced (60% population coverage)	• Implementation of the DTT rollout plan by Sentech was monitored by way of regular progress meetings and through the exchange of correspondence with the project team members to ensure that the rollout target of 60% population coverage was achieved. • According to information supplied by Sentech, the target of 60% population coverage was achieved at the end of March 2011.	-
	Level of implementation of Policy on use of satellites for communication	Policy on use of satellites for communication developed	• A draft Policy on Use of Satellites for Communication was developed. The Policy seeks to keep abreast of the world trends in development and creation of framework conducive of international cooperation and best practices in space programmes for sustainable development. • Cabinet submission of the policy on use of satellites for communications was moved to next financial year.	Human resource capacity constraints were a key challenge.
	Level of implementation of the e-Connectivity plan for schools and health centres	Cabinet approval on the e-Connectivity Plan for schools and health centres obtained	A draft Connectivity Plan for schools and health centres was developed, however it was not finalised and hence it was not submitted to Cabinet for approval.	National Treasury requires input in order to consolidate the e-connectivity plan into a business case.
		50% of Dinaledi schools connected	• 375 (75%) out of 500 Dinaledi schools were connected. • The remaining 125 schools will be connected between Q1 and Q3 of the 2011/12 financial years.	-

PROGRAMME: ICT INFRASTRUCTURE DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Number of communities to which low-power transmitters are rolled-out	Rollout of low-power transmitters to 15 rural communities by the SABC facilitated	• 16 low-power transmitters have been switched on and are on-air in 16 rural communities.	-
	Level of implementation of National Internet Policy	National Internet Governance Policy approved and implemented	• The National Internet Governance Policy was developed. However, a decision was taken that the issue on geographically top level domain name and the issue of migration from IPV4 to IPV6 must be integrated into the ECT Amendment Bill. • To this end, the above issues have been included into the ECT Amendment Bill Issues Paper.	Decision was taken to cancel the Internet Policy as most of the focus areas in the policy are covered by other policies in the Department.
	Level of advocacy of country position papers to SADC and AU	Country position paper on Internet Governance developed and advocated at SADC and AU	• 1st draft Country Position Paper on Internet Governance was developed and approved by DoC top management. However, the position paper was not advocated at SADC and AU.	The internet governance position paper touches on sensitive issues, which if raised would have compromised South Africa's candidacy in the ITU Council at the elections held in October 2010. The position paper will be discussed during the forthcoming SADC IGF meeting in 2011.
Contribute to global earth Observation system and national space programmes	Level of coexistence of RA and ECS and BC services in AGA area	Impact assessment reviewed and mitigation measures considered	• To mitigate the effects of broadcasting interference to Radio Astronomy establishment, low-power transmitters are being planned as a priority in the Core Area of the SKA. • The SKA project office carried out calculations that indicated that the existing high power broadcast network in the vicinity of the SKA would have an adverse impact on the telescope. Therefore a low-power TV network that will have less impact on the SKA is being planned	-

PROGRAMME: ICT INFRASTRUCTURE DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Level of coexistence of RA and ECS and BC services in AGA area	Establishment of radio quiet zones for SKA facilitated	• The Square Kilometer Array policy directive was signed off by the Minister and gazetted. The Department contributed to the development of radio regulations for the Astronomy Geographic Advantage (AGA) areas. • The Department also facilitated and monitored the implementation of radio regulations for the AGA areas. • Regulations pertaining to Optical and Radio Astronomy to the Astronomy Geographic Advantage areas are declared in phases in relation to the Core, Central and Coordinate areas of the SKA. The facilitation and monitoring of the regulations are integral tasks to the preparation of the SKA bidding process envisaged to be finalised in 2012.	-
Increase Universal Access and Services to ICTs	Level of implementation of measures to improve spectrum usage	Measures to improve spectrum usage developed in accordance with the National Radio Frequency Spectrum policy and taking into account the outcome of the 2009/10 validation	• The National Radio Frequency Spectrum Policy was issued on 16 April 2010. • The Draft Policy Directions for Spectrum Usage was developed and notice for publication in Government Gazette was also prepared.	-
	Level of GHz validated	Current National Radio Frequency Spectrum Plan validated from 500MHZ to 20 GHz	• A tender to conduct the radio-frequency spectrum audit was advertised, however the responses received from bidders were not satisfactory. • This led to the tender being re-advertised with revised terms of reference.	Delays were largely due to the re-advertisement of the tender.
	Level of implementation of spectrum pricing policies	Spectrum pricing methodologies investigated and policy direction for commercially competitive spectrum issued to ICASA	• A research report was compiled and appropriate pricing methodologies were analysed for the South African context. • Policy Directions on preferential Spectrum Pricing for new entrants were also developed.	Awaiting approval from the Minister to gazette the Policy Directions.
	Level of implementation of the policy on efficient number allocation prioritising new entrants	Audit on number usage conducted	• The existing numbering plan was analysed, including draft regulations published by ICASA on the revised numbering regulations. • Furthermore, international trends were analysed, and incorporated into a consolidated report.	-

PROGRAMME: ICT INFRASTRUCTURE DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Contribute to increasing the ICT skills base in South Africa and Increase access to, and uptake and usage of ICTs	Level of implementation of ISSA programme	ISSA capacitated and programme launched focusing on: • Software development and research • Remote sensing • Feasibility study on STB conformance testing • Training on software development	Online applications were developed for the ICT SMME portal.	ISSA was not capacitated as envisaged. Due to several constraints including the cost of training and lack of staff to provide training at ISSA as well as the remote location of ISSA, the targets were not achieved.
	Number of institutions accredited as training centres for STBs (Installation, Repairs and Maintenance)	Two additional Institutions accredited as training centres for STBs (Installation, Repairs and Maintenance)	No progress was made on this target.	The project could not be initiated due to HR capacity constraints.
Enhance departmental performance through improving institutional processes and mechanism	• Compliance with relevant policies, frameworks and legislative requirements • Statutory reporting regulations and deadlines are met • Improved departmental efficiency and effectiveness through optimised corporate service	Secured and robust IT infrastructure and business systems implemented to enable ease of access and use of departmental information	• The Knowledge and information Management (KIM) strategy was developed and implemented. Furthermore a Knowledge Centre was established and is fully operational. • The Department website was redesigned and is up and running and updates are being done on a regular basis.	-
Influence debates and decisions of multilateral summits, conferences, and partnerships to promote development and implement the outcomes thereof	Level of implementation of outcomes WRC, WTSA and WTDC	Outcomes of WRC – 07 implemented through appropriate regulatory instruments	• EXCO has approved the draft policy directions to ICASA on spectrum for wireless broadband applications. A consultative process with ICASA on policy directions has already been initiated.	-
		Outcomes of WTSA-08 implemented through relevant departmental projects	• Implementation of the WTSA-08 Outcomes are monitored, evaluated and linked to the strategic objectives of the Department. • The latest publication of the WRSA-08 quarterly newsletter was distributed in February 2011.	-

PROGRAMME: ICT INFRASTRUCTURE DEVELOPMENT

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Level of implementation of outcomes WRC, WTSA and WTDC	Preparations for WRC-12 and WTSA-12 undertaken	• A 5th meeting of the NPWG was held on 30 July 2010 to prepare for ITU-R and WRC-12. • A concise report containing draft national common positions was prepared and circulated to all members of the group. • National Draft Common Preliminary views were compiled for all WRC-12 Agenda items to guide the ITU World Radio communication Conference, Preparatory Meeting (2011) • The Department also participated and contributed in relevant ITU-T study groups. SA, as a member, adopted and accepted recommendations as applicable international standards. This enabled the Department to embark on a numbering audit for the development of national numbering plans. • The Department also participated in Climate Change issues being monitored by the ITU-T study group. • Furthermore the DoC participated in a meeting in Geneva, from 8-17 December 2010 where standards governing cyber security information sharing were finalised and adopted.	-

PROGRAMME 6: PRESIDENTIAL NATIONAL COMMISSION ON ISAD

Purpose: Facilitate the development of an inclusive information society by promoting the uptake and usage of ICT for improved socio-economic development and research.

- *Planning, Coordination and Evaluation (PCE)* ensures that South Africa has proactive and progressive national plans on Information Society and Development, with sectoral, provincial and local government inputs. It also assesses whether policies and legislation are conducive to development of an inclusive Information Society, and assesses the impact of ICT programmes and projects.

- *Information Society and Development (ISAD) Cluster* supports the effective and efficient functioning of the ISAD institutional mechanisms such as the Inter-Ministerial Committee on ISAD, the ISAD Inter-Governmental Relations Forum (IGRF), FOSAD ISAD Cluster, and the IGRF Technical Committee.

- *e-Applications* facilitates the implementation of Information Society related projects and programmes in order to attain the sectoral targets of the ISAD Plan and maximises the benefits of the Information Society for the development of women, children, youth, people with disabilities as well as poor communities. Funding is disbursed on the basis of project plans.

- *Presidential National Commission Operations* provides responsive, timely and comprehensive strategic and administrative support that strengthens the PNC on ISAD as a knowledge-driven organisation. Funding is mainly used for compensation of employees and related expenditure on goods and services.

Service Delivery Objectives and Indicators:

- Contribute to the building of social cohesion and national identity by:

  o capturing of Provincial Heritage content into the National Cultural Heritage digital repository for all nine Provinces by March 2013.

  o profiling the contribution by military veterans towards the creation of the South African democratic dispensation by March 2013.

- Measure the impact of Information Society and Development Plan by annually publishing the e-Barometer, which measures the improvement in ICT connectivity in various sectors.

- Improve access to government services through the e-Government Programme by developing an integrated citizen information system and websites for hospitals and municipalities by March 2013.

- Contribute to building the information society through facilitating the implementation of the ISAD Plan and WSIS outcomes by convening the annual ISAD Multi-stakeholder Forum and getting policy proposals.

- Promote economic growth by implementing strategies focusing on Second Economy Interventions and rural development by 2013, by rolling out ICT services, targeting rural communities.

- Improve ICT uptake and usage and contribute to ICT policy development by conducting extensive research on relevant ICT issues by establishing internal capacity by March 2011.

PROGRAMME: PRESIDENTIAL NATIONAL COMMISSION ON ISAD

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Contribute to creating conditions for an accelerated and shared growth of the South African economy through the development and implementation of ICT policies, legislation and strategies that positively impacts on the wellbeing of all our people	Level of implementation of ICT Rural Development Strategy	ICT Rural Development Strategy developed and implemented	• The ICT Rural Development Strategy was developed and consultations with the Department of Rural Development and Land Affairs were conducted to discuss the establishment of an implementation forum as per Cabinet recommendation. Stakeholder input on the Strategy and Implementation Plan was received in March 2011. The Implementation Plan currently is being finalised. • The Department together with USAASA, SABC, and NEMISA has begun implementing certain areas of the ICT Rural Development strategy.	-
Support and enable the provisions of the multiplicity of ICT applications and services through facilitating the modernisation and deployment of infrastructure	Status of the functionality of the hospital website	Websites for District Hospitals developed and fully functional	• A total of 200 hospitals websites were developed across Seven seven Provinces, which all this websites are fully functional.	-
	Quality of content broadcasted	Health content framework developed	• In order to guide health content for the public health television channel, the Department developed a draft Health Television Content Framework. The framework was consulted with the Department of Health and as a result the final Draft Health Content Strategic framework was developed. • The Terms of Reference for a Health Steering Committee was also developed and incorporated into the final draft of the Health Broadcast Content Framework. The Health Steering Committee is the subcommittee of the National Broadband Committee in pursuit of integrated approach to broadband.	-
	Status in the implementation of the e-Health strategy	Implementation of e-Health strategy supported	• A research on current connectivity status in health facilities in South Africa was conducted and a GIS database of health facilities was compiled and mapping of the facilities was done. • A draft connectivity plan was developed and presented to the Human Development Cluster after which a draft Memorandum of Understanding between the Department of Communications and Department of Health on the connectivity plan was developed.	Implementation of the e-Health Connectivity plan was delayed due to the changes in the approach. As a result, the e-Health Connectivity Plan will be part of an Integrated e-Connectivity Plan which will focus on both e-Education and e-Health connectivity.

PROGRAMME: PRESIDENTIAL NATIONAL COMMISSION ON ISAD

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Percentage of municipality websites functionality and interactive	25% Municipal websites interactive	• As part of concluding the development and hosting of websites in all municipalities the Department has approved the recruitment of 9 e-cooperatives to ensure sustainability of websites. • Out of 42 municipalities, 13 websites were developed and are being monitored by the e-cooperatives for the period of six months. This project will be carried over to the 2011/12 financial year.	The Department encountered a lack of cooperation from the municipalities.
	Level of incorporation of e-Services on the e-Government platform	Implementation of the e-Government blueprint facilitated	• The Department established an e-Government Task Team comprising of the Department of Home Affairs, e-Skills Institute, Presidential National Commission and the DoC e-Government Component (Infrastructure) to facilitate the implementation of the e-Government blueprint. • The Department hosted a workshop and worked with the South Korean experts to identify priority e-government services from ICIS Project and Local government for implementation of the e-Government framework. • The Department also collected 70% of information and collated all data into an Integrated Citizens Information System Project Audit Report. This report will be utilised to develop an e-government data scheduled for the 2011/2012 financial year.	Slow or no response from certain government departments proved to be a challenge.
Increase Universal Access and Services to ICTs	Number of priority sector operationalised	e-Commerce platform for SMMEs developed	• As part of facilitating the development of an e-Commerce platform for SMMEs in Tourism, Agriculture, and Arts and Craft, the Department developed an SMME e-Commerce model in the first quarter of the reporting period. • The development of the e-Commerce platform was completed in the last quarter of the reporting period and the Department will decide on the URL and e-broker services to enable the platform to be ready for piloting and testing.	-

PROGRAMME: PRESIDENTIAL NATIONAL COMMISSION ON ISAD

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Status in the establishment of youth e-Cooperatives enterprises and their sustainability	Sustainability Strategy focusing on youth e-Cooperatives developed	• The Department developed a draft Sustainability Strategy focusing on youth e-Cooperatives. • With regards to facilitate the development of e-Cooperatives Computer Refurbishment Hubs, the Department developed the Computer Refurbishment Business Model. • Stakeholders for the project were mobilised which included the National Youth Development Agency (NYDA), the Department of Environmental Affairs, Tshwane University of Technology and University of Johannesburg's Centre for Small Business Development (CSBD). These stakeholders formed the Computer Refurbishment Project Steering Committee. • The potential unemployed graduates have been recruited and a database of potential beneficiaries has been finalised. • Lessons learnt from the Brazilian model has provided further input into how projects can be implemented, especially the Computer Refurbishment projects.	Department's efforts to recruit more partners to join in the implementation of projects are ongoing.
	Status of the implementation of e-literacy training programme	E-literacy training programme for children in conflict with the law in three provinces implemented (Eastern Cape, Western and Northern Cape)	• The roll-out plan for the e-literacy training programme for children in conflict with the law was developed. • The Department together with Microsoft and Penduka Consulting commenced with the implementation of the training programme which resulted in 100 youth offenders being trained in prisons of Northern Cape, KZN and Gauteng. A graduation ceremony was also sponsored by the DCS in February 2011.	• Training could not be concluded in WC and EC • The tender for the training of 400 youth offenders was re-advertised because the tender process was compromised.
Promote the ICT Agenda across all stakeholders in order to ensure integrated and efficient service delivery to communities	Number of provinces and municipalities supported	Provincial ISAD Framework/ guidelines adopted and implemented	• The Department developed the draft Provincial ISAD Guidelines to support provinces in their development and implementation of ICT Programmes. • The draft Guidelines is pending the approval by the Minister. The framework /guidelines will be discussed by the ISAD IGRF at its next meeting in the 2011/12 financial year.	Guidelines are still awaiting approval by the Minister before they can be implemented.
		Final three provinces supported to incorporate the ISAD Plan into provincial development plans (E.C., N.W., F.S.)	• The ICT Forum in Free State Province was established while the baseline study to inform Provincial Plans was completed in Limpopo, Northern Cape and KZN. • The Finnish Study Mission was conducted and key opportunities were identified to support the Provincial Plans development process.	Awaiting Ministerial approval.

PROGRAMME: PRESIDENTIAL NATIONAL COMMISSION ON ISAD

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
		14 District Municipalities supported to incorporate the ISAD Plan into IDPs	• The Department developed a selection criterion for identifying the 14 municipalities to be prioritised. Furthermore, an ICT Working Group was established in iLembe that met on a monthly basis to provide the framework for the Municipalities. • Request for adopting iLembe ICT Project as a model for Municipality ISAD work was completed however, no Memorandum of Understanding has been concluded during the reporting period.	A model for interacting with municipalities still needs to be established in terms of the IGR Act.
	• Compliance with relevant policies, frameworks and legislative requirements • Statutory reporting regulations and deadlines are met • Improved departmental efficiency and effectiveness through optimised corporate service	Effective business management systems and processes developed, implemented monitored and reviewed	• The Department implemented Open Source Software security by up-scaling servers and desktop security. • It also installed and tested the OSSEC application both on the client and server environment and also identified and downloaded four applications (MySurveillance, MySurfguard, Netwatch and SpamGuard). • The OSS extensive server security and OSS Desktop security was implemented and the Telephone Management System was also upgraded.	-
Influence debates and decisions of multilateral summits, conferences, and partnerships to promote development, and implement the outcomes thereof	Level of implementation of outcomes WRC, WTSA, and WTDC	Country Position Paper for WTDC-10 developed	• Country Position Paper for the WTDC-10 was developed and the DoC led a delegation to the conference which took place in Hyderabad, India from 24 May to 4 June 2010. The delegation included the Deputy Minister and representatives from the SOEs. • The Department's participation led to the adoption of a pro-developing country global cyber security agenda.	-
Facilitate and promote Information Society Development programme to accelerate socio economic development	Level of roll-out of Centres of Excellence for all prioritised sector.	Research and Foresight Centres of Excellence piloted for Information Ethics and SMME	• Research on the Centres of Excellence model was conducted and a Framework was developed. • A Memorandum of Understanding for establishing a Centre of Excellence at the University of Johannesburg was signed. However MoUs for University of Pretoria and KwaZulu-Natal are yet to be signed.	Delays in signing of MoUs for University of Pretoria and KwaZulu-Natal.

PROGRAMME: PRESIDENTIAL NATIONAL COMMISSION ON ISAD

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Level of implementation of e-Skills Council, PIAC, ISAD Multi-stakeholder Forum, IGRF and ISAD Council meeting POAs	Implementation of e-Skills Council, National ISAD council PIAC, ISAD multi-stakeholder forum and IGRF PoAs facilitated to fulfill the National ISAD Programme	• The ISAD-IGRF was convened in September 2010 which was a success. A report for the Forum was also produced. • The ISAD Multi-stakeholder Forum was convened in March 2011. • In order to make South African e-Skills Council and Working Group effective to fulfill the National ISAD Programme, the Department organised Working Groups and Council meetings. It also compiled the reports for the Working Group and Council meetings. • The e-Skills Council met on the 17th May 2010 where the PoA for the Council was developed. • The Department developed the Terms of Reference for the National e-Skills Framework and the draft work programme for the Working Group according to the thematic areas of the e-skills report. The work programme was used to establish the work committees. • With regards to the analysis of the labour market intelligence, a meeting was held with National Treasury and relevant stakeholders to discuss the development of the forecast instrument.	-
	Level of implementation of ISAD-IGRI Forum POAs	ISAD-IGR Forum	• The Department provided secretariat support to the ISAD-IGR Forum. An Action Plan was developed on the resolutions of the previous IGRF held on the 12th of November 2009 in Cape Town. • The ISAD-IGRF Technical Committee meeting was held on the 2nd of September 2010 and the Department made preparations for the Forum meeting which was successfully hosted in Free State Province. The meeting was attended by representatives from different provinces followed by the launch of Hospital websites and the Thabo Mafutsanyana documentary. • Free State Province was given an opportunity to host the ISAD-IGRF meeting. It was during this Forum meeting that the DOC presented a report on the state of implementation of ICT initiatives in the implementation of the Plan of Action. Similarly, Free State, and Limpopo and Northern Cape Provinces were afforded the opportunity to present the status on the implementation of INSPIRE programme.	-

PROGRAMME: PRESIDENTIAL NATIONAL COMMISSION ON ISAD

STRATEGIC OBJECTIVE	MEASURE/INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Number of provinces for which provincial content is captured in the NDR	Provincial content captured for additional four provinces into the National Digital Repository (KZN, Mpumalanga, N.C.and N.W.)	• The Department developed a concept for the NDR Project as well as content collation guidelines. • NEMISA developed a platform for public upload of digital heritage content as part of the agreement with the Department. • Content (25 stories) was collected in the following Provinces: Mpumalanga, Gauteng, KZN and Limpopo. These stories have been uploaded to the NDR portal. • The Thabo Mofutsanyane documentary was also finalised and plans for the launch event of the documentary were approved by the Minister. • The 251 youth trained for NDR are currently used to collect content. These youth were trained by NEMISA on Digital Media Skills between October and December 2010.	The work on digital content collation in the provinces is ongoing. Due to financial constraints, digitisation in Mpumalanga, and Northern Cape has not started.
	Degree of documentation and profiling of military veteran experiences	Portal to captured content on military veterans developed	• The concept for Military Veterans was developed and a workshop with stakeholders was held on 15 June 2010. • The NDR portal was adapted to accommodate the military veterans content. • Furthermore the process of profiling and document the experiences and the history of members of the liberation organisations was conducted. • Identification and training of military Veterans was completed and the database of trained military veterans is available.	-
	Number of e-Barometer reports published	Biennial e-Barometer report published (WSIS)	The Biennial e-Barometer referred to as the e-Readiness Report has been finalised for publication.	The institutional review had an impact on this project as the correct location of the research unit is yet to be finalised.

HUMAN RESOURCE MANAGEMENT REPORT

1. Service delivery

The Department does not have in place an approved Service Delivery Improvement Plan (SDIP) however in its efforts to develop during the reporting period, it initiated engagements with the Department of Public Service and Administration (DPSA). The Department does acknowledge the urgency and critical need to finalise its SDIP and therefore through further engagements with DPSA, intends finalising and implementing its approved SDIP.

2. Expenditure

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

TABLE 2.1 – Personnel costs by programme, 2010/11

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Branch 1: Governance and Administration	59,782	54,974	512	11,234	91.96	392.67
Branch 2: ICT International Affairs and Trade	15,632	10,075	6	64	64.45	559.72
Branch 3: ICT Policy Development	34,737	34,737	298	20,368	100	668.02
Branch 4: Finance and ICT Enterprise Development	6,784	4,241	98	2,766	62.51	605.86
Branch 5: ICT Infrastructure Development	30,287	26,007	141	3,011	85.87	490.70
Branch 6: Presidential National Commission	17,392	15,884	3,346	526	91.33	429.30
Total	**164,614**	**145,918**	**4,401**	**37,969**	**88.64**	**475.30**

TABLE 2.2 – Personnel costs by salary bands, 2010/11

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	3.215	2.2	189.176
Highly skilled production (Levels 6-8)	20.668	14.2	252.049
Highly skilled supervision (Levels 9-12)	45.727	31.3	427.355
Senior management (Levels 13-16)	67.386	46.2	792.776
Contract (Levels 3-5)	174	0.1	87.000
Contract (Levels 6-8)	300	0.2	300.00
Contract (Levels 9-12)	1.205	0.8	241.000
Contract (Levels 13-16	6.957	4.8	869.625
Abnormal Appointment (Interns)	286	0.2	6.651
Total	**145.918**	**100**	**416.909**

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

TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2010/11

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Branch 1: Governance and Administration	48,800	88.8	361	0.7	728	1.3	1,722	3.1
Branch 2: ICT International Affairs and Trade	8,965	88.9	67	0.7	120	1.2	281	2.8
Branch 3: ICT Policy Development	30,847	88.8	61	0.2	380	1.1	1,030	2.9
Branch 4: Finance and ICT Enterprise Development	3,780	89.1	13	0.3	170	4.0	137	3.2
Branch 5: Infrastructure Development	23,232	89.3	12	0.1	279	1.1	697	2.7
Branch 6: Presidential National Commission	14,132	88.8	12	0.1	122	1.0	425	2.7
Total	**129,756**	**88.9**	**526**	**0.4**	**1,799**	**1.2**	**4,292**	**2.9**

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2010/11

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0	0
Skilled (Levels 3-5)	2035	1.4	56	0.04	147	0.1	264	0.2
Highly skilled production (Levels 6-8)	14232	9.8	234	0.2	605	0.4	1286	0.9
Highly skilled supervision (Levels 9-12)	38809	26.6	224	0.2	516	0.4	1476	1.0
Senior management (Levels 13-16)	63455	43.5	0	0	531	0.4	1230	0.8
Contract (Levels 3-5)	165	0.1	2	0.001	0	0	0	0
Contract (Levels 6-8)	298	0.2	2	0.001	0	0	0	0
Contract (Levels 9-12)	1038	0.7	2	0.001	0	0	8	0.005
Contract (Levels 13-16)	9714	6.7	0	0	0	0	28	0.02
Abnormal Appointments	10	0.01	6	0.004	0	0	0	0
Total	**129,756**	**89**	**526**	**0.4**	**1.799**	**1.2**	**4,292**	**3**

3. 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 (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the Department.

The vacancy rate reflects the percentage of posts that are not filled.

TABLE 3.1 – Employment and vacancies by programme, 31 March 2011

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Branch 1: Governance and Administration	187	140	25.1	13
Branch 2: ICT International Affairs and Trade	24	18	25	1
Branch 3: ICT Policy Development	71	52	26.8	9
Branch 4: Finance and ICT Enterprise Development	11	7	36.4	0
Branch 5: ICT Infrastructure Development	79	53	33	11
Branch 6: Presidential National Commission	58	37	36.2	1
Total	430	307	28.6	35

TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2011

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	17	18	-5.9	5
Highly skilled production (Levels 6-8)	114	82	28.1	11
Highly skilled supervision (Levels 9-12)	164	107	34.8	11
Senior management (Levels 13-16) (Including Minister and Deputy Minister)	136	85	38	8
Contract (Levels 3-5)	0	1	0	0
Contract (Levels 6-8)	0	1	0	0
Contract (Levels 9-12)	0	5	0	0
Contract (Levels 13-16)	0	8	0	0
Total	430	307	28.6	35

TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2011

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administrative Related	96	70	27.1	7
Communication and Information Related	12	3	75	0
Finance and Economics Related	6	2	0.2	0
Financial and Related Professionals	6	7	-16.7	0
Head of Department/Chief Executive Officer	3	2	33.3	0

Human Resources and Organisational Development	8	7	12.5	0
Human Resources Clerks	3	1	66.7	1
Human Resources Related	9	6	33.3	0
Information Technology Related	5	4	20	0
Language Practitioners Interpreters and Other Communication Related	7	4	426	0
Legal Related	1	0	100	0
Library Mail and Related Clerks	1	3	-200	0
Logistical Support Personnel	12	13	-8.3	4
Messengers Porters and Deliverers	8	5	37.5	0
Other Administrative and Related Clerks and Organisers	70	81	-15.7	14
Other Information Technology Personnel	10	6	40	0
Secretaries and other Keyboard Operating Clerks	44	7	84.1	1
Senior Managers	129	86	33.3	8
Total	**430**	**307**	**28.6**	**35**

The information in each case reflects the situation as at 31 March 2011. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

4.   Job evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (Table 4.1) 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 4.1 – Job Evaluation, 1 April 2010 to 31 March 2011

Salary band	Number of posts	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)	17	2	11.8	0	0	0	0
Highly skilled production (Levels 6-8)	114	2	1.8	0	0	0	0
Highly skilled supervision (Levels 9-12)	164	6	3.7	0	0	0	0
Senior Management Service Band A	92	1	1.1	0	0	0	0
Senior Management Service Band B	32	1	3.1	0	0	0	0
Senior Management Service Band C	8	0	0	0	0	0	0
Senior Management Service Band D (Including Minister and Deputy Minister)	3	0	0	0	0	0	0
Total	**430**	**12**	**2.8**	**0**	**0**	**0**	**0**

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts 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 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2010 to 31 March 2011

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	1	0	0	0	1
Total	**1**	**0**	**0**	**0**	**1**
Employees with a disability					**0**

TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2010 to 31 March 2011 (in terms of PSR 1.V.C.3)

Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2010/11	None

TABLE 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2010 to 31 March 2011 (in terms of PSR 1.V.C.3)

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2010/ 11	None

5.   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 (Table 5.1) and by critical occupations (Table 5.2). (These "critical occupations" should be the same as those listed in Table 3.3).

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2010 to 31 March 2011

Salary Band	Number of employees per band as on 1 April 2010	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 (Levels 3-5)	18	1	2	11.1
Highly skilled production(Levels 6-8)	84	7	10	11.9
Highly skilled supervision(Levels 9-12)	116	7	9	7.8
Senior Management Service Band A	50	9	6	12
Senior Management Service Band B	28	2	6	21.4
Senior Management Service Band C	5	0	1	20
Senior Management Service Band D (including Minister and Deputy Minister)	4	2	4	100
Contract (Levels 3-5)	0	4	0	0
Contract (Contract Levels 9-12)	0	4	0	0
Contract (Band A – Level 13)	0	2	0	0
Contract (Band B – Level 14)	0	2	1	0
Contract (Band C – Level 15)	0	1	1	0
Contract (Band D – Level 16)	0	1	0	0
Total	**305**	**42**	**40**	**13.1**

TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2010 to 31 March 2011

Occupation:	Number of employees per occupation as on 1 April 2010	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	77	10	6	7.8
Communication and information Related	5	0	0	0
Finance and Economic Related	2	0	0	0
Financial and Related Professionals	6	0	0	0
Head of Department/Chief Executive Officer	3	2	3	100
Human Resources and Organisational Development	7	1	0	0
Human Resources Clerks	1	0	0	0
Human Resources Related	12	0	3	25
Information Technology	4	0	0	0
Language Practitioners Interpreters and Other Communication Related	5	0	1	20
Legal Related	1	0	0	0
Financial Clerks and Credit Controller	1	0	0	0
Library Mail and Related Clerks	4	1	0	0
Logistical Support Personnel	12	1	0	0
Messengers Porters and Deliverers	5	2	1	20
Other Administrative and Related Clerks and Organisers	80	3	8	10
Other Information Technology Personnel	6	0	0	0
Secretaries and other Keyboard Operating Clerks	7	6	2	28.6
Senior Managers	67	16	16	23.9
Total	**305**	**42**	**40**	**13.1**

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

Table 5.3 – Reasons why staff are leaving the Department

Termination Type	Number	% of total
Death	0	0
Resignation	21	52.5
Expiry of contract	7	17.5
Dismissal – operational changes	0	0
Dismissal – misconduct	2	5
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfers to other Public Service Departments	10	25
Other	0	0
Total	**40**	**100**
Total number of employees who left as a % of the total employment	**13.1**	

Table 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2010	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Administrative Related	77	0	0	55	71.4
Communication and Information Related	5	0	0	2	40
Finance and Economics Related	2	0	0	2	100
Financial and Related Professionals	7	0	0	7	100
Head of Department/ Chief Executive Officer	3	0	0	0	0
Human Resources and Organisational Development	7	0	0	5	71.4
Human Resources Clerks	1	0	0	1	100
Human Resources Related	12	0	0	7	58.3
Information Technology Related	4	0	0	4	100
Language Practitioners Interpreters and Other Communication Related	5	0	0	4	80
Legal Related	1			1	100
Library Mail and Related Clerks	4	0	0	2	50
Logistical Support Personnel	12	0	0	8	66.7
Messengers Porters and Delivers	5	0	0	2	40
Other Administrative and Related Clerks and Organisers	80	0	0	57	71.3
Other Information Technology Personnel	6	0	0	4	66.7
Secretaries and other Keyboard Operating Clerks	7	0	0	7	100
Senior Managers	67	6	9	53	79.1
Total	**305**	**6**	**2**	**221**	**72.5**

Table 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2010	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels 3-5)	18	0	0	13	72.2
Highly skilled production (Levels 6-8)	83	0	0	58	69.9
Highly skilled supervision (Levels9-12)	113	4	3.5	85	75.2
Senior management (Levels13-16)	81	2	2.5	65	80.2
Contract (Levels 6-8)	1	0	0	0	0
Contract (Levels 9-12)	3	0	0	0	0
Contract (Levels 13-16)	6	0	0	0	0
Total	**305**	**6**	**2**	**221**	**72.5**

6.   Employment equity

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

6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2011

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	40	4	5	8	30	2	1	2	92
Professionals	28	0	1	5	26	0	1	2	63
Technicians and associate professionals	35	0	1	3	85	9	4	12	149
Clerks	3	0	0	0	0	0	0	0	3
Total	**106**	**4**	**7**	**16**	**141**	**11**	**6**	**16**	**307**
Employees with disabilities	**3**	**0**	**0**	**1**	**2**	**1**	**0**	**0**	**7**

6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	1	1	0	1	0	0	1	7
Senior Management	37	3	4	8	29	2	1	1	85
Professionally qualified and experienced specialists and mid-management	28	0	1	5	26	0	1	2	63
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	13	0	0	2	25	1	4	5	50
Semi-skilled and discretionary decision making	25	0	1	1	60	8	0	7	102
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**106**	**4**	**7**	**16**	**141**	**11**	**6**	**16**	**307**

6.3 – Recruitment for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	0	1	0	0	0	0	0	4
Senior Management	9	1	1	0	3	0	0	1	15
Professionally qualified and experienced specialists and mid-management	4	0	1	0	3	0	0	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	3	0	0	0	3
Semi-skilled and discretionary decision making	6	0	0	0	5	0	0	1	12
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	22	1	3	0	14	0	0	2	42
Employees with disabilities	0	0	0	0	0	0	0	0	0

6.4 – Promotions for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	1	0	0	0	2
Professionally qualified and experienced specialists and mid-management	3	0	0	0	1	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
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
Total	4	0	0	0	2	0	0	0	6
Employees with disabilities	0	0	0	0	0	0	0	0	0

6.5 – Terminations for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	2	0	0	0	3
Senior Management	8	2	1	1	2	1	0	1	16
Professionally qualified and experienced specialists and mid-management	2	1	1	0	3	0	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	1	0	0	2
Semi-skilled and discretionary decision making	6	0	0	0	4	1	0	1	12
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**17**	**3**	**2**	**1**	**12**	**3**	**0**	**2**	**40**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

6.6 – Disciplinary action for the period 1 April 2010 to 31 March 2011

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	3	0	0	0	5	1	0	1	10

6.7 – Skills development for the period 1 April 2010 to 31 March 2011

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	36	1	2	5	33	2	0	2	81
Professionals	9	0	1	0	12	0	0	0	22
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	14	0	1	3	29	3	0	2	52
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
Total	**59**	**1**	**4**	**8**	**74**	**5**	**0**	**4**	**155**
Employees with disabilities	**3**	**0**	**0**	**1**	**0**	**1**	**0**	**0**	**5**

7. Performance rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 6.1), salary bands (table 6.2) and critical occupations (Table 6.3).

TABLE 7.1 – Performance Rewards by race, gender, and disability, 1 April 2010 to 31 March 2011

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	50	106	47.2	951	19
Female	65	141	46.1	1.260	19.4
Asian					
Male	2	7	28.6	51	25.5
Female	3	6	50	66	22
Coloured					
Male	2	4	50	64	32
Female	10	11	90.1	110	11
White					
Male	8	16	50	282	32.2
Female	11	16	68.8	235	21.4
Total	153	307	49.9	3,040	19.9
Employees with a disability	2	7	28.6	20	10

TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2010 to 31 March 2011

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	7	18	38.9	61	7.625	0.04
Highly skilled production (Levels 6-8)	55	82	67.1	666	11.684	0.5
Highly skilled supervision (Levels 9-12)	77	107	72	1.544	21.444	1.1
Contract (Levels 3-5)	0	1	0	0	0	0
Contract (Levels 6-8)	0	1	0	0	0	0
Contract (Levels 9-12)	0	5	0	0	0	0
Total	139	214	65	2271	16577	11.4

TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2010 to 31 March 2011

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative Related	38	82	47.6	818	20.974
Communication and Information Related	1	3	33.3	42	42.000
Finance and Economics Related	2	2	100	66	33.000
Finance and Related Professionals	6	7	85.7	92	15.333
Financial clerks and credit controllers	1	1	100	10	10.000
General legal administration & Related Professionals	1	1	100	55	55.000
Human Resources & Organisational Development	4	9	44.4	50	12.500
Human Resources Clerks	0	1	0	0	0
Human Resources Related	5	8	62.5	135	27.000
Information Technology Related	3	4	75	80	26.667
Language Practitioners Interpreters	5	5	100	133	26.600
Library mail and Related clerks	1	4	25	9	9.000
Logistical support personnel	11	12	91.7	158	14.364
Messengers porters and deliverers	1	5	20	6	6.000
Other administrative Related clerks	52	76	71.1	696	12.889
Other Information Technology Personnel	6	6	100	107	17.833
Other occupations	0	2	0	0	0
Secretaries & other Keyboard Operating	2	10	20	8	4.000
Senior Managers	14	69	20.3	573	40.929
Total	**153**	**307**	**50.8**	**3038**	**19474**

TABLE 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	9	57	15.8	502	3.862	0.3
Band B	4	26	15.4	204	4.080	1.4
Band C	1	7	14.3	63	6.300	0.04
Band D (Including Minister and Deputy Minister)	0	3	0	0	0	0
Total	**14**	**93**	**15.1**	**769**	**4047.4**	**0.5**

8. Foreign workers

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

TABLE 8.1 – Foreign Workers, 1 April 2010 to 31 March 2011, by salary band

Salary Band	1 April 2010		15.831 March 2011		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

TABLE 8.2 – Foreign Worker, 1 April 2010 to 31 March 2011, by major occupation

Major Occupation	1 April 2010		31 March 2011		Change	
	Number	% of total	Number	% of total	Number	% change
None	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

9. Leave utilisation for the period 1 January 2010 to 31 December 2010

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 (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

TABLE 9.1 – Sick leave, 1 January 2010 to 31 December 2010

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 skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	126	75.4	15	5.9	8	42
Highly skilled production (Levels 6-8)	680	74.9	76	29.9	9	388
Highly skilled supervision (Levels9-12)	677	69.7	92	36.2	7	852
Senior management (Levels 13-16)	334	72.5	64	25.2	5	918
Contract (Levels 6-8)	3	100	1	0.4	3	2
Contract (Levels 9-12)	21	85.7	3	1.2	7	22
Contract (Levels 13-16)	11	72.7	3	1.2	4	33
Total	**1852**	**72.7**	**254**	**100**	**7**	**2257**

TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2010 to 31 December 2010

Salary Band	Total days taken	% 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)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Table 9.3 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 9.3 – Annual Leave, 1 January 2010 to 31 December 2010

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	0	0
Skilled Levels 3-5)	387	22
Highly skilled production (Levels 6-8)	1818	20
Highly skilled supervision(Levels 9-12)	2232	20
Senior management (Levels 13-16)	1679	18
Contract (Levels 3-5)	6	3
Contract (Levels 6-8)	21	21
Contract (Levels 9-12)	55	14
Contract (Levels 13-16)	65	11
Total	**6263**	**19**

TABLE 9.4 – Capped leave, 1 January 2010 to 31 December 2010

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2010
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	4	4	20
Highly skilled production (Levels 6-8)	8	4	6
Highly skilled supervision(Levels 9-12)	0	0	14
Senior management (Levels 13-16)	12	6	39
Total	**24**	**4**	**21**

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

TABLE 9.5 – Leave payouts for the period 1 April 2010 to 31 March 2011

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2010/11 due to non-utilisation of leave for the previous cycle	60	7	8571
Capped leave payouts on termination of service for 2010/11	456	30	15200
Current leave payout on termination of service for 2010/11	371	22	16864
Total	**887**	**59**	**15034**

10. HIV and AIDS & health promotion programmes

TABLE 10.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	None

TABLE 10.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.		X	
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.	X		Two employees. The annual budget for the health promotion programme is approximately R250 000.
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		The key elements of the programme include: • EAP is available 24/7/365 for employees of DoC. • A 24-hour toll free number call centre which provides telephonic counselling and advice on a variety of Wellbeing issues including health, financial, legal, family care, HIV and Aids and TB. • Text message/call back access to all employees (i.e. Vodacom, MTN, Cell-C) • Face-to-face counselling (4 sessions). • Trauma Management. • HIV and Aids and TB Programme. • Health promotion and life management programme. • Monthly Bytes. • Encourage employees to participate in sport activities. • Counselling is extended to employee dependants (4 sessions).
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.		X	
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.	X		Currently aligning the Health & Wellness policies in line with DPSA Employee Health & Wellness Strategic Framework.

Question	Yes	No	Details, if yes
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.	X		The HIV and Aids policy protects employees against discrimination. The Employee Wellness and Health Programme provide training, education counselling, support, and information to address perceptions about HIV and Aids. Prohibition of unfair discrimination is integrated in some of the important HR policies. Condoms are placed in all departmental rest rooms.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		Encourage employees to take the HIV Counselling and Testing (HCT) during Health and Wellness Day.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Service provider appointed to monitor and evaluate impact of health promotion programmes. Statistics; feedback from staff utilising the services, trends analysis of problem are handled by the EWHP service provider, as well as surveys.

11.   Labour relations

The following collective agreements were entered into with trade unions within the Department.

TABLE 11.1 – Collective agreements, 1 April 2010 to 31 March 2011

Total collective agreements	None

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

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2010 to 31 March 2011

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	1	33.3
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	2	66.6
Not guilty	0	0
Case withdrawn	0	0
Total	3	100

TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Bribery, Fraud, Corruption, Falsifying records	1	33.3
Failure to carry out lawful instruction, disrespect	1	33.3
Poor Performance other than incapacity, not complying with lawful instruction	1	33.3
Total	3	100

TABLE 11.4 – Grievances lodged for the period 1 April 2010 to 31 March 2011

	Number	% of Total
Number of grievances resolved	18	85.7
Number of grievances not resolved	3	14.3
Total number of grievances lodged	**21**	**100**

TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2010 to 31 March 2011

	Number	% of Total
Number of disputes upheld	3	42.9
Number of disputes dismissed	3	42.9
Total number of disputes lodged (one case settled)	**7**	**85.8**

TABLE 11.6 – Strike actions for the period 1 April 2010 to 31 March 2011

Total number of person working days lost	**2**
Total cost (R'000) of working days lost	935.54
Amount (R'000) recovered as a result of no work no pay	935.54

TABLE 11.7 – Precautionary suspensions for the period 1 April 2010 to 31 March 2011

Number of people suspended	**6**
Number of people whose suspension exceeded 30 days	6
Average number of days suspended	190.33
Cost (R'000) of suspensions	R2.554.089-68

12. Skills development

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

12.1 – Training needs identified 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	35	0	53	20	73
	Male	52	0	52	16	68
Professionals	Female	29	0	13	8	21
	Male	37	0	25	4	29
Technicians and associate professionals	Female	35	0	1	0	1
	Male	15	0	6	0	6
Clerks	Female	75	0	54	28	82
	Male	27	0	14	8	22
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
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	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	174	0	121	56	177
	Male	131	0	97	28	125
Total		**305**	**0**	**218**	**84**	**302**

12.2 – Training provided 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	35	0	51	21	72
	Male	52	0	53	20	73
Professionals	Female	29	0	13	9	22
	Male	37	0	6	7	13
Technicians and associate professionals	Female	35	0	0	0	0
	Male	15	0	0	0	0
Clerks	Female	75	0	33	15	48
	Male	27	0	14	12	26
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	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	174	0	97	45	142
	Male	131	0	73	39	112
Total		**305**	**0**	**170**	**84**	**254**

13. Injury on duty

The following tables provide basic information on injury on duty.

TABLE 13.1 – Injury on duty, 1 April 2010 to 31 March 2011

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
Total	**0**	**0**

14. Utilisation of consultants

Table 14.1 – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Sustainable model for implementing Community TV in SA	6	8 Months	R 1 026 191,00
Development of E-Commerce Platform	8	18 weeks	R 1 459 810,00
Training of Military Veterans	3	3 weeks	R 2 210 702,13
Financial controls at SOEs reporting to the DOC	2	4 months	R 700 230,00
Research on e-skills projects	3	1 week	R 277 020,00
Appointment of a service provider for Financial Modelling	4	8 weeks	R 969 000,00
Assistance with Financial Statements	1	5 Months	R 422 940,00
Remuneration guidelines for SOE reporting to DOC	2	6 weeks	R 456 201,00
Establishment of Digital Dzonga council as a legal entity	5	3 Months	R 252 465,70
Total number of projects	**Total individual consultants**	**Total duration: Work days**	**Total contract value in Rand**
09	**34**	**28 Months and 2 Weeks**	**R 7 522 094,13**

Table 14.2 – 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
Sustainable model for implementing Community TV in SA	-	-	6
Development of E-Commerce Platform	100	100	5
Training of Military Veterans	100	100	2
Financial controls at SOEs reporting to the DOC	100	100	2
Research on e-skills projects	50	50	1
Appointment of a service provider for Financial Modelling	-	-	4
Assistance with Financial Statements	100	100	1
Remuneration guidelines for SOE reporting to DOC	-	-	2
Establishment of Digital Dzonga council as a legal entity	100	100	3

Table 14.3 – Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
No donor funds used	0	0	0
Total number of projects	**Total individual consultants**	**Total duration: Work days**	**Total contract value in Rand**
0	0	0	0

Table 14.4 – Analysis of consultant appointments using Donor 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
No donor funds used	0	0	0

ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDIT COMMITTEE

We are please to present our report for the financial year ended 31 March 2011.

Audit Committee members and attendance

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

Name of Member	Date of appointment	Term ended	No. of Meetings Attended
Mr Tebogo Mphuti (Chairman)	1 Jun 2010	31 May 2011	2
Ms Lilly Malatsi-Teffo	1 May 2010	30 Apr 2011	2
Ms Keitumetse Mahlangu	1 May 2010	30 Apr 2011	2
Ms Shaila Hari	14 Sep 2007	14 Sep 2010	2
Mr Abel Mawela	14 Sep 2007	14 Sep 2010	1

Audit Committee responsibility

The Audit Committee reports that it has in most cases 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 regulated 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. During the year under review, several deficiencies and deviations in the system of internal control were reported by the internal auditors and the Auditor General - South Africa. In certain instances, the matters reported previously, have not been fully and satisfactorily addressed.

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 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; and

• reviewed significant adjustments resulting from the audit.

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 is concerned that the internal audit function is faced with capacity challenges and consequently could not, through its audits, address all key risks pertinent to the Department and could not operate effectively during the year under review.

Auditor General -South Africa

The Audit Committee did not meet with the Auditor General -South Africa during the 2010/2011 financial year to ensure that there were no unresolved issues.

I draw attention as signatory, appointed on July 2011 that no responsibility shall be taken for affairs occurred in the 2010/2011 financial year.

MS JANICE MEISSNER
CHAIRPERSON OF THE AUDIT COMMITTEE
31 July 2011

DEPARTMENT OF COMMUNICATIONS
VOTE 26

MANAGEMENT REPORT

FOR THE YEAR ENDED 31 MARCH 2011

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

1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1.1 IMPORTANT POLICY DECISIONS AND STRATEGIC ISSUES FACING THE DEPARTMENT

Broadcasting Digital Migration

In November 2010, at a SADC Extraordinary meeting, it was decided on adopting Digital Video Broadcasting-Television (DVB-T) as the Digital Terrestrial Television (DTT) standard for South African Development Community (SADC). Subsequently, an amendment of the Broadcasting Digital Migration standard from DVB-T to DVB-T2 was approved by Cabinet which will lead to an amendment of the Broadcasting Digital Migration Policy.

Broadband

The National Broadband Policy was published on 13 July 2010. The objective of this policy is to facilitate the provisioning of affordable, accessible, universal access to broadband infrastructure to citizens, business, communities and the three spheres of Government. This is focused at stimulating the usage of broadband services in order to promote economic development and growth as well as act as an enabler for further social benefits. As part of the objective to facilitate the provisioning of affordable, accessible, universal access to broadband infrastructure, focus is also placed on the building of the information society, increasing affordability and the increase of uptake and usage of broadband services.

National Radio Frequency Spectrum

The National Radio Frequency Spectrum Policy was issued on 16 April 2010. The Policy aims to provide directives to the Independent Communication Authority of South Africa to promote the rational, economical, efficient and effective usage of the radio frequency spectrum. The Policy also provides guidance on issues related to the radio frequency spectrum and the establishment and review of the national frequency plan; the establishment of principles for spectrum management; contribution to the promotion of national interests within the framework of Government strategic objectives; provisions for the allocation of spectrum for safety of life services; provision for the allocation of spectrum for government services; and also provision for the allocation of spectrum for scientific research.

South African Postbank

The South African Postbank Act, No. 9 of 2010 was promulgated on 3 December 2010. The purpose of the Act is to provide for the incorporation of the Postbank Division of the South African Post Office; to provide for the transfer of the enterprise of that Division to the Postbank Company; to provide for the governance and functions of the Postbank Company and to provide for matters connected therewith.

1.2 SIGNIFICANT EVENTS THAT HAVE TAKEN PLACE DURING THE YEAR

e-Skills Summit South Africa 2010

The e-Skills Summit South Africa 2010 was the first of its kind in South Africa and took place from 26 to 28 July 2010. It was attended by three hundred (300) thought leaders across Government (including donor agencies and countries), business (corporate and local), education and civil society (including labour) from across South Africa, continental Africa (Egypt, Mali and Ethiopia) and internationally (Korea, Spain, Australia, United States and Ireland). The summit was a concentrated workshop based effort across three pillars:-

- Defining what e-Skills mean within a South African context

- Research, evaluation and policy development

- Aligning this work with government's Medium Term Strategic Framework.

The Summit involved in-depth analysis and discussions on the key matters raised in a draft National e-Skills Plan of Action (NeSPA) which was developed as a result of a wide ranging consultative preparatory process leading to the Summit. This document which includes inputs from the e-Skills Summit takes the NeSPA to an implementation stage based on the key recommendations developed from the Summit. The plan focuses effort on five (5) priority areas which will guide the coordination of existing and new projects in e-skilling South Africa for more equitable prosperity and global competitiveness.

Hosting of the founding general meeting of the merger of Communication Regulators Association of Southern Africa (CRASA) and Southern African Postal Regulators Association (SAPRA)

In March 2011 the Department of Communications and Independent Communication Authority of South Africa (ICASA) hosted the founding general meeting of the merger of CRASA and SAPRA which is aimed at promoting convergence of regulatory associations and frameworks. The proposed legal instrument documents on the new organizational structure, the annual business plan, the constituency document and structure including the proposed recruitment policy will be tabled for adoption at the next SADC ICT Ministers in June 2011. The achievement of one unified and harmonized regulatory body in the SADC region, chaired by ICASA, is the result of a SADC Ministerial Decision taken in 2009 during South Africa's (DoC's) Chair of SADC and this strategically positions South Africa at the forefront of leading the regulatory and policy framework debate in SADC.

1.3   MAJOR PROJECTS UNDERTAKEN OR COMPLETED IN THE YEAR

Postbank Act

During the reporting period, the Department introduced the Postbank Bill to Parliament and also actively participated in the public hearings. The Act was deliberated on and passed by the Portfolio Committee on Communications after which it was also passed by National Assembly. The South African Postbank Act, No. 9 of 2010 was promulgated on 3 December 2010. Furthermore, a Presidential proclamation has been drafted and approved by the Minister. Implementation of the Postbank Bill has already commenced.

Public Service Broadcasting Bill (PSB Bill)

Second Draft Bill was prepared and a separate money Bill on the funding of the public broadcaster was also prepared. The hosting of further consultation on the PSB Bill in the form of oral hearings was also held however the Bill could not be processed since the Minister took a decision to withdraw the Bill in favour of a policy Review Process.

Independent Communications Authority of South Africa (ICASA) Amendment Bill

The ICASA amendment bill, which aims to strengthen the capacity of the Regulator, was finalised and approved by Cabinet for public consultation. The Bill was published for public consultation and public comments received and were incorporated into the Bill

Broadband

The National Broadband Policy was published on 13 July 2010. The objective of this policy is to facilitate the provisioning of affordable, accessible, universal access to broadband infrastructure to citizens, business, communities and the three spheres of Government, and to stimulate the usage of broadband services -in order to promote economic development and growth and act as an enabler for further social benefits.

The Department also established and operationalised the Broadband Inter-governmental Implementation Committee which held its inaugural meeting on 9th of November 2010 which was attended by all the stakeholders. Key focus groups were formed to develop the Broadband Implementation plan. Furthermore, the National Broadband legislation document was completed and will be incorporated into ECA amendment Bill.

National Radio Frequency Spectrum

The National Radio Frequency Spectrum Policy was issued on 16 April 2010. The Policy aims to provide directives to the Independent Communication Authority of South Africa to promote the rational, economical, efficient and effective usage of the radio frequency spectrum.

Furthermore, Policy Directions on preferential Spectrum Pricing for new entrants were developed and Policy Directions for Spectrum Usage was developed and notice for publication in Government Gazette was also prepared.

Reduction in the cost to communicate

In order to facilitate the reduction of telecommunication costs and improved quality, availability and usage of ICTs the Depart of Communication continued with its implementation of the programme of action to reduce the cost to communicated which was submitted to cabinet for noting.

The Department reduced the Mobile Termination Rates (MTR) from peak rate of R1.25 to 89 cents which was implemented in 2010. The rates will be further reduced to 77 in the 2011/12 financial year.

Digital Terrestrial Television (DTT) infrastructure roll-out

The Department continuously monitored the implementation of the DTT rollout plan by Sentech through regular progress meetings and through the exchange of correspondence with the project team members. By the end of March 2011, DTT infrastructure was rolled-out to achieve the targeted 60% population coverage.

ICT Infrastructure for 2010 FIFA Soccer World Cup

Through extensive efforts of the Department, the FIFA World Cup ICT Infrastructure at the 10 FIFA World Cup (FWC) host stadia and International Broadcast Centre (IBC) were successfully delivered as per FIFA specification and within schedule. The Infrastructure

was successfully operated for the duration of the FWC event (11 June to 11 July 2010). Furthermore, significant savings were realized from the allocated budget and contractual funds.

Telkom and Sentech respectively confirmed 100% and 99.99% availability of broadcast signal from the 10 host stadia to the IBC. The IBC Operated successfully for the duration of the event. Furthermore, ICASA and SABC successfully dispensed their respective obligations for the FIFA World Cup.

FIFA World Cup Legacy

The legacy planning was finalized in January 2011. The Department monitored the Implementation of the Legacy Plan with City of Johannesburg, DTI, and Broadcasters on: Video and Adaptation Technology (VandA), International Broadcast Centre (IBC) and Fan Parks/Public Viewing Areas (PVAs). The Department ensured that decommissioning at all stadiums was complete for Telkom, and equipment was removed. The closeout report was completed in January 2011.

State Owned Enterprise Oversight

In its efforts to align the plans of the various Entities with government priorities, the Department received and reviewed the Corporate and Strategic Plans of the Entities through facilitating workshops. The Department also undertook the consolidation and analysis of the budgets of the Entities as well as commenced with the process of facilitating the presentation of the Corporate and Strategic Plans to Minister before presentation to Parliament.

With regards to monitoring the Performance of SOEs, the Department analysed the quarterly performance reports that were submitted by SOEs and feedback was presented to the Minister for consideration and approval. The Department, where necessary, also provided feedback to the Chairperson of the Boards for their consideration and action.

The Department also analysed and reviewed performance against audit findings and compliance with the PFMA requirements for all SOEs after which recommendations were forwarded to the Chairpersons of the Board of the SABC, Sentech, USAASA and NEMISA. Furthermore, Annual Reports of SOEs were analysed and submitted to the Minister for Tabling in the National Assembly.

A Ministerial Task Team was appointed on the turnaround of the SABC & Sentech which; made specific recommendations for the turnaround of Sentech & developed a turnaround plan for the SABC.

International Programme

The DoC remains committed towards strengthening regional integration and in this regard developed 3 position papers aimed at regional integration. The position papers were on the following key priority areas:

- Policy and Regulatory harmonization
- Digital Broadcasting Migration
- Reform of the postal sector.

In the period under review, the DOC participated in 2 meetings aimed at reviewing of the SADC ICT Policy. The outcomes of which was the development of a new ICT Policy document incorporating telecommunications, broadcasting and postal sectors. The draft policy document also makes recommendation on Universal Access guidelines, ICT consumer rights and protection guidelines as well as guidelines to increase competition and promote full convergence including the regulatory frameworks.

With regards to the Broadcasting Digital Migration South Africa participated in the SADC DDT Roadmap workshop in April 2010 aimed at discussing and recommending a standard for SADC. In May 2010, a Ministerial special session was held and agreed to constitute an ad-hoc sub-committee whose mandate would be to undertake further investigations and advise Member States on the viability of the different technical standards, with a view to adopt one common standard. Pursuant to which a SADC Extraordinary meeting was held in November 2010 which decided on DVB-T as the DTT standard for SADC. South Africa is currently implementing DVB-T2 technology for broadcasting.

The DoC also participated in the SADC ICT Ministerial in which the Review of the SADC Frequency Band Plan was one of the strategic focus areas. Stemming from the meeting, the SADC Frequency Band Plan was agreed upon for adoption and harmonization with the national Frequency Band Plans in respective Member States. In March 2011 the DoC and ICASA hosted the founding general meeting of the merger of CRASA and SAPRA which is aimed at promoting convergence of regulatory associations and frameworks.

The DOC also participated in the African Telecommunications Union Conference of Plenipotentiaries in September 2010. Not only was the position paper advance with regarding to the promoting the 6 agenda issues, additionally the DoC was elected into the Administrative Council of the Union which serves as the governing body in between plenipotentiary conferences, which take place every 4 years. This positions South Africa positively in ensuring alignment between continental programme and development and that of the International Telecommunication Union (ITU).

In an effort to strengthen bilateral relations with African countries, the Department successfully concluded and signed 2 bilateral relations with key African countries: Egypt and Angola. With regard to Ghana, the Department has negotiated the draft MoU with the Ghanaian counterparts which is expected to be signed during the upcoming State Visit scheduled for the end of June 2011.

ICT Rural Development Strategy

The ICT Rural Development Strategy was developed and consultations with the Department of Rural Development and Land Affairs were conducted to discuss the establishment of an implementation forum as per Cabinet recommendation.

Stakeholder input on the Strategy and Implementation Plan was received in March 2011 and the Implementation Plan currently is being finalized however the Department, together with USAASA, SABC, and NEMISA, have begun with the implementation of certain areas of the ICT Rural Development strategy.

Hospital websites

A total of 200 hospital websites have been developed across seven Provinces. ***These Hospital Websites were officially handed over by the Minister on 30 September 2010 to Free State MEC for Health who received them on behalf of the Minister of Health in Bloemfontein during the official launch of the websites.***

E-Commerce platform for Small Medium and Micro Enterprises (SMMEs)

As part of facilitating the development of an e-Commerce platform for SMMEs in Tourism, Agriculture, and Arts and Craft, the Department developed an SMME e-Commerce model in the first quarter of the reporting period.

The development of the e-Commerce platform was completed in the last quarter of the reporting period and the Department will decide on the URL and e-broker services to enable the Platform to be ready for piloting and testing.

1.4   SPENDING TRENDS

The Department's approved budget for the 2010/11 financial year amounted to R2 138 billion, made up of baseline line of R2 114 billion and adjusted estimates allocation of R24 million.

The adjustment estimates allocation include a rollover of R19.8 million and R4.2 million for salary and housing allowance adjustment increase.

The spending for the 2010/11 financial year amounts to R1. 427 billion and the underspending of R711.5 million which represents 33.2 % of the total budget and is made up as follow:

- R19.5million for compensation of employees due to the resignation of staff members and organisational review as well as the moratorium on staff appointment in the Department.

- R160.4 million for goods and services which arises from the withholding of projects and instability in the Department as well as key internal control that were put on place resulting in the slow pace of spending .

- R529.9 million for transfers and subsidies for; Sentech-Digitisation (R249.9 million) and Universal Service and Access Agency for Set-Top-Boxes subsidy (R180 million) due to the delay in the finalisation of Digital Terrestrial Television (DTT) by the department. R150 million to Telkom: 2010 FIFA World Cup due to effective execution of the 2010 FIFA World Cup projects.

Request was made to National Treasury in terms of chapter six of Treasury Regulations to roll-over the unspent funds on goods and services and on transfers and subsidies.

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 75,7% of the total budget of the department. This is mainly due to the transfer payment to entities in the Department's portfolio namely: Independent Communications Authority of South Africa (ICASA), South African Post Office (SAPO), South African Broadcasting Corporation (SABC), Sentech, Universal Service and Access Agency of South Africa (USAASA), Universal Services and Access Fund (USAF), The National Electronic Media Institute of South Africa (NEMISA); and a transfer to Telkom for the fulfilment of the 2010 FIFA World Cup guarantees.

The transfers constitute 99% of the programme expenditure and are made us follows:

Entity	Allocated funds	Expenditure as at 31 March 2011
	R'000	R'000
National Electronic Media Institute of South Africa	32,602	32,602
Universal Services and Access Agency of South Africa	66,704	66,704
Universal Services and Access Fund	218,613	38,613
Independent Communications Authority of South Africa	290,923	290,923
South African Post Office	306,077	306,077
South African Broadcasting Corporation	268,910	268,910
Sentech	270,900	71,000
Telkom	150,000	-
Total	**1 604,729**	**1 074,829**

Budget vs Expenditure as at 31 March 2011
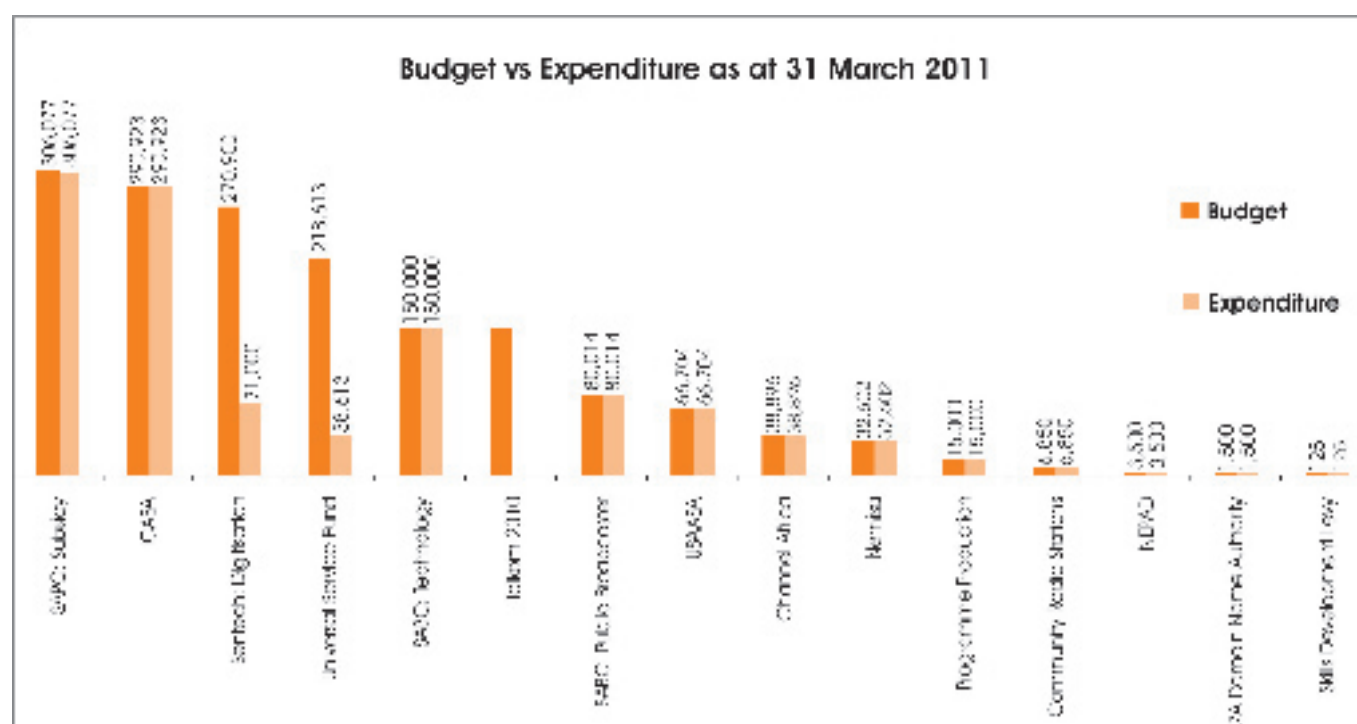
Programme	Final allocation	Expenditure as at 31 March 2011
	R'000	R'000
Administration	150,945	145,614
ICT International Affairs and Trade	44,618	35,223
ICT Policy Development	110,220	89,712
ICT Enterprise Development	1 617,992	1 083,606
ICT Enterprise Development	180,156	44,842
Presidential National Commission	34,070	27,480
Total	**2 138,001**	**1 426,477**

Budget vs Expenditure as at 31 March 2011
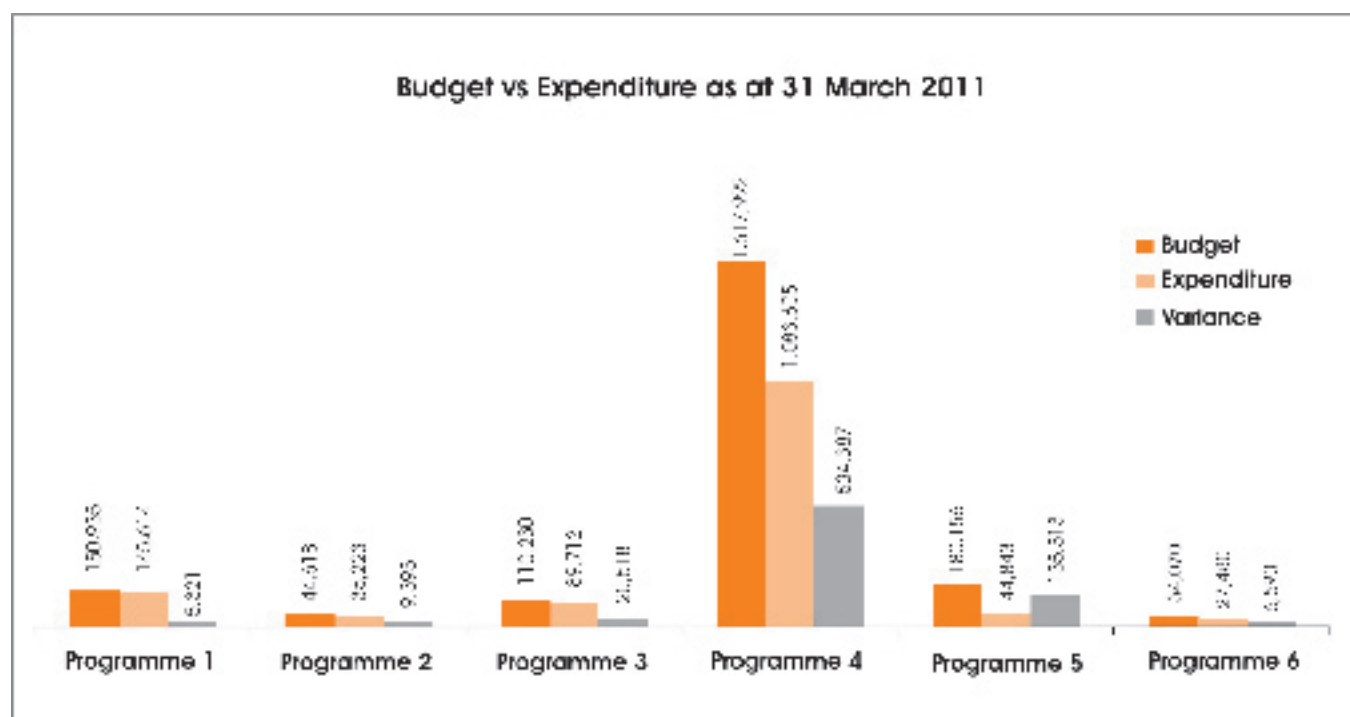
1.5 VIREMENT

Virement was effected from programme 1 to programme 3 on compensation of employees to defray excess expenditure. Virement was in accordance with section 43 (1) of the PFMA.

1.6 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure incurred during the 2007/2008 financial year and the following years until 2010/11 financial year, which were disclosed under current assets has been written off in the 2010/11 financial year and is disclosed under note 8.1of the annual financial statements. The expenditure of Universal Postal Union (UPU) is mainly as the result of interest charged by the UPU to which the Department subscribes annually as a member. The interest charged was due to late payment of membership fees and amounted to R520 thousands. All efforts to reverse the interest charged by UPU were in vain. Fruitless and wasteful expenditure for the 2010/11 financial year amounting to R1.611 million is disclosed in disclosure note 31 of the financial statements.

1.7 DEPARTMENTAL RECEIPTS

The Departmental receipts for the 2010/11 financial amount to R1.895 billion of which R531,073 million is license fees collected by the Independent Communications Authority of South Africa and is made up as follows:

- R18.325 million for Post Office license fees;
- R17.315 for Telecommunications service providers;
- R287.439 million for cellular network license;
- R109.144 million for provide radio stations;
- R91.322 for private television stations;
- R172 thousands for unreserved postal services registration fees; and
- R7.356 million for telephone equipment licenses.

The balance of the receipts is made up as follows:

- R4.176 million direct exchequer receipts: ICASA;
- R362.333 million direct exchequer receipts: special dividends from Telkom;

- R258.809 million ordinary dividend from Telkom;

- R735.019 million ordinary dividend from Vodacom;

- R624 thousands interest on Nedbank account;

- R1.780 million interest on SABC loan;

- R62 thousands for interest on debts;

- R78 thousands for entrance fees e-skills summit; and

- R70 thousands for rental of office buildings.

Departmental Receipts 2010/11

R993,828

R531,073

R362,333

R2,614

R4,176

- ■ Licence fees: ICASA
- ■ Interest Received
- ■ Ordinary Dividends: Telkom and Vodacom
- ■ Special dividend from Telkom
- ■ Direct Exchequer Receipts: ICASA
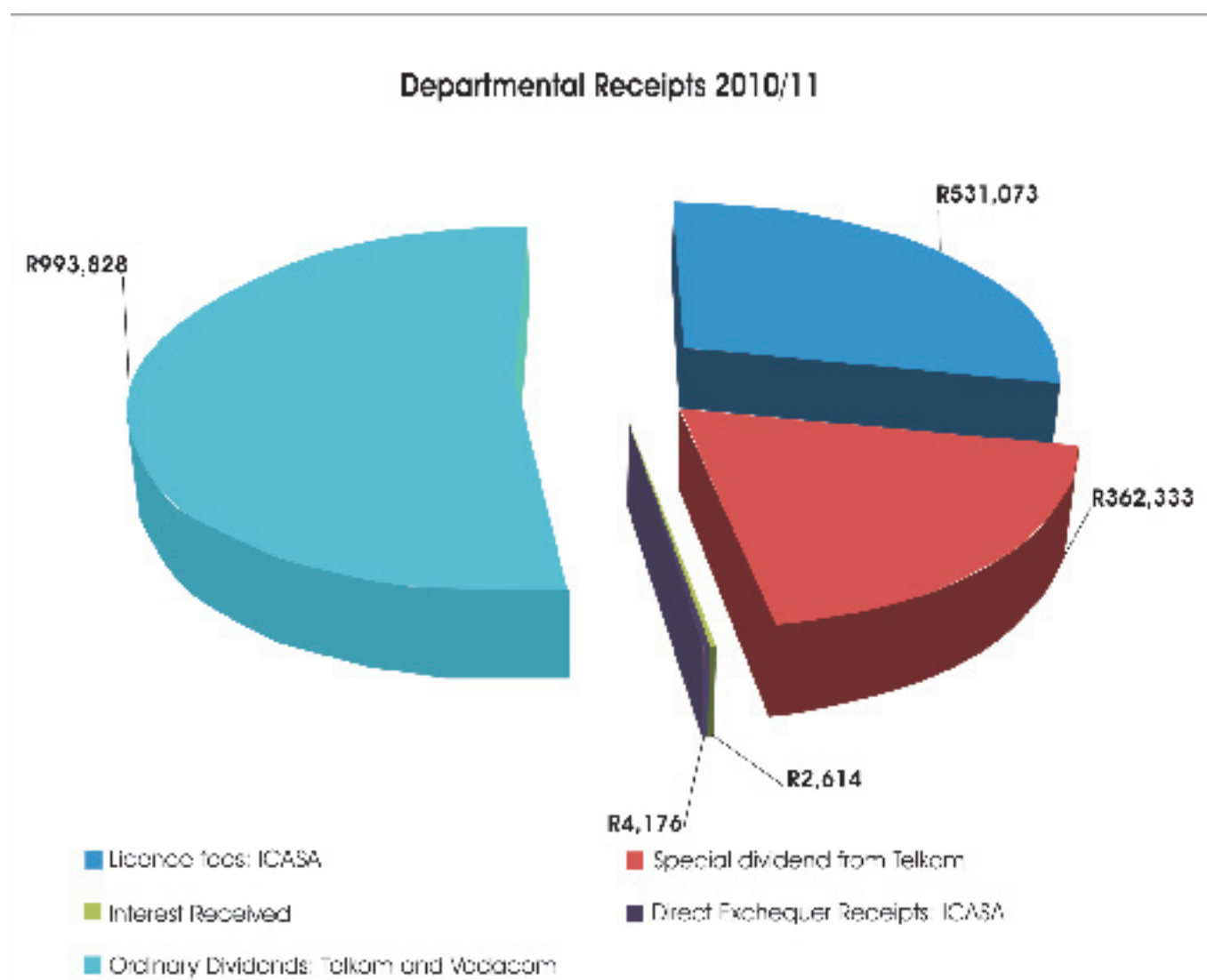
1.8   2010 FIFA WORLD CUP

The Department incurred expenditure of R20 thousands for the purchase of lapels pins and vuvuzelas as promotional items for the SADC Minister's meeting on Communications, Post and ICTs held in Angola (Luanda) from 10-13 May 2010; and R39 thousands for celebrating 100 days countdown of the FIFA World Cup on the 2nd of March 2010.

Departments World Cup Expenditure

	2010/11 Quantity	2010/11 R'000	2009/10 R'000
Tickets acquired	-	-	-

Distribution of tickets	2010/11 Quantity	2010/11 R'000	2009/10 R'000
Stakeholders	-	-	-
Executive	-	-	-
Non-executive	-	-	-
Accounting Officer	-	-	-
Senior Management	-	-	-
Other employees	-	-	-
Family members of officials	-	-	-
Other Government officials	-	-	-
Other Government entities	-	-	-
Audit Committee members	-	-	-
Other			
None	-	-	-
Total	-	-	-

Travel costs	2010/11	2009/10
Stakeholders	-	-
Accounting Authority		
Executive	-	-
Non-executive	-	-
Accounting Officer	-	-
Senior Management	-	-
Other employees	-	-
Family members of officials	-	-
Other government entities	-	-
Audit Committee members	-	-
Other		
None	-	-
Total	-	-

Purchases of other world cup apparel	2010/11 Quantity	2010/11 R'000	2009/10 R'000
Specify the nature of the purchase (e.g. t-shirts, caps etc.)			
Lapel pin 2010 logo	100	15	-
Vuvuzela	320	12	-
Hire marquee and chairs		22	-
Event promoter	1	10	-
Total	421	59	-
Total world cup expenditure		59	-

2. SERVICES 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   TARRIF POLICY

The existing tariff for electromagnetic compatibility testing at the Institute for Satellite and Software Applications (ISSA) has been maintained, pending the transfer of this facility to the South African National Space Agency.

2.3   FREE SERVICES

The Department does not provide any free services.

3. CAPACITY CONTRAINTS

In April 2010, the Department identified a need to conduct an organizational review and re-alignment which was prompted by numerous challenges that face the Department (i.e. structural challenges, systems, duplications and overlapping of functions etc.).

However, during the reporting period, the organizational review and re-alignment process did interrupt the recruitment process which was put on hold until the organizational review and re-alignment process is finalised. Significant progress has been made with regards to the organizational review and re-alignment process and the Department is anticipating to finalise the process during the 2011/12 financial year.

Although the vacancies had some impact on service delivery, the Department was able to deliver on its key commitments however the implementation of certain projects were delayed.

4. UTILISATION OF DONOR FUNDS

The balance of the donation forwarded to the 2011/12 financial year amounts to R1,792 million (R1,760 million from Vodacom and R32 thousand from Post Office).

5. TRADING ENTITIES AND PUBLIC ENTITIES

5.1   NATIONAL ELECTRONIC MEDIA INSTITUTE OF SOUTH AFRICA (NEMISA)

NEMISA is a training institution that was established by the Department of Communications with a mandate to provide individuals from previously disadvantaged communities with expertise in the various fields within the electronic media sector. Its principal activity is the development of skills in the electronic media industry for the benefit of South Africa.

During the 2010 academic year, NEMISA had trained about 103 full-time students. Out of the total students trained, 20 were trained on animation; 42 on graphic design; 19 on radio broadcasting and 22 on TV broadcasting. In addition, the entity also trained 82 learners in radio short courses. NEMISA has also received about 450 applicants for the 2011 academic year who qualified for admission.   However, due to limited facilities at their campus some of the students could not be admitted

5.2   UNIVERSAL SERVICE AGENCY AND ACCESS OF SOUTH AFRICA – AGENCY AND THE FUND (USAASA AND USAAF)

The Universal Service and Access Agency of South Africa (USAASA) was established in terms of section 80 of the Electronic Communications Act No. 36 of 2005 ("the ECA") as a statutory body with a sole mandate of promoting the goal of universal access and universal service to electronic communications services ("ECS"), electronic communications network services ("ECNS") and Broadcasting Services ("BS").

The key achievements at USAASA during the 2010/11 financial year were the rollout of the Broadband infrastructure at Msinga at the KwaZulu-Natal province and the establishment of the new public access facilities in 23 under serviced area sites. There has been a delay in finalizing the digital television in the country as a result USAF Broadcasting Digital Migration (BDM) Set Top Box subsidy project could not take off.

5.3   SAPO

The South African Post Office Ltd (SAPO) was established in accordance with the Post Office Act (1958) as a government business enterprise to provide postal and related services to the South African public. SAPO was granted an exclusive mandate to conduct postal services 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. It also makes provision for the activities of Postbank.

The total retail outlets countrywide, as at 31 March 2011, were estimated at about 2,484. This number includes the newly built outlets, totalling to 26, 27 upgraded and relocated. An additional 1,715,935 postal addresses were rolled out against the target of 1,645,945 during the twelve months ended 31 March 2011. The Postbank Bill has been promulgated and is expected to be signed by the President before the end of June 2011.

5.4 SENTECH

Sentech was established in terms of the Sentech Act (1996) and the Sentech Amendment Act (1999). It was licensed as a common carrier for broadcasting signal distribution and was subsequently granted a multimedia and carrier of carrier license in terms of the Telecommunications Amendment Act, 200.   The core business of Sentech is provision broadcasting signal distribution to broadcasting licensees. The multimedia and carrier of carrier licences awarded to Sentech in 2002, positions the company to play in the space of converged ICT services. In 2005 Sentech was mandated by Government to migrate the analogue terrestrial television infrastructure to Digital Terrestrial Television (DTT). Sentech achieved the digital switch-on on 30 October 2008 and work is currently in progress to finish the remainder of the phases.

Key achievements include amongst the others, operating and maintaining the terrestrial analogue television and radio transmission networks above customer service levels, at 99.9%. Subsequently to the switch-on of DTT network in 2008, Sentech together with the SABC and eTV have been conducting a pilot broadcasting on the DTT platform involving about three thousand household. The DTT network of Sentech could potentially reach a 33.3% population coverage during the period under review.

In ensuring the universal access of television and radio, Sentech (in partnership with the SABC) has been rolling lower power transmitters. This will mainly assist a significant number of isolated and underserved rural communities to access radio and television broadcasts.

5.5 SABC

The SABC is a public broadcaster, established in terms of the Broadcasting Act (22 of 1936) to provide radio and television services that informs, educate and entertains. It is operationally regulated in terms of licences granted by ICASA. The company's general objectives are outlined in the SABC's Broadcasting Charter, which is set out in the Broadcasting Act. In terms of this Charter, the SABC, in pursuit of its objectives and in exercise of its powers, enjoys freedom of expression and journalistic, creative and programming independence as enshrined in the Constitution. To improve stability, consistency and delivery at SABC, Editorial Policies have been put in place to guide every aspect of the SABC's activity.

During the 2008/9 financial year, the SABC faced severe financial and corporate governance crisis. In addressing this crisis a guarantee of R1.473 billion was approved by Government. A guarantee of R1 billion was granted to the SABC, with the remaining R473 million to be granted conditionally upon fulfilment of certain conditions. A monitoring task team was appointed to monitor the performance of the SABC against the Government Guarantee targets. The Corporation has also appointed a service provider, Delloite & Touche, to assist in the development of a concrete Turnaround Plan for the SABC. There has been some improvement in the financial performance of the SABC for the year ended 31 March 2011.

5.6 ICASA

ICASA was established in terms of Independent Communications Authority of South Africa Act, of 2000 (Act No. 13 of 2000). The authority makes regulations and issues communications licenses in terms of Electronic Communications Act and Postal Services Act. In addition to this, it 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 the licensees and controls and manage the frequency spectrum.

ICASA's key achievements during the 2010/11 financial year include amongst others, the release of the call termination regulation; final facilities leasing regulation; numbering plan regulations. These regulations will assist in the liberalisation and promotion of competition in ICT Sector. In fulfilling its mandate and in ensuring that there is an effective and efficient service delivery, statistics on spectrum and type approval licences were issued and the spare Community Broadcasting frequencies and spectrum usage for the mostly used bands was compiled and published on the ICASA Website.

6. ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

6.1 PROGRAMME PRODUCTION

An amount of R5 million was transferred to the Media Development and Diversity Agency (MDDA) to fund development content production by community radio stations. The transfer was part of the 2008/09 Memorandum of Understanding. R10 million was transferred to South African Broadcasting Corporation to continue with development content production as the MoU with MDDA is being renegotiated.

6.2 COMMUNITY RADIO STATIONS

An amount of R6.850 million was transferred to South African Broadcasting Corporation for community radio infrastructure and ad hoc community radio projects including research investigating the impact of government support into the sector.

6.3 .ZA DOMAIN AUTHORITY

.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 the .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 2010/11 financial and transferred to this organisation.

6.4   NEW PARTNERSHIP FOR AFRICA's DEVELOPMENT e-AFRICA (NEPAD)

The Department of Communications provides programmatic support to the NEPAD e-Africa Commission (called NEPAD e-Africa Programme). The programmatic support is geared to support 3 areas of the NEPAD e-Africa Programme: support towards the 2 flagship programmes and assistance toward organizational assistance.

The NEPAD e-Schools Initiatives was started in 2005 and since then, several key activities have been carried out. These include the NEPAD e-Schools Demonstration Project, the Business Plan, the NEPAD e-Schools Stakeholder Conference hosted by DOC in 2008 and the implementation of the demo project in 16 African countries. The focus now will be on assessing the impact and outcomes of the Demo project, address shortcomings, programme redesign as well as resource mobilization for countries that have not yet implemented the e-Schools project.

The NEPAD ICT infrastructure programme seeks to facilitate the accelerated development of ICT infrastructure deployment in Africa through submarine and terrestrial linkages. The programme seeks to integrate the African continent by harmonizing ICT infrastructure initiatives through one cohesive policy and regulatory framework (the Kigali Protocol) in order to enable trade, social and cultural interchange and reduce cost to communicate. The programme has three components: promotion of submarine network to encircle the continent and connect Africa to the rest of the world; promotion of terrestrial cross-border networks to interconnect countries; and the harmonization of legal and regulatory frameworks in Africa. The focus now is on finalization of the feasibility studies for Central, West and North Africa terrestrial network and harmonization of legal and regulatory environment in that region. For the 2010/11 financial year NEPAD was allocated R3.5 million, which was transferred to it.

7.   PUBLIC PRIVATE PARTNERSHIPS (PPP)

The 112PPP was initially stopped by the Department in 2010 at the bidder selection phase. Following this, the Departments EXCO took the decision to revive this project; hence the appointment of a new Transaction Advisor tender process had begun. It is envisaged that the PPP tender process will ensue in the 2011/2012 financial year, with the appointment of a consortium by end of the financial year.

8.   CORPORATE GOVERNANCE ARRANGEMENTS

8.1   Audit and Risk Committee

The Department has an Audit and Risk Committee established in accordance with section 76 and 77 of the PFMA. The committee operates in accordance with an approved audit charter as its terms of reference. Key matters dealt with by the committee are included in the Audit and Risk Committee report that forms part of this annual report.

8.2   Enterprise Risk Management

The Department recognises risk management as an integral part of responsible management and the Department has therefore adopted a comprehensive approach to the management of risk. The features of this process are outlined in the Department's Risk Management Strategy. The Department has a risk management directorate whose responsibility is to assist management in identifying, assessing and managing risks that threaten the attainment of service delivery and other objectives, and optimising opportunities that enhance Departmental performance. The risk management directorate operates under the direction of the Audit and Risk Committee.

8.3   Fraud Prevention

The Department acknowledge 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. To that end a fraud prevention strategy was developed and approved during the 2010/11 financial year. Parts of the strategy have been implemented in the current financial year and the remainder will be implemented in the next financial year. The Department continuously updates the strategy with the results of annual risk assessments.

8.4   Internal Audit

The Department has an Internal Audit chief directorate which provides independent and objective assurance to management regarding the effectiveness of risk management, control and governance processes in order to assist the organisation to achieve its objectives. The Internal Audit chief directorate operates under the direction of the Audit and Risk Committee and the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors as well as Treasury Regulations 3.2.

9.   DISCONTUTED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

None

10.   NEW/PROPOSED ACTIVITIES

None

11.   ASSET MANAGEMENT

The asset management register fully complies with the minimum requirements set out by the National Treasury (Asset Management Framework).

12.   INVENTORIES

Inventory verification on hand was undertaken in April 2011 observed by the Auditor-General. During the verification process a minor discrepancy on classification of items was discovered and rectified.

The total inventory on hand at year end of R1.276 million, comprising of mainly stationery and printing is included in the Annexure to the annual financial statements on inventory.

13.   EVENTS AFTER THE REPORTING DATE

No significant events occurred after the reporting date.

14.   INFORMATION ON PREDETERMINED OBJECTIVES

The Department of Communications has implemented an integrated Strategic Management Framework with specific focus on structured and integrated performance reporting with emphasis on quarterly progress reporting against the milestones committed to in the Branch Business Plans. The Department cascades its 3 years Strategic Plan into Annual Business and Project Plans .These annual plans unpacks Year 1 of the Strategic Plan into Branch Sub-objectives and quarterly milestones that need to be achieved in order to achieve the Annual Target as set out in the Strategic Plan. Performance information against the Business Plans are collected on quarterly basis from all branches, against the quarterly milestones as reflected in the Branch Business Plans which are directly aligned to the Strategic Plan of the Department. These quarterly reports are verified and consolidated into a Departmental Quarterly Performance Report, and thereafter submitted to the Minster via the Accounting Officer. The performance reports contain detailed analysis of the organizations performance and include dashboards and graphs depicting progress against the achievement of the quarterly milestones as well as identification of challenges hindering performance and corrective measures. The purpose of quarterly performance monitoring is to track progress against the targets committed to in the Departments' strategic plan, report on achievements, highlight major challenges experienced during the reporting period as well as mitigating measures in addressing these challenges.

Furthermore, evidence against all achievements is also collected as a means of conducting verification and integrity testing against reported achievements. Such evidence is also provided to the Auditor-General during its audit of performance information. The Department also develops detailed Project Plans for its flagship projects which are monitored and evaluated on a monthly basis. The Department furthermore, conducts a mid-year organizational performance review in September/October of each year which covers the organizational performance for the first two quarter (April – September) and feeds such information into the development of the forthcoming Strategic Plan.

The Department has in place an electronic Organisational Performance Monitoring system however, in its efforts to improve it's monitoring and evaluation process, it plans to explore the development of an improved electronic Organisational Performance Monitoring system which will allow for accurate and more effective management of performance information as well as related expenditure.

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
Irregular expenditure	2009/10	Audit findings and recommendations are being addressed.

17.   EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

- The accounting officer did not immediately report the particulars of irregular expenditure discovered to National Treasury. Irregular reports are reported on a monthly basis to National Treasury.

- The accounting officer did not implement effective, efficient and transparent processes of financial and risk management to prevent and detect irregular expenditure. Controls measures have been put in place.

18.   OTHER

None

19.   APPROVAL

The Annual Financial Statements set out on 113 to 179 have been approved by the Acting Accounting Officer.

Dr HAROLD WESSO
ACTING DIRECTOR-GENERAL
DATE: 29 July 2011

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO. 26: DEPARTMENT OF COMMUNICATIONS FOR THE YEAR ENDED 31 MARCH 2011

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Department of Communications, which comprise the appropriation statement, the statement of financial position as at 31 March 2011, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, set out on pages 113 to 179.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these 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 management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

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

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

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Communications as at 31 March 2011 and its financial performance and its 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.

Emphasis of matter

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

Fruitless and wasteful / irregular expenditure

9. As disclosed in note 30, irregular expenditure was incurred as proper procurement procedures were not followed. An amount of R R 2 848 000 was incurred in the current year and R1 557 000 was incurred in previous years but identified in the current year.

10. As disclosed in note 31, fruitless and wasteful expenditure to the amount of R 1 438 000 was incurred due to interest on the late payments to American Express, the advertisement of vacant posts, and settlement agreements. An amount of R173 000 was incurred in the previous year but identified in the current year

Material under spending of the budget

11. As disclosed in the appropriation statement, the department has materially under spent the budget vote by R711 million. As a consequence, the department has not achieved its objectives of developing ICT policies and legislation that stimulate and improve the sustainable economic development of all South Africans.

Additional matters

Basis of accounting

12. The financial reporting framework prescribed by the National Treasury and applied by the Department of Communications is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the presentation of the financial statements of the department.

13. I draw attention to the matter below. My opinion is not modified in respect of this matter:

The supplementary information set out in annexures 1A to 6 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In terms of the PAA of South Africa and General Notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009 I include below my findings on the report on predetermined objectives, compliance with the PFMA, Public Service Act (PSA), Preferential Procurement Policy Framework Act (PPPFA) and financial management (internal control).

Predetermined objectives

15. There were no material findings on the annual performance report concerning the presentation, usefulness and reliability of the information.

Compliance with laws and regulations

Procurement and contract management

16. Contrary to section 38(1)(g) of the PFMA the accounting officer did not immediately report the particulars of irregular expenditure discovered to the National Treasury.

17. Contrary to the requirements of Treasury Regulation 9.1.1 the accounting officer did not implement effective, efficient and transparent processes of financial and risk management to prevent and detect irregular expenditure.

18. Contrary to Practice note 8 of 2007/8, three quotations were not sourced in some instances.

Expenditure management

19. Contrary to section 38(1)(f) of the PFMA and TR 8.2.3 payments due to creditors were not always settled within 30 days from receipt of an invoices.

Strategic planning and performance management

20. Contrary to section 38(1) (a) (iv) of the PFMA the accounting officer did not have a system of linking expenditure per projects.

Human resource management

21. From a sample of file tested, some employees were not provided with a written contract of employment upon appointment, as per the requirements of Public Service Regulation (PSR) 1/VII/B.1 (g).

22. Appointments were made into posts which are not approved and funded as per requirements of PSR 1/III/ F (a) and F (d).

23. A process was not followed for all appointments to verify the claims in their applications for a post as per the requirements of PSR 1/VII/D.8.

24. The executive authority did not engage in HR planning with a view to meeting the human resource needs as per the requirements of PSR 1/III/B.2(d).

25. Overtime paid exceeded 30% of the basic salaries in some instances contrary to the requirement of the PSR 1/V/D2 (b).

26. Funded vacant posts were not advertised within six months after becoming vacant and were not filled within 12 months after becoming vacant as per the requirements of PSR 1/VII/C.1A.2.

27. The executive authority did not plan within the available budgeted funds, including funds for the remaining period of the relevant medium-term expenditure framework, for the recruitment, retention, deployment and development of human resources to address the department's needs, as per the requirements of chapter 1, part III B2(d) and D1 of the Public Service Regulations, 2001.

28. Sufficient appropriate audit evidence could not be obtained that appointments were made in posts that were advertised as per the requirements of PSR 1/VII/C.2.

Transfer payment

29. Funds earmarked for community radio station and programme production projects were not used.

Internal audit

30. The internal audit did not function effectively throughout the year under review due to capacity constraints as per the requirements of the TR 3.2.

31. The internal audit function did not assess the operational procedures and monitoring mechanisms over all transfers made and received, including transfers in terms of DoRA as per the requirements of TR 3.2.8.

32. The internal audit function did not adhere to requirements as set by section 38(1)(a)(ii) of the PFMA and Treasury Regulations 3.2 in that:

    • The internal audit function was not effectively under the control and direction of the audit committee as per requirements of section 38(1)(a)(ii).

Audit committee

33. The audit committee did not review the department's internal controls system and compliance with legal and regulatory provisions as per the requirements of TR 3.1.10.

34. There was no report for the chairperson of the audit committee in the AFS submitted for audit.

35. The department did not have an audit committee through out the year as per the requirements of section 77 of the PFMA and Treasury Regulation 3.1.

INTERNAL CONTROL

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

Leadership

37. Decisive action was not taken in response to the risk of non-compliance with supply chain management regulations highlighted by external audit findings, by implementing controls to prevent the occurrence of irregular expenditure.

Financial and performance management

38. Manual controls are not designed to ensure that all transactions and performance information are completely recorded and accurately classified.

Governance

39. The internal audit unit and audit committee did not function as required by the Treasury Regulations throughout the year under review.

40. There was no audit committee chairperson's report on the final AFS submitted for audit.

41. The accounting officer did not take corrective action to prevent non compliance in the human resource division by filling all critical vacancy positions during the year.

OTHER REPORTS

Investigations

Investigations in progress

42.   Investigations are being carried out into alleged financial misconduct by the chief operations officer, chief director: Finance.

Auditor-General

Pretoria

29 July 2011

**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

DEPARTMENT OF COMMUNICATIONS VOTE - 26
ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2011

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

1.2   Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which 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 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 note 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 then 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 amounts.

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 of approval.

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 potentials 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 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.

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 an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability 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 discloser notes to the financial statement.

5.8   Impairment and other provisions

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.

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.

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 underlining 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.

Appropriation Statements

Vote 26: Communications

Appropriation Statement for the year ended 31 March 2011

Appropriation per programme

	2010/11							2009/10	
	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
1. Administration									
Current payment	157,883	(798)	(8,203)	148,882	143,637	5,245	96.5%	159,347	157,761
Transfers and subsidies	125	90	137	352	351	1	99.7%	377	377
Payment for capital assets	993	-	-	993	918	75	92.4%	4,980	4,980
Payment for financial assets	-	708	-	708	708	-	100.0%	82	82
	159,001	**-**	**(8,066)**	**150,935**	**145,614**	**5,321**		**164,786**	**163,200**
2. ICT International Affairs and Trade									
Current payment	40,605	-	-	40,605	31,689	8,916	78.0%	45,994	44,320
Transfers and subsidies	3,500	-	-	3,500	3,500	-	100.0%	3,160	160
Payment for capital assets	513	-	-	513	34	479	6.6%	120	120
	44,618	**-**	**-**	**44,618**	**35,223**	**9,395**		**49,274**	**44,600**
3. ICT Policy Development									
Current payment	79,732	(183)	8,066	87,615	67,296	20,319	76.8%	54,824	51,911
Transfers and subsidies	21,850	183	-	22,033	22,033	-	100.0%	37,868	17,868
Payment for capital assets	582	-	-	582	383	199	65.8%	333	333
	102,164	**-**	**8,066**	**110,230**	**89,712**	**20,518**		**93,025**	**70,112**
4. ICT Enterprise Development									
Current payment	13,038	(2)	-	13,036	8,725	4,311	66.9%	92,995	90,782
Transfers and subsidies	1,604,729	2	-	1,604,731	1,074,831	529,900	67.0%	1,948,605	1,832,605
Payment for capital assets	225	-	-	225	50	175	22.2%	248	248
	1,617,992	**-**	**-**	**1,617,992**	**1,083,606**	**534,386**		**2,041,848**	**1,923,635**

	2010/11							2009/10	
	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
5. ICT Infrastructure Development									
Current payment	177,575	(56)	-	177,519	42,452	135,067	23.9%	74,869	61,912
Transfers and subsidies	1,500	56	-	1,556	1,556	-	100.0%	8,507	8,507
Payment for capital assets	1,081	-	-	1,081	834	247	77.2%	6,868	4,368
	180,156	**-**	**-**	**180,156**	**44,842**	**135,314**		**90,244**	**74,787**
6. Presidential National Commission									
Current payment	33,345	(2)	-	33,343	27,248	6,095	81.7%	31,080	25,340
Transfers and subsidies	-	2	-	2	52	(50)	2600.0%	95	95
Payment for capital assets	725	-	-	725	180	545	24.8%	142	143
	34,070	**-**	**-**	**34,070**	**27,480**	**6,590**		**31,317**	**25,578**
TOTAL	**2,138,001**	**-**	**-**	**2,138,001**	**1,426,477**	**711,524**	**66.7%**	**2,470,494**	**2,301,912**
Reconciliation with Statement of Financial Performance									
Add: Departmental receipts				1,528,347				1,344,790	
Direct Exchequer receipts				366,509				4,481,173	
Actual amounts per Statement of Financial Performance (Total Revenue)				4,032,857				8,296,457	
Add: Aid assistance									-
Actual amounts per Statement of Financial Performance Expenditure					1,426,477				2,301,912

Appropriation per Economic classification

	2010/11							2009/10	
	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
Current payments									
Compensation of employees	164,614	-	-	164,614	145,083	19,531	88.1%	138,433	129,594
Goods and services	337,564	(1,407)	(137)	336,020	175,648	160,372	52.3%	320,646	302,403
Interest and rent on land	-	316	-	316	316	-	100.0%	30	30
Transfers & subsidies									
Provinces & municipalities	-	7	-	7	6	1	85.7%	105	105
Departmental agencies & accounts	610,467	-	-	610,467	430,467	180,000	70.5%	370,206	370,206
Universities & technikons	-	-	-	-	-	-		78	78
Foreign governments & international organisations	-	5	-	5	5	-	100.0%	6	6
Public corporations & private enterprises	1,017,737	136	-	1,017,873	667,973	349,900	65.6%	1,624,598	1,488,598
Non-profit institutions	3,500	223	-	3,723	3,723	-	100.0%	3,327	327
Households	-	12	137	149	149	-	100.0%	292	292
Payment for capital assets									
Machinery & equipment	4,084	(75)	-	4,009	2,301	1,708	57.4%	8,869	6,369
Software & other intangible assets	35	75	-	110	98	12	89.1%	3,822	3,822
Payment for financial assets	**-**	**708**	**-**	**708**	**708**	**-**	**100.0%**	**82**	**82**
Total	**2,138,001**	**-**	**-**	**2,138,001**	**1,426,477**	**711,524**	**66.7%**	**2,470,494**	**2,301,912**

Detail per programme 1 - Administration

For the year ended 31 March 2011

Details per Sub-Programme	2010/11							2009/10	
	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
1.1 Minister									
Current payment	1,816	-	-	1,816	1,810	6	99.7%	1,725	1,557
1.2 Deputy Minister									
Current payment	1,496	-	-	1,496	1,507	(11)	100.7%	1,420	1,490
1.3 Management									
Current payment	42,417	1,273	(4,103)	39,587	36,937	2,650	93.3%	38,042	36,701
Transfers and subsidies	-	87	-	87	87	-	100.0%	111	111
Payment for capital assets	439	57	-	496	496	-	100.0%	540	540
1.4 Operations									
Current payment	105,223	(2,071)	(4,100)	99,052	90,294	8,758	91.2%	111,885	111,820
Transfers and subsidies	125	3	137	265	264	1	99.6%	266	266
Payment for capital assets	554	(57)	-	497	422	75	84.9%	4,440	4,440
Payment for financial assets	-	708	-	708	708	-	100.0%	82	82
1.5 Office Accomodation									
Current payment	6,931	-	-	6,931	13,089	(6,158)	188.8%	6,275	6,193
Total	**159,001**	**-**	**(8,066)**	**150,935**	**145,614**	**5,321**	**96.5%**	**164,786**	**163,200**

Detail per programme 1 - Administration

For the year ended 31 March 2011

Programme 1 Per Economic classification	2010/11							2009/10	
	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
Current payments									
Compensation of employees	67,985	-	(8,203)	59,782	54,627	5,155	91.4%	54,575	53,037
Goods and services	89,898	(1,114)	-	88,784	88,694	90	99.9%	104,772	104,724
Interest and rent on land	-	316	-	316	316	-	100.0%	-	-
Transfers & subsidies									
Provinces & municipalities	-	7	-	7	6	1	85.7%	104	104
Departmental agencies & accounts	125	-	-	125	125	-	100.0%	118	118
Foreign governments & international organisations	-	5	-	5	5	-	100.0%	3	3
Public corporations & private enterprises	-	78	-	78	78	-	100.0%	125	125
Households	-	-	137	137	137	-	100.0%	27	27
Payment for capital assets									
Machinery & equipment	993	-	-	993	918	75	92.4%	4,980	4,980
Payment for financial assets	-	708	-	708	708	-	100.0%	82	82
Total	159,001	-	(8,066)	150,935	145,614	5,321	96.5%	164,786	163,200

Detail per programme 2 - ICT International Affairs And Trade

For the year ended 31 March 2011

Details per Sub-Programme	2010/11							2009/10	
	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
2.1 International Affairs									
Current payment	18,359	(1,000)	-	17,359	8,812	8,547	50.8%	10,571	9,010
Transfers and subsidies	3,500	-	-	3,500	3,500	-	100.0%	3,006	6
Payment for capital assets	264	-	-	264	34	230	12.9%	80	80
2.2 ICT Trade/Partnerships									
Current payment	22,246	1,000	-	23,246	22,877	369	98.4%	35,423	35,310
Transfers and subsidies	-	-	-	-	-	-		154	154
Payment for capital assets	249	-	-	249	-	249		40	40
Total	**44,618**	**-**	**-**	**44,618**	**35,223**	**9,395**	**78.9%**	**49,274**	**44,600**

Detail per programme 2 – ICT International Affairs And Trade

For the year ended 31 March 2011

Programme 2 Per Economic classification	2010/11							2009/10	
	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
Current payments									
Compensation of employees	15,632	-	-	15,632	10,075	5,557	64.5%	10,321	9,462
Goods and services	24,973	-	-	24,973	21,614	3,359	86.5%	35,673	34,858
Transfers & subsidies									
Non-profit institutions	3,500	-	-	3,500	3,500	-	100.0%	3,000	-
Households	-	-	-	-	-	-		160	160
Payment for capital assets									
Machinery & equipment	513	-	-	513	34	479	6.6%	120	120
Total	**44,618**	**-**	**-**	**44,618**	**35,223**	**9,395**	**78.9%**	**49,274**	**44,600**

Detail per programme 3 – ICT Policy Development

For the year ended 31 March 2011

Details per Sub-Programme	2010/11							2009/10	
	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
3.1 ICT Policy Development									
Current payment	59,301	(143)	3,438	62,596	50,671	11,925	80.9%	35,926	34,996
Transfers and subsidies	-	143	-	143	143	-	100.0%	85	85
Payment for capital assets	462	-	-	462	338	124	73.2%	129	129
3.2 Economic Analysis, Market Modelling And Research									
Current payment	5,902	-	1,860	7,762	5,444	2,318	70.1%	5,619	4,232
Payment for capital assets	120	(46)	-	74	-	74		112	111
3.3 ICT Uptake And Usage									
Current payment	5,998	(40)	720	6,678	4,159	2,519	62.3%	5,449	4,936
Transfers and subsidies	-	40	-	40	40	-	100.0%	-	-
Payment for capital assets	-	8	-	8	8	-	100.0%	31	32
3.4 Intergovernmental Relations									
Current payment	8,531	-	2,048	10,579	7,022	3,557	66.4%	7,830	7,747
Payment for capital assets	-	38	-	38	37	1	97.4%	61	61
3.5 SABC: Community Radio Stations									
Transfers and subsidies	6,850	-	-	6,850	6,850	-	100.0%	12,783	12,783
3.6 SABC:Programme Production									
Transfers and subsidies	15,000	-	-	15,000	15,000	-	100.0%	25,000	5,000
Total	102,164	-	8,066	110,230	89,712	20,518	81.4%	93,025	70,112

Detail per programme 3 – ICT Policy Development

For the year ended 31 March 2011

Programme 3 Per Economic classification	2010/11							2009/10	
	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
Current payments									
Compensation of employees	26,534	-	8,203	34,737	34,249	488	98.6%	24,201	24,084
Goods and services	53,198	(183)	(137)	52,878	33,047	19,831	62.5%	30,623	27,827
Transfers & subsidies									
Universities & technikons	-	-	-	-	-	-		78	78
Foreign governments & international organisations	-	-	-	-	-	-		3	3
Public corporations & private enterprises	21,850	3	-	21,853	21,853	-	100.0%	37,783	17,783
Non-profit institutions	-	173	-	173	173	-	100.0%	-	-
Households	-	7	-	7	7	-	100.0%	4	4
Payment for capital assets									
Machinery & equipment	582	-	-	582	383	199	65.8%	333	333
Total	**102,164**	**-**	**8,066**	**110,230**	**89,712**	**20,518**	**81.4%**	**93,025**	**70,112**

Detail per programme 4 - ICT Enterprise Development

For the year ended 31 March 2011

Details per Sub-Programme	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
				2010/11				2009/10	
4.1 Public Entity Oversight									
Current payment	5,682	69	-	5,751	5,026	725	87.4%	87,815	86,425
Transfers and subsidies	1,604,729	2	-	1,604,731	1,074,831	529,900	67.0%	1,948,278	1,832,278
Payment for capital assets	20	-	-	20	17	3	85.0%	179	179
4.2 Small Medium And Micro Enterprise Development									
Current payment	7,356	(71)	-	7,285	3,399	3,586	50.8%	5,180	4,357
Transfers and subsidies	-	-	-	-	-	-		327	327
Payment for capital assets	205	-	-	205	33	172	16.1%	69	69
Total	**1,617,992**	**-**	**-**	**1,617,992**	**1,083,606**	**534,386**	**67.0%**	**2,041,848**	**1,923,635**

Detail per programme 4 - ICT Enterprise Development

For the year ended 31 March 2011

Programme 4 Per Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	2010/11							2009/10	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	6,784	-	-	6,784	4,241	2,543	62.5%	5,100	3,904
Goods and services	6,254	(2)	-	6,252	4,484	1,768	71.7%	87,895	86,878
Transfers & subsidies									
Departmental agencies & accounts	608,842	-	-	608,842	428,842	180,000	70.4%	368,588	368,588
Public corporations & private enterprises	995,887	-	-	995,887	645,987	349,900	64.9%	1,579,690	1,463,690
Non-profit institutions	-	-	-	-	-	-		327	327
Household	-	2	-	2	2	-	100.0%	-	-
Payment for capital assets									
Machinery & equipment	190	-	-	190	27	163	14.2%	248	248
Software & other intangible assets	35	-	-	35	23	12	65.7%	-	-
Total	1,617,992	-	-	1,617,992	1,083,606	534,386	67.0%	2,041,848	1,923,635

Detail per programme 5 - ICT Infrastructure Development

For the year ended 31 March 2011

Details per Sub-programme	2010/11							2009/10	
	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
5.1 Application and Research									
Current Payment	65,675	(56)	-	65,619	40,294	25,325	61.4%	48,138	40,867
Transfers and subsidies	-	56	-	56	56	-	100%	7	7
Payment for capital assets	1,081	-	-	1,081	834	247	77.2%	6,868	4,368
5.2 Meraka Institute									
Transfers and subsidies	-	-	-	-	-	-		7,000	7,000
5.3 112 Emergency Call Centre									
Current payment	111,900	-	-	11,900	2,158	109,742	1.9%	26,731	21,045
5.4 .Za Domain Name Authority									
Transfers and subsidies	1,500	-	-	1,500	1,500	-	100%	1,500	1,500
Total	180,156	-	-	180,156	44,842	135,314	24.9%	90,244	74,787

Detail per programme 5 - ICT Infrastructure Development

For the year ended 31 March 2011

Programme 5 Per Economic classification	2010/11							2009/10	
	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
Current payments									
Compensation of employees	30,287	-	-	30,287	26,007	4,280	85.9%	27,955	25,408
Goods and services	147,288	(56)	-	147,232	16,445	130,787	11.2%	46,884	36,474
Interest and rent on land	-	-	-	-	-	-		30	30
Transfers & subsidies									
Provinces & municipalities	-	-	-	-	-	-		1	1
Departmental agencies& accounts	1,500	-	-	1,500	1,500	-	100.0%	1,500	1,500
Public corporations & private enterprises	-	55	-	55	55	-	100.0%	7,000	7,000
Households	-	1	-	1	1	-	100.0%	6	6
Payment for capital assets									
Machinery & equipment	1,081	(75)	-	1,006	759	247	75.4%	3,056	556
Software & other intangible assets	-	75	-	75	75	-	100.0%	3,812	3,812
Total	180,156	-	-	180,156	44,842	135,314	24.9%	90,244	74,787

Detail per programme 6 - Presidential National Commission

For the year ended 31 March 2011

Details per Sub-Programme	2010/11							2009/10	
	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
6.1 Planning, Co-ord & Evaluation									
Current payment	7,809	(3,572)	-	4,237	2,541	1,696	60.0%	4,950	3,343
Transfers and subsidies	-	-	-	-	-	-		93	93
Payment for capital assets	114	-	-	114	-	114		-	-
6.2 ISAD cluster									
Current payment	4,474	482	-	4,956	3,969	987	80.1%	3,088	2,710
Payment for capital assets	116	-	-	116	-	116		-	-
6.3 E-Application									
Current payment	14,912	2,447	-	17,359	14,889	2,470	85.8%	15,748	13,686
Transfers and subsidies	-	-	-	-	50	(50)		-	-
Payment for capital assets	114	-	-	114	-	114		71	71
6.4 PNC Operations									
Current payment	6,150	641	-	6,791	5,849	942	86.1%	7,294	5,601
Transfers and subsidies	-	2	-	2	2	-	100.0%	2	2
Payment for capital assets	381	-	-	381	180	201	47.2%	71	72
Total	**34,070**	**-**	**-**	**34,070**	**27,480**	**6,590**	**80.7%**	**31,317**	**25,578**

Detail per programme 6 - Presidential National Commission
For the year ended 31 March 2011

Programme 6 Per Economic classification	2010/11						2009/10	
	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
Current payments									
Compensation of employees	17,392	-	-	17,392	15,884	1,508	91.3%	16,281	13,700
Goods and services	15,953	(52)	-	15,901	11,364	4,537	71.5%	14,799	11,640
Transfers & subsidies									
Non-profit institutions	-	50	-	50	50	-	100.0%	-	-
Households	-	2	-	2	2	-	100.0%	95	95
Payment for capital assets									
Machinery & equipment	725	-	-	725	180	545	24.8%	132	132
Software & other intangible assets	-	-	-	-	-	-		10	11
Total	34,070	-	-	34,070	27,480	6,590	80.7%	31,317	25,578

Vote 26 - COMMUNICATIONS

Notes to the Appropriation Statement

for the year ended 31 March 2011

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

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

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

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

3.   Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in the note to Financial transactions in assets and liabilities 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	%
Administration	150,935	145,614	5,321	3.5%

The underspending is mainly under compensation of employees due to vacant positions.

| ICT International Affairs and Trade | 44,618 | 35,223 | 9,395 | 21.1% |

The underspending is under compensation of employees as a result of organisational review and also under goods and services due to the delay in implementing other projects.

| ICT Policy Development | 110,230 | 89,712 | 20,518 | 18.6% |

The underspending has been realised under goods and services due to the delay in implementing projects.

| ICT Enterprise Development | 1,617,992 | 1,083,606 | 534,386 | 33.0% |

The huge underspending is under transfer payments to Sentech and Universal Service and Access and Fund due to delay by the department in finalising the Digital Terrestrial Television (DTT) standards and the savings realised on transfer payment to Telkom: 2010 FIFA World Cup as a result of effective execution of the 2010 FIFA World Cup. Underspending is also realised under compensation of employees due to the organisational review.

| ICT Infrastructure Development | 180,156 | 44,842 | 135,314 | 75.1% |

The underspending has been realised mainly under goods and services, specifically under 112 Emergency Call Centre due to the project being put on hold and delays in implementation of projects. Under compensation of employees is due to organisational review. Underspending is also realised under compensation of employees due to the organisational review.

| Presidential National Commission | 34,070 | 27,480 | 6,590 | 19.3% |

The underspending is due to the delay in implementing projects.

4.2	Per economic classification:		Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropria- tion
			R'000	R'000	R'000	%
	Current expenditure					
	Compensation of employees		164,614	145,083	19,531	11.86%
	Goods and services		336,020	175,648	160,372	47.73%
	Interest and rent on land		316	316	-	-
	Unauthorised expenditure approved		-	-	-	-
	Transfers and subsidies					
	Provinces and municipalities		7	6	1	14.29%
	Departmental agencies and accounts		610,467	430,467	180,000	29.49%
	Public corporations and private enterprises		1,017,873	667,973	349,900	34.38%
	Foreign governments and international organisations		5	5	-	-
	Non-profit institutions		3,723	3,723	-	-
	Households		149	149	-	-
	Payments for capital assets					
	Machinery and equipment		4,009	2,301	1,708	42.60%
	Software and other intangible assets		110	98	12	10.91%
	Payments for financial assets		**708**	**708**	**-**	**-**

Underspending is due to resignation of staff and organisational review, withholding of projects and non transfer payments to entities such as Sentech and Universal Service and Access Fund due to the delay by the department in finalising the Digital Terrestrial Television (DTT) standards and transfer payment to Telkom: 2010 that did go through as a result of savings realised in view of effective execution of the 2010 FIFA World Cup project.

Statement of Financial Performance

		Vote 26: Communications Statement of Financial Performance for the year ended 31 March 2011	
		2010/11	2009/10
	Note	**R'000**	**R'000**
REVENUE			
Annual appropriation	1	2,138,001	2,470,494
Departmental revenue	2	1,528,347	1,344,790
Direct Exchequer Receipts	3	366,509	4,481,173
TOTAL REVENUE		**4,032,857**	**8,296,457**
EXPENDITURE			
Current expenditure		**321,047**	**432,027**
Compensation of employees	5	145,083	128,250
Goods and services	6	175,648	303,747
Interest and rent on land	7	316	30
Transfers and subsidies		**1,102,323**	**1,859,612**
Transfers and subsidies	9	1,102,323	1,859,612
Expenditure for capital assets		**2,399**	**10,191**
Tangible capital assets	10	2,301	6,369
Software and other intangible assets	10	98	3,822
Payments for financial assets	8	**708**	**82**
TOTAL EXPENDITURE		**1,426,477**	**2,301,912**
SURPLUS/(DEFICIT) FOR THE YEAR		**2,606,380**	**5,994,545**
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		711,524	168,582
Annual appropriation	18	711,524	168,582
Departmental revenue	19	1,528,347	1,344,790
Direct Exchequer Receipts		366,509	4,481,173
SURPLUS/(DEFICIT) FOR THE YEAR		**2,606,380**	**5,994,545**

Vote 26: Communications

Statement of Financial Position

at 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
ASSETS			
Current Assets		**722,008**	**301,060**
Fruitless and wasteful expenditure	11	-	526
Cash and cash equivalents	12	712,085	292,674
Prepayments and advances	14	630	1,282
Receivables	15	9,293	6,578
Non-Current Assets		**14,472,822**	**14,472,822**
Investments	16	14,445,160	14,445,160
Loans	17	27,391	27,391
Other financial assets	13	271	271
TOTAL ASSETS		**15,194,830**	**14,773,882**
LIABILITIES			
Current Liabilities		**720,788**	**300,207**
Voted funds to be surrendered to the Revenue Fund	18	711,524	168,582
Departmental revenue to be surrendered to the Revenue Fund	19	2,728	127,608
Direct Exchequer Receipts to be surrendered to the Revenue Fund	20	4,176	-
Payables	21	568	1,128
Aid assistance unutilised	4	1,792	2,889
TOTAL LIABILITIES		**720,788**	**300,207**
NET ASSETS		**14,474,042**	**14,473,675**
Represented by:			
Capitalisation reserve		14,472,551	14,472,551
Recoverable revenue		1,491	1,124
TOTAL		**14,474,042**	**14,473,675**

Statement of Changes in Net Assets

		Vote 26: Communications	
		Statement of Changes in Net Assets	
		for the year ended 31 March 2011	
		2010/11	**2009/10**
	Note	**R'000**	**R'000**
Capitalisation Reserves			
Opening balance		14,472,551	2,298,713
Transfers:			
Other movements		-	12,173,838
Closing balance		14,472,551	14,472,551
Recoverable revenue			
Opening balance		1,124	1,135
Transfers		367	(11)
Irrecoverable amounts written off	8.5	79	28
Debts recovered (included in departmental receipts)		(885)	(740)
Debts raised		1,173	701
Closing balance		1,491	1,124
TOTAL		**14,474,042**	**14,473,675**

Cash Flow Statement

		2010/11	2009/10
Vote 26: Communications			
Cash Flow Statement			
for the year ended 31 March 2011			
	Note	**R'000**	**R'000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**3,039,029**	**7,830,600**
Annual appropriated funds received	1.1	2,138,001	2,470,494
Departmental revenue received		534,519	878,933
Direct Exchequer receipts	3	366,509	4,481,173
Net (increase)/ decrease in working capital		**(2,097)**	**(2,749)**
Surrendered to Revenue Fund		(2,184,142)	(5,708,718)
Surrendered to RDP Fund/Donor		(1,097)	-
Current payments		(321,047)	(432,027)
Payments for financial assets		(708)	(82)
Transfers and subsidies paid		(1,102,323)	(1,859,612)
Net cash flow available from operating activities	22	**(572,385)**	**(172,588)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	10	(2,399)	(10,191)
Proceeds from sale of capital assets		-	-
(Increase)/ Decrease in investments		-	(12,173,839)
Net cash flows from investing activities		**(2,399)**	**(12,184,030)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		993,828	465,857
Increase/ (decrease) in net assets		367	12,173,827
Net cash flows from financing activities		**994,195**	**12,639,684**
Net increase/ (decrease) in cash and cash equivalents		419,411	283,066
Cash and cash equivalents at beginning of period		292,674	9,608
Cash and cash equivalents at end of period	12	**712,085**	**292,674**

Vote 26: Communications

Notes to the Annual Financial Statements

for the year ended 31 March 2011

1 Annual Appropriation

1.1 Annual Appropriation

Programmes	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation Received 2008/09 R'000
Administration	150,935	159,001	(8,066)	164,786
ICT International affairs and trade	44,618	44,618	-	49,274
ICT Policy development	110,230	102,164	8,066	93,025
ICT Enterprise development	1,617,992	1,617,992	-	2,041,848
ICT Infrastructure development	180,156	180,156	-	90,244
Presidential National Commission	34,070	34,070	-	31,317
Total	**2,138,001**	**2,138,001**	**-**	**2,470,494**

	Note	2010/11 R'000	2009/10 R'000
2 Departmental Revenue			
Sales of goods and services other than capital assets	2.1	531,258	871,878
Interest, dividends and rent on land	2.2	996,294	469,777
Financial transactions in assets and liabilities	2.3	709	795
Transfer received	2.4	86	2,340
Total revenue collected		1,528,347	1,344,790
Departmental revenue collected		**1,528,347**	**1,344,790**

Interest, dividends and rent on land: The increase is mainly due to the dividend rate per share of Telkom SA Limited that increased from 115 cents per share to 125 cents per share and Vodacom Group Limited that increased from 110 cents per share to 175 cents per share as well as an interim dividend of 180 cents per share by Vodacom.

Sales of goods and services other than capital assets: The decrease is mainly due to implementation of the General License Fees Regulations by ICASA and the economic conditions that were not conducive for good business in 2010/2011.

Transfers received: The decrease is due to Sponsorships received in 2009/10 for the Participation in the National Pavilion for the ITU World Telecommunications Standardisation Assembly hosted in South Africa (WTSA 2008).

		Note	2010/11 R'000	2009/10 R'000
2.1	**Sales of goods and services other than capital assets**	**2**		
	Sales of goods and services produced by the department		531,258	871,878
	Sales by market establishment		70	-
	Administrative fees		531,079	871,878
	Other sales		109	-
	Total		**531,258**	**871,878**
2.2	**Interest, dividends and rent on land**	**2**		
	Interest		2,466	3,920
	Dividends		993,828	465,857
	Total		**996,294**	**469,777**
2.3	**Transactions in financial assets and liabilities**	**2**		
	Receivables		473	483
	Other Receipts including Recoverable Revenue		236	312
	Total		**709**	**795**
2.4	**Transfers received**	**2**		
	Public corporations and private enterprises		86	2,340
			86	**2,340**

Transfers received: The decrease is due to Sponsorships received in 2009/10 for the Participation in the National Pavilion for the ITU World Telecommunications Standardisation Assembly hosted in South Africa (WTSA 2008).

			2010/11 R'000	2009/10 R'000
3	**Direct Exchequer Receipts**			
	Transfers received		4,176	-
	Interest and dividends		362,333	4,481,173
			366,509	**4,481,173**

The decrease is mainly due to special dividends received from Telkom previously paid at 1900 cents per share (due to the unbundling of Telkom shares) and a further 260 cents per share as special dividend in 2009/10 compare to 175 cents per share in the 2010/2011 financial year.

			2010/11 R'000	2009/10 R'000
4	**Aid Assistance**			
4.1	**Aid assistance received in cash from other sources**			
	Local			
	Opening Balance		2,889	2,889
	Surrendered to the Donor		(1,097)	-
	Closing Balance		**1,792**	**2,889**

	Note	2010/11 R'000	2009/10 R'000
Aid assistance unutilised		1,792	2,889
Other sources		1,792	2,889
Closing balance		**1,792**	**2,889**

Unspent funds of R97 thousand and R1 million surrendered to ISETT SETA and Vodacom respectively.

5	**Compensation of Employees**		

5.1	**Salaries and wages**		
Basic salary		90,255	81,147
Performance award		3,074	2,229
Service Based		516	738
Compensative/circumstantial		2,945	1,065
Periodic payments		274	14
Other non-pensionable allowances		31,857	28,611
Total		**128,921**	**113,804**

5.2	**Social Contributions**		
Employer contributions			
Pension		11,853	10,813
Medical		4,292	3,624
Bargaining council		17	9
Total		**16,162**	**14,446**
Total compensation of employees		**145,083**	**128,250**
Average number of employees		305	303

Performance awards: The increase is mainly due to performance awards of SMS members for the 2008/2009 assessment year paid in the 2010/2011 financial year instead of the 2009/2010 financial year.

	Note	2010/11 R'000	2009/10 R'000
6 Goods and services			
Administrative fees		960	1,371
Advertising		7,390	13,838
Assets less then R5,000	6.1	564	925
Bursaries (employees)		375	314
Catering		1,546	2,781
Communication		5,912	8,076
Computer services	6.2	6,104	2,500
Consultants, contractors and agency/outsourced services	6.3	44,023	151,462
Entertainment		109	147
Audit cost – external	6.4	3,304	6,517
Fleet services		70	-
Inventory	6.5	5,661	7,594
Operating leases		41,222	33,990
Owned and leasehold property expenditure	6.6	10,604	11,460
Travel and subsistence	6.7	25,535	27,706
Venues and facilities		2,768	4,898
Training and staff development		4,400	5,723
Other operating expenditure	6.8	15,101	24,445
Total		**175,648**	**303,747**

6.1 Assets less than R5,000	6		
Tangible assets		**538**	**874**
Machinery and equipment		538	874
Intangible assets		**26**	**51**
Total		**564**	**925**

6.2 Computer services	6		
SITA computer services		2,046	1,103
External computer service providers		4,058	1,397
Total		**6,104**	**2,500**

SITA computer services: The department implemented a Virtual Private Network through SITA in January 2010 and entered into a support agreement with SITA for the Parliamentary office.

External computer service providers: The increase is mainly due to the development of an e-commerce platform for small enterprises.

	Note	2010/11 R'000	2009/10 R'000
6.3 Consultants, contractors and agency/outsourced services	6		
Business and advisory services		34,640	42,063
Legal costs		3,328	607
Contractors		4,412	86,832
Agency and support/outsourced services		1,643	21,960
Total		**44,023**	**151,462**

Contractors: The decrease is mainly due to a payment of R80 million to the City of Johannesburg in 2009/10 to establish and operate the international broadcasting centre for the 2010 FIFA World Cup.

Legal costs: The increase is mainly due to invoices of approximately R1.8 million in respect of 2009/10 paid in 2010/11.

Agency and support/outsourced services: Fewer services required in the 2010/2011 financial year.

	Note	2010/11 R'000	2009/10 R'000
6.4 Audit cost – external	6		
Regularity audits		2,869	2,903
Other audits		435	3,614
Total		**3,304**	**6,517**

Other audits: The decrease is mainly due to a forensic audit of R2, 923 million conducted by the Auditor-General at the SABC, and R0, 691 million by Ntumba Chartered Accountants at the department in the 2009/10 financial year.

	Note	2010/11 R'000	2009/10 R'000
6.5 Inventory	6		
Fuel, oil and gas		661	512
Other consumable materials		101	233
Maintenance material		15	13
Stationery and printing		4,883	6,834
Medical supplies		1	2
Total		**5,661**	**7,594**

Stationery and printing: The decrease is mainly due to vacant positions.

	Note	2010/11 R'000	2009/10 R'000
6.6 Owned and leasehold property expenditure	6		
Municipal services		4,112	4,964
Property maintenance and repairs		228	-
Other		6,264	6,496
Total		**10,604**	**11,460**

	Note	2010/11 R'000	2009/10 R'000
6.7 Travel and subsistence	6		
Local		13,771	19,534
Foreign		11,764	8,172
Total		**25,535**	**27,706**

The decrease is mainly due to saving measures implemented by the department.

	Note	2010/11 R'000	2009/10 R'000
6.8 Other operating expenditure	6		
Learnership		285	1,456
Professional bodies, membership and subscription fees		14,471	22,537
Resettlement costs		23	-
Other		322	452
Total		**15,101**	**24,445**

Other operating expenditure: The decrease is mainly due to membership fees to International organisations for the 2008/2009 financial year paid in the 2009/2010 financial year

	Note	2010/11 R'000	2009/10 R'000
7 Interest and Rent on Land			
Interest paid		316	30
		316	**30**

The increase is mainly due to interest paid to American Express on late payment of the account.

	Note	2010/11 R'000	2009/10 R'000
8 Payments for financial assets			
Material losses through criminal conduct			
Theft	*8.3*	2	-
Other material losses written off	*8.1*	543	42
Debts written off	*8.2*	159	32
Forex losses	*8.4*	4	8
Total		**708**	**82**

	Note	2010/11 R'000	2009/10 R'000
8.1 Other material losses written off	8		
Nature of losses			
Vehicle access payments		11	4
No shows		6	7
Interest on late payment – Bankfin and Rennies		2	26
Cancellation fee		1	1
Interest on late payment of UPU membership fees		520	-
Other		3	4
Total		**543**	**42**

The increase is mainly due to interest of R520 thousand written off due to late payment of UPU membership fees.

	Note	2010/11 R'000	2009/10 R'000
8.2 **Debts written off**	*8*		
Nature of debts written off			
Income tax		5	5
Salary overpayments		50	26
Test debtors		75	1
Interest on late payment		29	-
Total		**159**	**32**

The increase is mainly due to irrecoverable test debtor debts and interest on late payment of American Express account written off.

	Note	2010/11 R'000	2009/10 R'000
8.3 **Details of theft**	*8*		
Nature of theft			
Cellular phone		2	-
		2	**-**

	Note	2010/11 R'000	2009/10 R'000
8.4 **Forex losses**	*8*		
Nature of losses			
Foreign exchange - travel and subsistence		4	8
Total		**4**	**8**

	Note	2010/11 R'000	2009/10 R'000
8.5 **Recoverable revenue written off**	*Stat Chg in NA*		
Nature of losses			
Personnel		-	(28)
Test debtors		(75)	-
Income tax		(4)	-
Total		**(79)**	**(28)**

The increase is mainly due to irrecoverable test debtor debts written off.

	Note	2010/11 R'000	2009/10 R'000
8.6 **Assets written off**	*35*		
Nature of write-off			
Cellular phone		2	-
Laptop		70	61
Computer equipment		24	-
CPU parts		-	3
Total		**96**	**64**

	Note	2010/11 R'000	2009/10 R'000
9 Transfers and Subsidies			
Provinces and municipalities	Annex 1A	6	5
Departmental agencies and accounts	Annex 1B	430,467	370,206
Public corporations and private enterprises	Annex 1C	667,973	1,488,598
Non-profit institutions	Annex 1 D	3,500	-
Households	Annex 1E	125	80
Gifts, donations and sponsorships made	Annex 1F	252	723
Total		**1,102,323**	**1,859,612**
10 Expenditure for capital assets			
Tangible assets		**2,301**	**6,369**
Machinery and equipment	35.1	2,301	6,369
Software and other intangible assets		**98**	**3,822**
Computer software	36.1	98	3,822
Total		**2,399**	**10,191**

10.1   Analysis of funds utilised to acquire capital assets - 2010/11

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	**2,301**	**-**	**2,301**
Machinery and equipment	2,301	-	2,301
Software and other intangible assets	**98**	**-**	**98**
Computer software	98	-	98
Total	**2,399**	**-**	**2,399**

10.2   Analysis of funds utilised to acquire capital assets - 2009/10

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	**6,369**	**-**	**6,369**
Machinery and equipment	6,369	-	6,369
Software and other intangible assets	**3,822**	**-**	**3,822**
Computer software	3,822	-	3,822
Total	**10,191**	**-**	**10,191**

		Note	2010/11 R'000	2009/10 R'000
11	**Fruitless and wasteful expenditure**			
11.1	**Reconciliation of fruitless and wasteful expenditure**			
	Opening balance		526	555
	Less: Amounts condoned		(526)	(29)
	Current		(526)	(29)
	Fruitless and wasteful expenditure awaiting condonement		-	**526**
	Analysis of awaiting condonement per economic classification			
	Current		-	526
	Total		-	**526**

Fruitless and wasteful expenditure incurred during the 2007/08 financial year is still recorded under current assets. This expenditure is mainly as the result of interest charged by Universal Postal Union (UPU) to which the Department subscribes annually as a member. The interest charged was due to late payment of membership fees. The interest charged amounts to R520 thousand and has now been written off.

Fruitless and wasteful expenditure for the 2010/11 financial year of R1,611 million is disclosed in disclosure note 31 of the financial statements.

		Note	2010/11 R'000	2009/10 R'000
12	**Cash and Cash Equivalents**			
	Consolidated Paymaster General Account		694,762	164,314
	Cash on hand		35	40
	Cash with commercial banks (Local)		17,288	128,320
	Total		**712,085**	**292,674**

The increase is mainly due to underspending of funds voted for the department.
See the notes to the appropriation statement for underspending figures and explanations per programme and economic classification.

			2010/11 R'000	2009/10 R'000
13	**Other Financial Assets**			
	Non-Current			
	Local			
	Deposits		200	200
	Total		**200**	**200**
	Foreign			
	Deposits		71	71
	Total		**71**	**71**
	Total Non-Current other financial assets		**271**	**271**

	Note	2010/11 R'000	2009/10 R'000
14 **Prepayments and Advances**			
Travel and subsistence		301	317
Advances paid to other entities		329	965
Total		**630**	**1,282**

Advances paid to other entities: The decrease is mainly on advances paid to International Relations & Cooperation as a result of a MoU between the department and International Relations & Cooperation whereby the department has to pay in advance for services rendered by them.

		2010/11				2009/10
	Note	Less than one year R'000	One to three years R'000	Older than three years R'000	Total R'000	R'000
15 **Receivables**						
Claims recoverable	15.1 Annex 4	55	-	-	55	23
Recoverable expenditure	15.2	-	2,921	-	2,921	2,921
Staff debt	15.3	525	106	-	631	269
Other debtors	15.4	2,229	3,041	416	5,686	3,365
		2,809	**6,068**	**416**	**9,293**	**6,578**

	Note	2010/11 R'000	2009/10 R'000
15.1 **Claims recoverable**	**15**		
National departments		12	23
Public entities		43	-
Total		**55**	**23**
15.2 **Recoverable expenditure**	**15**		
Disallowance payments - fraud		2,921	2,921
		2,921	**2,921**

Fraudulent orders and invoices from Uniglobe to the amount of R1 649 120.49 and international calls to the amount of R1 272 002.81 made from the Departments PABX system by hackers.

	Note		
15.3 **Staff debt**	**15**		
Debt accounts		631	269
Total		**631**	**269**

The increase is mainly due to the overpayment of the 10% HOD non pensionable allowance payable to two acting Director-Generals.

		Note	2010/11 R'000	2009/10 R'000
15.4	**Other debtors**	*15*		
	Ex-employees		780	519
	Test equipment		144	166
	Suppliers		3,505	2,667
	Clearing accounts		983	13
	SARS income tax		274	-
	Total		**5,686**	**3,365**

Suppliers: The increase is mainly due to interest charged on debts in respect of the travel agency Templemore Trading (Uniglobe) pending a court case.

Clearing accounts: A payment of R983 thousand was recalled from South African Reserve Bank in March 2011 and the credit was received in April 2011.

		Note	2010/11 R'000	2009/10 R'000
16	**Investments**			
	Non-Current			
	Shares and other equity			
	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
	Total		**14,445,160**	**14,445,160**
	Total non-current		**14,445,160**	**14,445,160**
	Analysis of non-current investments			
	Opening balance		2,271,321	2,271,321
	Non-cash movements		12,173,839	12,173,839
	Closing balance		**14,445,160**	**14,445,160**

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.

		Note	2010/11 R'000	2009/10 R'000
17	**Loans**			
	Public corporations		27,391	27,391
	Total		**27,391**	**27,391**
	Analysis of Balance			
	Opening balance		27,391	27,391
	Closing balance		**27,391**	**27,391**

	Note	2010/11 R'000	2009/10 R'000
18 Voted Funds to be Surrendered to the Revenue Fund			
Opening balance		168,582	2,898
Transfer from statement of financial performance		711,524	168,582
Paid during the year		(168,582)	(2,898)
Closing balance		**711,524**	**168,582**

The increase is mainly due to underspending of funds voted for the department. See the notes to the appropriation statement for underspending figures and explanations per programme and economic classification.

	Note	2010/11 R'000	2009/10 R'000
19 Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		127,608	7,465
Transfer from Statement of Financial Performance		1,528,347	1,344,790
Paid during the year		(1,653,227)	(1,224,647)
Closing balance		**2,728**	**127,608**

The decrease in mainly due to revenue of R128 million paid into the departments account on 31 March 2010 by ICASA which could not be transferred to the National Revenue Fund (NRF) on or before 31 March 2010. The amount has since been paid to NRF.

	Note	2010/11 R'000	2009/10 R'000
20 Direct Exchequer receipts to be surrendered to the Revenue Fund			
Opening balance		-	-
Transfer from Statement of Financial Performance		366,509	4,481,173
Paid during the year		(362,333)	(4,481,173)
Closing balance		**4,176**	**-**

Special dividends paid by Telkom SA Limited at a dividend rate of 175 cents per share and R4,176 million unidentifiable receipts from ICASA.

	Note	2010/11 R'000	2009/10 R'000
21 Payables - current			
Clearing accounts	*21.1*	39	20
Other payables	*21.2*	529	1,108
Total		**568**	**1,128**

	Note	2010/11 R'000	2009/10 R'000
21.1 Clearing accounts	*21*		
Clearing amounts		39	20
		39	**20**

	Note	2010/11 R'000	2009/10 R'000
21.2 Other payables	*21*		
Salary deductions		27	399
SARS		502	709
Total		**529**	**1,108**

The decrease in mainly due to Universal Service Fund contributions of R0,502 thousand rand paid into the Departments account on 31 March 2011 by ICASA which could not be transferred to the South African Revenue Services on or before 31 March 2011 and a decrease in third party payments to GEPF at 31 March 2011. The amount has since been paid to GEPF.

	Note	2010/11 R'000	2009/10 R'000
22 Net cash flow available from operating activities			
Net surplus/(deficit) as per Statement of Financial Performance		2,606,380	5,994,545
Add back non cash/cash movements not deemed operating activities		(3,178,765)	(6,167,133)
(Increase)/decrease in receivables – current		(2,715)	(3,903)
(Increase)/decrease in prepayments and advances		652	(2)
(Increase)/decrease in other current assets		526	29
Increase/(decrease) in payables – current		(560)	1,127
Proceeds from sale of investments		(1,356,161)	(4,947,030)
Expenditure on capital assets		2,399	10,191
Surrenders to Revenue Fund		(1,821,809)	(1,227545)
Surrenders to RDP Fund/Donor		(1,097)	-
Net cash flow generated by operating activities		**(572,385)**	**(172,588)**
23 Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		694,762	164,314
Cash on hand		35	40
Cash with commercial banks (Local)		17,288	128,320
Total		**712,085**	**292,674**

Disclosure Notes to the Annual Financial Statements

			2010/11	2009/10
	Vote 26: Communications **Disclosure Notes to the Annual Financial Statements** **for the year ended 31 March 2011**	Note	R'000	R'000

24	**Contingent liabilities**				
	Liable to	**Nature**			
	Housing loan guarantees	Employees	*Annex 3A*	332	364
	Other guarantees		*Annex 3A*	1,090,332	1,108,447
	Claims against the department		*Annex 3B*	381,453	376,996
	Other departments (interdepartmental unconfirmed balances)		*Annex 5*	96	691
	Total			**1,472,213**	**1,486,498**

25	**Commitments**			
	Current expenditure		**30,093**	**37,779**
	Approved and contracted		13,812	30,098
	Approved but not yet contracted		16,281	7,681
	Capital Expenditure		**1,294**	**563**
	Approved and contracted		-	563
	Approved but not yet contracted		1,294	-
	Total Commitments		**31,387**	**38,342**

26	**Accruals**				
	Listed by economic classification	**30 days**	**30+ days**	**Total**	**Total**
	Goods and services	3,424	2,037	5,461	8,099
	Capital assets	87	-	87	968
	Total	**3,511**	**2,037**	**5,548**	**9,067**

Listed by programme level		
Administration	2,507	5,839
ICT International Affairs and Trade	845	103
ICT Policy Development	374	918
ICT Enterprise Development	23	224
ICT Infrastructure Development	1,264	1,472
Presidential National Commission	535	511
Total	**5,548**	**9,067**

	Note	2010/11 R'000	2009/10 R'000
Confirmed balances with departments	Annex 5	754	1,855
Total		**754**	**1,855**

27	**Employee benefits**		
Leave entitlement		3,937	2,869
Service bonus (Thirteenth cheque)		3,269	2,994
Performance awards		3,074	3,054
Capped leave commitments		2.606	2,000
Total		**12,886**	**10,917**

28   **Lease commitments**

   28.1   **Operating leases expenditure**

2010/11	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	1,953	1,953
Later than 1 year and not later than 5 years	-	-	2,444	2,444
Total lease commitments	**-**	**-**	**4,397**	**4,397**

2009/10	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	2,333	2,333
Later than 1 year and not later than 5 years	-	-	3,513	3,513
Total lease commitments	**-**	**-**	**5,846**	**5,846**

	Note	2010/11 R'000	2009/10 R'000

29	**Receivables for departmental revenue**		
Sales of goods and services other than capital assets		6,933	19,826
		6,933	**19,826**

The decrease is mainly due to revenue collected before 31 March 2011 by ICASA paid over to the departments account before 31 March 2011.

29.1	**Analysis of receivables for departmental revenue**			
	Opening balance		-	-
	Add: Amounts recognised		6,933	19,826
	Closing balance		6,933	19,826

		Note	**2010/11** **R'000**	**2009/10** **R'000**
30	**Irregular expenditure**			
30.1	**Reconciliation of irregular expenditure**			
	Opening balance		28,111	4,966
	Add: Irregular expenditure - relating to prior year		1,557	15,701
	Add: Irregular expenditure - relating to current year		2,848	8,501
	Less: Amounts condoned		-	(1,042)
	Less: Amounts not recoverable (not condoned)		-	(15)
	Irregular expenditure awaiting condonation		**32,516**	**28,111**
	Analysis of awaiting condonation per age classification			
	Current year		4,405	23,323
	Prior years		28,111	4,788
	Total		**32,516**	**28,111**

A complete irregular expenditure register exist with detail information with regard to the above. R29 696 million was condoned in the 2011/2012 financial year.

		2010/11 **R'000**

30.2	**Details of irregular expenditure – current year**	
	Incident	**Disciplinary steps taken/criminal proceedings**	
	Procurement procedures not followed	In process	4,405
			4,405

30.3	**Details of irregular expenditure condoned**	
	Incident	**Condoned by (condoning authority)**	
	None		-
			-

	Note	2010/11 R'000	2009/10 R'000
31 **Fruitless and wasteful expenditure**			
31.1 **Reconciliation of fruitless and wasteful expenditure**			
Opening balance		51	3
Fruitless and wasteful expenditure – relating to prior year		173	-
Fruitless and wasteful expenditure – relating to current year		1,438	54
Less: Amounts condoned		(34)	(3)
Less: Amounts transferred to receivables for recovery		(64)	(3)
Fruitless and wasteful expenditure awaiting condonement		**1,564**	**51**
Analysis of awaiting condonement per economic classification			
Current		1,564	51
Total		**1,564**	**3**

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

		2010/11 R'000
31.2 **Analysis of Current Year's Fruitless and wasteful expenditure**		
Incident	**Disciplinary steps taken/criminal proceedings**	
No show	In process	10
Interest	In process	379
Acting allowance	In process	92
Advertisements for vacant posts	In process	327
Settlement agreement	In process	656
Arbitration award	In process	126
Other	In process	21
	Total	**1,611**

See also note 11 to the notes to the financial statements

32	Related party relationships

Investment entities:

Telkom SA Limited

South African Post Office Limited;

Vodacom Group Limited; and

Sentech

See also Annexure 2A and Management report in this regard.

	No. of Individuals	2010/11 R'000	2009/10 R'000
33 Key management personnel			
Political office bearers	4	3,469	3,047
Officials:			
Level 15 to 16	15	12,651	9,481
Level 14	8	5,272	4,713
Family members of key management personnel	-	-	-
Total		**21,392**	**17,241**

		2010/11 R'000	2009/10 R'000
34 Impairment and other provisions			
Impairment - Investments		-	662,522
Debtors		416	590
Other		1,272	1,272
Total		**1,688**	**664,384**

35	Moveable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance R'000	Current year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	57,032	1	2,423	3,928	55,528
Transport assets	2,462	1	-	114	2,349
Computer equipment	30,214	1	1,251	3,720	27,746
Furniture and office equipment	7,718	83	876	77	8,600
Other machinery and equipment	16,638	(84)	296	17	16,833
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**57,032**	**1**	**2,423**	**3,928**	**55,528**

	Intangible assets R'000	Machinery and equipment R'000	Total R'000

35.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash R'000	Non-cash R'000	(Capital work-in-progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year R'000	Total R'000
MACHINERY AND EQUIPMENT	2,301	122	-	-	2,423
Computer equipment	1,129	122	-	-	1,251
Furniture and office equipment	876	-	-	-	876
Other machinery and equipment	296	-	-	-	296
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	**2,301**	**122**	**-**	**-**	**2,423**

35.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received Actual R'000
MACHINERY AND EQUIPMENT	-	3,928	3,928	81
Transport assets	-	114	114	81
Computer equipment	-	3,720	3,720	-
Furniture and office equipment	-	77	77	-
Other machinery and equipment	-	17	17	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	**-**	**3,928**	**3,928**	**81**

35.3 Movement for 2009/10

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	51,448	6,369	785	57,032
Transport assets	2,462	-	-	2,462
Computer equipment	29,400	1,525	711	30,214
Furniture and office equipment	7,057	726	65	7,718
Other machinery and equipment	12,529	4,118	9	16,638
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**51,448**	**6,369**	**785**	**57,032**

35.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER OF THE DEPARTMENT FOR 31 MARCH 2011

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	50	12,316	12,366
Current year adjustments to prior year balances	-	69	69
Additions	-	357	357
Disposals	-	1,885	1,885
TOTAL MINOR ASSETS	**50**	**10,857**	**10,907**

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	185	185
Number of minor assets at cost	15	4,463	4,478
TOTAL	**15**	**4,648**	**4,663**

35.5 MINOR ASSETS OF THE DEPARTMENT FOR 31 MARCH 2010

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Minor Assets	50	12,316	12,366
TOTAL	**50**	**12,316**	**12,366**

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Number of R1 minor assets	-	200	200
Number of minor assets at cost	-	5,490	5,490
TOTAL	**-**	**5,690**	**5,690**

36   Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance R'000	Current year adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing balance R'000
COMPUTER SOFTWARE	10,653	-	98	-	10,751
TOTAL INTANGIBLE CAPITAL ASSETS	**10,653**	**-**	**98**	**-**	**10,751**

36.1   Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash R'000	Non-cash R'000	(Development work-in-progress current costs) R'000	Received current, not paid (Paid current year, received prior year R'000	Total R'000
COMPUTER SOFTWARE	98	-	-	-	98
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	**98**	**-**	**-**	**-**	**98**

36.2   Movement for 2009/10

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
COMPUTER SOFTWARE	6,831	3,822	-	10,653
TOTAL	**6,831**	**3,822**	**-**	**10,653**

37   Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	18	-	-	-	18
Non-residential buildings	18	-	-	-	18
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	**18**	**-**	**-**	**-**	**18**

37.1   Movement for 2009/10

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	18	-	-	18
Non-residential buildings	18	-	-	18
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	**18**	**-**	**-**	**18**

38	TRANSFER OF FUNCTIONS

None

38.1	Statement of Financial Position

	Note	Bal per dept 2009/10 AFS before transfer 2009/10 R'000	Functions per dept (transferred)/ received 2009/10 R'000	Functions per dept (transferred)/ received) 2009/10 R'000	Functions per dept (transferred) / received 2009/10 R'000	2009/10 Balance after transfer 2009/10 R'000
ASSETS						
Current Assets		**301,060**	**-**	**-**	**-**	**301,060**
Fruitless and wasteful expenditure		526	-	-	-	526
Cash and cash equivalents		292,674	-	-	-	292,674
Prepayments and advances		1,282	-	-	-	1,282
Receivables		6,578	-	-	-	6,578
Non-Current Assets		**14,472,822**	**-**	**-**	**-**	**14,472,822**
Investments		14,445,160	-	-	-	14,445,160
Loans		27,391	-	-	-	27,391
Other financial assets		271	-	-	-	271
TOTAL ASSETS		14,773,882	-	-	-	14,773,882
LIABILITIES						
Current Liabilities		**300,207**	**-**	**-**	**-**	**300,207**
Voted funds to be surrendered to the Revenue Fund		168,582	-	-	-	168,582
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund		127,608	-	-	-	127,608
Payables		1,128	-	-	-	1,128
Aid assistance unutilised		2,889	-	-	-	2,889
Non-Current Liabilities		**-**	**-**	**-**	**-**	**-**
Payables		-	-	-	-	-
TOTAL LIABILITIES		**300,207**	**-**	**-**	**-**	**300,207**
NET ASSETS		**14,473,675**	**-**	**-**	**-**	**14,473,675**

38.2   Disclosure Notes

	Note	Bal per dept 2009/10 AFS before transfer 2009/10 R'000	Functions per dept (transferred)/ received 2009/10 R'000	Functions per dept (transferred)/ received) 2009/10 R'000	Functions per dept (transferred) / received 2009/10 R'000	2009/10 Balance after transfer 2009/10 R'000
Contingent liabilities		1,486,498	-	-	-	1,486,498
Commitments		38,342	-	-	-	38,342
Accruals		967	-	-	-	967
Employee benefits		11,439	-	-	-	11,439
Lease commitments - operating lease		5,846	-	-	-	5,846
Receivables for departmental revenue		19,826	-	-	-	19,826
Irregular expenditure		28,111	-	-	-	28,111
Fruitless and wasteful expenditure		51	-	-	-	51
Impairment and other provisions		664,384	-	-	-	664,384
Movable tangible capital assets		57,032	-	-	-	57,032
Immovable tangible capital assets		18	-	-	-	18
Intangible capital assets		10,653	-	-	-	10,653

39   WORLD CUP EXPENDITURE

	2010/11		2009/10
Purchase of other world cup apparel	Quantity	R'000	R'000
Lapel pin 2010 logo	100	15	-
Vuvuzela	320	12	-
Hire marquee and chairs	-	10	-
Event promoter	1	10	-
Please specify	-	-	-
Total	421	59	-
TOTAL WORLD CUP EXPENDITURE		59	-

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

ANNEXURE 1A

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2009/2010
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by Municipality	Amount spent by municipality	% of available funds spent by municipality		Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%		R'000
Cape Town	-	-	-	-	2	-	-	-	-		1
Tshwane	-	-	-	-	4	-	-	-	-		4
	-	-	-	-	6		-	-	-		5

Vehicle licenses.

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2009/10
	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
Universal Service and Access Agency of South Africa	66,704	-	-	66,704	66,704	100%	33,495
Universal Service and Access Fund	218,613	-	-	218,613	38,613	18%	36,427
Independent Communications Authority of South Africa	290,923	-	-	290,923	290,923	100%	269,607
National Electronic Media Institute of SA	32,602	-	-	32,602	32,602	100%	29,059
ZA Domain Name Authority	1,500	-	-	1,500	1,500	100%	1,500
ISETT SETA (Skills development levy)	125	-	-	125	125	100%	118
	610,467	**-**	**-**	**610,467**	**430,467**		**370,206**

Vote 26: Communications
Annexure to the Annual Financial Statements
for the year ended 31 March 2011

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

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE			2009/10
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Public Corporations									
Transfers									
SABC: Public Broadcaster	230,014	-	-	230,014	230,014	100%	-	230,014	429,885
SABC: Channel Africa	38,896	-	-	38,896	38,896	100%	-	38,896	36,694
*SABC: Programme Production	15,000	-	-	15,000	15,000	100%	-	15,000	5,000
SABC: Community Radio Stations	6,850	-	-	6,850	6,850	100%	-	6,850	12,783
Sentech Digitisation	160,900	-	-	160,900	71,000	44%	71,000	-	260,019
Sentech Digital Terrestrial Television	110,000	-	-	110,000	-	-	-	-	-
Sentech 2010 FIFA World Cup	-	-	-	-	-	-	-	-	4,000
Telkom SA Ltd	150,000	-	-	150,000	-	-	-	-	350,000
Meraka Institute	-	-	-	-	-	-	-	-	7,000
Subsidies									
SA Post Office	306,077	-	-	306,077	306,077	100%	-	306,077	383,092
Total	**1,017,737**	**-**	**-**	**1,017,737**	**667,837**		**71,000**	**596,837**	**1,488,473**
Private Enterprises									
Transfers									
Alexander Forbes	-	-	-	-	136	-	-	136	125
TOTAL	**1,017,737**	**-**	**-**	**1,017,737**	**667,973**		**71,000**	**596,973**	**1,488,598**

*R15 million amount includes R5 million transferred to Media Development and Diversity Agency (MDDA)

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

ANNEXURE 1D

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted appropriation Act	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
Transfers							
New Partnership for Africa's Development e-Africa Commission (Contributions to operations)	3,500	-	-	3,500	3,500	100%	-
Total	**3,500**	**-**	**-**	**3,500**	**3,500**		**-**

ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted appropriation Act	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
Transfers							
H/H EMPL S/BEN:LEAVE GRATUITY	-	-	-	-	-		80
H/H EMPL S/BEN:INJURY ON DUTY	-	-	-	-	1		-
H/H:CLAIMS AGAINST STATE(CASH)	-	-	-	-	124		-
Total	**-**	**-**	**-**	**-**	**125**		**80**

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2010/11 R'000	2009/10 R'000
Received in cash			
Vodacom SA	Participation in the National Pavilion for the ITU World Telecommunications Standardisation Assembly hosted in South Africa (WTSA 2008)	-	95
MTN	Participation in the National Pavilion for the ITU World Telecommunications Standardisation Assembly hosted in South Africa (WTSA 2008)	-	1,000
Multichoice	Participation in the National Pavilion for the ITU World Telecommunications Standardisation Assembly hosted in South Africa (WTSA 2008)	-	1,200
Sentech	Participation in the National Pavilion for the ITU World Telecommunications Standardisation Assembly hosted in South Africa (WTSA 2008)	-	45
Subtotal		**-**	**2,340**
Received in kind			
Oracle SA	Participation in the e-Skills Summit (payment for international speakers, printing, banners, technology rentals, daily fees for civil society and video recording)	57	-
Telkom SA Ltd	Participation in the e-Skills Summit (payment for international speakers, printing, banners, technology rentals, daily fees for civil society and video recording)	114	-
Jipsa	Participation in the e-Skills Summit (payment for international speakers, printing, banners, technology rentals, daily fees for civil society and video recording)	200	-
Microsoft	Participation in the e-Skills Summit (payment for international speakers, printing, banners, technology rentals, daily fees for civil society and video recording)	57	-
City of Cape Town	Participation in the e-Skills Summit (payment for international speakers, printing, banners, technology rentals, daily fees for civil society and video recording)	150	-
Subtotal		**578**	**-**
TOTAL		**578**	**2,340**

ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

NATURE OF GIFT, DONATION OR SPONSORSHIP	2010/11 R'000	2009/10 R'000
Paid in cash		
Donation to Gauteng Youth Chamber of Commerce to support the SMME Opportunities Expo	-	100
Donation to Rhodes University for the Media Clusters Research Project	-	100
Donation to Construction Industry Development for excellence awards to Women in Construction	-	30
Donation to Cape Town University for fees related to post graduate programme in cyber forensics	-	78
Donation to the National House of Traditional Leaders to purchase ICT equipment	-	100
Gifts to heads of delegations visited in Korea (International study tour)	-	3
Gifts for Ministers counterparts in Geneva	-	3
Gifts for the World Telecommunication hosted in South Africa	-	154
Donation to the shelter for battered women	-	2
Donation of multi-media centres to 10 designated schools	-	97
Gifts for Minister's counterparts in Cuba	2	
Gifts for Minister and Deputy Minister's counterparts during meetings or official trips for the year 2010	4	
Sponsorship of competition prizes for the Mechatronics/Robotics competition during the ICT Career Expo, 2009	83	
Sponsorship to SANGONeT for the conference on "Fundraising in the Digital World"	100	
Sponsorship for the ICT Stakeholder dinner for Eastern Cape Provincial Local and Digital content Summit	40	
Gifts for the Deputy Minister of Communication from Japan	1	
Gifts for the Speakers participating in the "Take a Girl Child to Work Day" campaign program	1	
Gifts for 30 pupils and 3 coordinators from Boikanyo Primary, Garankuwa as a small token of appreciation who performed during the World Aids day event at no cost	1	
Subtotal	**232**	**667**

ANNEXURE 1G continued

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

NATURE OF GIFT, DONATION OR SPONSORSHIP	2010/11 R'000	2009/10 R'000
Made in kind		
During the 2009/2010 financial year:		
Outdated computer equipment with no book value donated to Shembe Primary School	-	-
Various redundant furniture items with no book value donated to Sekwati Primary School	-	-
Various redundant furniture items with no book value donated to Allanridge Combined School	-	-
Various redundant furniture items with no book value donated to Bingweni Secondary School	-	-
Various redundant furniture items and outdated computer equipment with no book value to Moutse Primary School	-	-
Outdated computer equipment and with no book value donated to Malebo Secondary School	-	-
Outdated computer equipment and with no book value donated to Mathethe Primary School	-	-
During the 2010/2011 financial year:		
- Various redundant furniture items with no book value donated to Umnqophiso Primary School	-	-
- Various redundant furniture items with no book value donated to Simanyene Secondary School	-	-
- Various redundant furniture items with no book value donated to Temperance Primary School	-	-
- Various redundant furniture items with no book value donated to Gordon High School	-	-
- Various redundant furniture items with no book value donated to Masana Primary School	-	-
- Outdated computer equipment and with no book value donated to Zabalaza Combined School	-	-
- Various redundant furniture items and outdated computer equipment with no book value to Hoofweg Primary School	-	-
- Various redundant furniture items and outdated computer equipment with no book value to Silukhanyo Primary School	-	-
- Various redundant and outdated computer equipment with no book value to Manyano High School	-	-
- Various redundant and outdated computer equipment with no book value to Siviwe School of Skills	-	-
- Outdated computer equipment and with no book value donated to Sunyaville Primary School	-	-
- Various redundant furniture items and outdated computer equipment with no book value to ACJ Pakade Primary School	-	-
Subtotal	-	-

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

ANNEXURE 1G 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	2010/11 R'000	2009/10 R'000
Remissions, refunds and payments made as an act of grace		
Condolence donations in respect of officials who passed away	20	56
Subtotal	**20**	**56**
TOTAL	**252**	**723**

ANNEXURE 2

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2011

(Only Public and Private Entities)

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 10/11	% Held 09/10	Number of shares held 2010/11	Number of shares held 2009/10	Cost of investment R'000 2010/11	Cost of investment R'000 2009/10	Net Asset value of investment R'000 2010/11	Net Asset value of investment R'000 2009/10	Profit/(Loss) for the year R'000 2010/11	Profit/(Loss) for the year R'000 2009/10	Losses guaranteed Yes/No
National/Public Entity												
Universal Service and Access Agency of South Africa	3A	100%	100%	-	-	-	-	-	-	(2,433)	3,353	No
Universal Service and Access Fund	3A	100%	100%	-	-	-	-	-	-	(12,498)	15,383	No
Telkom SA Limited	2	39.8%	39.8%	207,038,058	207,038,058	10	10	-	-	1,342,000	37,585,000	No
South African Post Office Ltd	2	100%	100%	200,939,821	200,939,821	1	1	-	-	152,749	296,591	No
Independent Communications Authority of South Africa	1	100%	100%	-	-	-	-	-	-	10,973	(4,770)	No
South African Broad-casting Corporation	2	100%	100%	-	-	-	-	-	-	(129,271)	(492,473)	No

ANNEXURE 2 continued

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2011

(Only Public and Private Entities)

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 10/11	% Held 09/10	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
National Electronic Media Institute of South Africa	3A	100%	100%	-	-	-	-	-	-	-	-	No
Sentech (Pty) Ltd	3B	100%	100%	998	998	1	1	-	-	172,919	(4,472)	No
											105,127	
Vodacom Group Limited	2	13.90%	13.90%	207,038,059	207,038,059	59	-	-	-	7,979,000	4,200,000	No
Total				**615,016,936**	**615,016,936**	**71**	**12**	**-**	**-**	**9,509,149**	**41,709,739**	

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.

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011- LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	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
	Housing								
ABSA		97	97	-	-	-	97	-	-
African Bank Limited		9	9	-	-	-	9	-	-
First National Bank		35	35	-	35	-	-	-	-
Nedcor Bank		38	38	46	-	-	84	-	-
Standard Bank		185	185	-	43	-	142	-	-
	Subtotal	364	364	46	78	-	332	-	-
	Other								
Nedcor Bank	SABC	1,000,000	1,000,000	-	-	-	1,000,000	-	-
	TOTAL	**1,000,364**	**1,000,364**	**46**	**78**	**-**	**1,000,332**	**-**	**-**

ANNEXURE 3A (continued)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 - FOREIGN

GUARANTOR INSTITUTION	Guarantee in respect of	original guaranteed capital amount	Opening balance 1 April 2010	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	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
	Other								
Telkom SA Ltd	Natexis Banque	66,215	33,154	-	1,596	(14,635)	16,923	1	-
	Natexis Banque	167,010	75,289	-	-	(1,883)	73,406	2	-
	Subtotal	**233,225**	**108,443**	**-**	**1,596**	**(16,518)**	**90,329**	**3**	**-**
	Total	**233,225**	**108,443**	**-**	**1,596**	**(16,518)**	**90,329**	**3**	**-**

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011

Nature of liability	Opening balance 1 April 2010	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2011
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Possible legal claim	26	-	-	-	26
Possible legal claim	400	400	173	-	627
Possible legal claim	500	-	363	-	137
Possible legal claim	70	-	70	-	-
Possible legal claim	375,500	-	-	-	375,500
Possible legal claim	500	-	-	-	500
Possible legal claim	-	2,444	-	1521	923
Possible legal claim	-	2,000	-	-	2,000
Possible legal claim	-	962	165	-	797
Possible legal claim	-	150	-	-	150
Possible legal claim	-	600	-	-	600
Possible legal claim	-	167	-	-	167
Possible legal claim	-	26	-	-	26
TOTAL	376,996	6,749	771	1,521	381,453

Nature of liabilities recoverable	Opening balance 1 April 2010	Details of liability and recoverability	Movement during the year	Closing balance 31 March 2011
	R'000		R'000	R'000
Outstanding invoices payable to Uniglobe	-		1,521	1,521
	-		1,521	1,521

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

ANNEXURE 4

CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Presidency	12	-	-	-	12	-
Home Affairs	-	-	-	5	-	5
Agriculture, Forestry and Fisheries	-	18	-	-	-	18
Subtotal	**12**	**18**	**-**	**5**	**12**	**23**
Other Government Entities						
Council for Scientific and Industrial Research - CSIR	43	-	-	-	43	-
Subtotal	**43**	**-**	**-**	**-**	**43**	**-**
TOTAL	**55**	**18**	**-**	**5**	**55**	**23**

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

Vote 26: Communications

Annexure to the Annual Financial Statements

for the year ended 31 March 2011

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
South African Social Security Agency	-	-	-	14	-	14
International Relations & Cooperation	-	-	-	677	-	677
Justice and Constitutional Development	-	1,840	-	-	-	1,840
Trade and Industry	-	15	-	-	-	15
The Presidency	72	-	-	-	72	-
Public Service and Administration	682	-	89	-	771	-
Subtotal	**754**	**1,855**	**89**	**691**	**843**	**2,546**
OTHER GOVERNMENT ENTITY						
Current						
Public Administration Leadership and Management Academy	-	-	7	-	7	-
Subtotal	**-**	**-**	**7**	**-**	**7**	**-**
TOTAL	**754**	**1,855**	**96**	**691**	**850**	**2,546**

Vote 26- COMMUNICATIONS

Annexures to the Annual Financial Statements

for the year ended 31 March 2011

ANNEXURE 6

INVENTORY	Note	2010/11		2009/10	
		Quantity	R'000	Quantity	R'000
Inventory					
Opening balance		15,532	1,034	12,648	1,185
Add: Additions/Purchases - Cash		35,020	3,336	43,592	2,904
(Less): Issues		(35,031)	(3,099)	(40,708)	(3,065)
Add/(Less): Adjustments		-	5	-	10
Closing balance		**15,521**	**1,276**	**15,532**	**1,034**

ACRONYMS AND ABBREVIATIONS

ACCRONYMS AND ABBREVIATIONS

ACE	Africa Coast to Europe
AIDS	Acquired Immune Deficiency
AGA	Astronomic Geographic Advantage
ATU	African Telecommunications Union
AUC	Authenticated User Community
AU	African Union
BC	Broad Casting
BDM	Broadcasting Digital Migration
BEE	Black Economic Empowerment
BRIC	Brazil, Russia, India and China
CIT	Communication Information Technology
CII	Critical Information Infrastructure
CoJ	City of Johannesburg
CGE	Commission on Gender Equality
CRDP	Comprehensive Rural Development Programme
CRASA	Communication Regulators' Association of Southern Africa
CSIR	Council for Scientific and Industrial Research
CSIRT	Computer Security Incident Response Team
CSBD	Centre for Small Business Development
CTO	Commonwealth Telecommunications Organisation
DCS	Department of Correctional Services
DG	Director-General
DIRCO	Department of International Relations and Cooperation
DoC	Department of Communications
DoHE	Department of Higher Education and Training
DPSA	Department of Public Service and Administration
DTI	Department of Trade and Industry
DTT	Digital Terrestrial Television
DVB	Digital Video Broadcasting
DVB-T	Digital Video Broadcasting — Terrestrial
DWCPD	Department of Women, Children and People with Disabilities
EAP	Employee Assistance Programme
EASSy	Eastern Africa Submarine Cable System
EC	Eastern Cape
ECA	Electronic Communications Act
ECT	Electronic Communications and Transactions Act
ECS	Electronic Communications Services
EIA	Environmental Impact Assessment
ENE	Estimates of National Expenditure
ERISA	EU Information Society Agency
ETOEs	Extraterritorial Offices of Exchange
EU	European Union
EWHP	Employee Wellness and Health

EXCO	Executive Committee
FET	Further Education and Training
FIFA	Federation of International Football Association
FS	Free State
FWC	Football World Cup
GHz	Giga Hertz
GIS	Geographic Information System
HCT	HIV Counseling and Testing
HDI	Historically Disadvantaged Individuals
HIV	Human Immunodeficiency Virus
HR	Human Resource
HRD	Human Resource Development
IBC	International Broadcasting Centre
IBSA	India, Brazil and South Africa
ICASA	Independent Communications Authority of South Africa
ICDL	International Computer Driver's Licence
ICIS	Integrated Citizens Information System
ICT	Information Communications and Technology
ICTs	Information Communications and Technologies
IGA	Inter-Governmental Assembly
IGR	Intergovernmental Relations
INSPIRE	Information Society Strategy Programme in the Republic of South Africa
IPV	Internet Protocol Version
ISAD	Information Society and Development
ISSA	Institute for Software and Satellite Applications
IT	Information Technology
ITSO	International Telecommunications Satellite Organization
ITU	Information Telecommunication Union
ITU-T	International Telecommunication Union -Telecommunication Standardization Sector
ITU-R	Information Telecommunication Union – Radio-communication Sector
JCPS	Justice, Crime Prevention and Security Cluster
JCSE	Johannesburg Centre for Software Engineering
KIM	Knowledge and Information Management Strategy
KPH	Knowledge Production Hubs
KPI	Key Performance Indicator
KZN	Kwa-Zulu Natal
LLU	Local Loop Unbundling
LRIC	Long Run Incremental Cost
MHz	Mega Hertz
MoU	Memorandum of Understanding
MP	Member of Parliament
MRT	Mobile Termination Rate
NCAC	National Cyber Security Advisory Council
NCSA	National Cyber Security Advisory Council
NCOP	National Council of Provinces

NDR	National Digital Repository
NEMISA	National Electronic Media Institute of South Africa
NeSPA	National e-Skills Plan of Action
NEPAD	New Partnership for Africa's Development
NW	North West
NPWG	National Preparatory Working Group
NYDA	National Youth Development Agency
ODA	Official Development Assistance
OECD	Organisations for Economic Co-operation and Development
OSS	Open Source Software
OSSEC	Open Source Host-based Intrusion Detection System
PAPU	Pan African Postal Union
PCE	Planning, Coordination and Evaluation
PFMA	Public Finance Management Act
PIAC	Presidential International Advisory Council
PNC	Presidential National Commission
POA	Programme of Action
POP	Post Office Protocol
PSB	Public Service Broadcaster
PVA	Public Viewing Area
Q1	Quarter One
Q3	Quarter Three
RA	Radio Astronomy
RATT	Regional Alliance Task Team
RSA	Republic of South Africa
ReNES	e-Skills Research Network
SA	South Africa
SAAA	South African Accreditation Authority
SABC	South African Broadcasting Corporation
SABS	South African Bureau of Standards
SAD	South African Development
SADC	South African Development Community
SANSA	South African National Space Agency
SAPO	South African Post Office
SAPRA	South African Petroleum Retailers Association
SDIP	Service Delivery Improvement Plan
SKA	Square Kilometer Array
SMMEs	Small Medium Micro Enterprises
SMS	Senior Management Service
SOEs	State Owned Enterprises
STB	Set Top Box
TB	Tuberculosis
TELRIC	Total Element Long Run Incremental Cost
TSAG	Telecommunication Standardization Advisory Group
TV	Television

UK	United Kingdom
UN CSW	United Nations Commission on the Status of Women
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
UPU	Universal Postal Union
URL	Uniform Resource Locator
URP	Urban Renewal Programmes
USAL	Under-Serviced Area License
USAASA	Universal Service and Access Agency of South Africa
USAF	Universal Service and Fund
VandaA	Video and Audio
VUT	Vaal University of Technology
WACS	West Africa Cable System
WC	World Conference
WIPO	World Intellectual Property Organisation
WRC	World Radio Conference
WSIS	World Summit on Information Society
WTDC	World Telecommunications Development Conference
WTO	World Trade Organisation
WTSA	World Telecommunications Standardisation Assembly
W3C	World Wide Web Consortium
.za DNA	Domain Name Authority