



ANNUAL REPORT 2003/04
Department of Communications



Department of
Communications

THE DEPARTMENT OF COMMUNICATIONS

ANNUAL REPORT

APRIL 2003 TO MARCH 2004





Department of Communications

VISION

The Vision of the Department of Communications is to improve the quality of life of all our people, make South Africa's future generations a knowledge-based society and help create an information economy. This will be achieved by establishing a networked information community, to empower the way people work, live and play, and to make South Africa globally competitive.

MISSION

To strive towards a universal service to enable ordinary people to have access to, not only traditional media, but also the convenience of information technology. These include services such as the Internet, tele-medicine, and other convenience measures that will create a flourishing information society and improve the quality of life of our people while contributing to the economic growth of our country.

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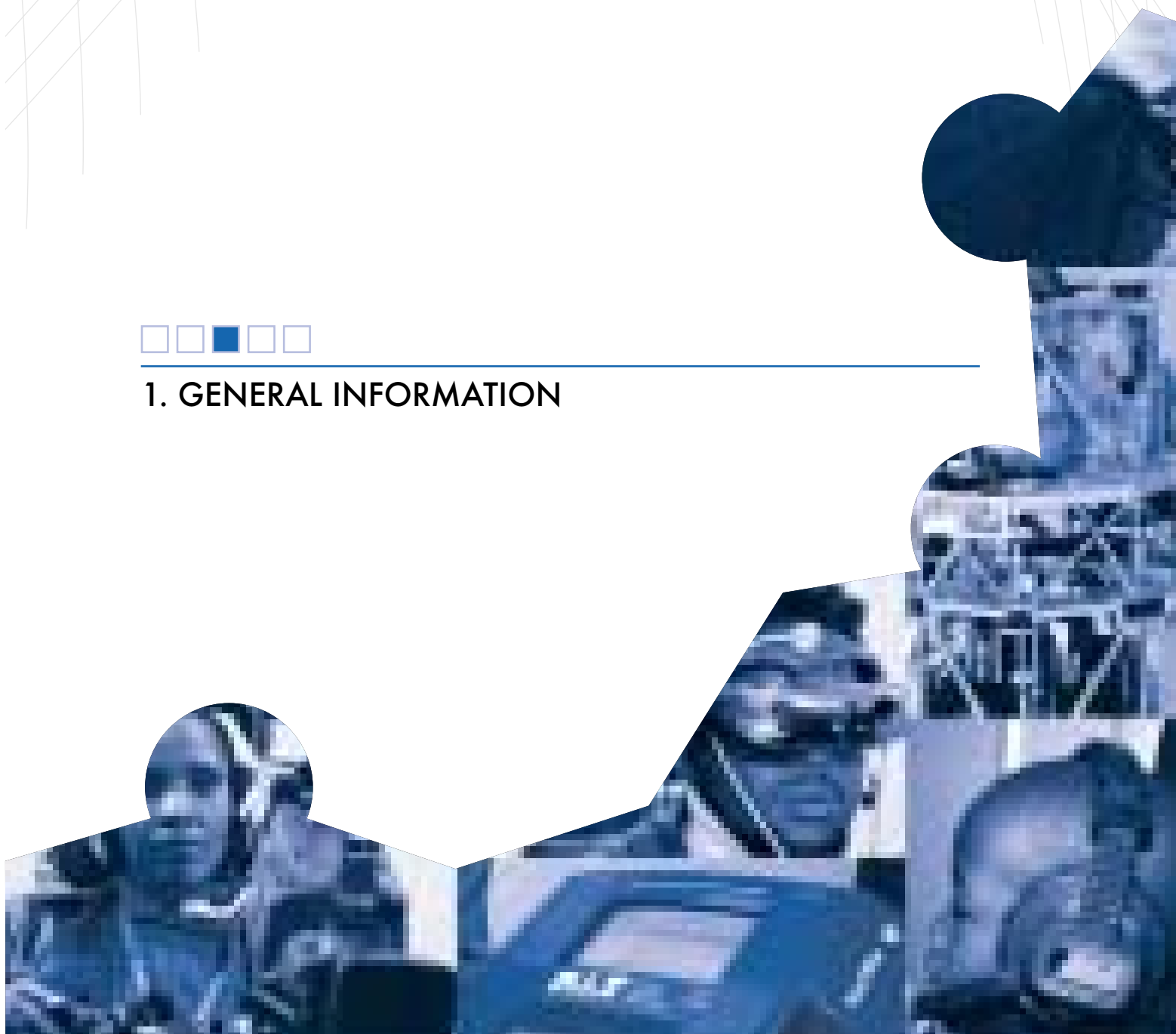
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1. GENERAL INFORMATION





“Information and Communication Technologies (ICTs) must lead the way forward and create the paths along which we will push back the frontiers of poverty and ignorance and create a better life, not only for disadvantaged communities in our country but for all those who are in Africa.”

INTRODUCTION FROM THE ACTING DIRECTOR-GENERAL: MS. PHUMELELE NTOMBELA-NZIMANDE

2004 is the year when we as South Africans take time to recall that a mere ten years ago, our long held vision for a democratic South Africa was finally born. We celebrate ten years of democracy and commit ourselves to move forward and work together to reach the heights that we are capable of achieving. This time is important to us because it represents the progress we have made in the deepening of our democracy.

Information and Communication Technologies (ICTs) must lead the way forward and create the paths along which we will push back the frontiers of poverty and ignorance and create a better life, not only for disadvantaged communities in our country but for all those who are in Africa. We recognize fully, the importance of ICTs in enabling us to reach our development goals and objectives as well as in enhancing our participation in the global information society.

As the Acting Director General in the Department, for a part of the year under review, I have been privileged to play a part in the roll-out of ICT programmes that the Department has prioritized, in pursuit of its mandate: to create a policy and legislative environment that supports the

growth of the ICT sector and which is positioned to open up opportunities for our people so that they may harness the full benefits of ICTs.

Extremely important is the fact the Department has consolidated its participation in the Government Cluster process. This interaction has given us the opportunity to develop a greater understanding within Government itself, of the capabilities that ICTs have for efficient delivery of Government services.

Within the vision for the creation of a World Information Society, we have made even greater progress towards the provision of a universal service. More infrastructure delivery has taken place with many more Public Internet Terminals (PITs) Citizen Post Offices, Multi Purpose Community Centres (MPCCs) and Tele-Centres being built. If harnessed properly and through the utilization of the DoC Portal to disseminate relevant information these successes will translate to the provision of essential services in a more accessible manner to many communities disadvantaged, by distance, from essential services.

The launch of the Doc Portal is another event of note that will bring a holistic view of the Department's image and its progress on service delivery to the public at large.

The introduction of ICTs in the education system is an initiative that has filled us with much hope and excitement. We are excited because ICT equipment, skills and development can now have a meaningful educational impact in schools throughout Southern Africa. One of the technology's biggest advantage is that we are able to deliver information and learning materials in a 'multi-model' manner that allows students to select the delivery mode which suites them best.

Furthermore, the use of ICTs in education gives us further grounds for optimism because many of our young people will now grow up having been exposed to basic desktop PC systems and the Internet, allowing them to become more productive in the workplace. Better still, is the fact that we are beginning to develop a coterie of young people who will grow up using the technology, understanding it and making careers within the industry.

The acceleration in convergence of technologies has presented the Department with a major policy challenge. A new multi-sector convergence reality has developed making it imperative that the Department responds proactively and effectively by making sure that a new policy and regulatory framework is in place and thereby strengthening the development of cross-sector applications. The proposed Convergence Bill will integrate Information Technology (IT) and Broadcasting, a move that will further facilitate knowledge transfer and allow people to have access and thus enhance their potential to improve economically.

One of the most exciting initiatives in the Department during the year under review has been the development of a BEE Charter for the sector. Black Economic Empowerment is a challenge that the country faces as we continue up the steep hill

of transforming the economy and the country. The progress that has been achieved up to now is significant. All indications are that we will experience a meaningful entry of the previously disadvantaged into the sector. This is nothing less than real growth for the people of our country.

During the year under review and in line with a directive from Cabinet we began a process to restructure the Department and align all our business processes with the vision of Batho Pele: Service Delivery to the People. Technology, as we are all aware, is expanding at an extraordinary rate with new innovative technologies that allow us to communicate faster. We, as the Department responsible, must be at the cutting edge of growth and the efficient delivery of ICTs. We must be organizationally prepared for the great task of giving our people access to the benefits of ICTs.

I have valued the opportunity to act when Dr. Ngcaba, the past Director - General went on to explore further opportunities for growth in the private sector. I acknowledge him for his vibrant leadership. My role has been to sustain that leadership tradition.

I must also acknowledge the staff of the Department, its people - the people "who make it happen" - the greatest and most valuable asset we have.

Finally, I wish to express the greatest appreciation to the Minister, Dr. Ivy Matsepe-Casaburri. Your support and guidance have been invaluable in facilitating me into a space that has been incredibly self-expanding and enriching.



Acting Director-General,
Ms. Phumelele Ntombela-Nzimande



Dr. Ivy Matsepe-Casaburri

MINISTER'S OVERVIEW

I am delighted to report real progress of a kind that we would not have thought possible five years ago. It is patently clear that new and emerging developments in Information Communications Technologies (ICTs) have the potential to both broaden and speed up the delivery of essential information services in a way that will make a real difference to the progress of our nation and the whole of the developing world.

At the World Summit on the Information Society held in Geneva under the auspices of the United Nations in December 2003, the biggest ever gathering of its kind for this sector, the Heads of State were responsible for the adoption of a Plan of Action to harness the development potential of ICT and to promote the use of information and knowledge for the achievement of internationally agreed upon development goals. This means, for example, that we can now look optimistically to a future where a far greater number of people will receive an education that will equip them to compete effectively in the present and in the future. They will help to build a world where their prospects for profitable employment increase where their credit-worthiness improves, where their exposure to dire diseases is reduced and their abilities to finance their own homes and services rises dramatically.

This is not easy, but it is now possible.

Our present task is to identify those technologies which have the greatest promise for development. We need to ensure that they are efficient, that they do the most good and that we place them at the disposal of the people who most need them. This is our principal objective as we turn the ship of state into the wind and set sail into the second decade of South Africa's remarkable democracy.

The main thrust of our effort continues to be the provision of both choice and affordability of services through the managed liberalisation of all sectors in which we have influence, that is telecommunications, postal services and broadcasting. Our goal is to provide effective universal service, both for people at grassroots as well as for the most sophisticated segments of our society.

It is important also to understand that we are not waiting for the inventiveness of people in other countries to develop the technologies which will propel South Africa forward. On the contrary, we are actively promoting the development of South African technologies as solutions to uniquely South African problems, in the hope that we can find a market for these developments in Africa as well.

"Information Communications Technologies have the potential to both broaden and speed up the delivery of essential information services in a way that can make a real difference to the progress of our nation and the whole developing world."

No one has a more pressing need to solve our problems than we have. If we can join hands with our counterparts across the continent and assist Africa, we will regard ourselves as having been successful.

During the past year, we have worked closely with the Presidential National Commission on Information Society and Development, (PNC-ISAD), as it seeks the most effective methods of promoting cooperation, coordination and joint action by national, provincial and local government on ways that will maximise the rich benefits of the knowledge-based society.

The DoC was responsible for drafting the Convergence Bill, which was submitted for comment in December 2003. It is presently being finalised for submission to Parliament. The Bill makes provision for the regulation of communication services, for new licences and new social obligations. It will provide for the control as well as the efficient and proper use of the radio frequency spectrum.

The Department also made substantial progress in the development of a number of key strategies including:

- Digital Migration Strategy, (DMS), a process of encouraging broadcasters and independent producers to convert both their current production and their archive material to digital formats;
- Content and Language Development Strategy, aimed at encouraging development and growth across the entire audio-visual content field, including full recognition and operational status for all South African languages.

A task team is presently finalising our e-strategy and we expect that this will be ready for adoption during the coming year. Our first challenge is to ensure that there is no further widening of the digital divide. In this respect alone the creation of a well-reasoned and sensible e-strategy is imperative. This strategy must integrate and embrace all elements of ICT, including e-Health, e-Education, e-Government and e-Cities, together with human-resource deployment and job-creation.

During the year under review we have made substantial progress in our continental activities within the context of NEPAD. We organized and participated in several meetings of African Ministers in preparation for the World Summit on the Information Society. Immediately prior to the African Union, (AU), Summit we co-organised the first Ministerial Meeting on ICTs under the auspices of the AU in Maputo.

We have continued to provide strong support to the NEPAD e-Africa Commission and its programmes. This commission is hosted at the CSIR with a number of selected personnel having been seconded. The NEPAD e-schools programme is the Commission's flagship project. The twenty countries that will constitute the first phase of this project have been identified and substantial progress has already been made. South Africa in one of the participating countries. In addition, great progress has been made with regard to the Eastern African Sub-Marine Cable System (EASy) and corresponding infrastructure affecting land-locked countries. This is a crucial component in reducing the cost of communications on the continent.

There is a pressing shortage of ICT skills in general and the DoC, in conjunction with other relevant Departments, has provided part of the solution with the establishment of a new institute, to be known as the African Advanced Institute for ICT (AAICT). In addition, the Institute will bolster the research and development capacities of the country, and thus improve the competitiveness of the South African economy. This will dovetail with our efforts to establish an integrated framework for training and development, that includes the National Electronic Media Institute, (NEMISA), and the Institute for Satellite and Software Applications, (ISSA).

Wireless technologies and mobile applications are attracting a lot of attention. Reports from the developed countries predict that revenues from wireless commerce are expected to exceed \$50 billion by 2005. In South Africa, Sentech has led

the way by developing its "My Wireless" package. All this is good news, for there is potential for speeding up and enriching the provision of universal service.

The Department has also been active in fostering Public Private Partnerships (PPPs), a contractual arrangement in which a suitable private party undertakes a specific departmental project assumes the associated risks, in return for a fee related to agreed performance criteria. For example, the National Public Emergency Call Centre (112) is seen as having PPP potential, and it is expected that this service will soon become viable.

Equally important, however, in a sector where change is an absolute certainty, is our ability to anticipate change and be proactive so that we become effective managers of this continuous change, in line with a new, converged environment. The process of internal restructuring and transformation is now well advanced. A revamp of the Department's internal management systems is also in progress.

With regard to the activities of the Department's three internal business units, this has been an extremely active and productive year.

The work of the MultiMedia Business Unit largely relates to broadcasting. One of its major accomplishments was the registration, as scheduled of the SABC, as a public company on October 1st 2003. A new Board of Directors has been appointed. The mechanisms for collecting TV licence fees are under review. Applications have been submitted to ICASA for regional TV services to cater for diversity of languages and content. The processes for the corporatization of Channel Africa into a subsidiary of SABC have been presented to Cabinet, and its Board of Directors has been appointed.

The unit worked closely with the Department of Education on the development of the White Paper on e-Education. The process of co-ordinating the implementation of the policy is well under way. In the same way, the unit is co-operating with representatives of the Department of Health to investigate the use of ICT to improve the health system. These efforts are expected to lead to the development of a comprehensive e-Health policy framework.

Other important initiatives include a project to popularise South Africa's indigenous languages on the Internet. This is a separate programme to translate common ICT terms into these languages. There is yet another programme that translates the on-screen language into XiTsonga, TshiVenda, SiSwati and SiNdebele. IsiZulu, Afrikaans and SeSotho have already been completed. There is also a drive to enhance the country's animation production capabilities. In the face of concerns that our unique and diverse cultural heritage will be swamped by foreign programming, an initiative that will provide support for extended local content and increased production in indigenous languages is underway.

A series of fresh initiatives has been instituted to revitalise the Post Office. These include the identification and early adoption of projects and joint ventures that utilise new technologies; a growing involvement in the e-commerce arena and the promotion of local post offices as the logical marketplace and pickup point for goods bought over the Internet. There is a sustained campaign underway to reposition the Post Office in the context of these and other changes taking place in our country, as well as to improve the efficiency of the mail delivery service, thus increasing public trust levels in the postal system. The Department has agreed on a plan to corporatise and reposition Post Bank as the bank of choice for South Africans who have no access to financial services. In addition, the Post Office is active in the provision of

postal addresses and a postal retail network extending into historically disadvantaged communities.

Parallel to this development is the installation of a further 200 Public Internet Terminals is proceeding well. Henceforth there will be a greater focus on Nodal points and the Multi-Purpose Community Centres. The rollout is proceeding as planned by ourselves and the GCIS.

The DoC continues to subscribe to the objectives of the Universal Postal Union, (UPU), and the Pan African Postal Union, (PAPU), and actively promotes these objectives.

The telecommunications arena was characterised by vigorous activity. Government sold part of its stake in Telkom through an Initial Public Offering (IPO) on the Johannesburg and New York stock exchanges on March 4th, 2003. This was one of the largest IPOs last year and realised a very substantial profit for the new shareholders, many of whom are the ordinary people of South Africa. This significant listing followed a world-wide resurgence in the global Telecoms market.

The DoC is encouraging the use of Open Source software in circumstances where such software can contribute to national objectives. The Department does not see this as a question of choosing between proprietary and open source but as a judicious mixing of the two, as required, for optimum results. Open Source is seen as a method by which more people can be involved more productively, at least cost to themselves, private enterprise or the State. This is regarded as a significant capacity-building tool.

All electronic goods designed, developed and manufactured in South Africa have to conform to agreed internationally recognized specifications for emission of, or susceptibility to electromagnetic radiation. For this reason a complex series of

testing facilities has been installed at the ISSA headquarters in the Western Cape. Technical staff drawn from previously disadvantaged individuals, have been trained to handle the testing duties. Accreditation will soon follow.

Excellent progress has been made in the fields of Frequency Spectrum Management, Virtual Reality Modelling, and on Information Security programming.

The Department has encouraged the formation of satellite integration facilities through ISSA. In collaboration with industry, other government departments, and interested organisations, like Stellenbosch University.

Since 1998 the Department has been involved in a collaborative agreement on skills-transfer with the Government of France, through GDTA, an aerospace and Remote-Sensing group. Selected students from ISSA were given the opportunity to study for Masters degrees in Remote Sensing/GIS. I am pleased to report that so far, eleven such degrees have been awarded to South African students.

In association with the JPCS cluster of ministries, an Office of Interception Centre is being established to lawfully intercept electronic communications for investigative purposes on behalf of law-enforcement agencies. The aim is to centralise control of lawful interceptions, eradicate duplication by the agencies concerned while at the same time employing the latest interception techniques.

I'm glad to say that in alliance with the Department of Education, significant progress has been made with Edunet. The aim of Edunet is to set up a network connecting all public schools, all districts, local, provincial and national offices via a satellite link. Once in place, this network will be able to provide Internet, telephony, video transmissions, VoIP and broadcasting services. It will be developed specifically for educational purposes and will facilitate communication on the administration of schools. More significantly, it will provide access to learning support materials and provide a point of access for communities. The Department is presently inviting comments on the proposed implementation plan for the White Paper on E-education and on Edunet's proposed implementation plan.

Other initiatives in progress include a project to increase access and create an attractive investment climate in the domestic ICT market; the imminent completion and implementation of the National Public Emergency Call Centre, (through the single national emergency number 112); the establishment of an effective Domain Name Authority; the creation of both a Cryptography Registry and a Critical Databases Registry; the establishment of an Accreditation Authority, (to certify the authenticity of products and services supported by electronic signatures) and the foundation of a Cyber Inspectorate to help combat cyber crime.

The quest for an ideal partnership or consortium for the role of Second National Operator has been challenging and yet exciting. We are confident that this important issue will be brought to a satisfactory conclusion.

Indeed the year ahead is filled with numerous opportunities. Apart from the ongoing restructuring activities each of the business units has a busy agenda ahead.

The MultiMedia Business Unit will complete its recommendations on Children's Broadcasting Policy. The development, production, distribution and promotion of South African programming to international markets will be a major focus.

The Postal Business Unit will represent the Nation at the 23rd Congress of the Universal Postal Union in Bucharest and at the Plenipotentiary Conference of PAPU. It will introduce both Supply Chain and Integrated Records Management Systems. It will also complete its rationalisation and reconciliation of postal policies and legislation in line with international trends.

The Telecommunications Business Unit will be extremely active. New policy directives will be given dealing with further liberalisation of the market. Other tasks will include finalising the African Network Information Centre; supervising the expansion of South Africa's services sector; upgrading the internal backbone infrastructure; overseeing the implementation of the ECT Act; participating at the ITU World Telecommunications Standards Assembly in October; and ongoing work connected to the ITU.

On a general note, the Department recognizes the increasing attractiveness of South Africa as an international film and TV production centre, and notes with appreciation the significant contribution which this industry is making to GDP. The DoC, in conjunction with the Department of Arts and Culture, and the Department of Trade and Industry, is presently examining methods by which this attraction might be enhanced, to the further benefit of the nation.

In six years time the people of the world will converge on South Africa to watch their national teams compete in the world's favourite game for the world's most coveted trophy: FIFA's Soccer World Cup. It is a once-in-a-lifetime opportunity, not only to take advantage of the numerous ICT opportunities on offer, but to showcase the pace of growth in our wonderful country. It is my hope that we implement the required measures between now and then, when the world will watch with awe so that all the people of our country and our continent are filled with a sense of pride and achievement.



Minister of Communications
Dr. Ivy Matsepe-Casaburri

STATE-OWNED ENTERPRISES (SOEs) IN THE MINISTRY'S PORTFOLIO

The State owns, or partially owns, seven organisations whose affairs are administered by the Department of Communications on behalf of Government. These are ICASA, NEMISA, The South African Post Office Ltd, (including the Post Bank), SABC, SENTECH, Telkom and USA.

The DoC administers legislation for these organisations; facilitates and guides policy debate assists them to adhere to legislative processes, conducts policy research, formulates policies and prepares budgets in conjunction with them. The DoC liaises with Parliamentary Committees on Information Communications Technology issues and, with respect to each portfolio organisation, helps to represent their interests on the international stage.

The Minister and the Department also perform a number of additional functions with respect to these SOEs, including the setting of broad government policy directives, attending to legislative responsibilities, appointing their boards of directors, approving their budgets, corporate plans, tariff and licence fees where necessary; representing their budgets to Parliament, approving joint-ventures mergers and partnerships, monitoring counter-trade compliance and provides leadership on issues requiring international liaison.

For purposes of this report, the activities of these organisations have been defined very briefly. However, each one issues its own annual report so that those requiring further information may request a copy directly from the organisation concerned.



THE INDEPENDENT COMMUNICATIONS AUTHORITY OF SOUTH AFRICA (ICASA)

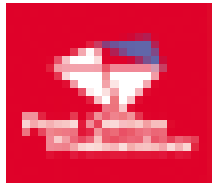
Following the passing of the Telecommunications Act of 1997, the South African Telecommunications Regulatory Authority, (SATRA) and the Independent Broadcasting Authority (IBA) were merged to form the Independent Communications Authority of South Africa (ICASA).

ICASA is now responsible for the regulation of the entire ICT sector, with a brief to ensure affordable services of a high quality for the benefit of all South Africans. It reports regularly to Parliament on these issues .



THE NATIONAL ELECTRONIC MEDIA INSTITUTE OF SOUTH AFRICA, (NEMISA)

NEMISA was established by the DoC to provide 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. A large proportion of the students are selected from historically disadvantaged groups. 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.

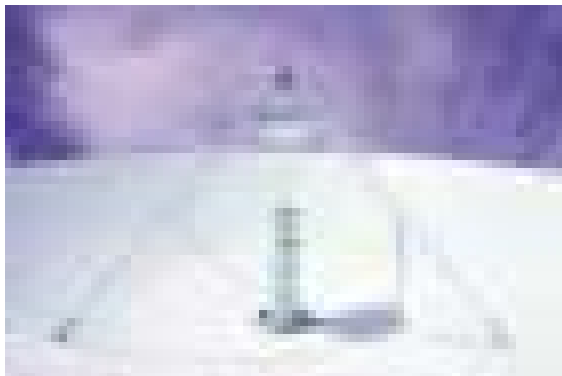


THE SOUTH AFRICAN POST OFFICE LTD. (SAPO)

The South African Post Office was granted an exclusive mandate to conduct postal services in the country by the Postal Services Act, (No. 124 of 1998). This Act makes provision for the regulation of postal services and operational functions of the postal company, including the universal service obligations. It also makes provision for matters relating to the operation of the Post Bank and National Savings Certificates.

Since that time, a series of important processes that are gradually transforming SAPO into a dynamic and relevant service provider have been underway. These processes include SAPO's participation in projects and joint ventures that involve new technologies, an extended involvement in e-commerce, coupled with the promotion of SAPO as a convenient marketplace and pick-up-point for goods bought over the Internet.

The corporate objectives of the Post Office are: to improve the efficiency of the mail delivery service; to strengthen trust in the postal system; to reposition the Post Office in the context of the changes in our country; and to position Post Bank as the bank of choice for South Africans who have little or no access to financial services.



THE SOUTH AFRICAN BROADCASTING CORPORATION (SABC)

The SABC is the country's national public-service broadcaster. It operates 17 radio stations to a daily listener group of 19 million, while its 3 free-to-air television channels have a daily viewership of 18 million. In terms of the Broadcasting Act (No. 4 of 1999), the corporation is split into two operational entities: a Public Broadcasting Service, a Commercial Broadcasting Service. Its operations are aligned to the Shareholder's Mandate, as well as to those specific strategies that have been developed for the achievement of national priorities.

The operations of the corporation are based on a Charter. The Charter guarantees independence and freedom of expression in creative, journalistic and programming terms, as enshrined in the Constitution. The Charter requires the SABC to encourage true South African expressionism by providing a wide range of programming in the official languages so that these reflect South African attitudes, opinions, ideas, values and artistic creativity. Programmes should also display South African talent; they should offer a plurality as well as a variety of views analysed from a South African viewpoint. The Charter stipulates a number of other requirements, including breadth of service, quality of programming, the provision of services to various religious denominations and programming for minority audiences including the disabled.

Universal service provision has been given a high priority. In 1999 some 5 million people, mostly those living in rural areas, could not receive a radio or a television signal. The Department and

the SABC committed themselves to halving this number by end 2003. This target has been achieved, with radio now reaching an additional 4.8 million. A further 2 million people are now able to receive a TV signal.



SENTECH

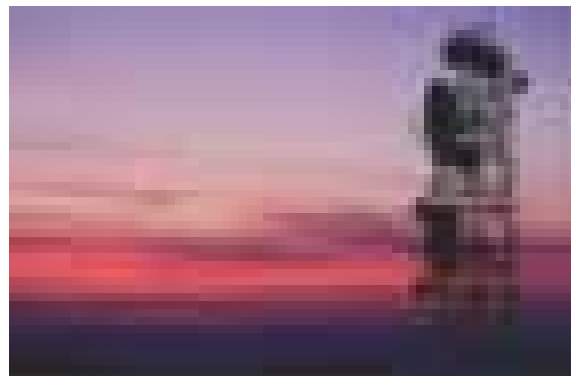
Operating under the "common carrier" category licence, Sentech, Africa's largest signal distributor forms the backbone of the broadcasting industry in Southern Africa. The Sentech terrestrial network consists of 210 stations, 718 FM radio transmitters 11 medium and 15 shortwave radio transmitters and 607 television transmitters. The Sentech satellite footprints (PAS-10 and PAS-7) provide direct-to-home downlink beam coverage of most of Africa south of the equator. Average availability across all networks is 99.906%. In addition, in terms of the Telecommunications Amendment Act of 2001, Sentech was awarded two new licences: the "Carrier of Carriers" licence, to carry international telephony for current domestic operators and the "Multimedia Service" licence, which allows Sentech to provide multimedia services to end users.



TELKOM

Telkom, was established in October 1991 in terms of the Post Office Amendment Act, (No. 85 of 1991) which separated telecommunications from Postal Services.

Government now holds a 39.3% stake in Telkom, presently the country's sole fixed line telecommunications service provider. This represents a substantial reduction in Government's shareholding. This follows Telkom's March 4, 2003 listing on the Johannesburg and New York stock exchanges, the first South African Government enterprise to do so. The listing included a dedicated offer targeting historically disadvantaged individuals and groups. In this way the offer broke new ground in broadening the South African shareholder base and popularising the concept of share ownership amongst all South Africans.



Telkom has three operating licences: public switched telecommunications, transmission of radio frequencies; and value-added network services. In exchange for these it has to meet stringent rollout and service-quality targets.

These include new exchange lines, new lines for priority customers such as hospitals, schools, local authorities, village communities of between 100 and 1,999 people without an exchange line

including replacement and upgrading to digital lines. Telkom's exclusivity period has now expired but effectively continues, as the Department proceeds with the process of licensing a second fixed line operator. The DoC believes that competition in fixed line telephony is essential.

Nonetheless, Telkom's shareholders have done well over the past year. Listed at R28 in March 2003, Telkom shares were trading above R70 at the close of the period under review. Apart from strong management disciplines in Telkom itself, this appreciation in shareholder value was partially due to an overall improvement in the global Telecoms market and partially to an increase in the buying power of the rand on international markets.

With annual revenues in the region of R40 billion, Telkom, the largest communications services provider in Africa, is one of the country's largest companies. It has also become one of the most highly respected companies in the country.



THE UNIVERSAL SERVICES AGENCY (USA)

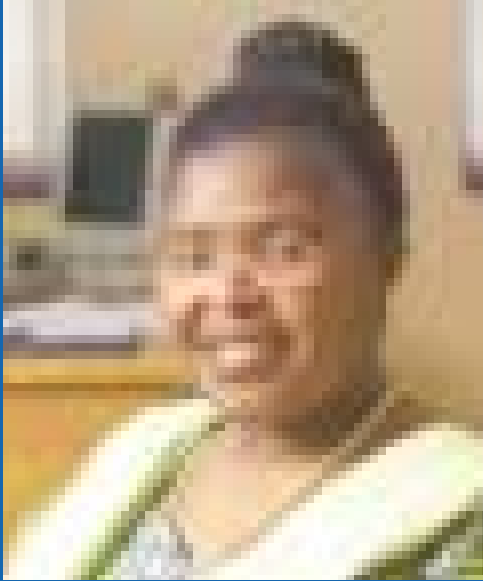
The USA was established in terms of Section 58 of the Telecommunications Act (No. 103 of 1996). In many areas of South Africa there are great imbalances in access to telecommunication services. The main role of the USA is to promote universal services and access to communications technologies and services for all South Africans. USA is mandated to investigate and recommend ways in which this objective can best be accomplished. In terms of changes in policy direction and thrust, which led in turn to amendments to the Act, the USA is also commissioned to facilitate and

offer guidance in evaluating, monitoring and implementing schemes which propose to enhance universal access and service. In addition, USA is involved in setting up Community Information and Communications Technology Centres, or Telecentres. Like ICASA, the USA reports to Parliament.

The Minister and the DoC Shareholder Management Unit exercise an oversight function upon these State Owned Enterprises. The unit facilitates and coordinates the relationship between the Shareholder and the public entities described above. It establishes a crucial link between Government policy objectives, including the objectives of other Government Departments. It also supports the enterprises in the achievement of their strategic and corporate plans.



THE PRESIDENTIAL NATIONAL COMMISSION ON INFORMATION SOCIETY AND DEVELOPMENT (PNC ON ISAD)



Ms Lyndall Shope-Mafole



CHAIRPERSON'S OVERVIEW

In his State of the Nation Address in 2000, the President established the Presidential National Commission on Information Society and Development (PNC on ISAD). He also established the Presidential International Advisory Council on Information Society and Development (PIAC on ISAD). The Commissioners were appointed in 2002.

In the past year the PNC has engaged in a number of activities both nationally and internationally in line with its terms of reference. Much work aimed at linking efforts at provincial level with national programmes has been done. At provincial level significant progress has been made in increasing ICT awareness and establishing provincial consultative forums which will be the nucleus for broad participation by the provinces in building the Information Society in the country.

South Africa's participation in the first phase of the World Summit on the Information Society in December was impressive and a variety of Government Departments were actively involved. However more and better coordination by the PNC will be required for the second phase which will take place in Tunis in 2005.

Building the Information Society and Knowledge Economy requires coherent and co-ordinated work by all three spheres of Government and transcends traditional departmental boundaries. This policy cohesion is lacking and it is clear that fragmentation of efforts and duplication are impeding overall progress.

In response the Commissioners have recommended a re-focusing of the PNC mandate to address the challenges related to the coordination and integration of the Government's ICT-related work. This includes evaluating and assessing the impact of ICTs on our development programmes and ensuring that building the information society in South Africa is a well planned activity which embraces the ability to forecast future developments in the ICT sector, integrating them into the country's development plans.

The existence of a stable and predictable policy and regulatory environment is cited by almost all investors as the most important condition for the growth of an ICT sector. Happily, the South African ICT environment is considered generally friendly and stable. The nation's ICT policies are among the most advanced in the world. The ICT climate will be further enhanced by the e-strategy

“Building the Information Society and Knowledge Economy requires coherent and co-ordinated work by all three spheres of Government and transcends traditional departmental boundaries.”

and convergence policy that is being developed by the Department of Communications, as well as the evolution of sector development strategies that include the application of ICTs as an enabler of growth, employment and equity. The Department of Education has advanced substantially with the publication of the draft policy on e-education. Good progress is also being registered on e-health following two workshops on the subject.

The challenge of setting up an organization is a daunting one, but the efforts of the past year have begun to show results. The commitment and enthusiasm with which the Commission embraced its task has been very inspiring.

The PNC recommended that certain projects be identified as national flagship projects to be given PNC support. One such project is the HP-initiated Mogalakwena i-community project in the Limpopo Province.

In the youth sector the PNC established a National Youth Forum on the Information Society and Development. The aim of the forum is to engage young people by way of introducing programs that will enable our youth to play a pivotal role in building an inclusive Information Society in South Africa.

ACTIVITIES IN THE PAST YEAR

As a result of both capacity and budgetary constraints the PNC has in the past year limited its activities to the following:

NATIONAL WORKSHOPS

- Workshops in the three priority areas identified by the PIAC, (Education, Health and SMME's), together with the two added by the PNC, (Content, and e-government).
- Provincial Consultative Forums in all provinces except Gauteng;
- Commissioning of Research studies in the area of SMMEs, e-Literacy and Open Source Software.

Among other objectives, the aim of the workshops in the various sectors was to engage the interest groups on the challenges and aspirations of building an Information Society. The workshops also helped the PNC understand the dynamics that characterize the different sectors as it begins the process of developing a National Information Society and Development (ISAD) Plan.

PROVINCIAL CONSULTATIVE FORUMS

The main objectives of the provincial consultative forums conducted by the PNC were:

- To exchange views on how to increase Government's capacity to improve service delivery using ICTs
- To identify civil society, community and business initiatives and explore how ICTs can enhance them
- To discuss the role of ICT in governance, education, health and SMMEs.

Common challenges that were identified in most provinces ranged from the lack of ICT infrastructure to low skills levels in the use of ICTs. The issue of ICTs and disability was raised very strongly in most provinces and the ability of ICTs to address challenges of access to health services was a concern raised in all provinces.

RESEARCH AND STUDIES

As part of its work of investigating the status of ICT in the country, the Commission conducted a preliminary investigation on the status of ICT within different Government Departments. This study is still in progress and a final report will be published this year.

The PNC commissioned research in three areas, i.e. Open Source Software, e-literacy, SMMEs and ICTs. The reports were presented to the Commission and will be published shortly.

CO-ORDINATION OF THE WORLD SUMMIT ON INFORMATION SOCIETY (WSIS)

The PNC coordinated all activities in preparation for South Africa's participation at the World Summit on Information Society (WSIS), held in December 2003 in Geneva, Switzerland.

The PNC organised the 'SA Youth @ WSIS' and 'SA Women and Information Society' events to mark both Youth Day and Women's Day at which the process of drafting the Charter on the Information Society for each of the sectors was initiated. Following the adoption of the WSIS Declaration and Plan of Action these initiatives will be continued leading up to the Tunis Summit, to be held in November 2005.

TERMS OF REFERENCE OF THE PNC

The Commission was tasked with several critical roles amongst which were the following:

1. To advise on
 - a) The establishment of a Government ICT policy framework
 - b) The best structure to foster co-operation co-ordination and joint action by national, provincial and local government with a view to determining the best ways of attaining a knowledge-based society
 - c) Appropriate ways of building a large resource of electronic learning materials with local content
 - d) Strategies to make Government a model user of Information and Communication Technologies (ICTs)
 - e) How best to create an Information Society.
2. To investigate
 - a) Current ICT strategies and integrate them
 - b) ICT in all sectors for the purposes of developing a strategy for each sector of the economy
 - c) Future work to be done in the Information Society
 - d) Future skills requirements for the Information Society
 - e) Strategies to build a national

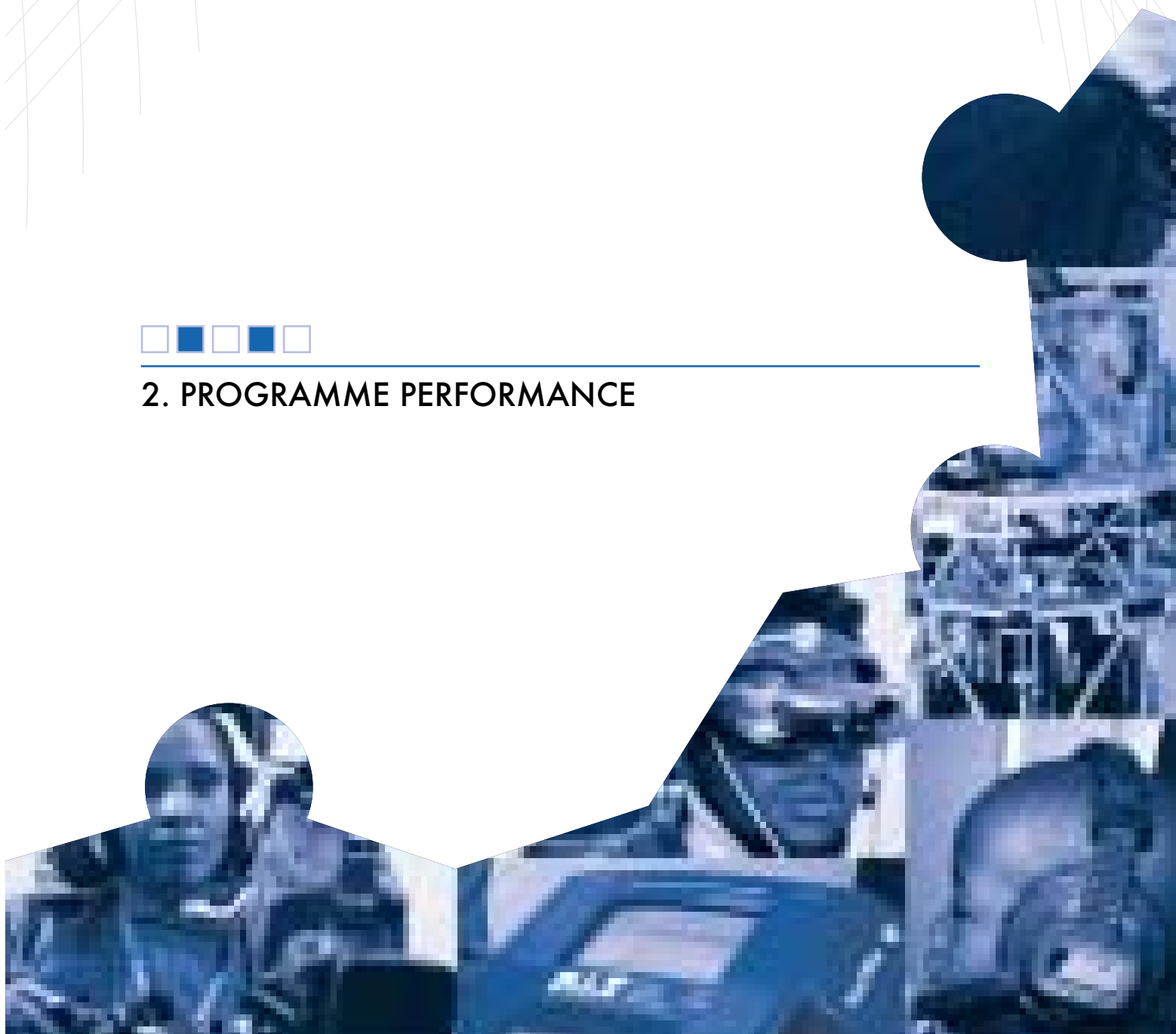
- Information Infrastructure for the Information Society
- f) How to develop and Support ICT-related SMMEs
 - g) How to encourage the use of ICTs by SMMEs
 - h) Ways of enhancing Digital literacy among different sectors of society
 - i) The optimal application of ICTs in all sectors for purposes of developing a strategy for each sector
 - j) Development of child centred ICTs.
3. To establish an ICT-related co-ordination structure in Government.
 4. Focus on contributing to the development of an e-strategy for the country.
 5. Develop a cyber strategy that addresses recent developments in the arena of ICTs.
 6. Advise on Internet innovations.
 7. Interrogate the role of youth and women in the Information Society.
 8. Further determine the role of ICTs in advancing and addressing
 - a) Rural development
 - b) Urban development
 - c) Issues of disability
 - d) Intellectual property issues.
 9. Advise and make recommendations specifically targeted at enhancing ICT skills development in the country.
 10. Investigate and advise on the manufacturing potential of the country in terms of ICT related goods such as computers, and finally:
 11. Investigate and advise on an appropriate strategy that fosters an international ICT environment and recommend how best to engage and benefit from international institutions.



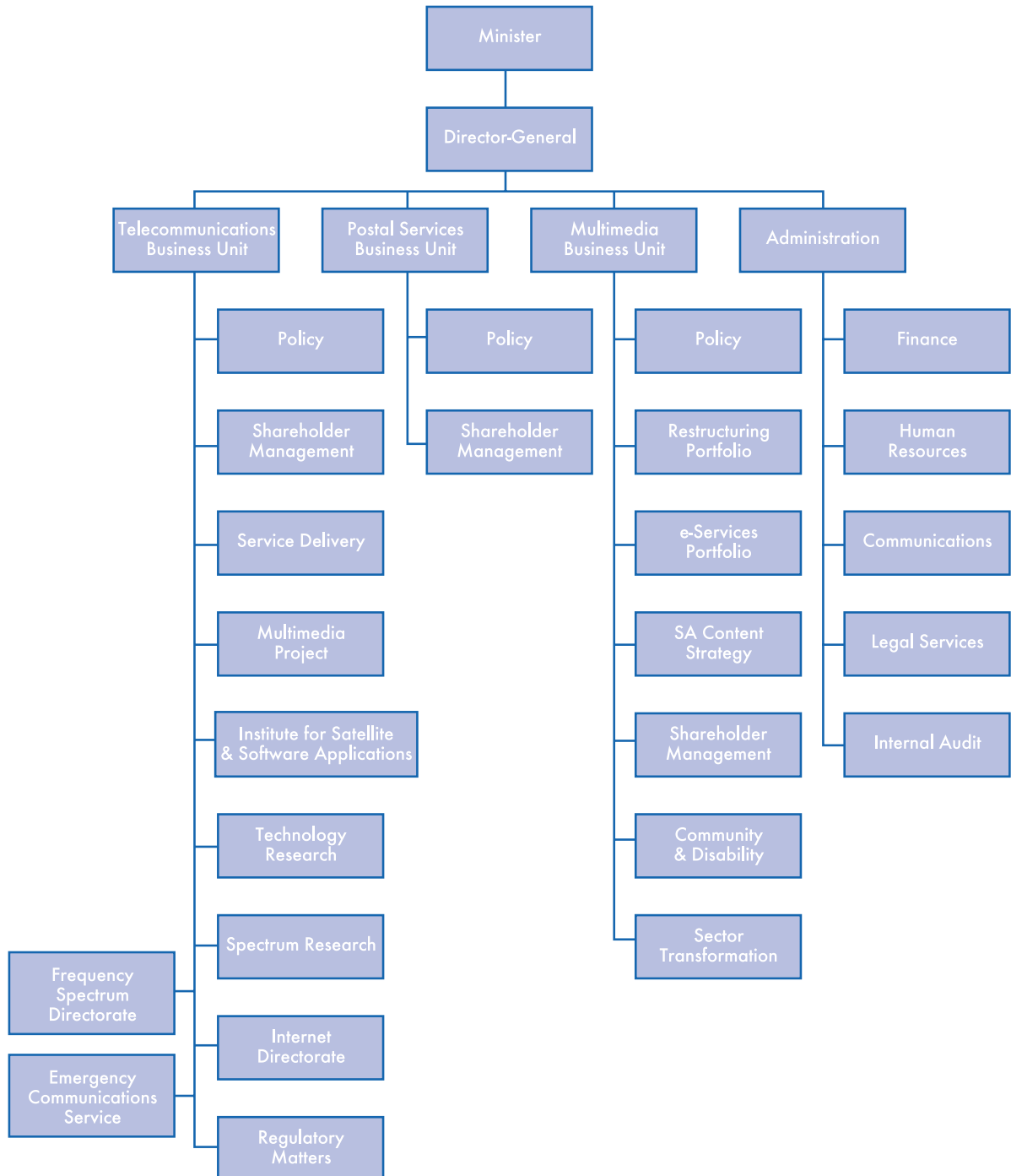
Ms. Lyndall Shope-Mafole
Chairperson, PNC on ISAD



2. PROGRAMME PERFORMANCE



ORGANOGRAM



SECTION A: THE BUSINESS UNITS

MULTIMEDIA



DDG : Multimedia
Mr S J Mjwara

- Limpopo Province
25 July 2003
- Eastern Cape Province
01 August 2003
- North West Province
15 August 2003
- KwaZulu-Natal Province
22 August 2003
- Mpumalanga Province
05 September 2003
- Western Cape Province
11 September 2003
- Northern Cape Province
18 September 2003
- Gauteng Province
08 October 2003.

Speakers invited from various sectors included: councillors from the Independent Communications Authority of South Africa, Pan South African Language Board, the Commission on Gender Equality, National Community Radio Forum Broadcasting Complaints Commission of South Africa, and several Non-Governmental Organizations.

Having finalized consultations in all Provinces the Department of Communications hosted the National Summit on Broadcasting Content and Languages, from 25-26 November 2003, at the Kopanong Hotel and Conference Centre.

The case for the establishment of the South African Broadcast Content and Languages Summit National Task Team Members, comprising members from all regions and sectors in the broadcasting and related sectors, arose out of a need and requirement to finalise the Summit Report for presentation to the DoC Minister, all broadcasters in South Africa, ICASA and any other relevant stakeholders.

The Summit made resolutions and adopted a number of recommendations. Some of the key recommendations of the summit included:

TELEVISION

1. NATIONAL SUMMIT ON BROADCASTING CONTENT AND LANGUAGES

As a way of assessing the extent to which the broadcasting industry is serving the needs of South Africans, a National Summit on Broadcasting Content and Languages was held in November 2003. This national summit was the culmination of a series of provincial consultations or mini summits which had taken place in all provinces. A report on this subject is available and its guidelines will be followed to ensure that there is social cohesion within the broadcasting system in South Africa.

The provincial mini-summits were held in:

- Free State Province
11 July 2003

- Convening the summit biennially
- Establishing a task team to consult with the key stakeholders in the broadcasting industry on the outcome of the summit and the proposed action points.

The South African Broadcast Content and Languages Summit National Task Team Members were appointed to:

- Finalise Summit Resolutions and Adopted Recommendations
- Present the Summit Report to the Minister of Communications on 09 March 2004
- Develop a Publicity Programme for the Summit Resolutions and Adopted Recommendations.

2. SABC RESTRUCTURING

Key Policy Strategy

As part of the restructuring programme Government took the following policy decisions:

- To restructure and corporatise SABC as a public company so as to improve issues of corporate governance, transparency and accountability
- To transform the SABC from being a State Broadcaster to being a broadcaster providing a true Public Broadcasting Service
- To ensure that the SABC delivers a broadcasting service to all South Africans, regardless of location and in the language of their choice.

Progress

- In line with the provisions of the Broadcasting Act of 1999, (The Act), SABC was corporatised as a public company on October 1st 2003.
- In addition to this, the Act provides for the SABC to be split into two operational divisions; the Public Broadcasting Service Division; the Commercial Broadcasting

Services. Accordingly, the SABC has developed business plans for these two operational divisions.

- The Board of the SABC is currently finalizing the structure of the SABC in accordance with the stipulations of the Broadcasting Act 1999 as Amended.
- The law requires the development of an inventory of all of the SABC's assets and liabilities. The SABC has finalized its report of these assets and liabilities.
- Policies governing operations of the SABC which include issues relating to the promotion of South African content programming coverage in the official languages in particular marginalised African indigenous languages and procedures intended to ensure access to broadcasting services by persons with disabilities, were finalized and submitted to ICASA in accordance with the provisions of the law.

3. CHANNEL AFRICA

Key Policy Strategy

In order to improve on corporate governance accountability and transparency, in providing broadcasting services to the continent and the rest of the world, Government resolved to restructure and corporatise Channel Africa into a subsidiary of the SABC Ltd.

A key policy decision is the intention to restructure Channel Africa into a broadcasting service dedicated to communicating South Africa's foreign policy objectives to the African continent as well as the continent's approach to global issues.

In communicating South Africa's message to both the continent and the world, Channel Africa will also focus on achieving the following goals:

- Promotion of greater information and cultural exchange amongst African countries
- Establishment of Channel Africa as a hub for production and packaging of African radio and Internet content
- Fulfillment of the communications objectives of the African Union and NEPAD by reporting on progress and achievements
- Leveraging African production skills and facilities
- Driving the formation of alliances and partnerships in African media
- Promotion of South Africa's foreign policy objectives
- Targeting African markets in other continents i.e. Europe and the Americas.

Progress In This Respect

- Cabinet approved the corporatisation of Channel Africa as a subsidiary of the SABC Ltd.
- Cabinet approved the appointment of the first Non-Executive Directors of Channel Africa.
- Channel Africa will be registered as a subsidiary Company of the SABC Ltd. during this financial year; executive management will be appointed within the same period.
- There are ongoing discussions between the Departments of Communications, Foreign Affairs and the Presidency on the issue of a broader mandate for the restructured Channel Africa.

4. REGIONAL LANGUAGE TELEVISION SERVICES

Key Policy Strategy

- Government resolved to create a policy framework for the equal coverage of all currently marginalised South African official languages and the coverage of regional issues.
- In addition to the above, Government has created a policy framework for the promotion of South African content and production in the South African broadcasting system.
- In implementing the policy framework with regard to equitable language distribution and regional issues, the law mandates the SABC to apply to ICASA for a licence to operate regional language television services in the Republic.
- The law provides that the Regional Language Television Services must contain programmes that focus only on the following official languages:
 - ▶ IsiZulu
 - ▶ SiSwati
 - ▶ IsiNdebele
 - ▶ IsiXhosa
 - ▶ SeSotho
 - ▶ Setswana
 - ▶ Sepedi
 - ▶ Tshivenda
 - ▶ Xitsonga and
 - ▶ Afrikaans.
- This policy decision is intended to ensure that our broadcasting system caters for all South Africans; that it assists in the promotion of South African content and creates opportunities in this sector for participation by persons from previously disadvantaged communities.

- The law also provides that these services must be funded either by Government grants or by sponsorship and/or grants. ICASA is empowered to determine the extent to which advertising can play a role.

Progress

- In accordance with the legal requirement of the Act, the SABC submitted its application to ICASA on the 8th of December 2003 for a license to launch Regional Language Television Services.
- In its application the SABC proposed the establishment of two Public Regional Television Services; one regional service to focus on the Northern part of the country and the other on the South.
- Government is currently working on a funding model for these regional TV services.
- The rolling out phase of the Regional Language Television Services is expected to be implemented in the financial year 2005/2006.

THE COMMUNITY MULTIMEDIA SERVICES INDABA

As part of the effort to arrive at a strategy for the development of Community Multi-Media Services (CMS), an Indaba was convened in November 2001.

In line with the resolutions coming out of the 2001 Indaba, a Task Team, (co-ordinated by the DoC), was established to develop strategies for organizing the Community Multi-Media Services in South Africa. As part of its responsibilities, the Task Team was mandated to seek ways of developing a Community Multi-media sector which would take into account the technological convergence challenges that people living at grassroots level especially, would experience. The Task team pro-

duced a report, which was presented to the 2003 Community Multi-media Indaba for further inputs.

The Department of Communications convened the two day CMS Indaba, at the Kopanong Hotel and Conference Centre from 27 to 28 November 2003. The CMS Indaba 2003 brought together the community sector, legislators, commercial and public operators, the regulator and other interested stakeholders.

Aside from the report of the Task team, there were a number of presentations and responses from stakeholders. The presentations were followed by discussions amongst working groups and reports back.

The Indaba accepted the following recommendations and resolutions:

- Integration of the CMS into the Integrated Development Programmes to meet the diverse development needs of communications. In order to achieve this, the CMS will have to strive for excellence
- Development of a CMS Charter to bind all Community Multi-Media Services to a set of principles governing the establishment, mandate and services of CMS. Where this Charter contradicts existing policy, CMS will lobby for policy alignment
- Take forward the discussion on ownership and control in the CMS Charter based on the existing traditional model for community radio and look at how this applies to the expanded concept of CMS. This ownership model should be guided by the principle of community ownership and control and take into account the principle of partnerships
- A mixed economic model to promote sharing of resources and co-ordinated resource mobilisation
- Develop an integrated Human Resources Development Plan, which aims to standardise training programmes, including mentorships and internships, with incentives and proper control

- Establish networks to accommodate the existing networks with the driving ministry acting as convener and secretariat
- Develop a plan to standardise the infrastructure, (with emphasis on local facilities), based on connectivity, accessibility, affordability, acceptance and maintenance with compatible and appropriate technology
- CMS content should be regulated and informed or guided by local culture and language so that it responds to the local needs and demands without contravening the Copyright Act or compromising quality.

Delegates unanimously adopted the CMS Indaba 2003 resolutions. A new team, including the original Task Team was selected to prepare the final Indaba Report for presentation to the Minister of Communications. As a token of appreciation, Task Team members were presented with Certificates of Patriotism, for their two-year work in compiling the CMS Report.

GOVERNMENT POLICY TO SUPPORT LOCAL CONTENT

The purpose of this programme is to develop a strategy on support mechanisms for broadcasting content production industries in South Africa.

The Departments of Trade and Industry, Arts and Culture, and Communications jointly submitted a proposal to Cabinet for the support of local content in the broadcasting industry of South Africa.

A Cabinet submission followed extensive consultations with the National Film and Video Foundation, SARS, including careful consideration of the recommendations of the South African Programme Production Broadcast Advisory Body Report.

Cabinet approved the strategy in November 2002. The project is now at implementation stage.

TRANSFORMATION OF THE ADVERTISING AND MARKETING INDUSTRY IN SOUTH AFRICA

For the past year the DoC has been working together with GCIS, DTI and major stakeholders on an agenda aimed at the transformation of the Advertising and Marketing Industry. This includes an analysis of the adspend placements within this industry in South Africa, undertaking research aimed at tracking progress and monitoring advertising expenditure patterns.

This is in preparation for a joint presentation to Parliament on Government and Industry views on the state of the Advertising and Marketing industry in South Africa.

To this end, the DoC commissioned research on the status and profile of the advertising and marketing industry in South Africa. This study is a replica of the Advertising Transformation Index (ATI) 2002 survey, also undertaken to track the status of advertising spending patterns in the industry.

This will enable Government and the Industry to assess progress made with regard to equitable ad spend by comparing the results of the proposed study with that of the previous reading. In undertaking this responsibility, the appointed consultant must do the following:

- measure total media spending, (excluding self-promotion), by Government and the Private Sector
- measure total media spending, (excluding self-promotion), by the Industry (Private Sector)
- measure total media spending, (excluding self-promotion), by Government (Public Sector)
- analyse advertising expenditure patterns for both the Industry and Government, i.e.
- measure private sector adspend (excluding recruitment advertising and self-promotion advertising spend)

- measure Government adspend (excluding recruitment advertising and self promotion advertising spend)
- analyse ad spend patterns according to Universal LSM and race group.

The report will be delivered in the third quarter of 2004 for use during the Parliamentary hearings.

IMPLEMENTATION PLAN FOR THE DIGITAL MIGRATION STRATEGY

In order to take advantage of technological developments in the ICT industry and to move with global trends, the DoC appointed an advisory body to advise the Minister and Cabinet on the best approach to introduce the digital integration of broadcasting services in South Africa.

The advisory body, after extensive consultation and research, has submitted recommendations to

the Minister. The Minister in turn submitted the recommendations to Cabinet. A report in this regard is available.

In addition to the above national process, the International Telecommunications Union (ITU), an international body responsible for setting global standards with regard to broadcasting and telecommunications, convened a conference in May 2004 to look at international technical standards, the legal and regulatory parameters necessary for and relevant to the digital migration of broadcasting services.

To ensure that there is a clear national position on this aspect, a South African preparatory team comprised of ICASA, representatives of the production industry and the Department has been established to work on the ITU organised programme. The National Preparatory Committee is preparing South African requirements and needs for Digital



Migration. The Department is currently working on a comprehensive national strategy on digitisation. As soon as the strategy is finalised, consultation with the public and stakeholders will be undertaken and Cabinet approval will be sought. Inputs from the strategy will be used for the submission of requirements to the ITU.

The ITU will reconvene in 2006 to look at national requirements and the finalisation of global standards for digital broadcasting services. This planned ITU 2006 conference will also ensure that there are no discrepancies in terms of what different countries require for digital broadcasting.

IMPROVING AND INCREASING THE EFFICIENCY AND COST EFFECTIVENESS OF TELEVISION LICENCE FEE COLLECTION IN SOUTH AFRICA

Following amendments made in the Broadcasting Amendment Act 2002, the law now provides detailed mechanisms for the collection of television licence fees. There were weaknesses in the original Act in terms of licence fee collection procedures and processes. The law empowers the Minister to issue policy directives on the collection and use of the licence fees.

This will ensure that television licence fees are utilized in a proper manner and are for discharging the public service.

In this regard the Department of Communications has commissioned a study to:

- Analyse the legal framework around licence fee usage, payment and collection in South Africa
- Provide suggestions on the use of licence fees and examine how regulations can improve the quality of service for public broadcasting in South Africa. Regulations to be developed by August-November 2004

- Analyse the history of licence fee payment and collection methods, its strengths, successes and weaknesses
- Look at licence fee collection trends and procedures in other countries
- Recommend different models and options, for perusal by the Department of Communications, for an effective and efficient licence fee collection mechanism
- Propose and motivate a collection and distribution channel for licence fees.

The overall objective of the study is to develop an effective new licensing mechanism, one that would increase the net licence fee revenue and thus make more funds available to improve the quality of service for public broadcasting.

RADIO

COMMUNITY AND DEVELOPMENT CLUSTER

INFRASTRUCTURE ROLL OUT

Since the inception of the project in 1998, the Department has successfully equipped thirty-seven four-year-licensed community radio stations and six non-broadcasting institutions for training purposes. Included in the licensed stations are Hubs which were also completed during 2003, overlapping from the 2002/03 financial-year. This was as a result of experiencing installation delays caused by administrative misunderstandings during the selection process between DoC, NCRF and stations as partners in the project. Further to this, the DoC has purchased equipment earmarked for allocation to seven stations in Gauteng and Western Cape. The community stations selected are the following:

(1) Gauteng Province

- **Kathorus FM** - to serve the Ekurhuleni Metropolitan Municipality
- **Voice of Thembisa** - also to serve Ekurhuleni
- **Radio Mamelodi** - to serve Mamelodi and areas to the West of it
- **Top Stereo** (Tshwane University of Technology) - to serve the South-Western areas of Pretoria and for on-campus training of Journalism students
- **Well FM** (Orange Farm Community Radio) - serving the southern Johannesburg informal settlements including Orange Farm.

(2) Western Cape Province

- **Valley FM** - currently on air, serving the community of Worcester and surrounding farm areas
- **Radio West Coast** - to serve the West Coast and surrounding communities

The Department's provision of these services has been received positively and has been acknowledged by the communities concerned. This has prompted requests from other communities that do not have equipment. Currently there are more than fifty applications from communities nationwide and the Department is following up and processing these applications. This process will be completed during the current financial-year.



The tables overleaf show Community Radio Stations completed or updated during the past year:

UPDATED COMMUNITY RADIO INSTALLATIONS TO DATE - 2003/04

| MPUMALANGA PROVINCE | | | | | | |
|-------------------------------|---------------------------|-------------------------------------|--|--|-------------------|--|
| Station | Location/ Nearest Town | Date Launched/ Completed | Telephone/Fax | Areas Covered | Licence Status | Language Group |
| 1. Barberton Com. Radio | Barberton | 20 Jan 2003 Upgraded HUB | T:0137126590 F:0137126591 C:0822973958 | Barberton, Nelspruit, Badplaas, Elukwatini, Legazi, and Pienaar, Malélane, White River | 4 YRS/ ON-AIR | IsiSWATI, ENGLISH, and AFRIKAANS |
| EASTERN CAPE PROVINCE | | | | | | |
| 2. Fort Hare University | King William's Town | Feb 2003 Upgraded | T:0826433307 | N/A | N/A | WEB CASTING ONLY |
| NORTH WEST PROVINCE | | | | | | |
| 3. Mafisa Com. Radio | Rustenburg | 06 March 2003 HUB | T:0145927620 F:0145923027 C: | Rustenburg, Ramatlabama, Phokeng, Magwase and surrounding Areas. | 4 YRS/ ON-AIR | SETSWANA, ENGLISH AND AFRIKAANS |
| GAUTENG PROVINCE | | | | | | |
| 4. Soshanguve Community Radio | Soshanguve | 30 Jan 2003 Upgraded | TEL:0127996054 FAX:0127998334 CEL:083 | Soshanguve, Mabopane, Pretoria, Garankuwa, Brits, Letlabe, Atteridgeville and other surrounding areas. | 4 YRS/ ON-AIR | ENGLISH, SOTHO, ZULU, XITSONGA & TSHIVENDA. |
| 5. Jozi FM | Soweto | Completed end March 2003 HUB | T:0119821085 F:0119827003 C: | Johannesburg area, Soweto, Krugersdorp and surrounding Townships. | 4 YRS/ ON-AIR | ISIZULU, ISIXHOSA, SESOTHO & ENGLISH |
| KWAZULU-NATAL - PROVINCE | | | | | | |
| 6. Maputland Community Radio | Jozini | Completed April 2003 Upgraded | T:0355721569 F:0355721579 C: | Jozini, uBoombo, Ingwavuma, Manguzi, Mbazwana, Mseleni, Mboza, Nduma, Ndumo and Mkuze. They serve the Nodal point of Umkhanya Kude Municipality. | 4 YRS/ ON-AIR | IsiZULU, ENGLISH, and 5% shared among languages such as isiSWATI and AFRIKAANS |
| 7. Icora Community Radio | Eshowe | Completed April 2003 Upgraded | T:0354741117 F:0354741117 C:0833699802 | St. Lucia, Ballito, Babanango, Kranskop, Mthunzini, Richards Bay, Lower Tugela, Nkandla, Ulundi, Eshowe, and Mapumulo. | N/A | 70% isiZULU & 30% ENGLISH |

UPDATED COMMUNITY RADIO INSTALLATIONS TO DATE - 2003/04 (CONTINUED)

| KWAZULUNATAL - PROVINCE (CONTINUED) | | | | | | |
|-------------------------------------|---------------------------|---|--|--|-------------------|--|
| Station | Location/ Nearest Town | Date Launched/ Completed | Telephone/Fax | Areas Covered | Licence Status | Language Group |
| 8. Newcastle Community Radio | Newcastle | Completed May 2003 Upgraded | T:0343881034 F:0343881011 C:0837298975 | Madadeni, Osizweni, Lenixton, Fairghly, Huttenheight, Blaubosch, Utrecht, Danhausser, Nomandini, Majuba, Masondeza and Maskraal. | 4YRS/ OFF-AIR | 70% isiZULU, 20% ENGLISH and 10% AFRIKAANS. |
| 9. Radio Sunny South | Port Shepstone | Completed August 2003 Upgraded | T:039 F:0396821589 C:0829560787 | Kwa-Nzimakwe, Kwa-Xolo, Kwa-Ndwalane, Oshabeni and Kwa-Madlala | 4YRS/ OFF-AIR | 60% isiZULU & 40% ENGLISH |
| 10. Radio Khwezi | Kranskop | Completed April 2003 HUB | T:0324815520 F:0324815522/3 C:0824288987 | Kranskop, Empangeni, Greytown, Mooiriver, Ladysmith, Tugela Ferry, Tongaat, Stanger, Eshowe, Richards Bay, and Babanango. | 4YRS/ ON-AIR | 70% isiZULU, 15% ENGLISH 10% AFRIKAANS, AND 5% GERMAN |
| 11. Imbokodo Comm. Radio | Isipingo | Completed August 2003 Upgraded | T:0319026220 F:0317654770 C: | Durban, Isipingo, Umbumbulu and surrounding areas | 4YRS/ ON-AIR | 60% isiZULU AND 40% ENGLISH |
| 12. Izwilo Mzanzi Comm. Radio | Durban | Completed September 2003 Upgraded | T: F: C: | Durban, Isipingo, Umbumbulu and surrounding areas | 4YRS/ OFF-AIR | 60% isiZULU & 40% ENGLISH |
| 13. Durban Youth Radio | Durban | Completed October 2003 Upgraded | T: F: C: | Durban, Isipingo, Umbumbulu and surrounding areas | 4YRS/ ON-AIR | 50% isiZULU & 50% ENGLISH |

SIGNAL DISTRIBUTION UPGRADES

This project was developed when it became clear that community radio stations were not covering areas they are designated to cover in terms of their license conditions. This was largely because these stations could not afford the high fees charged by SENTECH. Consequently they opted to conduct their own signal distribution. In August 2002, the Department and SENTECH entered into an agreement to provide all unallocated signal distribution equipment to SENTECH to cover capital expenditure. This process is now being completed.

A list of eighteen community radio stations was submitted to SENTECH and though not all of the preferred stations agreed to accept the offer, by the end of 2003 fourteen stations were distributing through the SENTECH platform. The project has had a highly positive impact in that SENTECH has reduced tariffs for community radio stations while the coverage of these stations has increased dramatically. At the beginning of the year seven installations were also completed in KZN and these too were included in the list submitted to SENTECH. At this time, five of the KZN projects are distributing their signals through SENTECH, bringing the number of community radio stations on SENTECH's roster to nineteen.

Other stations are still attempting to finalize their positions on this offer. The delays are in most cases attributable to changes in personnel, boards of directors and management. Nonetheless, the positive impact of the project on all SENTECH-aligned stations is clear, and all remaining stations are engaged in discussions with SENTECH aimed at signing Service Level Agreements.

KHULUMA COMMUNITY RADIO TRAINING PROJECT

The Khuluma project is a partnership between the South African Government, (through the DoC), and the French Government. Initiated in 2003, the project

made a slow beginning, largely due to unexpected delays in the transfer, from France, of the funds required to kick-start the training.

Nonetheless, the project team successfully organized a training module on "Elections Reporting". Forty-seven journalists and editors from community radio stations were selected for the training. ABC-Ulwazi, the independent production and training facility, Professor Mmusi, Professor of Media Studies at the University of the North, an NCRF board member, together with members of the Institute for the Advancement of Journalism were contracted through NEMISA to conduct the training. Representatives of the Independent Electoral Commission were also brought in to make presentations to the stations on the legal parameters required in reporting elections. This proved to be an exceptionally good educational experience for many participants. It also emerged that several stations were not aware of the need to register with the IEC. They subsequently did so in good time, thus ensuring that they were able to provide full and adequate coverage of the 2004 elections.

SATELLITE COMMUNICATION NETWORK

The project to construct a Satellite Communication Network has a significant development potential and has attracted keen interest from broadcasters across a wide range of disciplines. During the past financial-year the project team held a number of consultations with sector organizations and community radio stations, in order to introduce the idea and gather greater insight into what the sector requires for its sustainability. Over the period, partnerships were formed between the DoC, NCRF, NAB, IFRB, GCIS, the Parliamentary Education Office, NEMISA, and other role players to ensure the success of this network. Tender specifications were drawn up and published towards the end of the year. The tender was awarded to a supplier who complied with requirements and specifications adequately. The project team recently hosted a workshop with Community Radio Stations and sector organizations. Arising out of this was the clear

message that there is an enormous need for access to the enabling infrastructure.

An Oversight Committee, representing the nine provinces as well as sector organizations and associations was elected to identify thirty community radio stations for the pilot phase of the project. All stations attending the workshop supported the concept of the network and the developments that will be associated with its establishment. The first phase of the roll out process of the Satellite Communication Network will take place in the current 2004/05 financial-year.

POSTAL SERVICES



DDG : Postal Services
Ms Phumelele Ntombela-Nzimande

LEGISLATION (POSTAL SERVICES ACT)

The Amendment of Section 16 (5) of the Postal Services Act, was drafted and approved by Cabinet. It clearly distinguished between reserved and unreserved postal services. The Department also conducted workshops with all stakeholders across the country with the aim of reviewing and amending the entire Postal Services Act in order to bring it into line with current trends, e.g. Technology. During these workshops, submissions were made by the stakeholders on the suggested amendments. The process will lead to the amendment of the Act during the next financial year.

PROMOTING A CULTURE OF SAVING

One of the stated objectives of the Postal Services Act 124 of 1998 [Section 2 (r)], is to promote a culture of saving by means of PostBank. The challenge to the South African Post Office is to provide a reliable financial services infrastructure, with emphasis on those areas where no such service has existed before, largely in rural communities, whilst at the same time promoting a culture of saving.

A campaign to highlight the importance of saving was conducted throughout the country. The numbers of people saving with the PostBank is on the increase. Through this campaign new markets were targeted, women in the informal sector being one example.

PHILATELY

In memory of some of the best-loved sons and daughters of our land, the Post Office has decided to celebrate ten years of democracy by issuing commemorative stamps with the theme "They Fought for Freedom". Three luminaries have already been identified and so honoured. The Minister presented commemorative stamps in honour of these great leaders who have passed on: Oliver Tambo, Walter Sisulu and Chris Hani. This process is ongoing. A further group of distinguished and heroic figures has been selected and stamps commemorating their achievements will be issued during the next financial year.

POSTAL E-SERVICES

Public Internet Terminals (PiTs)

In the context of new developments in the ICT sector, SAPO has been repositioned to play a leading role in the provision of services within the electronic communications environment. Electronic services are being provided by SAPO through mechanisms such as Public Internet Terminals (PiTs) and the Citizen's Post Office (CPO).

The primary objective of these initiatives is twofold. Firstly, to create a communications infrastructure through which all people will have access to information from Government, Business, and Communities. Secondly, yet no less important, the services will empower citizens to communicate via e-mail or the Internet and to access additional services such as photocopying, fax machines, scanners etc.

A PiT is a self-service information kiosk for citizens to access online Government, Education, Internet, e-mail and business information and services.

So far 700 PiTs have been rolled-out in Post Offices and Multi Purpose Community Centres, which include nodal points throughout the country. Six hundred of these were installed during the past financial year. In order to ensure that PiT's are self-sustaining or financially viable the Project Team is currently looking at introducing a billing system as part of the Second Phase. The billing system will be introduced selectively and will not apply to all services, as some services, such as Government sites and e-mail, are free. The business requirements for the billing system have been finalized with Retail at SAPO. Initially customers will be expected to buy vouchers (PiT time), and thereafter Smart Cards will be introduced.

A maintenance plan is currently being developed so as to ensure that the PiT's are always operational.

Citizen's Post Office (CPOs)

The objective of this project is to provide public access to digital communications infrastructure, content and services to all citizens, at the same time ensuring that SAPO is well-positioned to capture a share of the growing e-commerce market. To date, 14 CPOs are operating in various parts of the country and ten more will be rolled-out during the next financial year.

GEOGRAPHIC INFORMATION SYSTEM (GIS)

The initiative sets out to establish a GIS postal database to capture, store, check and integrate data. The principal objective is to utilize special technologies and applications to develop a comprehensive audit of the national postal communicat



ions and services. The application will assist in identifying postal infrastructure, its deficits and imbalances etc. Users are able to generate information for planning and decision-making, thus improving their own services. Initial training on the usage of the application was successfully introduced.

MULTI-PURPOSE COMMUNITY CENTERS (MPCCS)

The rollout of the ICT infrastructure to the MPCCs is ongoing. The project is being conducted through the GCIS and within the ISRDP/Urban renewal initiative. The communications centres, which were run by the Department, have been integrated into the broader MPCC initiatives.

NATIONAL ADDRESS SYSTEM

A framework for a National Address System has been developed. The Village of Garasai in the North West Province was used as a pilot project and the entire community received street addresses. Another project on street delivery is taking place in the rural area of Eastern Cape.

INTERNATIONAL ACTIVITIES

Pan African Postal Union (PAPU)

South Africa handed over the Chairmanship of the PAPU Administrative Council to Kenya.

The chairing country's role is to assist the Secretary General in accomplishing his duties as administrative head of the PAPU Secretariat. Amongst other functions, the Council approves the annual budget and accounts of the Union and also provides yearly updates of the UPU's Programme and Budget. It is responsible for promoting and coordinating all aspects of technical assistance among member countries. It prepares and issues recommendations to member countries concerning standards of postal regulations and other processes within its competence where uniformity of practice is essential.

In May last year, at a meeting in Nairobi, South Africa handed over its role as chair of the Administrative Council meeting to Kenya, the host country for the meeting. South Africa's role in helping to modernise and upgrade their postal services, including both their financial service and regulatory framework, was noted by member states.

Universal Postal Union (UPU)

In 2003 South Africa accepted nomination for Vice-Chair of Committee 7 (Markets and products) of the 23rd Universal Postal Union Congress, to be held in Bucharest, Romania in 2004. A National Congress Committee was established to prepare

for the Bucharest congress. The delegation from South Africa attended the Council of Administration meeting in Berne, Switzerland from 16 to 24 of October 2003.

The Department was invited by the South African Post Office to participate in the Executive Marketing Conference for the UPU held in Durban from the 16th - 18 March 2004.

Celebration of World Post Day

South Africa celebrated its second World Post Day on 09 October 2003. The theme for the celebration was "Post - linking the people, the communities and the world." The message included the important role that the Post office plays in these vital services. The Committee, comprising of SAPO and DoC representatives, chose Galeshewe Township in Kimberley as the venue to celebrate this annual event. Around 1500 people attended the celebration. The guest list included postal stakeholders and representatives from provincial and local government. The MEC for Health in the Province Ms. Dipuo Peters was the guest speaker. The event generated a great deal of interest and was broadcast live on SABC as well as SABC Africa.

Ratification of 1999 UPU Beijing Congress Decision

A process to ratify the decisions taken during the 1999 Beijing Congress was begun. A Cabinet Memorandum was submitted and approved. The process will be finalised during the next financial year. The ratification will then enable South Africa to take part in important decision-making processes during the 2004 UPU Congress in Bucharest.

TELECOMMUNICATIONS



DDG : Telecommunications
Mr P Pongwana

SOUTH AFRICAN COMMUNICATIONS

The South African telecommunications market is at a critical point in its development.

Since the 1996 Telecommunications Act, the fixed telecommunications market has been dominated by Telkom, a resurgent incumbent operator while the mobile market has seen the launch of a third operator and rapid growth in usership.

On the fixed side, the main achievement has been the successful sale of over half of the once wholly-nationalized monopoly to private investors. As a result of the subsequent heavy investment by Telkom in a modern, reliable network infrastructure Telkom is now broadly seen as a highly successful company that offers a good level of service to most subscribers.

On the wireless side, South Africa has witnessed spectacular growth in users, far beyond original expectations. Despite high levels of income inequality, nearly four South Africans in ten now have a mobile phone.

In broadcasting, South Africa has seen the continued success of pay TV and a high proportion of GDP on ICT. The sector as a whole has been a notable economic success story.

However, this progress needs to be balanced against some major challenges on the road ahead.

Firstly, for several reasons, the number of fixed lines has stagnated. A planned expansion in the Telkom network, though initially successful, failed to achieve a lasting increase in the number of connected lines and a program to issue licenses to independent operators in underserved areas remains largely unimplemented. Real increases in the cost of lines and local calls probably contributed to this reversal.

Secondly, the cost of many basic resources such as DSL, leased lines, and international telephony are all potential obstacles to the positioning of South Africa as a leading location of advanced ICT services. There is therefore a clear need to enforce existing legislation and competition law more effectively.

Finally, the South African Internet is falling behind that of peer countries on most measures. In particular, dial-up penetration and usage is growing slowly, if at all. Broadband has made little progress, especially in the residential market. Again, high cost is clearly a major factor in this stagnation.

The questions that are being asked now are: should we be doing more to encourage the development of the market? Or are the changes that have already been made or proposed sufficient to ensure that the ICT sector acts as a stimulus to the South African telecoms market and economy?

Pressure for further changes comes from three main sources:

- A sense that convergence between different ICT sectors, driven by across-the-board

digitalization, requires a rethink of key aspects of the current regulatory regime

- A sense that the South African economy will be boosted by a more competitive environment in the ICT sector
- A desire to improve access in general and specifically in under-served areas, many of which still have penetration well below 5 per cent.

What does it mean for South Africa?

- The consumer fixed line market is flat on most measures; significant innovation and reform will be required if the sector is to make any progress in penetrating lower income households. Rises in the cost of line rental and local phone calls are among the factors that discourage use.
- Broadband has made little progress, either in the business or consumer market. The high price of broadband is clearly a significant factor. Broadband is dominated for now by a single supplier, Telkom, though a second Sentechn, has now entered the market.
- The wireless market is performing generally well. Despite limited regulatory intervention real competition exists. This has led to real choices for consumers. South Africa's MNO are delivering significant social benefits for the country, both in terms of the services they offer and the employment opportunities they create.
- Data service markets continue to grow, but largely to the incumbent's benefit. The absence of separate pricing for retail and wholesale services in particular means that competitive operators continue to struggle to build margin into the limited services that they can provide. Indeed, the services and the wide area telecommunications services are sold as loss leaders.
- The current focus of competition lies in the provision of services to the larger business market. With pockets not as deep, South Africa's small, micro, and medium-sized enter-

prises (including sole traders), whose interest in the internet is growing, cannot afford to take up some of the services on offer-including newly-launched DSL, which remains an expensive option for most.

- In summary, there is strong evidence that further clarification of communications policy and enforcement of regulation is required if South Africa is to make better progress over the year or two ahead.

MEDIUM TERM OUTPUT TARGETS

A Liberalized Telecommunications Industry Licensing the Second National Operator

The ITA for a 51% stake in the SNO was issued in May 2002. Applications were received from two consortia: Goldleaf and Optis. After due consideration, ICASA recommended to the Minister that neither of the applicants were in a position to take up the 51% equity stake. The Minister concurred with this recommendation. The Minister provided, through the Government Gazette, alternative licensing process in terms of Section 35(A) of the Telecommunications Act of 1996 as amended.

The process for awarding the 51% equity interest in the SNO was to be conducted in 4 phases, namely:

- The submission of Expressions of Interest in order to qualify for consideration
- One on one negotiations with the SNO Committee that was established to manage the application process and make recommendations to the Minister
- Evaluation of applications by ICASA
- Integration, awarding and issuing of the license

On 31 March 2003 the Minister issued an Expression of Interest Invitation in the Government Gazette for prospective applicants to apply for a 51% stake in the SNO to provide service in terms of Section 36 of the Act.

At the end of the 2003/4 financial year, the SNO had not been concluded for the following reasons:

- Negotiations between parties were continuing
 - 25% equity holder in SNO not finalized.
- These are intended to be finalised by the end of August 2004.

Number of Under Serviced area Licenses Granted

The ITA for Under Serviced Area Licenses was issued on the 19th December 2003, inviting 10 applications from the following provinces:

- Limpopo
- Eastern Cape
- Free State
- KwaZulu-Natal
- North West

The Minister has approved applications from four telecommunication companies: Bokone Telecoms, Kingdom Communications, Thinta Thinta Telecoms, and Ilizwe Telecoms.

ICASA further recommended that three companies Amatole Telecoms, Karabotel and Bokamoso Communications should amend their shareholding structures to reflect the communities in which they will be operating.

Karabotel has to revise its shareholding structure to reflect the community of North West, and Amatole Telecoms has to finalise its merger with members of Uqalo Consortia, based in the Eastern Cape.

Successful bidders will each receive infrastructure subsidy of R 15 million (over a period of 3 years) from the Universal Service Fund according to a formula designed by the Universal Service Agency.

The second phase of licensing will commence in the third quarter of 2004. ICASA is to provide an analysis of lessons learnt in order to streamline further licensing of 27 more areas. All these areas are also nodal points.

Market Study to Look at Desirable Market Structure in ICT Sector

The Market Study has been completed and is currently being discussed in Government Structures. It will be tabled in Cabinet during the course of 2004/5 financial year. In the course of events a number of announcements were made by the Minister, with regard to the further liberalization of the sector.

Government Migration from the 1800 MHZ Spectrum

The failure of "dot-coms", the auctioning of spectrum in Europe, the failure of the Global Mobile Personal Communication System, and the general collapse of ICT stocks around the world resulted in a depressed ICT market globally. However, this trend is slowly being reversed. Technological advances and equipment development have resulted in new radio frequency spectrum requirements.

In South Africa, the Telecommunications Act provides for 1800 MHz (as well as 3G Spectrum) to be issued to Cell C, MTN, Vodacom, Telkom, the SNO and Under Serviced Area Operators who are permitted to use the spectrum in the delivery of telecommunications services.

Pursuant to this provision, the Department determined the access fees and universal service obligations for the allocation of the 1800 MHz and Third Generation radio frequency spectrum to mobile operators.

However, the allocation of the 1800 MHz spectrum was subject to government agencies migrating from the above-mentioned spectrum. Through con-

sultations with all stakeholders, Government, Operators and the Regulator, the matter has been resolved. The migration plan will allow for the allocation of spectrum during the course of 2004. To this end ICASA is finalizing licensing conditions for the operators.

The economic and mobile benefits of 1800 MHz and 3 Generation spectrum are considerable, particularly if operators are encouraged to continue to improve access to affordable communications.

ESTABLISHED EMERGENCY COMMUNICATIONS INFRASTRUCTURE

112 Emergency Call Centre

As part of our Telecommunications policy programme, the unit undertook to establish an Emergency Communication Infrastructure that will be accessible from anywhere in South Africa by April 2005.

We would like to place on record that an operational 112 Emergency Centre has been successfully established. An operational management team was appointed in November 2003 and operational staff appointed in January 2004. All appointed staff are undergoing internship programmes through the auspices of Services SETA.

Beginning in March 2004 the 112 Emergency Centre has been taking emergency calls (+/- 35,000 calls per month) from SAPS and provincial Emergency Medical Services. The test operations are limited to the Western Cape Province, the 021 area in particular.

The Department has commissioned a feasibility study on the viability of operating the 112 Centre through a Public Private Partnership.

The objectives of the test operations are:

- To test system stability, reliability and interoperability with other emergency control centres
- To test Standard Operating Procedures (S.O.P)
- To test operators' skills development

Barring technical challenges, such as the ability of the 112 Emergency Centre to transmit original callers' numbers to emergency control centres, the 112 Emergency Centre is operating in a satisfactory manner.

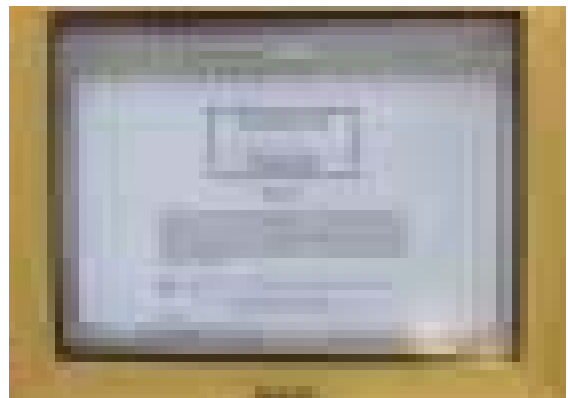
ELECTRONIC BUSINESS DIRECTORATE

Electronic Transactions

A Not-for-Gain Company was registered and a Board of Directors appointed in 2003. This is a fully functional authority responsible for the .za domain name space. The .za DNA is on track to finalise their business plan and be fully operational by the end of the financial year. The Department is finalizing the transfer of start-up funding to ensure that this deadline is met.

ESTABLISHMENT OF THE AFRICAN ADVANCED INSTITUTE FOR ICT

The founding vision is for an Institute that focuses on the study, research and development of ICTs in the form of technologies that benefit all citizens. A Project Office was established at the CSIR in terms of the Cabinet approval on 31 March 2004. The establishment process is underway and on target.



Presidential Assent can now occur online.

THE POSTAL REGULATOR



General Manager:
Mikie Kutta

The Postal Regulator was established in terms of Section 3 of the Postal Services Act No. 124 of 1998 as amended. The establishment of the Postal Regulator is aimed at, amongst other things, ensuring and monitoring the provision of a universal postal service.

The postal service is the most basic and most common means by which messages can be communicated and goods delivered. Postal services are a basic link serving the entire population. They also provide an important medium of communication for businesses. A viable postal service is an essential vehicle of communication and therefore vital for social and economic activity. Moreover, the postal sector is essential in a world where reliable and speedy communication is critical to the success of rapidly globalising trade, industry and services.

The universal service provider, charged with the task of providing universal postal services within the country is the South African Post Office (SAPO). An address is a basic human right, giving every person a clear identity. Due to the legacy of the past, postal services were not accessible to many sectors of the population as there were no addresses

to deliver to. Those affected were unable to participate in the economic activity of the country.

The strategic position of the Postal Regulator is derived from the following legislative mandates:

White Paper on Postal Services

The White Paper sets out the policy and lays the foundation for the establishment of a Postal Regulator. It commits Government to reducing the size of the monopoly and at the same time ensuring a universal service.

Postal Services Act No. 124 of 1998

This Act establishes the Postal Regulator and provides SAPO with an exclusive license to provide basic postal services. It also allows for courier companies to be regulated.

Postal Services Amendment Act of 2000

This piece of legislation changes the structure of the Regulator so that the Chairperson of the Regulator is no longer the most senior person in the Postal Business Unit. The Regulator comprises of three people rather than two.

The Goals and Objectives of the Regulator are as follows:

- To promote the universal and affordable provision of postal services
- To encourage investment and innovation in the postal industry
- To promote the development of postal services that are responsive to the needs of users and consumers
- To ensure that the needs of disabled persons are taken into account in the provision of postal services
- To promote stability in the postal industry
- To promote interaction and co-operation with other agencies and local authorities
- To ensure compliance with international commitments
- To promote small, medium and micro enterprises within the postal industry

- To protect the interest of postal users and consumers
- To ensure greater access to basic services through the achievement of universal postal services.

2. PROGRESS ON MEDIUM TERM TARGETS

2.1 MONITORING AND ENFORCEMENT UNIT

The year under review has been the most challenging one for the Monitoring and Enforcement Unit given that the year began with a staff complement of two. Nonetheless, many projects and activities were undertaken, amongst them the appointment of postal inspectors. Attention was also given to ongoing projects, including the appointment of the Independent Monitor and the Roll-Out Auditor. There has been a great improvement in the procedures for handling customer complaints and disputes.

2.1.1 Independent Monitor

A significant element in the provision of universal service is the reliability of that service. The Post Office is required, according to the conditions of its licence, to deliver letter mail within a specified period of time.

Presently, the Post Office employs the Independent Monitor, whose job is to monitor adherence to delivery standards. In future the Postal Regulator will have to employ its own Independent Monitor, in accordance with Section 27 of the Postal Services Act.

2.1.2 Roll Out Audit

The Postal Services Act requires the Post Office, in terms of its licence, to provide a universal service to all who live in South Africa. Also, as part of its licence conditions, the Post Office has been given targets for the provision of retail outlets as well as a roll-out schedule for the provision of postal boxes and street delivery services. A roll-out audit will be undertaken in due course.

2.1.3 Postal Inspection

The Monitoring and Enforcement Unit appointed six postal inspectors. A comprehensive induction programme was prepared to familiarise the new staff with the postal industry. The induction process included site visits to the various depots and branches of the Post Office in the regions.

The induction process was concluded at the end of March 2004. The Unit also conducted extensive research into the training and development of the inspectors. Various meetings have been held with a number of local institutions. International institutions providing this type of training were also approached.

2.1.4 Customer Care Standards

Clause 10 of the Post Office Licence requires the Postal Regulator, in consultation with the Post Office, to determine objective standards for customer care to be adhered to by the Post Office in rendering the reserved postal services. Customer care standards must be published in the Government Gazette in January each year and the performance of the Post Office will be measured against this. The Monitoring and Enforcement Unit undertook research on the development of these customer care standards.

The Standards are important to the Postal Regulator, since they constitute the yardstick by which the performance, quality of service and delivery standards of the Post Office are measured.

2.1.5 Customer Protection

The other focus area for the Monitoring and Enforcement Unit of the Postal Regulator as provided for in Section 8 of the Postal Services Act No 124 of 1998, is Customer Protection. The Unit has been working on the development of an information brochure as part of a broader customer education and awareness campaign, to ensure that customers are fully informed about their rights and the protection of these rights. This brochure is currently in circulation.

2.1.6 Complaints and Dispute Resolution

One of the key responsibilities of the Postal Regulator is to handle and assist customers in the resolution of complaints and disputes with operators of postal services. A conceptual document on the procedures has been developed to ensure a simple and speedy resolution of disputes.

During 2003/2004, the unit has handled a total of thirty-three complaints. Twenty-one of these have already been resolved amicably. This represents a reduction of over 50% when compared with the previous year, where seventy seven complaints were recorded.

2.2 REGULATIONS UNIT

2.2.1

The Postal Regulator conducted feedback and Consultative Workshops with stakeholders on the development of Postal Service Regulations in the major cities of the country during November and December 2003. These workshops were necessitated by the concerns expressed by the industry on the ambiguity of the proposed amendments to Section 16.5. of the Postal Services Act.

2.2.2. Registration of Private Postal Operators

The Postal Service Regulations, were revised following recommendations made at the feedback work-



shops with industry players. They are expected to be signed by the Minister after all the consultative processes in line with the legal requirements have been completed. Once the Minister approves, the new Postal Service Regulations will be gazetted and the public will be invited to apply for registering as postal operators, in terms of Section 21 of the Postal Services Act No. 124 of 1998.

2.3 PRICING AND TARIFFS REGULATION UNIT

2.3.1 Development of the Unit

The Pricing and Tariffs Regulation Unit was previously under the umbrella of the Regulations Unit whose focus areas are licensing and registration of postal operators. During the 2003/2004 financial year the Pricing and Tariffs Unit was separated from the Regulations Unit in order to enable it to focus effectively on the area of tariff regulation as per its mandate. This is in further alignment with Government objectives to ensure the effective regulation of administered prices.

2.3.2 Objectives of the Pricing and Tariffs Unit

The Postal Regulator has been mandated to determine Fees and Charges in Sections 8 (1) and 30 (1) of the Postal Services Act.

In fulfilling this mandate to determine postal tariffs for the reserved postal area, the Regulator is required to recommend the tariffs for approval by Minister.

The following are the principles and conditions that need to be complied with in terms of the above sections of the Act:

- Promote the interests of users of postal services in respect of the cost of reserved services the continuity of postal services and the quality thereof
- Ensure that all reasonable requests for postal services are satisfied

- Promote a universal postal service that will ensure equal access for all citizens to a basic letter service; (i) that is reasonably accessible to all people in the country regardless of physical location. (ii) at a uniform rate of postage. (iii) at an affordable price.

2.3.3 Tariff Increases

To enable the Minister to fulfil the mandate to determine fees and charges in respect of reserved postal services, the Postal Regulator's Tariffs Unit annually conducts a detailed analysis of South African Post Office's Tariffs (Rate Increase Application).

Upon completion of a detailed analysis and evaluation, recommendations were subsequently made to the Minister to approve a 3 % Tariff Increase, for the period 1 April 2004 to 31 March 2005. The Minister approved this in January 2004. A Schedule of Fees and Charges for the new financial year (2004/2005) was also published in the Government Gazette.

The approval of a below inflation increase was welcomed by industry as an improvement in comparison with the previous 5 years. This was in keeping with the Regulator's responsibility to promote universal access by continuously incorporating the principles of uniformity accessibility and affordability in the analysis of tariffs.

2.4 OTHER ACTIVITIES

2.4.1 Capacity Building

As part of the Postal Regulator's capacity building process, members of the Regulator's team attended a variety of courses. These were Customer Services, Voice Training, Leadership, Project Management, Policy Development and Management. In addition members attended a number of computer courses.

A member of the unit attended a three weeks training programme on Universal Service organized by the Swedish International Development Agency (SIDA) in Uganda. Presentations were made to the Regulator and senior Management of the Department.

2.4.2 Disability

Two members of the Regulator participated in the activities of the Department's Disability Committee. These members have also been active in the Inter Departmental Collaboration Committee on Disability (IDCCD). A number of workshops and meetings have been attended, reports were prepared and submitted to the Director-General's office and other relevant units.

2.4.3 International Strategy

This is an ongoing process which involves the Regulator interacting with international postal stakeholders such as:

- Universal Postal Union (UPU),
- Africa Forum for Utility Regulators (AFRU),
- Pan Africa Postal Union (PAPU) and
- Southern Africa Postal Regulators Association (SAPRA),

as specified in the Postal Services Act No. 124 of 1998, Chapter II, 8.2.

GENDER DESK



Manager:
Mrs D Makgahlela

1. STRATEGIC OVERVIEW OF THE UNIT AND KEY POLICY DEVELOPMENTS

The gender desk was re-established with the following objectives:

- a. To advance women's equal participation with men as decision-makers in society
- b. To reduce gender inequalities in access to control over resources and benefits of development
- c. To actively take part in raising awareness of gender issues within our operational spheres
- d. To conform to existing legislation. South Africa is a signatory to the Beijing Platform for Action (BPFA) and the Cabinet Memorandum of 1996 (number 3 of 1996, file number 13/1/1/1) provided for the establishment of Gender Focal Points (GFP's) in National Departments.

2. SIGNIFICANT EXTERNAL AND INTERNAL DEVELOPMENTS

2.1 External Developments:

The Office on the Status of Women, situated in the Presidency, develops national gender plans for Government Departments and monitors the implementation of these plans. The Department of Communications adheres to all guidelines by continuously interacting with this office and submitting the required reports.

2.2 Internal Developments:

The Gender Desk interacts with the Department's various Business Units to ensure that gender is factored into projects. The desk, together with the Ministry, co-hosted the Minister's Gala-Diner for International Women's Day.

In raising awareness of gender issues within the Department, the desk participates in National events such as "The 16 Days of Activism for No Violence Against Women and Children", which is a world - wide campaign.

GENDER RESOURCE CENTRE FOR CIVIL SOCIETY

The desk acts as a Resource Centre for civil society with regard to gender issues, for example NGO's, Learning Institutions and Portfolio Organizations controlled by the Minister of Communications.

3. PROGRESS ON MEDIUM TERMS TARGETS

No revenue was collected for the current financial year.

SECTION B: SUPPORT SERVICES

SHAREHOLDER MANAGEMENT UNIT

STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS

The Shareholder Management Unit was established in 2003. This was as a result of dissatisfaction with the decentralized manner in which the entities falling under the Department were managed. At that time, each business section dealt with its own shareholder management issues and there was a clear need for a focused approach. The centralized Shareholder Management Unit is a channel for communication between the Shareholder, that is the Government of the Republic of South Africa, represented by the Minister of Communications, and the public entities in our portfolio, to enable each party to achieve its respective objectives and to carry out its functions.

The Unit facilitates and co-ordinates the relationships between the Shareholder and the Public Entities in our portfolio to ensure a strategic link between Government policy objectives and the strategic and corporate plans of the entities. The public entities in our portfolio include the South African Broadcasting Corporation, the South African Post Office, SENTECH, Telkom, NEMISA the Universal Service Agency and ICASA. These state-owned enterprises, and, in the case of Telkom partially state-owned enterprises, are the focal point of the activities of the Shareholder Management Unit. They are referred to as the Portfolio Organisations. The overall strategic goal of the Unit is to enable Government to optimise shareholder value by providing effective management of activities of all public entities in the portfolio. In order to achieve this goal, the Unit set the following strategic goals for the 2003/04 financial year:

- Plan and manage enterprise restructuring programs through Government-wide consultations
- Facilitate the appointment of Board Members to the entities
- Promote sound corporate governance by ensuring strict compliance with corporate governance principles as embodied in the Protocol on Corporate Governance in the Public Sector, Public Finance Management Act, 1999, Treasury Regulations, Kind II Report on Corporate Governance and Articles of Association
- Strengthen the relationship between the Shareholder and the enterprises through the development and implementation of Shareholder Compacts
- Advise Portfolio Organizations on policies such as employment equity, empowerment and procurement, labour relations, conflicts of interest, Directors and Executive remuneration and incentives, etc.
- Align enterprise behaviour with Government priorities
- Benchmark good practices and encourage emulation across the enterprises.

SIGNIFICANT EXTERNAL AND INTERNAL DEVELOPMENTS

The Unit was centralized as a stand-alone Unit in 2003 as a result of the inconsistent manner in which governance principles were applied across the entities under the decentralized model. The centralized model has eliminated duplication and confusion by entities, since all shareholder-related activities across all entities are dealt with from one central point. Following the centralization of Shareholder Management in the Unit, the entities have been managed in a uniform and consistent manner. Portfolio organizations now have a central point to which they submit the documents required by the Department. This arrangement has not only improved Government's relationship with public entities but has also strengthened the effectiveness of the Department in managing these

entities. As a result, delivery levels have improved dramatically during the 2003/04 financial year.

PROGRESS ON MEDIUM TERM TARGETS

The Shareholder Management Unit does not collect revenues for Government. Consequently, no revenue collection plans were included in the Unit's strategic plan for 2003/04 financial year. The following performance targets were specified by the Unit in its 2003/04 strategic plan:

1. Provide a framework for restructuring of public entities in the DoC portfolio in line with Government objectives. A target to achieve 20% of the SOEs restructuring programmes was set as an objective for 2003/04 financial year. Due to factors beyond the control of the unit, this target was not fully achieved. The plan for the current financial year is to accelerate these programmes.
2. Facilitate the appointment of Directors of SOE Boards in such a way that these Boards are fully representative of the geographic and population diversity of South Africa. These directors provide the necessary exposure to their board members so that they may gain expertise, thereby adding value to their function.
3. Analyze the financial performance of public entities. This objective has not been satisfactorily achieved, as some entities have either not submitted their financial reports or have not done so on time. However, a database that will provide a track record of the financial performance of entities for the past five years has been established.
4. Benchmark the financial performance of public entities against the industry norm. This target was not achieved.

5. Ensure that SOEs deliver on Government policy targets. This is to be achieved through the implementation of Shareholder Compacts. These compacts were developed and signed by the Minister and Chairpersons of all public entities during the year under review.
6. Advise the Minister with regard to the Materiality and Significance Framework with respect to all entities. This target was not achieved in the 2003/04 financial year as none of the entities concluded this framework with the Minister.
7. Evaluate the balance between the implementation of the universal service obligations of public entities with their financial sustainability. The purpose of this exercise was to arrive at an optimal financing model of the public entities. This target was not achieved.

Targets that have not been achieved or that have been partially achieved during the 2003/04 financial year have been included in the 2004/05 financial year's strategic plan and will be accelerated. Limited financial as well as human resources capacity have been a contributory factor for the non-achievement of some of the targets set for 2003/04 financial year. Since the Unit is now almost fully resourced, the strategic goals that have not been achieved in the 2003/04 financial year will be given priority in the coming financial year.

INFORMATION TECHNOLOGY

STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS

Introduction

The Information Technology Division forms part of the support structure in the Department. It operates in program 1 of the budget, but also reports in the Telecoms cluster to the Senior General Manager of the Telecommunications Business Unit. A large percentage of its resources are applied to projects outside the Department of Communications. The year 2003/2004 was a productive year for the IT Division. Apart from the normal user support tasks and the maintenance and administration of the Local Area Network, the division was involved in a number of projects.

Policy / Legislation

Apart from being responsible for the internal operating policies of the Department, the IT Division has no involvement in the development of policies and legislation. Operational policies include Internet usage policy and e-mail policy. These policies are in line with the vision, mission and overall policy directives of the Department. The section is currently involved in the drafting of these policies for the Department.

Significant Internal and External Developments

The IT Division is involved in internal projects to automate and streamline the operations of the Department as well as external projects that deliver services to the people at large. Involvement in the external projects is commonly in a technical advisory or supervisory capacity under the project leadership of a business unit or portfolio organization. During the 2003/2004 financial year the IT Division was involved in the following:

Upgrading of the server room – The server room was upgraded during the course of the year. This included housing all servers in professionally designed cabinets and linking the servers to high-speed switches to provide higher bandwidth to the users. When fully deployed, this will cater for 1 Gigabit switching facilities on the internal backbone of the DoC.

Bandwidth management – The section has acquired bandwidth management software to interactively manage the available bandwidth of the Department. When the necessary policies are in place this software will be used to filter websites and scan content to improve the efficiency of the bandwidth. This will result in scanning the Internet content before passing it on to the user, meaning that users can be denied access to specific Websites. The question of policy and regulation enters the debate.

Intruder detection – First line protection against hackers and viruses is provided by SITA. The need for additional protection against hackers, (firewall behind the router), has been investigated and the installation of the second line of protection by means of an internal firewall is underway.

Speech recognition system – Speech recognition software is basically a tool to enhance productivity, especially at senior management level. With this software senior managers and others will be in a position, where necessary, to dictate their documents to a word-processor. This should make the writing of reports, like this report, and other communication materials that much simpler with resultant increases in productivity. A pilot system is now being tested by the Legal Division.

Space weather research – The DoC is currently implementing a space weather research facility at the OTB site near Bredasdorp in the Western Cape. The IT Division's involvement consists of setting up a LAN and Internet connection for the facility. Basic design has been completed and implementation will take place in the next financial year.

Medium term Targets and Objectives

Although the IT unit is not a revenue earning unit, it is nonetheless a challenge to review and change where necessary, the products and services supplied to the user community in the Department, the more so since these are essential communications devices for the Department of Communications. These services include network services, e-mail, telephone services, Internet services and a range of applications running on the network. The overall intention is to make the Department e-Ready for future integration into an e-Government environment. The following functionalities are challenges that need to be addressed in the immediate future:

User requirements – All business processes and user requirements in the various business units and sections will be researched, with a view to automating all processes. Apart from the processes unique to each business unit, transversal processes like requests for procurement or applications for leave will also be covered.

Computerized faxing – A computerized faxing facility will be provided for faxing from the desktop.

Unified messaging – Unified messaging deals with the concept of integration of voice-mail, speech mail and e-mail. This system will facilitate access to all types of mail from the office or from a remote location.

Internet and e-mail usage – The concept of monitoring e-mail and Internet usage is currently being debated in Government and Business throughout the IT world. After examining usage patterns we must determine our position on regulating the Internet.

Certification Authority – Without a proper PKI system, e-Government cannot become a reality. Certification is currently being addressed by SITA and we must implement compatible technology.

Summary

After a very successful year in the implementation of internal and external projects, the IT Division faces an even more challenging year ahead. E-Commerce and E-Government is taking off globally and South Africa cannot be left behind to face an ever-widening digital gap. A very high priority objective of the IT Division is to lead the Department into the e-age by making sure that all projects are geared towards making the Department e-Ready in terms of the work environment, communication infrastructure and the delivery of service. The DoC must set the example in this issue.

KNOWLEDGE MANAGEMENT DEVELOPMENT (KMD)

INTRODUCTION

Knowledge Management, (KM), is widely accepted as a key factor for the realisation of the knowledge economy. There is also much talk of intangible assets such as knowledge workers, intellectual and human capital. In the enthusiasm, however, there is danger of forgetting some basic business realities.

We may be moving towards a knowledge and service based economy, but we continue to rely on the physical creation, manufacture and distribution of goods.

KM and the old economy are not mutually exclusive: there are crossovers. In fact, KM should be seen as an ally for manufacturing companies that want to give their customers more than just a product – but service.

KMD PROJECTS

1. Knowledge Management Awareness Campaign:
 - Seminars for all tiers of Government
 - KM Seminars and new KM Strategy workshops
 - Presentations at Commercial Conferences
 - KM Awareness Campaigns at Exhibitions and Events
 - KM Awareness and implementation at ISSA
2. District Information Management Systems, (DIMS), Mobile Enablement
 - Focus on the Integrated Sustainable Rural Development Programme (ISRDP) and DM Nodes
 - Attend ISRDP, IDTT and URP meetings, as well as DIMS Steering Committee meetings

3. Social Cluster Mobile Application
4. ULWAZI Schools Project
5. KM Standards
6. Transformation of Engineering Council
7. Knowledge Management Society of Southern Africa
8. Citizen Relationship Management

ACHIEVEMENTS

District Information Management System (DIMS) Mobile Enablement

DIMS is an Integrated Sustainable Rural Development Programme (ISRDP) pilot at uThungulu District Municipality (DM).

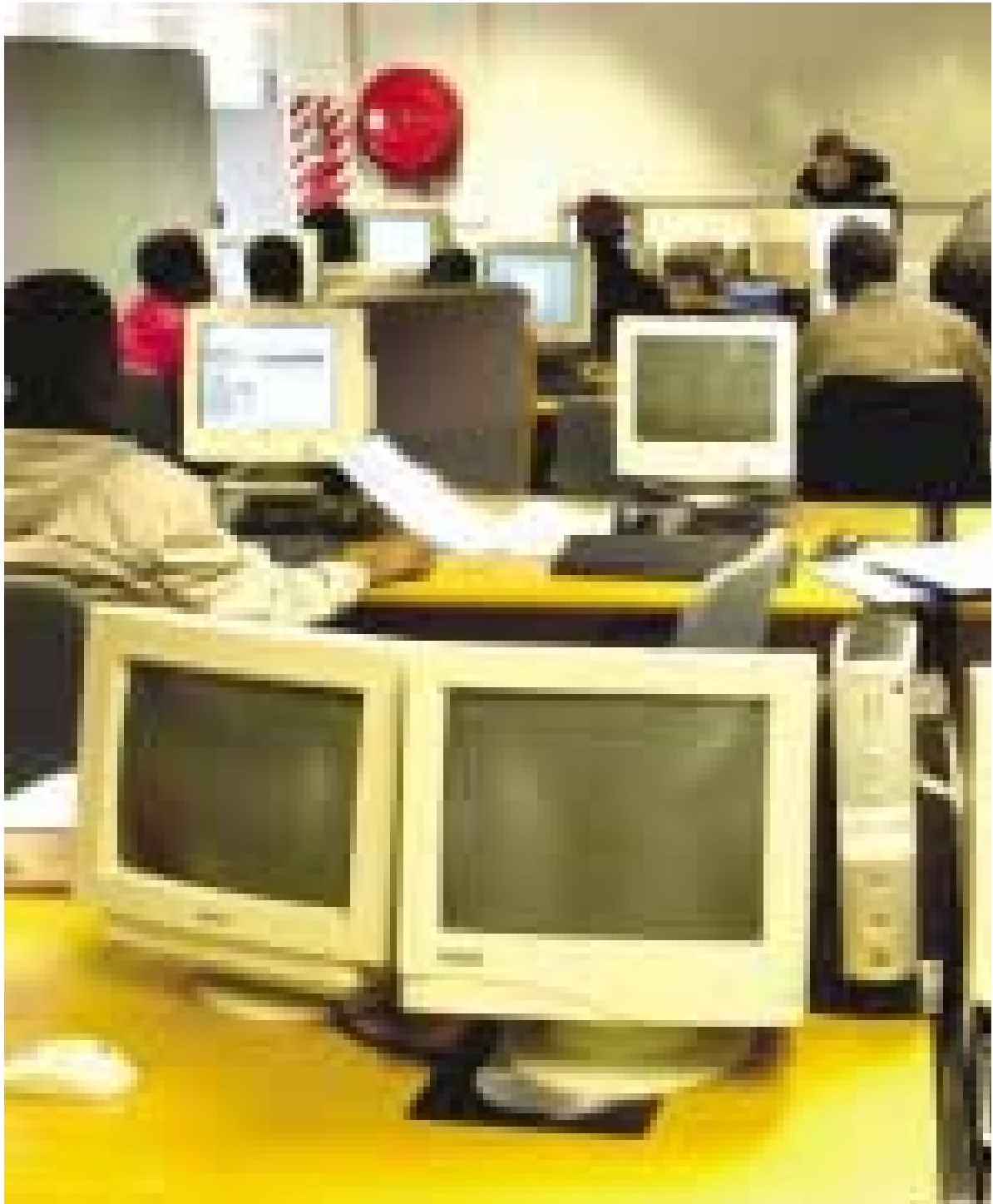
The KMD unit was instrumental in the development of mobile access to the District Information Management System's (DIMS) web-based-applications through the use of General Packet Radio Services (GPRS).

GPRS enables access to websites using the GSM cellular phone network.

Knowledge (skills) transfer between the consultants and three ISSA graduates on GPRS application programming was another key element of the project.

Social Cluster Mobile Application

- KMD plays a leading role in assisting the DGs' Social Cluster in the development of mobile applications for Management Systems. The unit also demonstrated DIMS to Directors-General at the Social Cluster meeting on the 17th March 2004



Ulwazi Schools Project

The project linked a private school in Pretoria with 4 schools in Mamelodi to demonstrate:

- Educational opportunities between the five schools using the Motorola Canopy Radio Network.
- That it enhanced the sharing of lesson material, primarily Grade 10 Science, across the network and the distribution of live lessons across the network with interactive feedback.
- Virtual cultural lounges for pupils to interact with one another on an informal basis were also created.

Steering Committee meetings to monitor the success of this project were attended by Mr. Ron Beyers, Chair, St Albans College, Motorola, Singari SA, ICASA, The Innovation Hub, School Net SA, Omega Digital Technologies, Gatang High School, Mamelodi College, Mamelodi High School, Modiri Technical High School, DoC MMU and the DoC KMD section.

A number of stakeholders have provided equipment and intangible support at no cost.

KM STANDARDS

The KMD section head was elected as Chair of the SABS Technical Committee TC170. The aim of the TC is to continue formulating KM standards, in line with similar international processes, which thus has a technology transfer element.

The KMD unit will continue to lead the process of monitoring international KM standards and the development of standards in South Africa. In the process the Australian and British KM standards are presently being reviewed.

Transform Engineering Council of SA (ECSA)

Richard Gerber, ECSA Council Member attends all ECSA meetings. The DoC's interest in ECSA is to:

- Canvas engineering interests in the ICT sector,
- Promote interests of the ICT sector,
- Promote transformation of ECSA,
- Network with other members.

KM Society of Southern Africa (KMSSA)

Mr. Richard Gerber, Chair, and Nana Mokgojwa, Executive Committee Member, represents the DoC on the KMSSA. The aim of the KMSSA is to promote the interests of the Knowledge Industry in Southern Africa. The DoC needs to evaluate whether to continue to lead this non-profit company.

Citizen Relationship Management (CRM)

As part of the CRM drive the following domain names have been registered:

www.AfricanYouth.org.za
www.AfricanDisability.org.za
www.AfricanBEE.org.za
www.AfricanSMME.org.za
www.AfricanGender.org.za
www.AfricanValues.org.za
www.AfricanCommunity.org.za
www.AfricanPeople.org.za

The aim of the websites/portals will be to:

- Enable citizens and stakeholders to share knowledge about their needs with Government,
- Share Government's knowledge base and empower citizens.

The DoC's next aim will be to select a content manager for the development of these sites.

CHALLENGES

Cultural barriers are often held responsible for failures to share and transfer knowledge in organisations. It is frequently said that knowledge management must undertake the difficult task of changing organisations.

CONCLUSION

Knowledge Management is an exciting, vibrant field of practice, full of challenges and surprises. It is full of cross-disciplinary applications and the need for innovation. It is also a field struggling to find its foundations in a sea of communications, demands, and conflicting interests, not all of which are consistent with the need to find a productive discipline based in both theory and practice.

RISK MANAGEMENT

The Risk Management Section forms part of an important support structure for the Department. It operates in all programmes of the budget, has a line function in programme 1 and falls under the Telecommunications Cluster. The resources are utilised over a wide spectrum of projects in the Department.

The Risk Management Section had a busy 2003-year coping with the demand for increased accommodation at the Department and was directly involved with a number of building activities. Due to the expansion of the staff complement in the E-Business and Shareholder Management Units, these units were relocated to Building B on the office park premises to accommodate their needs. Specifications, quotations and plans for building alterations have been drawn up for new office accommodation for the Director-General. The proposal is now with the Departmental Tender Committee, whose approval is required before we can proceed with the refurbishments. The appointment of the Postal Regulator's inspectors necessitated alterations to the Postal Regulator's offices. A needs analysis for the inspectors was drawn up and approved by the Department of Public Works. Offices for the Postal Regulator's inspectors were set up in Cape Town, Durban, Nelspruit and Bloemfontein. Drawings of the buildings in iParioli Office Park with all the alterations, office numbers and employees in each office are completed.

The Risk Management Section is also assisting Rebadiri Kgolo, a BEE cleaning company, with their operational needs.

Loss Control has a major task completing or writing off files. All losses/damages have to be dealt with without delay in terms of the Treasury Regulations, including immediate reporting of criminal acts to the SAPS. This is in terms of taking a proactive approach to Loss Control, and includes

the maintenance of a loss control register.

The design, implementation and control of the Security installation created an environment, which is user-friendly but at the same time maintains good control and safety at all times. Physical security at the receptions and entrance/exit points is always visible and the security personnel present themselves as helpful, even during screening processes. The entrance/exit paths are controlled by a computer-driven access control system allowing information on all personnel to be stored against a date and time base.

All strategic points are monitored by means of surveillance cameras and events are recorded on a 24-hour real time basis. Entry/Exit to the buildings is only achieved by means of proximity cards, which are issued to personnel. This section is currently upgrading the surveillance system to meet digital standards. Additional cameras are being installed in strategic places.

Risk Management faces a very important and challenging future to ensure that the problems encountered during last year are utilised as opportunities for improvement in the future. A priority for this section is to provide systems and mechanisms to improve and eradicate all criminal activities and to ensure that people, assets and information remain operational in a safe and secure working environment.

INTERNSHIP PROGRAMME

BACKGROUND

The Ministry for Communications noted with concern the acute shortage of skilled black professionals qualified to handle policy, legal and regulatory matters in the Information Communications and Technology (ICT) industry.

The Department was mandated to address this concern and consequently initiated an internship project through which it offered people with legal and economics backgrounds an opportunity to undergo internship. In 2003 the programme was extended to include people studying public relations and financial information systems.

The internship programme is intended to contribute to the process of creating and developing a critically needed skills base in the ICT sector. The project content is also intended to introduce interns to economic empowerment opportunities.

The beneficiaries of the project are graduates from historically disadvantaged institutions who have had no exposure to the practical issues of law, economics, technologies and other regulatory considerations relating to the ICT sector.

OBJECTIVES

- To recruit as interns, people with academic qualifications from historically disadvantaged institutions and familiarise them with practical issues pertaining to the ICT sector.
- To promote and develop the interns' professional skills in order to enable them to research, analyse and draft regulatory instruments.
- To encourage participation and facilitate the creation of opportunities for a more active involvement of women and persons with disabilities in the ICT sector.

- To expose the interns to economic empowerment opportunities available in the sector.

PROJECT IMPLEMENTATION

In 2003, the Department recruited 27 interns, 17 of them women. This group completed training on 31 March 2004.

The duration of the Internship Programme was twelve months and covered, among other things the following:

- A workshop to introduce the interns to the internal policies of the Department and the content of their training programme.
- An introduction to the ICT sector covering issues of law, policy, economics and technology.
- A computer literacy course.
- Organised visits to and briefings from ICT industry players.

Some interns attended a three-day lecture on Space Law offered by internationally recognized expert in the field, Professor Ram Jakhu of the Institute of Air and Space Law, McGill University Canada. Prof Jakhu was in the country at the invitation of the University of the Witwatersrand.

For the purposes of practical training, interns were placed in the following business sections of the Department: Postal Policy; Postal Regulator; Telecommunications Business Unit; Multimedia Business Unit; the Ministry; Media and Communication Unit; Legal Section; Finance/Procurement; Shareholder Management Unit; International Relations and Office of the Director - General.

Other interns were placed at the SABC and National Communications Centre.

When the internship contracts expired in March 2004, the Department concluded short - term employment contracts with eleven interns. Others

were recruited for employment by other Government Departments, various organisations and the private sector.



MEDIA AND COMMUNICATION

INTRODUCTION

The Media and Communication Unit has the responsibility for effectively communicating information on the Ministry's policies and the DoC's significant projects.

The unit:

- Projects a positive image of the Ministry and DoC
- Ensures that DoC's policies and projects are known and understood
- Raises public awareness on the socio-economic opportunities and services made possible by DoC policies
- Increases public awareness on achievements of the Department in the delivery of ICT services
- Mobilizes the African continent to harness ICT as the central driver of socio-economic transformation and development.

In line with these objectives, the unit made strategic interventions in electronic and print media. And in addition, various other communication platforms were used to advance the integrated communication strategy, including exhibitions, events and campaigns.

EXHIBITIONS

The Unit participated in the following exhibitions:

- 13 - 16 May Computer Faire, Sandton Convention Centre, Johannesburg

- 17 May - World Telecommunications Day, Rustenburg
- September - Highway Africa, Grahamstown
- 18 October - International Telecommunications Union (ITU), Geneva
- 10 - 12 December - WSIS, Geneva

PUBLICITY CAMPAIGNS

The E-Commerce Act was enacted during the year and the Communications Unit embarked on a publicity campaign to educate the South African public about the Act and its implications for the public in general and business especially small and medium enterprises.

The process of selecting a second national operator continued throughout the period, during which the Communications Unit ran a print media campaign.

EVENTS

The following events were successfully co-ordinated:

- World telecommunications Day
- World Post Day
- African ICT Achievers Awards
- Director-General's Farewell Function
- Presidential International Advisory Council Meeting

MEDIA LIAISON

The Unit conducted publicity campaigns in print and electronic media on:

- Liberalization of the telecommunications market through the introduction of the Second National Operator, (SNO), and under-serviced Area Licenses.
- Electronic Communications and Transactions Acts
- Minister's parliamentary media briefing on achievements of DoC
- Minister's budget vote speech
- World Telecommunications Day
- World Post Day Celebrations.
- ICT Achievers Awards
- Presidential International Advisory Council
- DoC's policies and programs
- Postal Regulator's regulations feedback workshops.

LEGAL SERVICES

STRATEGIC OVERVIEW

The role of the Unit is to provide effective legal support services by focusing on the key performance areas: legislative development, organizational legal support; and international participation and conventions.

LEGISLATIVE DEVELOPMENT

The following Act was drafted by the unit and passed by Parliament

Telecommunications Amendment Act, 2004 (Act No. 2 of 2004)

The purpose of the Amendment Act, is to amend the Telecommunications Act, 1996 to give powers and assign duties to certain categories of operators for the purposes of interconnection and facilities leasing and to provide for matters connected therewith.

IMPLEMENTATION OF THE ELECTRONIC COMMUNICATIONS AND TRANSACTIONS ACT, 2002

The Department made the following progress:

- A draft national e-strategy has been prepared and is ready for public consultation.
- A Deputy Accreditation Authority has been appointed, draft accreditation regulations prepared and initial work relating to the operations of the Accreditation Authority completed.
- Draft cryptography regulations have been prepared for purposes of the registration of cryptography providers.
- In line with the requirements of the Act, the Department solicited a critical database study that will inform further action in this regard.
- The Board of the .za Domain Name Authority was appointed after incorporation. Progress

has been made towards empowering the Authority to eventually take responsibility for .za domain space.

- A task team is working on alternative dispute resolution regulations, and has made significant progress.
- The Department has prepared a guideline for the recognition of industry representative bodies of information system service providers for the purposes of limitation of liability. This guideline will be used by applicants when applying for recognition.

New Bills for envisaged for the 2004 / 2005 Parliamentary programme

- Convergence Bill, 2004; and
- Postal Services Amendment Bill, 2004.

ORGANISATIONAL LEGAL SUPPORT

The unit assisted in negotiating, drafting and finalising a number of significant contracts, such as the Service Level Agreement for the 112 Emergency Centre, as well as the Staffing contract for the 112 Emergency Centre. The unit also assisted in the drafting and finalising a number of Memoranda of Understanding with other countries, notably India, Cuba and Malaysia.

The case brought by Sentech against the Minister and ICASA to declare the Supplementary Facilities Leasing Guidelines unlawful and unconstitutional, was finalised.

INTERNATIONAL PARTICIPATION

The Beijing Protocol of the Universal Postal Union has to be ratified by Parliament. Work on the ratification of the Marrakesh Protocol of the International Telecommunications Union has commenced and will be finalised during the next year.

SIGNIFICANT EXTERNAL AND INTERNAL DEVELOPMENTS

The unit was involved in the process of licensing the Second National Operator and the Under Serviced Area Licences. Both processes need to be finalised by ICASA.

Following a colloquium on convergence, the unit was involved in the drafting of the Convergence Bill, which represented a major policy initiative in the ICT field.

| DATE | DESCRIPTION |
|------------|---|
| 14/04/2003 | Invitation for Nomination of Directors to the .za Domain Name Authority |
| 16/04/2003 | Regulations in respect of the standards applicable to integrated services digital network customer premises equipment |
| 23/05/2003 | Ministry of Communications short listing and commencement of one-on-one negotiations |
| 28/07/2003 | Publication of explanatory summary of Postal Services Amendment Bill |
| 08/08/2003 | ICASA: Amended draft USAL licence |
| 22/08/2003 | Queries and Answers to the Minister for Under Serviced Area License (USAL's) Invitation to Apply (ITA) |
| 22/08/2003 | Telecommunications Act (Act No. 103 of 1996) Limitation of Ownership and Control of Section 40A Licenses |
| 28/08/2003 | Regulations in respect of the annual contributions to the Universal Service Fund by holders of telecommunication service licences |
| 28/08/2003 | Regulations on application for transfer of telecommunication service licences |
| 28/08/2003 | Notice Inviting Applications for Membership of the .za Domain Name Authority |
| 23/09/2003 | Notice of date of incorporation of the SABC Ltd. |
| 26/09/2003 | Publication of explanatory summary of the Telecommunications Amendment Bill |
| 01/10/2003 | Regulations relating to the manner in which applications for Value Added Network Service (VANS) licences are to be made |
| 01/10/2003 | Regulations relating to the manner in which applications for Private Telecommunication Network (PTN) licences are to be made |
| 01/10/2003 | VANS/PTN Application Fees |
| 13/10/2003 | Regulations regarding television licence fees |
| 30/10/2003 | Invitation to telecommunication service providers to join the consultation process with regard to the Regulation of interception of communications and provision of communication related information Act, 2002 |
| 3/12/2003 | Request for public comments or representations on the draft Convergence Bill |
| 3/12/2003 | Appointment of members of the Board of the South African Broadcasting Corporation |
| 13/01/2004 | Ministerial Determination of 1800 Mhz Radio Frequency Spectrum Fee |
| 13/01/2004 | Ministerial Determination of Third Generation Radio Frequency (3G) Spectrum Fee |
| 28/01/2004 | Regulations regarding television licence fees |
| 30/01/2004 | Fees and Charges for Postal Services |
| 13/02/2004 | Establishment of 112 Emergency Centre |
| 13/02/2004 | 112 Emergency Centre: Common technical standards and standard operating procedures |
| 24/03/2004 | Regulations in respect of use or possession of certain radio apparatus without a radio frequency spectrum licence, certificate, authority or permit |
| 26/03/2004 | Amendment of Fees and Charges for Postal Services |

INTERNATIONAL RELATIONS

STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS

International relations strategy is principally focused on Africa's renewal and rebirth. It involves participation in Africa's internal affairs and the promotion of the Continent's international profile. The Department of Communications plays a leading role in creating a positive environment for positioning South Africa within the global ICT arena. South Africa is in a unique position to support the voices and aspirations of many developing nations, especially the African nations, and partner them within the global discourse.

The DoC works to build the Information Society and Development Partnership in the ICT arena. This is aimed at achieving a new democratic and equitable world order and to narrowing the digital divide in Africa as well as in the rest of the developing world.

In line with South Africa's foreign and national policy priorities, the main focus areas for the DoC's International Relations Section for 2003/2004 were:

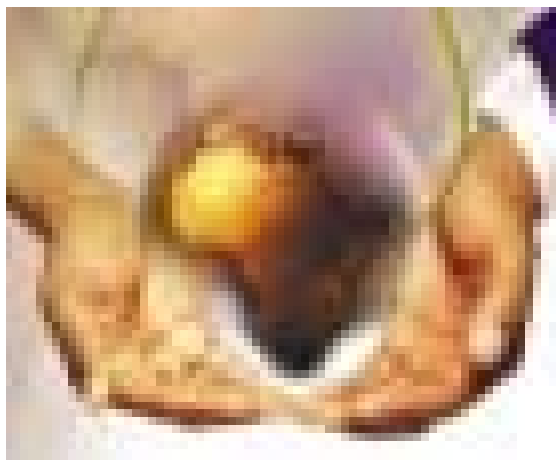
Influencing the Global Agenda

Regrettably, the global ICT agenda for tomorrow's world is being shaped largely without the active participation of the majority of the peoples of today's world - the inhabitants of the developing countries. South Africa, with a foot firmly planted in both the developed and the developing worlds, is in a unique position to voice the aspirations of many developing nations, especially African nations, ensuring that their concerns and contributions are heard and acted upon.

Implementing the New Partnership for Africa's Development (NEPAD)

The DOC leads South Africa's input within NEPAD's ICT programme. NEPAD is one of South Africa's foreign policy priority areas. This year, the DoC continued to help implement these concrete NEPAD ICT projects:

- e-schools, and
- Infrastructure development e.g. East Africa Cable



These projects are central to the work of the e-Africa Commission. The DoC also ensures the sustainability of the Commission and provides further support to the Secretariat through the Council for Scientific and Industrial Research (CSIR).

Reforming the Institutions of Global Governance

The Department of Communications continues its work in the reform and transformation of the institutions of global governance of the United Nations (UN), and contributes to the strengthening of African Union (AU) structures. The DoC has also been active in developments connected to the ITU UPU, SADC, and ATU among others.

Contributing to Global efforts to Bridge the Digital Divide

The worrying question of the widening of the digital divide has captured the attention of many countries and institutions. Several initiatives are now under way to address this issue. The DoC continues its work with the following international organizations in this critical task:

- United Nations ICT Task Force
- The G8 Digital Opportunity Task Force
- The Commonwealth Expert Group on Information Technology
- World Economic Forum (WEF) Global Digital Divide Initiative, and
- The Global Digital Opportunity Initiative that is driven by the United Nations Development Programme (UNDP), Markle Foundation and other partners.

Building Bilateral and Multilateral Relations and Sharing Experiences

The DoC continues to build and maintain strong mutual relations with most countries through joint bilateral, joint Ministerial and trilateral commissions. A few of these are listed here under:

- Angola
- Algeria
- Botswana
- Brazil
- China
- Cuba
- Democratic Republic of Congo
- Egypt
- Finland
- India
- Kenya
- Malaysia
- Mali
- Mozambique
- Nigeria
- Saudi Arabia
- South Korea

This list does not attempt to indicate priorities but goes only as far as indicating the extent of the work involved for the period in question. The DoC is in the process of finalising implementation programmes and formalising joint working structures with China, Cuba, Algeria, India and Brazil.

The following Joint Commissions involving the DoC are scheduled for the period ending December 2004:

- 6th session of the SA-Nigeria BNC, Durban (6 - 10 Sep 04)
- 4th session of the SA-Algeria BNC, Pretoria (13 - 17 Sep for senior officials and 05 - 06 Oct Presidential session)
- SA/India Joint Ministerial Commission JMC, New Delhi August 2004
- 1st session of the SA-Mali JCC, Pretoria (10-12 Aug 04)
- SA/Cuba Joint Bilateral Commission JBC Secretariat, Havana October 2004

Multilateral Relations

In 2003/04 the International Relations Section focussed on the work of the following organisations and participated in their activities in the promotion of South Africa's national interest; and to positively influence socio-economic development in communications:

The United Nations

Telecommunications Sector:

The International Telecommunication Union

- ITU Africa Telecom 2004
- WTSA World Telecommunication Standardisation Assembly
- Regional Radio Conference

Postal Sector:

Universal Postal Union

- UPU Postal Operations Council (POC)
- UPU Council of Administrations (CA)

International Mobile Satellite Organisation (INMARSET)

- IMSO

International Telecommunications Satellite Organisation (INTELSET)

- ITSO

Committee on the Peaceful Uses of Outer Space (COPUOS)

- Ratification of the convention

Other Organisations

Commonwealth

- CTO, Commonwealth Telecommunication Organisation
- CBA, Commonwealth Broadcasting Organisation

African Union

- ATU, African Telecommunication Union
- PAPU, Pan African Postal Union

SADC

- TRASA, Telecommunication Regulatory Association of Southern Africa

ICANN

- International Association on Assigned Numbers and Names

Meeting International Obligations

Institutions

When South Africa joined the international community of nations as a democratic country, it accepted both its rights and obligations. The DoC is a member of several international organizations responsible for postal, telecommunications, and broadcasting. The country is legally bound to take part in the activities of these inter-governmental organizations under the auspices of the United Nations (UN), the African Union (AU), the Southern African

Development Community (SADC), and the Commonwealth of Nations.

Organisations such as the Universal Radio and Telecommunications Agency (URTNA), the African Telecommunications Union (ATU), and the Pan African Postal Union (PAPU) established as part of the former OAU will probably require some amendments to their legal instruments in order to accommodate the new objectives and challenges faced by the African Union.

Promoting Peace and Stability, Good Political Governance and Post Conflict Reconstruction

The development of the African Continent, peace in the Great Lakes region, the DRC and the Middle East are all issues that need to feature in all our foreign policy initiatives. DoC continuously participates in various Binational Commissions with a view to using ICTs as a reconstruction tool.

DESCRIPTION OF ANY SIGNIFICANT EXTERNAL AND INTERNAL DEVELOPMENTS

A list, containing the major international events for the year 2004, is available on the DoC intranet. The names of the events, dates and venues are listed under "favorites". The list is maintained by the International Relations Unit and is regularly updated.

The International Relations unit was involved and participated in the work of the following International events and organizations:

WSIS WORLD SUMMIT ON INFORMATION SOCIETY

In December 2001, the UN General Assembly adopted resolution (A/RES/56/183) endorsing the organization of the World Summit on the Information Society under the high patronage of the UN Secretary-General, Mr. Kofi Annan, with the ITU leading the process for the preparations of both phases.

The first phase took place from 10-12 December 2003 in Geneva and the working documents Action Plan as well as the Declaration of Principles were adopted as the two official documents of the Summit.

In order to implement the agreement made in Geneva, the second phase of the Summit will take place in Tunisia from 16-18 November 2005. The

first preparatory meeting of the Tunisia phase of the Summit was held from 24-26 June 2004. This was to discuss the way forward and to resolve outstanding issues on Internet Governance and Financial Mechanisms.

2003

- The ITU Council meeting
- The World Radio Conference (WRC)
- The extra-ordinary Council meeting of the ITU

2004

- Meeting of the African Telecommunication Union ATU group of experts.
- The Regional Radiocommunication Conference of the ITU.
- The International Telecommunications Satellite Organization ITSO.
- Assembly of Parties.



The Minister hosted President Thabo Mbeki during his visit to ISSA.

INTERNAL AUDIT

1. STRATEGIC OVERVIEW OF UNIT AND KEY POLICY DEVELOPMENTS FOR 2003/2004

Audit Committee

The term of the first audit committee ended in June 2003 and the new audit committee was appointed in terms of the PFMA to serve for a period of three years. The new members are:

Mr. Tsediso Gcabashe, chairperson, (from Mzizi, Gcabashe and Mahomed Auditors);

Ms Zandi Lesame, (from Unisa);

Ms Unita Oliphant, (from the National Prosecuting Authority).

Audits Executed

The following audits were carried out based on the audit programme.

- IT audit
- Assets Management
- Transport, (follow-up audit)

2. SIGNIFICANT EXTERNAL AND INTERNAL DEVELOPMENTS

The chief audit executive was appointed, at a meeting in Kenya to chair the newly formed African Telecommunications Networks Fraud Association (ATENFA).

Senior Auditor, Mr. Solomzi Khohli was appointed to serve in the task team of the National Anti-Corruption Forum, to organise the Second National Anticorruption Summit.

3. PROGRESS ON MEDIUM TERM TARGETS

The unit continues its preparations for the quality assurance review, which is due by April 2006. All members were offered training on the implementation of and compliance with the new SPPIA's. The unit is benchmarking its efforts against other internal audit units in Government.

Implementation of the Generalised Audit Software (GAS) has significantly reduced the time the unit takes to develop an audit methodology including the introduction of efficiencies in audit execution.

FINANCE AND PROCUREMENT



Chief Financial Officer :
Mr H Mathabathe

Finance and Procurement are administrative units that provide professional financial and procurement management support to the Department, through the development of policies, procedures and the necessary systems for effective procurement, financial management and administration.

The units also strive to maintain effective, efficient and transparent systems of financial risk management and internal control.

The Department is required through the framework for Supply Chain Management (SCM), as prescribed in Section 76(4)c of the PFMA and promulgated in December 2003, to establish a Supply Chain Management system and introduce a dedicated, well-trained and professional Supply Chain Management cadre in the Department, thus ensuring that there is full compliance with SCM policy objectives.

POLICY DEVELOPMENT

Policies aligned to the Supply Chain Management as well as SCM-aligned practice notes issued by National Treasury will be implemented by the Department with effect from 1 September 2004.

PROGRAMMES IN PROGRESS

- Restructuring of the Supplier database to vigorously address the empowerment question, women in particular, and SMME's in general.
- Logistics Information Systems to be implemented in September 2004.
- Employment of the Senior Manager, Assets Management; Compliance and Contracts Administration.
- Employment of the Senior Manager, Financial Administration.
- Arranging for the training of Users on the new Standard Chart of Accounts.
- Arranging for the training of Users on the SafetyNet System.
- Arranging for the training of Chief Users on Logistics Information System.
- Restructuring of the Department.

PROCUREMENT FIGURES

In the year 2003/2004, twelve (12) tenders were awarded as follows:

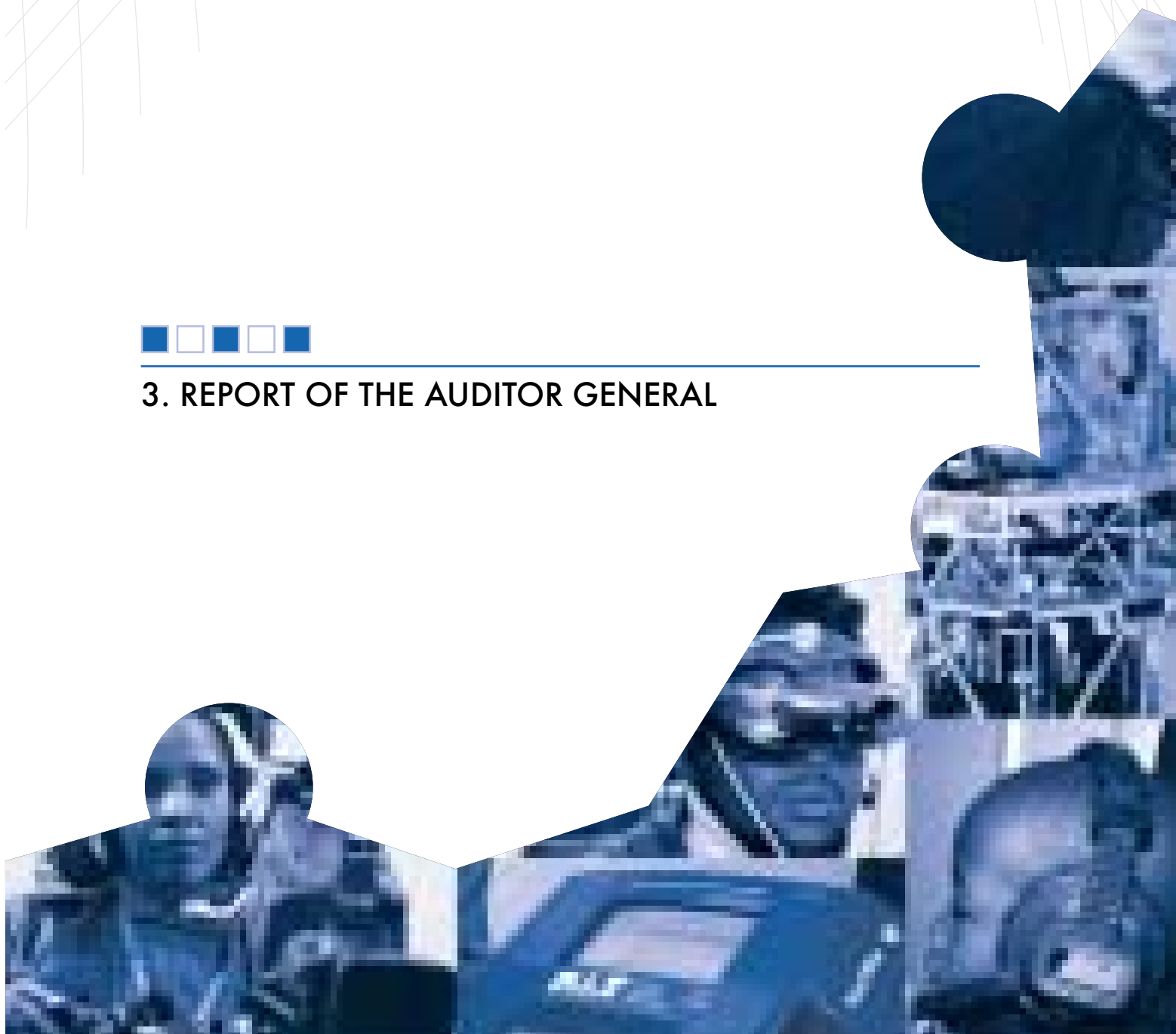
- Six tenders to the value of R2 022 015 were awarded to black owned companies
- One tender to the value of R1 275 491 was awarded to a company which is 45 percent black owned
- Two tenders to the value of R8 751 107 were awarded to the same company of which 60% - R5 250 664 was dedicated to BEE.

CHALLENGES

- Establishment of a fully fledged SCM Unit which is compliant with the SCM model.
- Training and reskilling of procurement officials in line with SCM basic requirements e.g. general management training, financial management training, and specialist supply chain management training.
- Training of financial officials in line with SCOA requirements.
- Sourcing in general of the unit, e.g. increased budget, sourcing of skilled personnel etc.
- Intensification of Black Economic Empowerment in general and the further empowerment of women in particular
- Unqualified audit reports.
- Aligning the budget after restructuring.



3. REPORT OF THE AUDITOR GENERAL



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 27 - DEPARTMENT OF COMMUNICATIONS FOR THE YEAR ENDED 31 MARCH 2004



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 86 to 123, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. The standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- Assessing the accounting principles used and significant estimates made by management, and
- Evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Department of Communications at 31 March 2004 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1 Assets: Equipment

The department did not have proper policies and procedures in place in respect of fixed assets. As a result, the department had two asset registers in use, each containing different information with regard to the same assets. Locations of assets and barcodes allocated were not clearly indicated on

either one of the registers.

Due to lack of information, the processes instituted by the department to ensure that assets were safeguarded and maintained, as required by section 38(1)(d) of the PFMA were unclear and constitute non-compliance with the PFMA. The department is also not making sufficient progress with the implementation of LOGIS.

4.2 Risk management strategy and internal audit

Treasury Regulation 3 requires that the accounting officer must ensure that a risk assessment is conducted regularly to identify emerging risks of the institution. A risk management strategy, including a fraud prevention plan, must be used to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and manage these risks.

The Internal Audit Charter, the 3-Year Strategic Plan and the Annual Internal Audit Plan have not been approved by the audit committee. The latter is in contravention of Treasury regulation 3.2 and the PFMA.

Furthermore, the proposed audit plan of internal audit identified six areas to be audited, but for the year under review only one report in respect of an audit of information technology was submitted to the Audit Committee.

5. PROGRESS WITH PREVIOUSLY REPORTED MATTERS AND SCOPA RESOLUTIONS

The department reacted favourably to the SCOPA Resolutions. For more detail refer to Annexure A.

6. APPRECIATION

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

N Manik
for Auditor-General

Pretoria, 25 July 2004

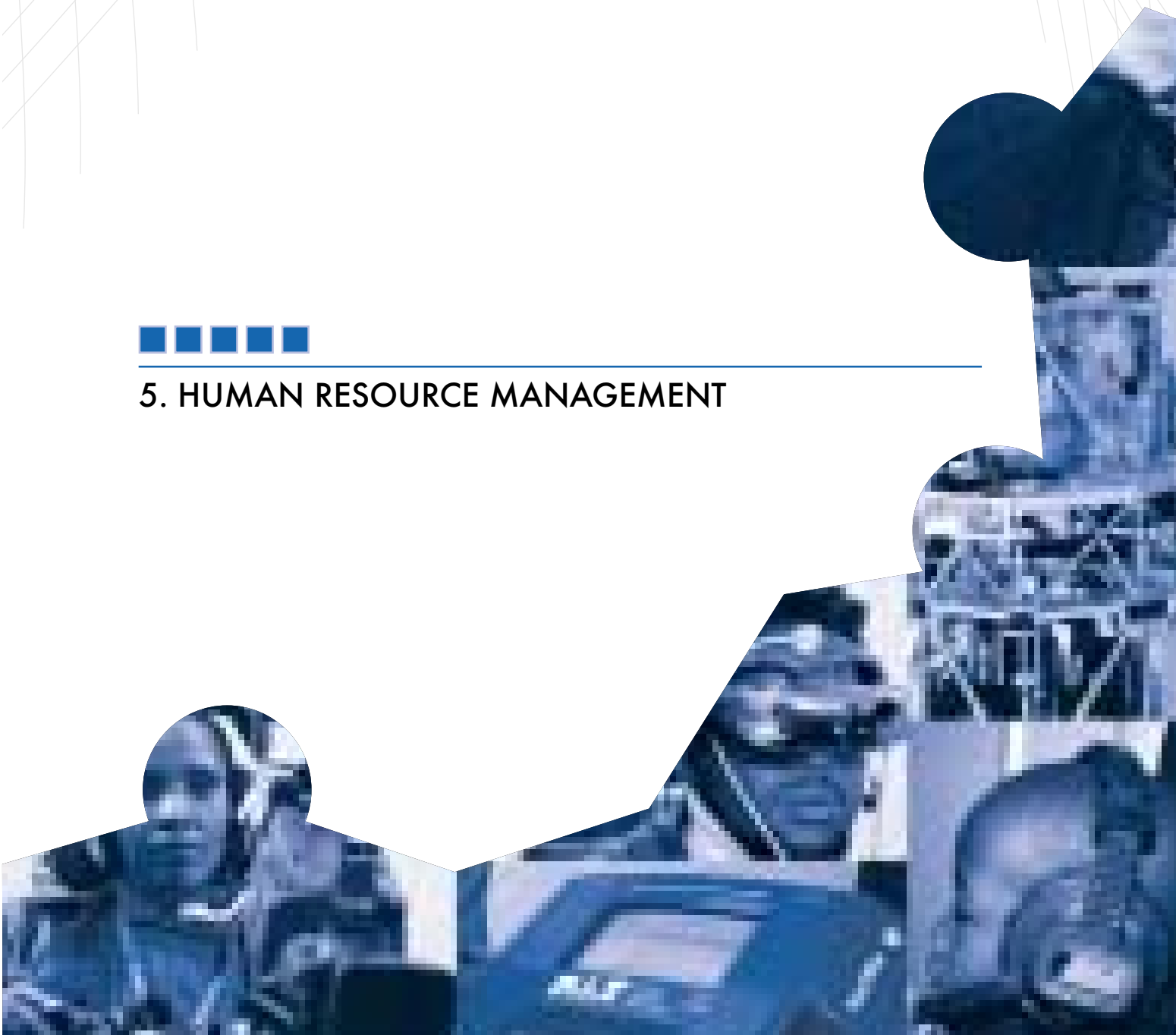
ANNEXURE A

PROGRESS WITH PREVIOUSLY REPORTED MATTERS AND SCOPA RESOLUTIONS

| Reference to previous audit report and SCOPA resolutions | Subject | Findings on progress |
|--|--|---|
| Audit report 2000-01: Paragraph 2.2.1(4), page 37 | Unauthorised expenditure from previous years. | The department is awaiting final approval from Public Service and Administration. |
| SCOPA Recommendation | That Parliament awaits the outcome of the above-mentioned process before considering approval. | |



5. HUMAN RESOURCE MANAGEMENT



HUMAN RESOURCES MANAGEMENT OVERSIGHT REPORT

The statistics and information published in this part of the annual report are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2001 and have been prescribed by the Minister for the Public Service and Administration for all Departments within the Public Service.

The statistical tables provide high-level information on key human resource issues. The information aims to empower legislatures, the media, the public and other key stakeholders to monitor whether departments:-

- Are exercising the powers granted under Public Service and Public Finance legislation in a responsible manner,
- Are achieving national transformation priorities established by the Cabinet, for example, affirmative action.

Annual Reports are produced after the end of the financial year. This is aimed at strengthening the accountability of departments to key stakeholders.

The tables in this report are revised on a regular basis by the Department of Public Service and Administration (DPSA). If you wish to see additional information included in this report, please send suggestions, (with a clear motivation), to:-

The Director-General
Department of Public Service and Administration
ATTENTION: Public Service Information Unit
P.O. Box 916, Pretoria, 0001
psiu@dpsa.gov.za
fax: (012) 314-7020

To ensure that enough time is available to evaluate and incorporate your suggestions, please ensure that all submissions are submitted on or before 31 August.

For a detailed description and explanation of the terminology used in this section of the report, please consult the publication from the DPSA entitled 'A guide to understanding the oversight report of departmental annual reports'. A copy of the guide is available from all departments or can be accessed from the DPSA website (www.dpsa.gov.za).

1. SERVICE DELIVERY

All departments are required to develop a Service Delivery Improvement (SDI) Plan. The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plans.

Table 1.1 – Main services provided and standards

| Main services | Actual customers | Potential customers | Standard of service | Actual achievement against standards |
|---------------|------------------|---------------------|---------------------|--------------------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Table 1.2 – Consultation arrangements with customers

| Type of arrangement | Actual Customers | Potential Customers | Actual achievements |
|---------------------|------------------|---------------------|---------------------|
| | | | |
| | | | |
| | | | |
| | | | |

Table 1.3 – Service delivery access strategy

| Access Strategy | Actual achievements |
|-----------------|---------------------|
| | |
| | |
| | |
| | |

Table 1.4 – Service information tool

| Types of Information Tool | Actual achievements |
|---------------------------|---------------------|
| | |
| | |
| | |
| | |

Table 1.5 – Complaints mechanism

| Complaints Mechanism | Actual achievements |
|----------------------|---------------------|
| | |
| | |
| | |
| | |

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, 2003/04

| 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) |
|--------------|---------------------------|-------------------------------|------------------------------|---|--|---|
| 1 | 41,114 | 28,777 | 1,785 | 10,552 | 69.90 | 0.361 |
| 2 | 41,240 | 14,624 | ,696 | 25,920 | 35.46 | 0.362 |
| 3 | 10,350 | 8,445 | ,277 | 1,628 | 81.59 | 0.462 |
| 4 | 5,922 | 5,121 | ,102 | ,699 | 86.47 | 0.332 |
| 5 | 2,727 | ,302 | ,021 | 2,404 | 11.07 | 0.993 |
| Total | 101,353 | 57,269 | 2,881 | 41,203 | 56.504 | 0.377 |

TABLE 2.2 – Personnel costs by salary bands, 2003/04

| Salary bands | Personnel Expenditure (R'000) | % of total personnel cost | Average personnel cost per employee (R'000) |
|--|-------------------------------|---------------------------|---|
| Lower skilled (Levels 1-2) | ,040 | 0.070 | 0.04 |
| Skilled (Levels 3-5) | 1,936 | 3.381 | 121 |
| Highly skilled production (Levels 6-8) | 10,124 | 17.680 | 126.55 |
| Highly skilled supervision (Levels 9-12) | 21,961 | 38.350 | 288.96 |
| Senior management (Levels 13-16) | 23,208 | 40.525 | 539.72 |
| Total | 57,269 | 100 | 265.13 |

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 owner's 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, 2003/04

| 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 |
| 1 | 16,034 | 55.718 | ,276 | 0.960 | ,238 | 0.827 | 1,003 | 34.863 |
| 2 | 9,458 | 64.675 | ,168 | 1.149 | ,091 | 0.622 | ,482 | 3.296 |
| 3 | 5,371 | 63.600 | ,070 | 0.829 | ,069 | 0.817 | ,248 | 2.937 |
| 4 | 2,868 | 35.316 | ,101 | 1.972 | ,048 | 0.937 | ,156 | 3.046 |
| 5 | ,178 | 58.940 | ,001 | 0.331 | ,001 | 0.331 | ,010 | 3.311 |
| Total | 33,909 | 59.210 | ,616 | 1.076 | ,447 | 0.781 | 1,899 | 3.316 |

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2003/04

| 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) | ,031 | 77.5 | ,000 | .0 | ,000 | .0 | ,005 | 12.5 |
| Skilled (Levels 3-5) | 1,049 | 54.183 | 0.723 | 1.149 | ,015 | 0.775 | ,139 | 7.180 |
| Highly skilled production (Levels 6-8) | 6,873 | 67.888 | ,209 | 2.064 | ,170 | 1.679 | ,554 | 5.472 |
| Highly skilled supervision (Levels 9-12) | 14,230 | 67.797 | ,380 | 1.730 | ,263 | 1.198 | ,687 | 3.128 |
| Senior management (Levels 13-16) | 11,726 | 50.526 | ,000 | .0 | ,000 | .0 | ,514 | 2.215 |
| Total | 33,909 | 59.210 | ,603 | 1.053 | ,448 | 0.782 | 1,899 | 3.316 |

3. EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts in 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, (1 April 2003 to 31 March 2004)

| Programme | Number of posts | Number of posts filled | Vacancy Rate | Number of posts filled additional to the establishment |
|--------------|-----------------|------------------------|--------------|--|
| 1 | 140 | 104 | 25.7 | 6 |
| 2 | 83 | 53 | 36.1 | 5 |
| 3 | 44 | 39 | 11.4 | 3 |
| 4 | 23 | 17 | 26.1 | 0 |
| 5 | 7 | 3 | 57.1 | 0 |
| Total | 297 | 216 | 27.3 | 14 |

TABLE 3.2 – Employment and vacancies by salary bands, (1 April 2003 to 31 March 2004)

| Salary Band | Number of posts | Number of posts filled | Vacancy Rate | Number of posts filled additional to the establishment |
|--|-----------------|------------------------|--------------|--|
| Lower skilled (Levels 1-2) | 1 | 1 | 0 | 0 |
| Skilled (Levels 3-5) | 16 | 14 | 12.5 | 3 |
| Highly skilled production (Levels 6-8) | 84 | 71 | 15.5 | 8 |
| Highly skilled supervision (Levels 9-12) | 133 | 88 | 33.8 | 2 |
| Senior man- agement (Levels 13-16) | 63 | 42 | 33.3 | 1 |
| Total | 297 | 216 | 27.3 | 14 |

TABLE 3.3 – Employment and vacancies by critical occupation, (1 April 2003 to 31 March 2004)

| Critical occupations | Status | Number of posts | Number of posts filled | Vacancy Rate | Number of posts filled additional to the establishment |
|---|-------------------|-----------------|------------------------|--------------|--|
| Administrative related | Permanent | 92 | 62 | 32.6 | 0 |
| Administrative related | Temporary | 8 | 8 | 0 | 4 |
| Client information clerks (Switchboard reception) | Permanent | 1 | 1 | 0 | 0 |
| Communication and information related | Permanent | 7 | 0 | 100 | 0 |
| Engineering sciences related | Permanent | 2 | 0 | 100 | 0 |
| Engineering sciences related | Temporary | 2 | 2 | 0 | 0 |
| Engineers and related professionals, | Permanent | 1 | 0 | 100 | 0 |
| Finance and economics related | Permanent | 10 | 7 | 30 | 0 |
| Financial and related professionals | Permanent | 9 | 9 | 0 | 0 |
| Financial clerks and credit controllers | Permanent | 4 | 4 | 0 | 0 |
| General legal admin and related professionals | Permanent | 3 | 3 | 0 | 0 |
| Head of Department / Chief Executive Officer | Permanent | 1 | 0 | 100 | 0 |
| HR and organizational development and related | Permanent | 4 | 2 | 50 | 0 |
| HR and organizational development and related | Temporary | 1 | 1 | 0 | 0 |
| HR clerks | Permanent | 5 | 5 | 0 | 0 |
| HR related | Permanent | 7 | 5 | 28.6 | 0 |
| Language practitioners, interpreters | Permanent | 3 | 3 | 0 | 0 |
| Library mail and related | Permanent | 1 | 1 | 0 | 0 |
| Light vehicle drivers | Permanent | 1 | 1 | 0 | 0 |
| Logistical support personnel | Permanent | 6 | 6 | 0 | 0 |
| Messengers, porters and deliverers | Permanent | 3 | 3 | 0 | 0 |
| Other admin and related clerks | Permanent | 12 | 9 | 25 | 0 |
| Other admin and related clerks | Temporary | 2 | 2 | 0 | 1 |
| Other admin policy and related officers | Permanent | 15 | 11 | 26.7 | 1 |
| Other admin policy and related officers | Temporary | 6 | 6 | 0 | 6 |
| Other IT personnel | Permanent | 7 | 7 | 0 | 0 |
| Rank: Minister | Permanent | 1 | 1 | 0 | 0 |
| Risk management and security services | Permanent | 2 | 2 | 0 | 0 |
| Secretaries and other keyboard operating clerks | Permanent | 19 | 13 | 31.6 | 0 |
| Secretaries and other keyboard operating clerks | Temporary | 1 | 1 | 0 | 1 |
| Senior Managers | Permanent | 51 | 31 | 39.2 | 0 |
| Senior Managers | Temporary | 10 | 10 | 0 | 1 |
| SUB TOTAL | Permanent* | 26.7 | 186 | 30.3 | 1 |
| | Temporary* | 30 | 30 | 0 | 13 |
| TOTAL | | 297 | 216 | 27.3 | 14 |

NOTE:

* Additional: Posts created for a certain period, occupied by person employed on contract

* Temporary: Person appointed on contract against a permanent post on fixed establishment

The information in each case reflects the situation as at 31 March 2003. 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 reinforced 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 2003 to 31 March 2004)

| 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) | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Skilled (Levels 3-5) | 16 | 0 | 0 | 0 | 0 | 0 | 0 |
| Highly skilled production (Levels 6-8) | 84 | 0 | 0 | 0 | 0 | 0 | 0 |
| Highly skilled supervision (Levels 9-12) | 133 | 0 | 0 | 1 | 100 | 0 | 0 |
| Senior Management | 63 | 1 | 5 | 3 | 300 | 0 | 0 |
| Total | 297 | 1 | 0.3 | 4 | 400 | 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 2003 to 31 March 2004)

| Beneficiaries | African | Asian | Coloured | White | Total |
|-----------------------------|----------|----------|----------|----------|----------|
| Female | 1 | 0 | 0 | 0 | 0 |
| Male | 2 | 0 | 0 | 1 | 0 |
| Total | 3 | 0 | 0 | 1 | 0 |
| Employees with a disability | | | | | 0 |

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

TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation, (1 April 2003 to 31 March 2004) (in terms of PSR 1.V.C.3)

| Occupation | Number of employees | Job evaluation level | Remuneration level | Reason for deviation |
|--|---------------------|----------------------|--------------------|----------------------|
| | 0 | 0 | 0 | 0 |
| Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2002/ 03 | | | | |
| Percentage of total employment | | | | 0 |

Table 4.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

TABLE 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, (1 April 2003 to 31 March 2004) (in terms of PSR 1.V.C.3)

| Beneficiaries | African | Asian | Coloured | White | Total |
|-----------------------------|----------|----------|----------|----------|----------|
| Female | 0 | 0 | 0 | 0 | 0 |
| Male | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 |
| Employees with a disability | | | | | 0 |

[If there were no cases where the remuneration bands exceeded the grade determined by job evaluation, use the following table as TABLE 4.3]

| | |
|---|------|
| Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2002/ 03 | 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 2003 to 31 March 2004)

| Salary Band | Number of employees per band as on 1 April 2003 | Appointments | Terminations | Turnover Rate |
|--|---|--------------|--------------|---------------|
| Lower skilled (Levels 1-2) | 1 | 0 | 0 | 1 |
| Skilled (Levels 3-5) | 21 | 2 | 1 | 4.8 |
| Highly skilled production (Levels 6-8) | 53 | 16 | 11 | 20.8 |
| Highly skilled supervision (Levels 9-12) | 96 | 10 | 23 | 24 |
| Senior Management Service Band A | 17 | 5 | 3 | 17.6 |
| Senior Management Service Band B | 10 | 0 | 0 | 0 |
| Senior Management Service Band C | 5 | 0 | 0 | 0 |
| Senior Management Service Band D | 2 | 0 | 1 | 50 |
| Total | 205 | 33 | 39 | 19.0 |

TABLE 5.2 – Annual turnover rates by critical occupation for the period (1 April 2003 to 31 October 2003)

| Occupation | Number of employees per occupation as on 1 April 2003 | Appointments and transfers into the department | Terminations and transfers out of the department | Turnover rate |
|---|---|--|--|---------------|
| Administrative related | 70 | 12 | 18 | 25.7 |
| Client information clerks (Switchboard reception) | 1 | 0 | 0 | 0 |
| Communication and information related | 2 | 0 | 1 | 50 |
| Engineering sciences related | 3 | 0 | 0 | 0 |
| Finance and economics related | 7 | 1 | 2 | 28.6 |
| Financial and related professionals | 9 | 1 | 1 | 11.1 |
| Financial clerks and credit controllers | 0 | 1 | 0 | 0 |
| General legal admin and related professionals | 3 | 0 | 0 | 0 |
| Head of Department / Chief Executive Officer | 1 | 0 | 1 | 100 |
| HR and organizational development and related | 4 | 0 | 0 | 0 |
| HR clerks | 3 | 1 | 1 | 33.3 |
| HR related | 4 | 0 | 1 | 25 |
| Language practitioners, interpreters | 3 | 0 | 0 | 0 |
| Library mail and related | 1 | 0 | 0 | 0 |
| Light vehicle drivers | 1 | 0 | 0 | 0 |
| Logistical support personnel | 7 | 0 | 0 | 0 |
| Messengers, porters and deliverers | 3 | 0 | 0 | 0 |
| Other admin and related clerks | 15 | 2 | 3 | 20 |
| Other admin policy and related officers | 13 | 7 | 6 | 40 |
| Other IT personnel | 7 | 1 | 1 | 14.3 |
| Rank: Minister | 1 | 0 | 0 | 0 |
| Risk management and security services | 1 | 0 | 0 | 0 |
| Secretaries and other keyboard operating clerks | 15 | 3 | 1 | 6.7 |
| Senior Managers | 31 | 4 | 3 | 9.7 |
| Total | 205 | 33 | 39 | 19.0 |

Table 5.3 – Reasons why staff are leaving the department

| Termination Type | Number | % of total |
|--|-----------|-------------|
| Death | 2 | 5.1 |
| Resignation | 17 | 43.6 |
| Expiry of contract | 11 | 28.2 |
| Dismissal – operational changes | 0 | 0 |
| Dismissal – misconduct | 1 | 2.6 |
| Dismissal – inefficiency | 0 | 0 |
| Discharged due to ill-health | 0 | 0 |
| Retirement | 2 | 5.1 |
| Transfers to other Public Service Departments | 0 | 0 |
| Other | 6 | 15.4 |
| Total | 39 | 0 |
| Total number of employees who left as a % of the total employment | | 19.0 |

Table 5.4 – Promotions by critical occupation

| Occupation | Employees as at 1 April 2003 | 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 | 70 | 6 | 8.6 | 37 | 52.9 |
| Client information clerks (Switchboard reception) | 1 | 0 | 0 | 2 | 100 |
| Communication and information related | 2 | 1 | 50 | 0 | 0 |
| Engineering sciences related | 3 | 0 | 0 | 0 | 0 |
| Finance and economics related | 7 | 1 | 14.3 | 3 | 42.9 |
| Financial and related professionals | 9 | 5 | 55.6 | 3 | 33.3 |
| General legal admin and related professionals | 3 | 1 | 33.3 | 1 | 33.3 |
| Head of Department / Chief Executive Officer | 1 | 0 | 0 | 0 | 0 |
| HR and organizational development and related | 4 | 0 | 0 | 0 | 0 |
| HR clerks | 3 | 0 | 0 | 2 | 66.7 |
| HR related | 4 | 1 | 25 | 5 | 125 |
| Language practitioners, interpreters | 3 | 1 | 33.3 | 0 | 0 |
| Library mail and related | 1 | 0 | 0 | 1 | 100 |
| Light vehicle drivers | 1 | 0 | 0 | 0 | 0 |
| Logistical support personnel | 7 | 2 | 28.6 | 5 | 71.4 |
| Messengers, porters and deliverers | 3 | 0 | 0 | 2 | 66.7 |
| Other admin and related clerks | 15 | 1 | 6.7 | 8 | 53.3 |
| Other admin policy and related officers | 13 | 0 | 0 | 16 | 123 |
| Other IT personnel | 7 | 1 | 14.3 | 4 | 57.1 |
| Rank: Minister | 1 | 0 | 0 | 0 | 0 |
| Risk management and security services | 1 | 0 | 0 | 1 | 100 |
| Secretaries and other keyboard operating clerks | 15 | 0 | 0 | 10 | 66.7 |
| Senior Managers | 31 | 5 | 16.1 | 13 | 41.9 |
| Total | 205 | 25 | 12.2 | 113 | 55.1 |

Table 5.5 – Promotions by salary band

| Salary Band | Employees 1 April 2002 | Promotions to another salary level | Salary bands promotions as a % of employees by salary level | Progressions to another notch with- in a salary level | Notch progressions as a % of employees by salary band |
|--|------------------------------|---|---|--|--|
| Lower skilled (Levels 1-2) | 1 | 0 | 0 | 1 | 100 |
| Skilled (Levels 3-5) | 21 | 0 | 0 | 9 | 42.9 |
| Highly skilled production (Levels 6-8) | 53 | 10 | 18.9 | 43 | 81.1 |
| Highly skilled supervision (Levels 9-12) | 96 | 8 | 8.3 | 46 | 47.9 |
| Senior management (Levels 13-16) | 34 | 7 | 20.6 | 14 | 41.2 |
| Total | 205 | 25 | 12.2 | 113 | 55.1 |

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 (1 April 2003 to 31 March 2004)

| Occupational categories (SASCO) | Male | | | | Female | | | | Total |
|--|-----------|----------|----------|-----------|-----------|----------|----------|-----------|------------|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Legislators, senior officials and managers | 13 | 1 | 1 | 7 | 13 | 0 | 0 | 0 | 35 |
| Professionals | 45 | 1 | 2 | 13 | 58 | 6 | 5 | 10 | 140 |
| Technicians and associate professionals | 6 | 0 | 0 | 0 | 20 | 1 | 1 | 7 | 35 |
| Clerks | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| Plant and machine operators and assemblers | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Elementary occupations | 1 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 4 |
| Total | 66 | 2 | 3 | 20 | 95 | 7 | 6 | 17 | 216 |
| Employees with disabilities | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 2 |

6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on (1 April 2003 to 31 March 2004))

| Occupational categories (SASCO) | Male | | | | Female | | | | Total |
|---|-----------|----------|----------|-----------|-----------|----------|----------|-----------|------------|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Top Management | 2 | 0 | 0 | 1 | 3 | 0 | 0 | 0 | 6 |
| Senior Management | 12 | 1 | 2 | 6 | 16 | 0 | 0 | 0 | 37 |
| Professionally qualified and experienced specialists and mid-management | 29 | 0 | 1 | 11 | 28 | 2 | 0 | 5 | 76 |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 17 | 1 | 0 | 2 | 38 | 5 | 6 | 11 | 80 |
| Semi-skilled and discretionary decision making | 6 | 0 | 0 | 0 | 9 | 0 | 0 | 1 | 16 |
| Unskilled and defined decision making | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| Total | 66 | 2 | 3 | 20 | 95 | 7 | 6 | 17 | 216 |

6.3 Recruitment for the period (1 April 2003 to 31 March 2004)

| 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 | 4 | 0 | 0 | 0 | 5 |
| Professionally qualified and experienced specialists and mid-management | 3 | 0 | 0 | 1 | 3 | 0 | 0 | 0 | 7 |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 7 | 0 | 0 | 0 | 10 | 0 | 1 | 1 | 19 |
| Semi-skilled and discretionary decision making | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 2 |
| Unskilled and defined decision making | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 12 | 0 | 0 | 1 | 18 | 0 | 1 | 1 | 32 |
| Employees with disabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

6.4 Promotions for the period (1 April 2003 to 31 March 2004)

| Occupational Bands | Male | | | | Female | | | | Total |
|---|-----------|----------|----------|-----------|-----------|----------|----------|-----------|------------|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Top Management | 2 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 4 |
| Senior Management | 6 | 1 | 0 | 5 | 5 | 0 | 0 | 0 | 17 |
| Professionally qualified and experienced specialists and mid-management | 13 | 0 | 0 | 8 | 28 | 1 | 0 | 4 | 54 |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 11 | 1 | 0 | 2 | 21 | 4 | 3 | 11 | 53 |
| Semi-skilled and discretionary decision making | 1 | 0 | 0 | 0 | 6 | 0 | 1 | 1 | 9 |
| Unskilled and defined decision making | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| Total | 33 | 2 | 0 | 16 | 62 | 5 | 4 | 16 | 138 |
| Employees with disabilities | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 2 |

6.5 Terminations for the period (1 April 2003 to 31 March 2004)

| Occupational Bands | Male | | | | Female | | | | Total |
|---|----------|----------|----------|----------|-----------|----------|----------|----------|-----------|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Top Management | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Senior Management | 2 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 3 |
| Professionally qualified and experienced specialists and mid-management | 0 | 0 | 0 | 3 | 15 | 2 | 0 | 1 | 21 |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 5 | 0 | 0 | 0 | 6 | 0 | 0 | 2 | 13 |
| Semi-skilled and discretionary decision making | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| Unskilled and defined decision making | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 8 | 0 | 0 | 3 | 22 | 3 | 0 | 3 | 39 |
| Employees with disabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

6.6 Disciplinary action for the period (1 April 2003 to 31 March 2004)

| Occupational Bands | Male | | | | Female | | | | Total |
|---------------------|---------|----------|--------|-------|---------|----------|--------|-------|-------|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Disciplinary Action | 1 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 3 |

6.7 Skills development for the period (1 April 2003 to 31 March 2004)

| Occupational Categories | Male | | | | Female | | | | Total |
|--|-----------|----------|----------|-----------|-----------|----------|----------|----------|------------|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Legislators, senior officials and managers | 8 | 1 | 1 | 2 | 9 | 1 | 0 | 0 | 22 |
| Professionals | 11 | 0 | 1 | 4 | 15 | 0 | 0 | 0 | 31 |
| Clerks | 30 | 1 | 1 | 4 | 54 | 7 | 2 | 8 | 107 |
| Total | 49 | 2 | 3 | 10 | 78 | 8 | 2 | 8 | 160 |
| Employees with disabilities | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 2 |

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 2003 to 31 March 2004)

| | 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 | 46 | 65 | 70.8 | 772 | 16.782 |
| Female | 60 | 95 | 63.2 | 618 | 10.300 |
| Asian | | | | | |
| Male | 2 | 3 | 66.7 | 87 | 43.491 |
| Female | 5 | 6 | 83.3 | 37 | 7.307 |
| Coloured | | | | | |
| Male | 1 | 2 | 50 | 19 | 19.194 |
| Female | 7 | 7 | 100 | 60 | 8.609 |
| White | | | | | |
| Male | 18 | 19 | 94.7 | 309 | 17.172 |
| Female | 17 | 17 | 100 | 185 | 10.856 |
| Employees with disabilities | 2 | 2 | 100 | 27 | 13.381 |
| Total | 159 | 216 | 73.6 | 2.130 | 13.396 |

TABLE 7.2 - Performance Rewards by salary bands for personnel below Senior Management Service, (1 April 2003 to 31 March 2004)

| Salary Bands | Beneficiary Profile | | | Cost | | |
|--|-------------------------|------------------------------------|-------------------------|--------------|---------------------------|--|
| | Number of beneficiaries | Total number of employees in group | % of total within group | Cost (R'000) | Average cost per employee | Total cost as a % of the total personnel expenditure |
| Lower skilled (Levels 1-2) | 1 | 1 | 100 | 3 | 3.00 | 0.074 |
| Skilled (Levels 3-5) | 8 | 16 | 50 | 61 | 7.625 | 4.048 |
| Highly skilled production (Levels 6-8) | 58 | 80 | 72.5 | 439 | 7.569 | 4.437 |
| Highly skilled supervision (Levels 9-12) | 67 | 76 | 88.2 | 947 | 14.134 | 4.627 |
| Senior Managers | See 7.4 | | | | | |
| Total | 134 | 173 | 77.5 | 1450 | 10 821 | 4.042 |



TABLE 7.3 – Performance Rewards by critical occupations, (1 April 2003 to 31 March 2004)

| Critical Occupations | Total number of employees in group | | | Average cost per employee | |
|--|------------------------------------|------------------------------------|-------------------------|---------------------------|---------------------------|
| | Number of beneficiaries | Total number of employees in group | % of total within group | Cost (R'000) | Average cost per employee |
| Administrative related | 56 | 70 | 80 | 705 | 12.589 |
| Client information clerks (Switchboard reception) | 1 | 1 | 100 | 3 | 3.000 |
| Engineering sciences related | 1 | 2 | 50 | 12 | 12.000 |
| Finance and economics related | 3 | 7 | 42.9 | 48 | 16.000 |
| Financial and related professionals | 6 | 9 | 66.7 | 101 | 16.833 |
| Financial clerks and credit controllers | 2 | 4 | 50 | 10 | 5.000 |
| General legal admin and related professionals | 2 | 3 | 66.7 | 41 | 20.500 |
| Head of Department/Chief Executive Officer | 1 | 0 | 0 | 91 | 91.000 |
| HR and organizational development and related | 3 | 3 | 100 | 30 | 10.000 |
| HR clerks | 5 | 5 | 100 | 45 | 9.000 |
| HR related | 5 | 5 | 100 | 79 | 15.800 |
| Language practitioners, interpreters | 2 | 3 | 66.7 | 16 | 8.000 |
| Library mail and related | 1 | 1 | 100 | 35 | 35.000 |
| Light vehicle drivers | 1 | 1 | 100 | 7 | 7.000 |
| Logistical support personnel | 6 | 6 | 100 | 67 | 11.166 |
| Messengers, porters and deliverers | 0 | 3 | 0 | 0 | 0 |
| Other admin and related clerks | 11 | 11 | 100 | 76 | 6.909 |
| Other admin policy and related officers | 17 | 17 | 100 | 120 | 7.058 |
| Other IT personnel | 5 | 7 | 71.4 | 44 | 8.800 |
| Rank: Minister | 0 | 1 | 0 | 0 | 0 |
| Risk management and security services | 1 | 2 | 50 | 7 | 7.000 |
| Secretaries and other keyboard operating clerks | 9 | 14 | 64.3 | 67 | 7.444 |
| Senior Managers | 21 | 41 | 51.2 | 526 | 25.048 |
| TOTAL | 159 | 216 | 73.6 | 2130 | 13396 |

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

| Salary Bands | Beneficiary Profile | | | Cost | | |
|--------------|-------------------------|------------------------------------|-------------------------|--------------|---------------------------|--|
| | Number of beneficiaries | Total number of employees in group | % of total within group | Cost (R'000) | Average cost per employee | Total cost as a % of the total personnel expenditure |
| Band A | 10 | 24 | 41.7 | 211 | 2.110 | 9.140 |
| Band B | 9 | 13 | 69.2 | 213 | 2.367 | 6.508 |
| Band C | 4 | 5 | 80 | 121 | 3.025 | 3.199 |
| Band D | 2 | 1 | 200 | 136 | 6.800 | 1.631 |
| Total | 25 | 43 | 58.1 | 681 | 2724 | 20478 |

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 2003 to 31 March 2004), by salary band

| Salary Band | 1 April 2002 | | 31 March 2003 | | Change | |
|--------------|--------------|------------|---------------|------------|----------|------------|
| | Number | % of total | Number | % of total | Number | % of total |
| Total | 0 | 0 | 0 | 0 | 0 | 0 |

TABLE 8.2 – Foreign Worker, 1 April 2002 to 31 March 2003, by major occupation

| Major Occupation | 1 April 2002 | | 31 March 2003 | | Change | |
|------------------|--------------|------------|---------------|------------|----------|------------|
| | Number | % of total | Number | % of total | Number | % of total |
| Total | 0 | 0 | 0 | 0 | 0 | 0 |

9. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2003 TO 31 DECEMBER 2003

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 April 2003 to 31 March 2004)

| 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) | 107 | 88.8 | 16 | 10.8 | 7 | 19 |
| Highly skilled production (Levels 6-8) | 393 | 76.6 | 55 | 37.2 | 7 | 139 |
| Highly skilled supervision (Levels 9-12) | 370 | 72.7 | 57 | 38.5 | 6 | 243 |
| Senior management (Levels 13-16) | 113 | 82.3 | 20 | 13.5 | 6 | 183 |
| Total | 983 | 771 | 148 | 100 | 7 | 584 |

TABLE 9.2 – Disability leave (temporary and permanent), (1 April 2003 to 31 March 2004)

| 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) | 43 | 100 | 4 | 23.5 | 11 | 8 |
| Highly skilled production (Levels 6-8) | 180 | 100 | 9 | 52.9 | 20 | 55 |
| Highly skilled supervision (Levels 9-12) | 4 | 100 | 1 | 5.9 | 4 | 2 |
| Senior management (Levels 13-16) | 27 | 100 | 3 | 17.6 | 9 | 47 |
| Total | 254 | 100 | 17 | 100 | 15 | 112 |

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 April 2003 to 31 March 2004)

| Salary Band | Total days taken | Average per employee |
|--|------------------|----------------------|
| Lower skilled (Levels 1-2) | 11 | 11 |
| Skilled (Levels 3-5) | 372 | 20 |
| Highly skilled production (Levels 6-8) | 1613 | 20 |
| Highly skilled supervision (Levels 9-12) | 1975 | 20 |
| Senior management (Levels 13-16) | 848 | 19 |
| Total | 4819 | 20 |

TABLE 9.4 – Capped leave, (1 April 2003 to 31 March 2004)

| Salary Band | Total days of capped leave taken | Average number of days taken per employee | Average capped leave per employee as at 31 December 2002 |
|--|----------------------------------|---|--|
| Lower skilled (Levels 1-2) | 0 | 0 | 0 |
| Skilled (Levels 3-5) | 23 | 1 | 10 |
| Highly skilled production (Levels 6-8) | 72 | 2 | 8 |
| Highly skilled supervision (Levels 9-12) | 139 | 4 | 20 |
| Senior management (Levels 13-16) | 75 | 2 | 16 |
| Total | 309 | 8 | 15 |

TABLE 9.5 – Leave payouts for the period (1 April 2003 to 31 March 2004)

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

| Reason | Total Amount (R'000) | Number of Employees | Average payment per employee |
|--|----------------------|---------------------|------------------------------|
| Leave payout for 2003/04 non-utilisation of leave for the previous cycle | 42 | 2 | 21000 |
| Capped leave payout on termination of service for 2003/04 | 20 | 1 | 20000 |
| Current leave payouts on termination of service for 2002/03 | 96 | 13 | 7385 |
| Total | 158 | 16 | 9875 |

10. HIV/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 |
|--|------------------------------------|
| Junior level – Administrative level | Awareness program through posters |

TABLE 10.2 – Details of Health Promotion and HIV/AIDS Programmes

| Question | Yes | No | Details, if yes |
|--|-----|----|---|
| 1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position. | ✓ | | Ms. L Dlepu Senior Manager HR Development |
| 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. | | ✓ | |
| 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. | | ✓ | |
| 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. | ✓ | | Ms. L Dlepu Ms. J Hlongwane Ms. I Maluleka Ms. O Oliver |
| 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. | ✓ | | Only a draft policy document. Not approved yet. |
| 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. | | ✓ | |
| 7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved. | | ✓ | |
| 8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators. | | ✓ | |

11. LABOUR RELATIONS

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

TABLE 11.1 – Collective agreements, (1 April 2003 to 31 March 2004)

| Subject Matter | Date |
|------------------------------------|-------------|
| None | 0 |
| 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 2003 to 31 March 2004)

| Outcomes of disciplinary hearings | Number | % of total |
|--|-------------|------------|
| Correctional Counselling | | |
| Verbal warning | 4 | 57.143 |
| Written warning | | |
| Final written warning | 1 | 14.256 |
| Suspended without pay | | |
| Fine | | |
| Demotion | 1 | 14.256 |
| Dismissal | 1 | 14.256 |
| Not guilty | | |
| Case withdrawn | | |
| Total | 7 | 100 |
| Disciplinary hearings (1 April 2003 to 31 March 2004) | None | |

TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

| Type of misconduct | Number | % of total |
|--|----------|------------|
| Unauthorised use of departmental vehicle | 1 | 100 |
| Disclosure of confidential information | 0 | 0 |
| Total | 1 | 100 |

TABLE 11.4 – Grievances lodged for the period (1 April 2003 to 31 March 2004)

| | Number | % of total |
|--|--------|------------|
| Unauthorised use of departmental vehicle | None | 0 |

TABLE 11.5 – Disputes lodged with Councils for the (1 April 2003 to 31 March 2004)

| | Number | % of total |
|--|----------|------------|
| Number of disputes upheld | 0 | 0 |
| Number of disputes dismissed | 0 | 0 |
| Total number of disputes lodged | 0 | 0 |

TABLE 11.6 – Strike actions for the period (1 April 2003 to 31 March 2004)

| | |
|--|---|
| Total number of person working days lost | 0 |
| Total cost (R'000) of working days lost | 0 |
| Amount (R'000) recovered as a result of no work no pay | 0 |

TABLE 11.7 – Precautionary suspensions for the period (1 April 2003 to 31 March 2004)

| | |
|--|-------------|
| Number of people suspended | 3 |
| Number of people whose suspension exceeded 30 days | 3 |
| Average number of days suspended | 130 |
| Cost (R'000) of suspensions | R235,588.25 |

12. SKILLS DEVELOPMENT

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

12.1 Training needs identified (1 April 2003 to 31 March 2004)

| Occupational Categories | Gender | Number of employees as at 1 April 2002 | 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 | 19 | 0 | 1 | 0 | 1 |
| | Male | 24 | 0 | 2 | 2 | 4 |
| Professionals | Female | 18 | 0 | 20 | 4 | 24 |
| | Male | 18 | 0 | 20 | 6 | 26 |
| Clerks | Female | 87 | 0 | 52 | 6 | 58 |
| | Male | 49 | 0 | 24 | 4 | 28 |
| Elementary Occupations | Female | 1 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 |
| Sub Total | Female | 125 | 0 | 73 | 10 | 83 |
| | Male | 91 | 0 | 46 | 12 | 58 |
| Total | | 216 | 0 | 119 | 22 | 141 |

12.2 Training provided (1 April 2003 to 31 March 2004)

| Occupational Categories | Gender | Number of employees as at 1 April 2002 | 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 | 19 | 0 | 1 | 0 | 1 |
| | Male | 24 | 0 | 2 | 2 | 4 |
| Professionals | Female | 18 | 0 | 20 | 4 | 24 |
| | Male | 18 | 0 | 20 | 6 | 26 |
| Clerks | Female | 87 | 0 | 52 | 6 | 58 |
| | Male | 49 | 0 | 24 | 4 | 28 |
| Elementary Occupations | Female | 1 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 |
| Sub Total | Female | 125 | 0 | 73 | 10 | 83 |
| | Male | 91 | 0 | 46 | 12 | 58 |
| Total | | 216 | 0 | 119 | 22 | 141 |

13. INJURY ON DUTY

The following tables provide basic information on injury on duty.

TABLE 13.1 - Injury on duty, (1 April 2003 to 31 March 2004)

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

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 |
|---------------|------------------------------------|-------------------------------------|--|
| | | | |
| | | | |

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

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 |
|---------------|------------------------------------|-------------------------------------|--|
| | | | |
| | | | |



Department of Communications