



**telecommunications
& postal services**

Department:
Telecommunications and Postal Services
REPUBLIC OF SOUTH AFRICA



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Department:
Communications
REPUBLIC OF SOUTH AFRICA

Annual Report

2014 - 2015



Building a better life through an enabling and sustainable worldclass information and communication technologies environment.



I have the honour of submitting the
2014/15 Annual Report of the Department
in terms of the Public Finance Management Act, 1999

TINYIKO NGOBENI

Acting Director General

31 August 2015



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PART A

GENERAL INFORMATION



1. DEPARTMENT GENERAL INFORMATION

PHYSICAL ADDRESS: iParioli Office Park
1166 Park Street
Hatfield, Pretoria

POSTAL ADDRESS: Private Bag X860
Pretoria
0001

TELEPHONE NUMBER/S: 027 12 427 8000
FAX NUMBER: 027 12 427 8561
EMAIL ADDRESS: fosman@dtps.gov.za
WEBSITE ADDRESS: www.dtps.gov.za



2. LIST OF ABBREVIATIONS/ACRONYMS

AC	Audit Committee
AG	Auditor-General
AGSA	Auditor General of South Africa
AIDS	Acquired Immune Deficiency Syndrome
ASC	Audit Steering Committee
AO	Accounting Officer
ADR	Alternative Dispute Resolution
ADSL	Asymmetric Digital Subscriber Line
APP	Annual Performance Plan
ATU	Africa Telecommunications Union
AU	African Union
BBBEE	Broad-Based Black Economic Empowerment
BBI	Broadband Infraco
BCP	Business Continuity Plan
BDM	Broadcasting Digital Migration
BEE	Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
CA	Council of Administration
CEO	Chief Executive Officer
CINX	Cape Town Internet National Exchange
CIPC	Companies and Intellectual Property Commission
CITO	Chief Information Technology Officer
COGTA	Cooperation Governance and Traditional Affairs
COIDA	Compensation for Occupational Injuries and Diseases Act
CoLab	Company Lab
CORE	Code of Remuneration
CPM	Conference Preparatory Meeting
CSI	Crime Scene Investigation
CSIR	Council for Scientific and Industrial Research
CSIRT	Computer Security Incident Response Team
DAC	Department of Arts and Culture
DBAC	Departmental Bid Adjudication Committee
DDG	Deputy Director-General
DDGs	Deputy Directors-General
DEC	Departmental Executive Committee
DG	Director General
DINX	Durban Internet National Exchange
DGO	Director General's Office
DMV	Department of Military Veterans
DOHA	Department of Home Affairs
DIRCO	Department of International Relations and Cooperation
DoC	Department of Communications
DPSA	Department of Public Service and Administration
Dr	Doctor
DRC	Democratic Republic of the Congo
DTI	Department of Trade and Industry
DTH-s	Direct-To-Home Satellite
DTPS	Department of Telecommunications and Postal Services
DTT	Digital Terrestrial Television
DUT	Durban University of Technology
ECA	Electronic Communications Act
EC	Eastern Cape
ECT	Electronic Communications and Transactions Act



E-Gov	e-Government
ENE	Estimates of National Expenditure
ESEID	Economic Sectors, Employment and Infrastructure Development Cluster
e-SI	e-Skill Institute
etc	Et cetera
EXCO	Executive Committee
ETOE's	Extra terrestrial Offices of Exchange
EU	European Union
FMPPI	Framework for managing programme performance information
FS	Free State
GEO6	Geneva 2006 (Regional Radio Conference)
GCIS	Government Communication and Information System
GHz	Giga Hertz
GINX	Grahamstown Internet National Exchange
G&S	Goods and Services
GSMA	Group Special Mobile Association
GTAC	Government Technical Advisory Centre
HDI	Historically Disadvantaged Individuals
HOA	Home Owner Allowance
HR	Human Resources
HRD	Human Resources Development
HRM	Human Resources Management
HIV	Human Immunodeficiency Virus
IA	Internal Audit
IAA	Internal Audit Activity
IBSA	India, Brazil and South Africa
ICAS	Independent Counselling and Advisory Services
ICANN	Internet Cooperation for Assigned Names and Numbers
ICASA	Independent Communications Authority of South Africa
ICT	Information Communications and Technology
ICTs	Information Communications and Technologies
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
IGRF	Intergovernmental Relations Framework
iNeSI	Ikamva National eSkills Institute
IPTV	Internet Protocol Television
ISAD	Information Society and Development
ISETT	Information Systems, Electronics and Telecommunications Technologies'
ISPA	Internet Service Provider's Association
IT	Information Technology
ITRS	International Telecommunications Regulations
ITSO	International Telecommunications Satellite Organisation
ITU	International Telecommunications Union
ITU-D	International Telecommunications Union-Development Sector
ITU-R	Information Telecommunication Union – Radio-communication Sector
IXPs	Internet Exchange Points
JCPS	Justice, Crime Prevention and Security
JINX	Johannesburg Internet National Exchange
KHz	Kilo Hertz
KIM	Knowledge and Information Management
KZN	Kwa-Zulu Natal
Limp.	Limpopo
LLB	Latin: Legum Baccalaureus
LLD	Doctor of Law
Ltd	Limited



LTE	Long Term Evolution
MCS	Modified Cash Standard
MEC	Member of Executive Council
MHz	Mega Hertz
MMS	Middle Management Service
MOA	Memorandum of Agreement
MoI	Memorandum of Instruction
MPSA	Microsoft Products and Services Agreement
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
MTN	Mobile Telephone Networks
MoU	Memorandum of Understanding
MoUs	Memorandum of Understandings
MP	Member of Parliament
MPL	Mpumalanga
NB	Nota Bene
NC	Northern Cape
NCAC	National Cybersecurity Advisory Council
NCPF	National Cybersecurity Policy Framework
NDP	National Development Plan
NDR	National Digital Repository
NEMISA	National Electronic Media Institute of South Africa
NEPAD	New Partnership for Africa's Development
NHI	National Health Insurance
NICDAM	National Institute community Development and Management
NMOS	National Macro Organisation of the State
NT	National Treasury
NRF	National Retail Federation
OAG	Office of the Auditor General
OECD	Organisation for Economic Co-operation and Development
OPSCOM	Operations Committee
PAA	Public Audit Act
PAPU	Pan African Postal Union
PFMA	Public Finance Management Act
PIDA	Project of Infrastructure Development in Africa
PMO	Project Management Office
POA	Programme of Action
POC	Programme of cooperation
PSC	Public Service Commission
PSCBC	Public Service Commission Bargaining Council
PoPs	Points of Presence
PP	Plenipotentiary
PPP	Public-Private Partnership
Pty	Proprietary
RDP	Reconstruction and Development Programme
R&D	Research and Development
RFI	Request For Information
RIXP	Regional Internet Exchange Point
RMC	Risk Management Committee
RSA	Republic of South Africa
SA	South Africa
SABC	South African Broadcasting Corporation
SABS	South African Bureau Standard
SACF	South African Communications Forum
SADC	South African Development Community



SA EU	South African European Union
SAPO	South African Post Office
SAPS	South African Police Service
SARB	South African Reserve Bank
SBD	Standard Bidding Document
SCM	Supply Chain Management
SETA	Sector Education and Training Authority
SG16	Study Group 16
SHERQ	Safety, Health, Environment, Risk & Quality
SIP15	Strategic Integrated Project-15
SITA	State Information Technology Agency
SMME	Small Medium Micro Enterprise
SMMEs	Small Medium Micro Enterprises
SMS	Senior Management Service
SMS	Short Message Service
SOC	State Owned Company
SOCs	State Owned Companies
SOE	State Owned Enterprise
SOEs	State Owned Enterprises
STB	Set Top Boxes
TB	Tuberculosis
TBVC	Transkei, Bophuthatswana, Venda and Ciskei
TOR	Terms of Reference
TMC	Top Management Committee
TMM	Top Management Meeting
TV	Television
UNECA	United Nations Economic Commission for Africa
UPU	Universal Postal Union
USAASA	Universal Service and Access Agency of South Africa
USAF	Universal Service and Fund
USF	Universal Service Fund
UWESO	Uganda Women's Effort to save Orphans
VCT	Voluntary Counselling and Testing
WAN	Wide Area Network
WCIT	World Conference on International Telecommunications
WEF	World Economic Forum
WHO	World Health Organisation
WiMAX	Worldwide Interoperability for Microwave Access
WIPO	World Intellectual Property Organization
WSIS	World Summit on the Information Society
WRC	World Radio Conference
WTDC	World Telecommunication Development Conference
WTSa	World Telecommunications Standardisation Assembly
.ZACR	.ZA Central Registry
.za DNA	Domain Name Authority



3. FOREWORD BY THE MINISTER



It is an honour to be writing the forward for the first Annual Report of the Department of Telecommunications and Postal Service. Most of the functions of this department were transferred from the old Department of Communications. This 2014/2015 Annual Report marks another step in the progress we are making as we entrench this newly-formed department following the re-organisation of the State in 2014.

We are in the first year of the implementation of SA Connect, the country's broadband strategy, and the second year of implementing the Medium Term Expenditure Framework. These are our roadmaps that are essential towards achieving the goals of the National Development Plan (NDP).

The NDP states that "by 2030, ICT will underpin the development of a dynamic and connected information society and a vibrant knowledge economy that is more inclusive and prosperous. A seamless information infrastructure will be universally available and accessible and will meet the needs of citizens, business and the public sector, providing access to the creation and consumption of a wide range of converged services required for effective economic and social participation – at a cost and quality at least equal to South Africa's main peers and competitors".

Our department is mandated to rollout modern communications infrastructure to all citizens to ensure that the country leverages technology to radically transform our society. This rollout of infrastructure is accompanied by the necessary skills revolution that we need to undertake to ensure that front line service staff in government departments and agencies are able to use technology to improve their efficiency as they deliver services to citizens. We also encourage citizens to be comfortable in using technology to access government services. Of course, we are putting in place online security measures that will help protect the information of citizens as they increasingly transact with the State online. We are committed to doing all of these things to ensure that we prepare civil servants and citizens for e-governance.

In recent months, we have visited the rural district municipalities that were identified by President Jacob Zuma as pilot sites for Phase One of the rollout of broadband or fast, reliable, always available and secure internet. During these visits, we assessed the state of the infrastructure and established the proximity of government buildings to fibre networks. This has given us an idea of how many government buildings we must connect, how quickly and what challenges we could possibly face. We are doing this because international best practices indicates that planning is the most crucial part in the successful implementation of massive projects such as the rollout of broadband infrastructure. In this day and age, the Internet drives socio-economic development and globalisation. As Government, we are determined to connect all citizens to the internet, including those who live in remote areas. The impact of leaving anyone behind in this information revolution would be far worse than the legacy of Apartheid.

We are also tasked with facilitating financial inclusion of all South Africans, especially those in rural areas, through the corporitisation of the Postbank. We are strengthening the SA Post Office and facilitating the revitalization of its infrastructure to enable it to be a touch point for millions of South Africans who live in rural areas to government services.

All of these endeavours coincide with the ICT Policy Review that seeks to position South Africa at the cutting edge of the use and deployment of ICT to facilitate socio-economic transformation. The panel that worked on this process has handed over its report. I am humbled by the efforts of the panel and the contributions we received from South Africans from all walks of life in all our provinces. This process demonstrated that working together, we can certainly do more. We are now set to have an ICT Policy White Paper by the end of March 2016.

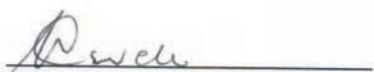
As part of the re-organisation of the State, we welcomed the State IT Agency and Broadband Infracore into our fold this past year and the two State-Owned Companies (SOCs) will help us realise our NDP goals. This also means that all of the State's ICT entities are under one roof. This affords us an opportunity to align these entities to ensure that we reach our goals of ensuring universal access to modern communications tools and services. We have to do this in a manner that avoids costly and unnecessary duplication of infrastructure and prioritizes the judicious use of limited public funds. The SOC Rationalisation process that we are undertaking will result in a lean and focused ICT infrastructure and services delivery machinery.

Our citizens are the ultimate beneficiaries of the programmes we are implementing. We cannot fail them. Advances in technology mean that our future is, literally, in our hands. The outcome of all our activities has to be the greater uptake and usage of technology by all our citizens in the socio-economic transformation that will make us a truly dynamic, connected, vibrant and inclusive information society and knowledge economy.

Conclusion

The Audit Committee is concerned about the continued poor performance in relation to the functions that were transferred from the old DOC. This is the fourth year in a row where a significant percentage of planned targets has not been achieved. The Audit Committee once again urges management to implement and adhere to the relevant policies and procedures applicable to performance information monitoring and reporting as well as an action plan that addresses the non-achievement of targets on a monthly basis so that the problems of non-performance can be arrested timeously. The Audit Committee has also urged the Department to hold relevant members of management accountable for the non-achievement of their targets in their particular areas.

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



THE HONOURABLE DR. SC CWELE, MP
Minister of Telecommunications and Postal Services
Republic of South Africa

4. STATEMENT BY THE DEPUTY MINISTER



This Annual Report follows on the decision of the State President, The Honourable Jacob Gedleyihlekisa Zuma, to restructure the state after the 5th democratic elections of last year. The restructuring saw the Department renamed the Department of Telecommunications and Postal Services. It also resulted in certain functions, and resources attached to those functions, transferred to the new Department of Communications. Additionally, this was a year when the country recommitted itself to the ideals of the Freedom Charter, and the accelerated implementation of the National Development Plan.

While an Annual Report is by nature a reflective document that mulls over the achievements and shortcomings of the previous year, this one also reflects on the aspirations of the Department and Government to address the many structural deficiencies that continue to hamper the democratic ideals of the country. Although it was not in all cases possible to achieve our set targets due to, among others, resource constraints, we are confident that what we achieved will go far towards reaching our vision of being a leader in the development and use of information and communication technologies for socio-economic development.

A key achievement in this reporting period has been the progress made towards the development of the National Integrated ICT White Paper. The gazetted Discussion Paper as well as the publishing of the ICT Policy Recommendation Report by the ICT Policy Review Panel has enabled the Department to focus sharply on the policy environment that will advance the development of the ICT sector. The South African communications landscape transformed immensely since democratisation and in this regard, the envisaged White Paper will address, inter alia, key facets of the telecommunications environment, such as radio frequency spectrum, universal service and access as well as institutional arrangements. With the country a step behind in the move towards a digital future, the paper will accelerate our move towards digitising all facets of our ICT environment, and the availing of the digital dividend, which is necessary for the diversification of the sector.

One of the areas that are going to be affected positively by the organisational restructuring, is the move towards addressing the ICT skills shortage in the country. Although there are numerous initiatives in ICT skills training, there is a mismatch between the skills that the economy requires and the skills that are churned by institutions of higher learning. In this regard, the Ikamva National e-Skills Institute will go a long way towards addressing this skills mismatch and ensuring that citizens acquire the skills that are required in the workplace.

While we recognise the potential of ICT for stimulating economic growth, that is, its ability to create an enabling environment for the creation of jobs, for eradicating poverty and reducing inequalities, there is also a danger that the benefits of ICTs can be unevenly distributed. This unevenness is especially evident in the gender divide as reflected in the lower numbers of women accessing and using ICT compared to men. Against this background, we have galvanised partnerships with the private sector to use ICTs to empower women and girls. We launched the Tlhabane Training programme for women in December last year, and of the 20 women trained, 3 have already gained full-time employment. The Department is also participating in the Techno-Girl Programme which is aimed at exposing Grade 10 learners, through a structured programme, to potential ICT careers post matriculation. Our focus will now be on scaling up these initiatives to ensure that we have as many women and girls participating in these programmes as possible. This work is also supported by the Department's Gender and ICT Strategy.

The main barriers to women's use of ICT continue to be lack of training and access to the necessary tools. As one of the Patrons of the SA Women in ICT Forum, an organisation that was established last year, we will be ensuring that we develop and implement formal support structures to attract and retain women in the ICT sector through mentorship programmes, scholarships and internships. Additionally, the Forum will contribute to the development of initiatives for innovative interventions that will significantly increase the interest and participation of women in the ICT sector.

Having the State IT Agency (SITA) as part of the portfolio organisation reporting to the Ministry of Telecommunications & Postal Services, provides us with the much needed capacity to deliver e-Government services and to propel the country towards an inclusive information society. SITA is critical in terms of government deriving value for money on its IT spend as well as ensuring that more frontline government services are accessible online by all citizens regardless of gender, geographic location and social status.

Government is unequivocally committed to delivering effective and efficient public services to the citizens, working in partnership with industry and other stakeholders to provide universal access to ICT infrastructure and services and ensuring that our policies translate directly into how citizens experience government service delivery.

The President has in his State of the Nation Address pointed to priority areas which needed to form part of the first phase of broadband roll-out. This has helped us to deliberately target the most rural areas in terms of connectivity

and schools connectivity. The schools connectivity programme that we have embarked on during the period under review, has enabled us to connect schools in unserved and under-served areas thus ensuring that we are closing the digital divide.

Developing effective ICT strategies and implementing effective solutions nationally and regionally is a complex issue and one unlikely to be resolved by a single decision or programme, or by stakeholders acting in isolation. Making use of the National Development Plan as a guidance towards smart partnerships, the Department during the period under review engaged in processes aimed at mobilizing collective talents and resources which are key to responding to these challenges effectively. The process will continue in the next financial year.

We remain committed to having an accessible, effective, efficient and citizen-centric public service, and to ensuring that we maintain a coherent and stable policy and regulatory environment that promotes the sector's development, job creation, transformation and the entry of new dynamic and innovative ICT SMMEs.

We must also not lose focus on the Government priority areas, and we can achieve these priority areas through strategic alliances and partnerships with other organs of state, industry and the international community. The Annual Report provides details of the strategic partnerships we have, as well as the different forums that we participate in order to galvanise the efforts of all stakeholders to achieve the socio-economic objectives for our country.

I want to extend my gratitude to the Minister of Telecommunications and Postal Services, Honourable Dr Siyabonga Cwele, who has been stoical in the face of many challenges and demands of both the Department and of Government. I also thank the staff and management of the Department for their support.



HON. PROF. HLENGIWE BUHLE MKHIZE, MP
Deputy Minister
Republic of South Africa

5. REPORT OF THE ACTING ACCOUNTING OFFICER

OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

IMPORTANT POLICY DECISIONS AND STRATEGIC ISSUES FACING THE DEPARTMENT



Reconfiguration of the Department

During the reporting period, the Department underwent one of the most significant changes in its history through the National Macro Organisation of the State process that was set into motion following the May 2014 National Elections. Subsequent to the National Elections, the President pronounced the establishment of the National Department of Telecommunications and Postal Services. Accordingly, the following Presidential Proclamations in Government Gazette No. 37839 dated 15 July 2014 and Government Gazette No. 38280 dated 02 December 2014, confirmed the transfer of administration, powers and functions entrusted by specific legislation to the Ministry of Telecommunications and Postal Services and the newly formed Ministry of Communications.

The transfer of administration, powers and functions required constructive engagements with the newly established Department of Communications that resulted in a transfer of relevant projects and associated resources during the 2014/15 financial year. Such projects and resources featured largely around the Broadcasting space. The proclamation also resulted in the Department of Telecommunications and Postal Services inheriting two additional State Owned Companies in the form of

Broadband Infraco and the State Information Technology Agency (SITA). The Department did well to manage this transformation while still ensuring implementation of its Strategic Plan and Annual Performance Plan in alignment with its revised mandate.

SA Connect

Government has set targets in line with the National Development Plan to modernise the economy through the provision of ubiquitous broadband access to all South Africans by 2020 at speeds of 10 megabytes per second scalable to 100 megabytes per second by the year 2030, especially those of our people living in the most rural of areas.

During the past financial year, the Department has developed high level implementation plans for the four pillars of SA Connect namely: *Digital Development* which seeks to optimise procurement by aggregating government demand and prioritising connectivity to schools, clinics, and police stations and other government facilities; *Digital Readiness* that seeks to reconfigure institutional arrangements and align the policy, legislative, and regulatory framework to remove administrative bottleneck, expedite broadband rollout, stimulate infrastructure investment and reduce the cost to communicate, *Digital Future* that seeks to create a Wholesale Open access national broadband network through the rationalisation of ICT SOCs; and lastly, *Digital Opportunity* that seeks to stimulate the uptake and usage of broadband capabilities.

Following the launch of SA Connect in December 2013, the Department commenced its planning in 2014 by firstly establishing a number of institutions that would assist in the governance of the implementation of the broadband programme. The broadband task teams were then established to develop implementation plans for the four strategic pillars of SA Connect.

A Broadband Steering Committee was also established to oversee the work of the task teams and to ensure alignment of the different streams of work. The Steering Committee has worked closely with the Strategic Integrated Project (SIP-15) coordinator, the Council of Science and Industrial Research (CSIR), to analyse the broadband gap and to identify areas with the greatest infrastructure deficit. The Department further appointed the National Broadband Advisory Council as prescribed by the Broadband Policy, whose mandate is to advise the Ministry on policy implementation approaches and guiding principles.

In terms of Broadband funding, a business case was submitted to National Treasury to inform Phase 1 of broadband rollout and funding has been allocated to a total of R740 million over the Medium Term Expenditure Framework period.

Government has five ICT SOC/Es (Telkom, Broadband Infraco, Sentech, SITA and USAASA) involved in broadband across the broadband value chain with overlapping mandates, duplication of infrastructure and often competing against each other. Government does not have the resources to continue investing in all these entities, and thus

in line with the recommendations of the Presidential Review Commission on State Owned Entities, a decision has been taken to rationalise these entities to create an open access national broadband network. Accordingly, relevant recommendations on a National Broadband Network and the Rationalisation of State Owned Entities were presented to the January 2015 Cabinet Lekgotla. His Excellency President Jacob Zuma announced the implementation of Phase 1 of broadband rollout at the 2015 State of the Nation Address with Telkom designated as the lead agency for implementation.

Telkom is designated to lead the coordination of these SOCs in order to leverage and efficiently use the state's assets and investments. The designation of Telkom is subject to due process, structural reconfiguration of the entity and the creation of a wholesale open access policy framework to ensure fair, transparent and non-discriminatory access to infrastructure by other service providers.

ICT Policy Review

The ICT Policy Review process was sanctioned by the National Development Plan, recognising all the changes pertaining to the technological developments in the ICT sector, the opportunities thereof and the need to ensure the realisation of *an inclusive Information Society for South Africa*. The current policies and laws are based on a traditional structure that was premised on distinct broadcasting, telecommunications and IT markets. These markets were based on the existence of distinct industries around telephony, point-to-multipoint broadcasting services, and mobile telephony services. This distinct and separate policy and regulatory approaches does not take into account the changes that have taken place within the ICT Sector.

Following the Cabinet approval of the National Integrated ICT Policy Green Paper, which largely focused on major impediments to implementation and the core issues that need to be addressed in future policy, the Paper was gazetted for public consultation in January 2014. The Department undertook extensive public consultation which included the hosting of Public Hearings on the National Integrated ICT Policy Green Paper in all nine Provinces which informed the development of the ICT Policy Review Discussion Paper that highlights a range of policy options and possible policy approaches. The Department went on to develop the National Integrated ICT Policy Recommendations report which will inform the Development of the White Paper on National Integrated ICT Policy.

OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT:

DEPARTMENTAL RECEIPTS

Departmental receipts	2014/2015			2013/2014		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	60	57	(3)	1 374,373	123	(1 374,250)
Transfers received	728	728	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	1 744,509	1 669,514	(74,995)	1 669,372	1 710,831	41,459
Sale of capital assets	-	-	-	-	-	-
Financial transactions in assets and liabilities	1,710	1,705	(5)	900	988	88
Total	1 747,007	1 672,004	(75,003)	3 044,645	1 711,942	(1 332,703)



The Department does not charge tariffs for goods and services rendered since the testing facility at ISSA was closed in 2009. The Department does not provide free services.

The under collection of revenue is mainly on the dividends received by the Department. There was a decrease in the dividends declared by VODACOM for the 2014/15 financial year as compared to the dividends declared in 2013/2014 financial year. Dividends declared in the year 2014/15 financial year decreased by R41, 317 million as compared to the previous financial year, whereas the Department had anticipated an increase.

PROGRAMME EXPENDITURE

The Department's final allocation for the 2014/15 financial year amounted to R2.237 billion, which is made up of a base line of R1.593 billion and adjusted estimates allocation of R643.2 million. The adjusted estimates include R551 million to Universal Service and Access Fund for set top boxes, antenna and cost, R69 million to Sentech for dual illumination.

The Department has spent R2, 182 billion from the adjusted budget of R2, 237 billion with the spending rate of 97.5%, which is 2.1% less than the previous year's expenditure. The underspending is mainly under compensation of employees and goods and services due to the delay in filling vacant positions and the non-implementation of Digital Terrestrial Television awareness campaign which emanated from the prolonged engagement between the Department and the service provider. This project was also put on hold due to the Presidential Proclamation No 37839 of 15 July 2014 which approved that the administration of the Broadcasting Act no 4 of 1999 be transferred to the new Department of Communications.

Programme Name	2014/2015			2013/2014		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	237,525	226,641	10,884	212,084	210,443	1,641
ICT International Affairs	45,667	45,431	236	36,664	41,405	(4,741)
ICT Policy, Research and Capacity Development	111,347	78,183	33,164	88,965	88,794	171
ICT Enterprise Development and SOE Oversight	786,602	785,781	821	759,009	746,749	12,260
ICT Infrastructure Development	1 055,516	1 045,640	9,876	1 275,395	1 275,395	0
Total	2 236,657	2 181,676	54,981	2 372,117	2 362,786	9,331

VIREMENTS

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

Virement per programme							
Description	Adjusted allocation	Expenditure	Variance	Shifting	Virement	Final allocation	Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
DOC: Administration							
Compensation of employees	88 801	86 311	2 490	(1,776)	-	87 025	714
Goods and services	137 545	129 328	8 217	(1)	1 955	139 499	10 171
Payments for financial assets	0	363	(363)	363	-	363	-



Virement per programme							
Description	Adjusted allocation	Expenditure	Variance	Shifting	Virement	Final allocation	Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Provincial and local governments	0	9	(9)	9	-	9	-
Departmental agencies & accounts	264	1 199	(935)	935	-	1 199	-
Public Corporation and priv ent	0	17	(17)	17	-	17	-
Non-profit institution	0	110	(110)	110	-	110	-
Households	0	343	(343)	343	-	343	-
Machinery and equipment	1 789	8 757	(6,968)	1,943	5 ,025	8 757	-
Software & Intangible assets	2 000	205	1 795	(1,942)	146	204	(1)
Total	230 399	226 641	3 758	0	7 126	237 525	10 884
DOC: International Affairs							
Compensation of employees	13 027	14 775	(1,748)	-	1 748	14 775	-
Goods and services	7 060	6 838	222	(40)	(182)	6 838	-
Foreign Gov & International organ	16 161	23 724	(7,563)	-	7 799	23 960	236
Households	-	40	(40)	40	-	40	-
Machinery and equipment	569	54	515	-	(515)	54	-
Total	36 817	45 431	(8,614)	0	8 850	45 667	236
DOC: ICT Policy, Research and Capacity Development							
Compensation of employees	63 175	49 870	13 305	(74)	-	63 101	13 231
Goods and services	56 707	27 567	29 140	-	(9,208)	47 499	19 932
Public Corporation and priv ent	-	10	(10)	10	-	10	-
Households	-	63	(63)	64	-	64	1
Machinery and equipment	1 147	672	475	-	(474)	673	1
Total	121 029	78 183	42 846	0	(9,682)	111 347	33 164
DOC: ICT Enterprise Development and SOE Oversight							
Compensation of employees	10 694	14 540	(3,846)	-	3 847	14 540	-
Goods and services	34 823	35 410	(587)	(6,002)	(1,963)	26 858	(8 552)
Departmental agencies & accounts	531 122	529 444	1 678	-	(1,678)	529 444	-
Public Corporation and priv ent	165 168	205 795	(40 627)	6 000	44 000	215 168	9 373
Households	-	2	(2)	2	-	2	-



Virement per programme							
Description	Adjusted allocation	Expenditure	Variance	Shifting	Virement	Final allocation	Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Machinery and equipment	605	589	16	-	(15)	590	1
Total	742 412	785 781	(43,369)	0	44 190	786 602	821
DOC: ICT Infrastructure Support							
Compensation of employees	28 902	18 433	10 469	-	(5,594)	23 308	4 875
Goods and services	83 934	35 242	48 692	(19)	(43,672)	40 243	5 001
Departmental agencies & accounts	791 000	791 000	0	-	-	791 000	
Public Corporation and priv ent	200 805	200 805	0	-	-	200 805	-
Households	-	19	(19)	19	-	19	-
Machinery and equipment	1 359	141	1 218	-	(1,218)	141	-
Total	1 106 000	1 045 640	60 360	0	(50,484)	1 055 516	9 876

ROLL OVERS

A request was made to National Treasury in terms of section 30 of the Public Finance Management Act (PFMA) as well as the applicable guidelines to roll-over the unspent funds on goods and services. A roll-over of R11,3 million was submitted to finalise the projects that were in progress. A rollover request of R22 million under goods and services was also submitted as deviation for the funds to be allocated to the new Department of Communications to implement the Digital Terrestrial Television (DTT) awareness campaign due to the function shift in line with the Presidential Proclamation no 37839 of 15 July 2014.

FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure for the 2014/2015 financial year amounted to R21 thousands. During this financial year fruitless and wasteful expenditure to the amount of R96 thousand were written off and an amount of R11 thousand was transferred to receivables for recovery, and was ultimately recovered from the relevant parties. The total amount outstanding on the fruitless and wasteful expenditure register as at 31 March 2015 amounted to R12, 296 million which also includes previous year's fruitless and wasteful expenditure.

The Policy on the Management of Losses has been reviewed in order to address grey areas and it will be posted in to regular awareness e-mail messages to caution and advise officials about areas of potential losses. The policy also strengthens punitive measures against those officials who negligently commit acts that result in fruitless and wasteful expenditure. The awareness workshops that are taking place to staff members will help in the reduction of loss incidents and will reduce fruitless and wasteful expenditure.

All outstanding cases are under investigation or awaiting Legal opinion from the Departmental Legal Services or the State Attorney.



UNAUTHORISED EXPENDITURE

The Department did not incur any unauthorised expenditure during the period under review.

FUTURE PLANS OF THE DEPARTMENT

Broadband

In the 2015/16 financial year, the Department will focus on the implementation of Phase 1 of broadband rollout. Following the submission of a business case to National Treasury, funding has been allocated to a total of R740 million over the Medium Term Expenditure Framework period. The allocation of R200 million for the 2015/16 financial year will be used to connect a total of 1296 sites which include schools, health facilities, police stations, post offices and other government facilities as part of the first phase of the rollout. The first phase will commence with connectivity to eight districts within seven provinces, where the National Health Insurance (NHI) is being piloted. The priority districts for Phase 1 include: Dr Kenneth Kaunda in North West, Gert Sibande in Mpumalanga, O.R. Tambo in the Eastern Cape, Pixley ka Seme in the Northern Cape, Thabo Mofutsanyane in the Free State, Umgungundlovu and Umzinyathi in KwaZulu-Natal and Vhembe in Limpopo. These include connectivity to schools, clinics, police stations, post offices and correctional services facilities.

Following the designation of Telkom as the lead agency in the roll-out of broadband, the Department will undertake due process in terms of the structural reconfiguration of the entity and the creation of a wholesale open access policy framework to ensure fair, transparent and non-discriminatory access to infrastructure by other service providers. The DTSP will further determine the priority areas for broadband connectivity and develop a high level implementation plan whilst Telkom will lead the development of the infrastructure roll-out plan to connect the identified priority areas.

Furthermore, the Department will prioritise the development of the Rapid Deployment Policy which seeks to remove regulatory and administrative bottlenecks that are currently inhibiting the rollout of broadband infrastructure. The Policy will aim to ensure uniform national approval processes for the approval of wayleaves and other local and provincial government approvals and licences in order to accelerate the rollout of broadband infrastructure.

ICT Policy Review

The Department has finalised the ICT Policy Recommendations Report which was submitted to Minister for consideration. The Department will utilize the Recommendations Report to inform the development of the National Integrated ICT Policy White paper. The Department plans to finalise the National Integrated ICT Policy White paper and submit to Cabinet for approval in the 2015/16 financial year. This new policy framework will facilitate the provision of the universal, affordable and equal access to communications infrastructure and services and will further inform the legislative programme of the Department going forward.

Cost to Communicate

The Department is working towards ensuring sustainability of the ICT sector through a policy and regulatory environment that enables new entrants to compete fairly in the ICT market space. South African prepaid mobile costs are still amongst the most expensive in the world and we have to ensure that we lower the cost to communicate. While the cheapest prepaid mobile product prices have relatively come down, South Africa's cheapest product is still said to be five times more expensive than the cheapest product in Africa.

The Department will prioritise targeted initiatives within the Cost to Communicate Programme of Action to address the issue of high costs and poor quality of services. In this regard the Department will conclude the study on National Roaming, which relates to the agreement and costs that operators charge to use each other's networks to provide services in geographic areas where they have no coverage. The study will investigate this matter so as to inform us whether national roaming regulation can enhance government's policy objectives including the reduction of the cost to communicate. A policy position on National Roaming will be developed in the 2015/16 financial year which will be informed by the outcomes of the study.

The Department plans to develop a draft Local Loop Strategy which will take into considerations existing local loops in context of open access principles and the development of new Loops thus ensuring that quality improves, costs are reduced and fixed line coverage is expanded.

In the 2015/16 financial year, the Department will in consultation with ICASA, develop a Policy Direction on Data Costs to direct the appropriate interventions by ICASA to address ineffective competition in the value chain. This intervention at wholesale level usually translates to improved competition at retail level and consequent reduction of retail data charges.

The Department's projects aimed at reducing the cost to communicate, will not only contribute to the reduction of communications costs, both voice and data but will also ensure that the quality and coverage of electronic communications networks are expanded. It further supports growth of new entrants and increased competition.



ICT B-BBEE

The Department of Telecommunications and Postal Services is working in collaboration with the Department of Communications and the ICT Sector stakeholders to establish the ICT B-BBEE Charter Council. The ICT Charter Council is responsible for amongst others, to monitor and report on the implementation of B-BBEE in the ICT Sector as well as aligning the Sector Code to the Generic B-BBEE Codes of Good Practice with a view to contributing to the achievement of transformation in the ICT Sector.

The establishment of the ICT Charter Council will be finalized by the middle of June 2015 to allow for the alignment of the ICT Sector Code to the Generic Codes in time to meet the 30 October 2015 due date in line with the extension granted to sector stakeholders to complete the alignment of their respective sector codes to the Generic B-BBEE Codes of Good Practice.

Cybersecurity

Cybersecurity remains a concern as more and more South Africans get connected and use online platforms for commerce, e-Government and social media, hence the need for a functional Cybersecurity Hub. The establishment of a fully-fledged Cybersecurity Hub offering a full complement of services will take a few years to establish, given budgetary requirements for capacity and infrastructure development. The Department has established a Virtual Cybersecurity Hub, which will offer services inclusive of alerts and warnings; announcements; incident handling; Incident response support and security related-information dissemination. Going forward more services will be added once a fully-fledged Cybersecurity Hub is established. The Virtual Cybersecurity Hub will be launched in the 2nd quarter of 2015/16 financial year after piloting and commissioning has been completed. The Department has set aside 11.7 million rand for the establishment and operationalisation of the Virtual Cybersecurity Hub.

Furthermore, the Department will prioritise the implementation of the Cybersecurity Awareness programme in collaboration with the Government Communication and Information System (GCIS) (DoC) and other industry stakeholders. The Cybersecurity Awareness programme will be implemented through a Cybersecurity awareness, media plan and workshops. This seeks to develop a holistic approach in making public, business and civil society aware of cyber safety challenges and precautionary measures.

PUBLIC PRIVATE PARTNERSHIPS

None

DISCONTINUED ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

None

NEW OR PROPOSED ACTIVITIES

None

SUPPLY CHAIN MANAGEMENT

The Department did not have unsolicited bid proposals during the year under review. The irregular expenditure has been dealt in line with the guidelines from National Treasury. The Supply Chain Management (SCM) policies and delegations are effective and also address the prevention of irregular expenditure. Furthermore the SCM function is centralised and all bid committees are in place namely: Specification, Evaluation, and Adjudication.

GIFTS AND DONATIONS RECEIVED IN KIND FROM NON RELATED PARTIES

The Department received gifts and donations in kind from the following non related parties:

- Spacecom in a form of a closing dinner for the hosting of SADC-ITSO Satellite training workshop;
- Groupe Speciale Mobile Association (GSMA) in the form of an opening dinner for the hosting of SADC WRC-15 preparatory meeting on the 23 February 2015; and
- Immarsat in the form of a cocktail for the hosting of SADC WRC-15 preparatory meeting on the 24 February 2015.



EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

None.

EVENTS AFTER THE REPORTING DATE

The administration, powers and function of Broadcasting Act (Act no. 4 of 1999) of South African Broadcasting Corporation (SABC) and the Independent Communications Authority of South Africa Act (ICASA) (Act no. 13 of 2000) have been transferred over to the newly created Department of Communications (DoC) in line with proclamation no. 37839 of 15 July 2014 with effect from 1 April 2015. An amount of R1, 862 billion was transferred to DoC for the 2015 MTEF period.

The Department has also been entrusted with an oversight function on Broadband Infraco and the State Information Technology Agency Act (SITA) (Act no.88 of 1998). An amount of R11,9 million has been allocated to the DTPS over the 2015 MTEF for Broadband Infraco on operation expenditure. The two entities do not receive any subsidy from government.

OTHER

Investigations

Investigations are being carried out into alleged financial misconduct by the Deputy Director-General: Administration; Deputy Director-General: ICT Policy Development; former Director: Contracts and former Departmental Bid Adjudication Committee and Bid Evaluation Committee members.


ACKNOWLEDGEMENT/S OR APPRECIATION

A special message of gratitude is extended to our Principals, Team Telecommunications and Postal Services, SOEs reporting to DTPS and other entities for their tireless efforts in making sure that we deliver on our mandate and provide service to our fellow citizens.

CONCLUSION

In conclusion I would like to thank the Minister Honourable Dr Siyabonga Cwele and the Deputy Minister Honourable Professor Hlengiwe Mkhize for their unwavering support in making sure that the Department fulfils its mandate and certainly in creating a vibrant ICT sector that ensures that all South Africans have access to affordable and accessible ICT services. Lastly, I would like to thank the ICT sector in its entirety for the robust engagement during the year under review.

APPROVAL AND SIGN OFF



Tinyiko Ngobeni

Acting Accounting Officer

Department of Telecommunications and Postal Services

31 August 2015



6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2015.

Yours faithfully



Tinyiko Mgobeni

Acting Accounting Officer

Department of Telecommunications and Postal Services

31 August 2015

7. STRATEGIC OVERVIEW

7.1 VISION

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

7.2 MISSION

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

7.3 VALUES

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

8. LEGISLATIVE AND OTHER MANDATES

8.1 Constitutional Mandates

Prior to the Presidential Proclamation, the mandate of the former Department of Communications was "To create a vibrant ICT Sector that ensures that all South Africans have access to robust, reliable, affordable and secure ICT services in order to advance socio-economic development goals and support the African agenda and contribute to building a better world."

It must be noted that during the reporting period, as a result of the Presidential Proclamation, the name and focus of the Department changed. The newly formed Department of Telecommunications and Postal Services (DTPS) was created to focus on "Modernising the economy and economic infrastructure to bring the cost down through the roll-out of Broadband, e-Government, Cybersecurity, Postal and Postbank services."

Consequently the core functions of the Department of Telecommunications and Postal Services are:

- To develop ICT policies and legislation that create conditions for an accelerated and shared growth of the South African economy, which positively impacts on the well-being of all our people and is sustainable;
- To ensure the development of robust, reliable, secure and affordable ICT infrastructure that supports and enables the provision of a multiplicity of applications and services to meet the needs of the country and its people;
- To contribute to the development of an inclusive information society which is aimed at establishing South Africa as an advanced information-based society in which information and ICT tools are key drivers of economic and societal development;
- To enhance the capacity of, and exercise oversight over, State Owned Companies (SOCs) as the delivery arms of Government; and
- To fulfil South Africa's continental and international responsibilities in the ICT field.

8.2 Legislative mandates

The legislative mandate of the Department is embedded in the following pieces of Legislation as reflected in the table below:



Name of Act	Purpose
Sentech Act, 1996 (Act No. 63 of 1996)	To provide for the transfer of all the shares of the South African Broadcasting Corporation in Sentech (Pty.) Ltd. to the State; for the conversion of Sentech (Pty.) Ltd. from a private to a public company, Sentech Ltd.; for the control of Sentech Ltd.; and for matters connected therewith.
Postal Service Act, 1998 (Act No. 124 of 1998)	To make new provision for the regulation of postal services; for the operational functions of the postal company, including its universal service obligations; for structural matters relating to postal services as well as the operation of the Postbank and National Savings Certificates; and to consolidate certain provisions relating to the postal company and amend or repeal others; and to provide for matters connected therewith.
Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002)0	To provide for the facilitation and regulation of electronic communications and transactions; to provide for the development of a national e-strategy for the Republic; to promote universal access to electronic communications and transactions and the use of electronic transactions by SMMEs; to provide for human resource development in electronic transactions; to prevent abuse of information systems; to encourage the use of e-government services; and to provide for matters connected therewith.
Electronic Communications Act, 2005 (Act No. 36 of 2005) [Section 3; Section 4(5), Section 5(6), Chapter 9, and Section 79B]	To promote convergence in the broadcasting, broadcasting signal distribution and telecommunications sectors and to provide the legal framework for convergence of these sectors; to make new provision for the regulation of electronic communications services, electronic communications network services and broadcasting services; to provide for the granting of new licenses and new social obligations; to provide for the control of the radio frequency spectrum; to provide for the continued existence of the Universal Service Agency and the Universal Service Fund; and to provide for matters incidental thereto (NB: The DTPS is only responsible for the relevant sections indicated in column 1)
Independent Communications Authority of South Africa, 2000 (Act No. 13 of 2000)	To provide for the establishment of the Independent Communications Authority of South Africa; to provide for the dissolution of the Independent Broadcasting Authority and the South African Telecommunications Regulatory Authority; to transfer the functions of the latter authorities to the Independent Communications Authority of South Africa; to amend the Independent Broadcasting Authority Act, 1993, the Telecommunications Act, 1996, and the Broadcasting Act, 1999; and to provide for matters connected therewith. (NB: The DTPS is only responsible for the relevant sections as indicated in the Presidential Proclamation, Gazette No. 38280, dated 02 Dec. 2014.)
South African Post Bank Limited Act, 2010 (Act No. 9 of 2010)	To provide for the incorporation of the Postbank Division of the South African Post Office; to provide for the transfer of the enterprise of that Division to the Postbank company; to provide for the governance and functions of the Postbank company; and to provide for matters connected therewith.
South African Post Office SOC Ltd Act, 2011 (Act No. 22 of 2011)	To provide for the continued corporate existence of the South African Post Office and its subsidiaries; to provide for its governance and staff; and to provide for matters connected therewith.
State Information Technology Agency Act, 1998 (Act No. 88 of 1998)	To provide for the establishment of a company that will provide information technology, information systems and related services to, or on behalf of, participating Departments and in regard to these services, act as an agent of the South African Government; and to provide for matters connected therewith.

Name of Act	Purpose
Broadband Infraco Act, No. 33 of 2007	To provide for the main objects and powers of Broadband Infraco (Proprietary) Limited; to provide for the borrowing powers of Broadband Infraco (Proprietary) Limited; to provide for servitudes and additional rights in favour of Broadband Infraco (Proprietary) Limited; to provide for the expropriation of land or any right in land by the Minister on behalf of Broadband Infraco (Proprietary) Limited; to provide for the conversion of Broadband Infraco (Proprietary) Limited; into a public company having a share capital incorporated in terms of the Companies Act, 1973; and to provide for matters connected therewith.

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

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





Minister
Dr Siyabonga Cwele, MP



Deputy Minister
Prof Hlengiwe Buhle Mkhize, MP



Director-General
Rosey Sekese



DDG
ADMINISTRATION



DDG
INTERNATIONAL
AFFAIRS



DDG
ICT POLICY AND
STRATEGY



DDG
ICT INFORMATION
SOCIETY DEVELOPMENT
AND RESEARCH



DDG
ENTERPRISE AND
SOC OVERSIGHT
Sibonalle Makooi



DDG
ICT INFRASTRUCTURE
SUPPORT
Tiniviko Naabeni



10. ENTITIES REPORTING TO THE MINISTER/MEC

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

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
South African Post Office	Provides postal and related services to the South African public. SAPO was granted an exclusive mandate to conduct postal services to South Africa by the Postal Services Act (1998). The Act makes provision for the regulation of postal services and the operational functions of the company, including, its universal service obligation.	Transfer of Funds	Provides postal and related services including the financial services activities of Postbank to the public.
Sentech	Provides broadcasting signal distribution for broadcasting licensees. In 2002, Sentech was licenced through the Telecommunications Amendment Act (2001) to provide international carrier-to-carrier voice services as well as multimedia services.	Transfer of Funds	Provide broadcasting signal distribution for broadcasting licensees.
National Electronic Media Institute of South Africa	Provides much needed skills training at an advanced level for the broadcasting industry. It offers diploma courses, short courses and internships in the three subjects: TV production, radio production and creative multimedia.	Transfer of Funds	Offers hand-on training in the electronic media, including content design and production, technical operations and content transmission. It also provides skills training at an advanced level for the broadcasting industry. National certificates and short courses are also offered.
Universal Service and Access Agency of South Africa (USAASA)	The Universal Service and Access Agency is mandated by law to oversee, advocate and initiate all matters universal service and access related within ICT. To this end, the Agency interprets policy as it relates to the universality of ICTs in the country and advises the Minister and the nation on progress on closure of ICT access gaps Through Universal Service and Access Fund, the Agency is mandated to subsidise licensed operators to address issues of connectivity in pre-defined under-serviced and unserved areas of the country.	Transfer of Funds	Through research USAASA advises on policy matters. Through the disbursement of project subsidies, it actions universal access obligations in under-serviced areas.
.za Domain Name Authority	The .za Domain Name Authority (.za DNA) was established to assume responsibility for the .za Domain Name Space. The .za DNA was established in terms of Chapter 10 of the Electronic Communications and Transactions Act (ECT), 2002.	Transfer of Funds	To administer and manage the .za domain name space in compliance with international best practice. .zaDNA also licenses and regulates registries.
South African Broadcasting Corporation	The South African Broadcasting Corporation (SABC) was established in terms of the Broadcasting Act (1936) as a government enterprise to provide radio and television broadcasting services to South Africa.	Transfer of Funds	Provide Broadcasting services that informs, educates and entertains and which reflects the diversity of South Africans; whilst maintaining the freedom of expression and journalistic, creative and programming independence.



Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<p>Independent Communications Authority of South Africa (ICASA)</p>	<p>The Independent Communications Authority of South Africa (ICASA) is the regulator for the South African communications, broadcasting and postal services sector. ICASA was established by an Act of statute, the Independent Communications Authority of South Africa Act of 2000, as Amended.</p> <p>ICASA's mandate is spelled out in the Electronic Communications Act for the licensing and regulation of electronic communications and broadcasting services, and by the Postal Services Act for the regulation of the postal sector.</p> <p>Enabling legislation also empowers ICASA to monitor licensee compliance with license terms and conditions, develop regulations for the three sectors, plan and manage the radio frequency spectrum as well as protect consumers of these services.</p> <p>The Authority is responsible for regulating the telecommunications, broadcasting and postal industries in the public interest and ensures affordable services of a high quality for all South Africans. The Authority also issues licenses to telecommunications and broadcasting service providers, enforces compliance with rules and regulations, protects consumers from unfair business practices and poor quality services, hears and decides on disputes and complaints brought against licensees and controls and manages the effective use of radio frequency spectrum.</p> <p>ICASA is a Chapter 9 institution (an institution which supports democracy) in terms of the South African Constitution and is a portfolio organisation of the Department of Communications (DoC).</p>	<p>Transfer of Funds</p>	<p>Enforces compliance with rules and regulations, protects consumers from unfair business practices and poor quality services, hears and decides on disputes and complaints brought against licenses, and controls and manages the frequency spectrum.</p>



PART B

PERFORMANCE INFORMATION



1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 148 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The newly formed Department of Telecommunications and Postal Services (DTPS) was created to focus on "Modernising the economy and economic infrastructure to bring the cost down through the roll-out of Broadband, e-Government, Cybersecurity, Postal, and Postbank services."

Broadband

The uptake of broadband has been slow and there has been no strategic usage of broadband to solve pressing societal problems. The estimated broadband penetration stands at 17%, and Internet penetration stands at 48% in 2014. The current market structure is inefficient, costly, duplicates infrastructure in urban areas and cannot roll-out ICT infrastructure and services to reach all South Africans in line with the long term vision of a connected society. There is a slow prioritisation and therefore slow migration to e-Government services.

Government has set targets in line with the National Development Plan to modernise the economy through the provision of ubiquitous broadband access to all South Africans by 2020 at speeds of 10 megabytes per second scalable to 100 megabytes per second by the year 2030, especially those of our people living in the most rural of areas.

During the past financial year, the Department developed high level implementation plans for the four pillars of SA Connect namely: Digital Development which seeks to optimise procurement by aggregating government demand and prioritising connectivity to schools, clinics, and police stations and other government facilities; Digital Readiness that seeks to reconfigure institutional arrangements and align the policy, legislative, and regulatory framework to remove administrative bottleneck, expedite broadband rollout, stimulate infrastructure investment and reduce the cost to communicate, Digital Future that seeks to create a wholesale open access national broadband network through the rationalisation of ICT SOCs; and lastly, Digital Opportunity that seeks to stimulate the uptake and usage of broadband capabilities.

In terms of Broadband funding, a total of R740 million has been allocated over the Medium Term Expenditure Framework period for Phase 1 of broadband. Furthermore, in line with the recommendations of the Presidential Review Commission on State Owned Entities, a decision has been taken to rationalise relevant State Owned Entities to create an open access national broadband network. Accordingly, relevant recommendations on a National Broadband Network and the Rationalisation of State Owned Entities were presented to the January 2015 Cabinet Lekgotla. His Excellency President Jacob Zuma announced the implementation of Phase 1 of broadband rollout at the 2015 State of the Nation Address with Telkom Designated as the lead agency for implementation.

ICT Policy Review

Over the past years, the ICT landscape has changed dramatically and the Internet is now a major medium of communication. Mobile technology, broadband, digital television, smartphones, the cloud, tablets, and new media technology have serious implications for policies and legislation that were written prior to these developments, and need to be adequately reflected in current policy and legislation. Further disruptive technological changes are on the horizon and these must also be considered in developing flexible policies that respond to technological changes. However, since the democratisation of South Africa, there have been three White Papers and one Green Paper produced and it has been more than 15 years since these policies were reviewed.



The ICT Policy Review will reinforce and extend the objectives set in the broadband plan. The policy review process also recognises that the environment is changing rapidly and that policy interventions will need to be continuously assessed against the objectives set. It is thus being developed with a 2030 vision but with specific focus on the next five years.

Following the Cabinet approval of the National Integrated ICT Policy Green Paper, during the reporting period, extensive consultation was undertaken to inform the development of the Discussion Paper as well as a Recommendations Report which highlights a range of policy options and possible policy approaches to inform the development of the White Paper.

Cost to Communicate

South Africa's high cost to communicate from all sectors of society has been a national concern in the recent past. Despite several interventions aimed at reducing the cost to communicate, it remains relatively high. The electronic communications services market is rapidly evolving with voice, data and audio services offered on traditional telecommunications networks. Hence, data demand is conservatively estimated to be growing faster at above 60 percent year on year. Although, internet usage experienced a growth of 13.8% from 2012 to 2013, fixed line services have been encountering years of decline due to an increase in appetite of mobile phones.

Over the reporting period, the Department implemented Phase 2 of the Cost to communicate programme of action aimed at price reduction, quality and expansion of services. The Department developed a Policy Directive on Price Transparency as well as a Policy Directive on Premium Content, both of which were approved by the Minister and submitted to ICASA for consultation as required by the ECA. Furthermore following a benchmarking study the Department developed a Benchmarking Report on Mobile Data Pricing including relevant recommendations for consideration.

2.2 Service Delivery Improvement Plan

As part of ensuring continuous improvement on the service delivery in line with the Annual Performance Plan targets and business plans, all Branches have put in place the Standard Operating Procedures, and procedures to guide the execution of work, in relations to the processes, timeframes and turnaround times. A combination of these processes forms a basis for Service Delivery Improvement Plan of the Department. This was done in view of the fact that the Department does not offer services directly to the citizens but rather focuses more on policy making.

2.3 Organisational environment

In the financial year under review, the country held its 5th democratic National Elections which resulted in a change in the Administration of the Department through the appointment of a new Minister and Deputy Minister.

During the reporting period, the Department underwent one of the most significant changes in its history through the reconfiguration process that was set into motion following the May 2014 National Elections. Subsequent to the National Elections, the President pronounced the establishment of the National Department of Telecommunications and Postal Services as well as the newly established Department of Communications with revised powers and functions.

The transfer of administration, powers and functions required constructive engagements with the newly established Department of Communications that resulted in a transfer of relevant projects and associated resources during the 2014/15 financial year. Such projects and resources featured largely around the Broadcasting sub-sector including major programmes such as the Broadcasting Digital Migration as well as all Community Broadcasting related projects, amongst others. The proclamation also resulted in the Department of Telecommunications and Postal Services inheriting two additional State Owned Companies in the form of Broadband Infraco and the State Information Technology Agency (SITA) as well as relinquishing its shareholding of the South African Broadcasting Corporation (SABC) to the Department of Communications. Furthermore, reconfiguration process also resulted in the movement of the Independent Communications Authority of South Africa (ICASA) to the Department of Communications. The Department did well to manage this transformation while still ensuring implementation of its Strategic Plan and Annual Performance Plan in alignment with its revised mandate.

The Department, has through the adjustment estimates received an additional allocation of R643.2 million for Universal Service and Access Fund for the Set Top Box subsidies, antennae and installation cost (R551 million); Sentech for Digitisation: Dual illumination costs (R69 million); R23.2 million to reimburse Sentech and Telkom for expenses incurred for service provided during the funeral of the former President

Nelson Mandela. Digital Terrestrial Television Call Centre project was allocated R82.964 million during the period under review. Due to the delay in implementing this project as well the Presidential Proclamation no 37839 of 15 July 2014, R82.840 million was viremented and shifted to cater for the flagship projects within the Department. R50 million was sourced within the Department to increase the transfer payment to South African Post Office to offset and settle one of its most urgent debts.

2.4 Key policy developments and legislative changes

Subsequent to the National Elections, the President pronounced the establishment of the National Department of Telecommunications and Postal Services. Accordingly, the President issued a Presidential Proclamation in Government Gazette No. 37839 dated 15 July 2014 which focused on the transfer the administration, powers and functions entrusted by specific legislation and all amendments thereto to specified Cabinet member which included the Minister of Telecommunications and Postal Services as well as the Minister of Communications.

On 26 September 2014, the President issued a Presidential Proclamation in Government Gazette No. 38037 which focused on the transfer the administration, powers and functions entrusted by the Broadband Infraco Act (33 of 2007) to the Minister of Telecommunications and Postal Services.

Furthermore, in a Presidential Proclamation in Government Gazette No. 38037 was issued on 02 December 2014 which confirmed the transfer of administration, powers and functions entrusted by the ICASA Act 2000 (Act No. 38280 of 2000) and the Electronic Communications Act (Act No. 36 of 3005) with reference to the specific role and responsibility of both the Departments within the abovementioned Acts.

Details of relevant legislation as per the 3 Presidential Proclamations are referenced in paragraph 8.2 above.

3. STRATEGIC OUTCOME ORIENTED GOALS

Investment, competitiveness and economic growth of the ICT sector

The Department through its objective of inclusive economic growth through the development and implementation of ICT policies, legislations and strategies has held extensive public consultations in the form of Public Hearings in all nine Provinces in relation to the National Integrated ICT Policy Green Paper. This resulted in the development of a Discussion Paper which was published in November 2014 that presents a range of options and possible policy approaches. Furthermore, the Department through the ICT Policy Review Panel developed a Recommendations Report will inform the finalisation and subsequent gazetting of the White Paper on National Integrated ICT Policy.

With regards to the National Address System the Department established a task team and developed a National Address concept paper for submission to Cabinet. The process is underway to develop a National Address Policy as recommended by the National ICT Policy Review Report. The Department further developed a draft Community Broadcasting Growth Strategy and Support programme for Community Radio.

In its effort to increase economic growth and improve SA's competitiveness and global rating through reducing the cost to communicate the Department has developed and consulted with ICASA as required by the Electronic Communication Act on two (2) proposed Policy Directives on *Price Transparency* and on *Premium Content*. Furthermore a Benchmarking study on mobile data pricing was conducted and a benchmarking report including recommendations was developed.

Accessibility, reliability and affordability of secured ICT Infrastructure

As part of the Department's objective to increase broadband coverage and affordable access to government services for all households by 2020, implementation plans for the four pillars of SA Connect were developed and a Project Management office was established to manage implementation of SA Connect. The overall implementation was monitored through Work breakdown structures for Digital Readiness; Digital Development and Digital Opportunity and reported accordingly. In addition the Department has developed a draft policy directive on spectrum for broadband.

The Department undertook a study on the rationalisation of relevant ICT SOCs in relation to implementation of digital future strategy. Following the study, a report including recommendations and options related to roles of ICT SOCs in the implementation of the digital future strategy, was developed.

Furthermore, the Department has established a Virtual Cybersecurity Hub, offering limited services focused at: alerts and warnings; announcements; incident handling; Incident response support and security related-information dissemination. Going forward more services will be added once a fully-fledged cybersecurity hub is established. The Department in conjunction with the CSIR has completed the development of ICT infrastructure and systems for the virtual cybersecurity hub. The Framework to support membership to the Forum of Incident Response Security Teams was also developed.

Building of an Inclusive Information Society

The Department developed, the Internet Strategy to support the advancement of Digital Opportunities in line with SA Connect. The Internet Strategy is being implemented through the school connectivity project that is being undertaken by the Department as part of SA Connect.

In an effort to improve evidence based policy making for economic growth and global competitiveness through ICT research and development, the Department developed a Research Programme through consultation with relevant stakeholders including academia, government and sector experts on potential areas of research in the ICT field. The research programme is aligned to the ICT Research and Development Roadmap of the Department of Science and Technology. Furthermore, the Department commissioned a series of comprehensive research studies, which provided baseline information for the formulation of policy positions by the ICT Policy Review Panel. The research covered the areas of cybersecurity, e-Government, broadcasting, postal services, open access policy regime and telecommunications and will inform the development of the policy positions by the Department for the development of the National Integrated ICT Policy White Paper.

Furthermore, the process of initiating the development of a road map to guide research and fact finding initiatives relating to South Africa's sliding ICT rankings was conducted and a dashboard of International ICT Indexes outlining indicators used in computation was compiled. Diagnostic desktop research to determine factors influential to SA's rankings and performance was undertaken. This will be a basis for the development of a Programme of Action. In addition, a creative industries research report on Audio-Visual Content was developed and handed over to the ICT Policy Review Committee.

In an effort to promote an Inclusive Information Society through partnerships with business, civil society and three spheres of government. The Department through the partnership with the African Centre of Excellence for Information Ethics hosted a Government Information Ethics workshop in April 2014 at Carnarvon, Northern Cape Province. The Information Ethics Conference was facilitated by the African Centre of Excellence for Information Ethics on 2nd to 4th July 2014 at Uganda. Curriculum and awareness workshops were held in Mpumalanga on 27 November 2014 and the Eastern Cape on 14th November 2014.

Performance of the Department and ICT State Owned Companies

With regards to improving the Departmental performance and enhancing the role of ICT SOCs as the delivery arms of Government, the Department played an oversight role and ensured participation of SOCs in the MTEC processes as prescribed by the Treasury Guidelines. Analysis of quarterly reports against corporate/strategic plans was conducted and furthermore monitoring of adherence to good Government practices were undertaken on a quarterly basis.

In an effort to have an efficient and effective Department through improved institutional support processes and mechanisms, an internal control framework was developed and implemented during the period under review. Furthermore, its implementation was monitored and reported with specific reference to processes related to payment of supplies in 30 days, security screening and vetting, filling of vacancies, business continuity, and reviewing of internal policies.

Contribution to the global ICT agenda

The Department actively contributed towards the Regional integration and facilitation of ICT continental programmes. The Department ensured that there is an active participation in multilateral, bilateral and other African International Forums to advance the SA ICT Agenda. The Department also participated at the Africa ICT Broadband Expert Group Meeting organised by UNECA in December 2014. South Africa was able to influence the outcomes to favour SA Connect principles. A value proposition was presented on how broadband can contribute to job creations, skills development and innovation, thus contributing to the AU PIDA and AU 2063 Agenda, of creating as self-sufficient, industrial knowledge society.

In advancing other AU PIDA programmes, the Department advanced 3 programmes, namely Radio Frequency Spectrum and DTT; Regional Internet Exchange Points and Cybersecurity. These programmes are aimed at providing secure, reliable and efficient infrastructure network in the continent. In this regard, a briefing document was drafted as a contribution to the 23rd African Union Summit of Heads of State and Government

in Equatorial Guinea in June 2014. The document highlighted the importance of Spectrum Management in Africa and the importance of High Level Political Support for Digital Migration.

The Department further ensured that there are Strategic Multi-lateral partnerships in place. Amongst others, the Department participated in the 2nd African Regional Preparatory meeting for the ITU Plenipotentiary Conference and agreed to Common African Proposals on key issues for resolution such as the regular review of the ITRs, Stable Constitution, Registrar of Space Assets, internet governance, Cybersecurity, Bridging the Standards Gap, Global Flight Tracking, Health effects of Electro-magnetic radiation, WSIS outcomes etc.

The Department also developed a report to influence the outcomes of Postal Strategy Conference and various positions were developed that will pave the way for the adoption of a new World Postal Strategy. Although the UPU Postal Strategy was postponed to April 2015, a small committee meeting was held in Madrid to prepare for the Strategy Conference, at which the Department presented the Report as the Chair of the Strategy Group.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

The purpose of Programme 1 is to provide strategic support to the Ministry and overall management of the Department. The Programme consists of the following 6 sub-programmes:

- Ministry;
- Departmental Management;
- Internal Audit
- Corporate Services;
- Financial Management; and
- Office Accommodation.

The Strategic Objectives for the 2014/15 Financial Year are listed below:

- Migration from analogue to digital television to ensure national digital coverage; and
- Efficient and effective DTPS through improved institutional support processes and mechanisms.



Strategic objectives, performance indicators, planned targets and actual achievements

PROGRAMME 1: ADMINISTRATION						
Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Migration from Analogue to Digital Television to ensure National Digital coverage</p>	<p>Number of Provinces in which BDM awareness campaigns are implemented</p>	<p>In an effort to bring about public awareness regarding BDM, a Media Plan for the BDM awareness campaign was developed and the BDM awareness programme was implemented through numerous public events, media platforms, billboards, radio stations, exhibitions and literature distribution as well as key stakeholder engagements.</p>	<p>BDM Public Awareness programmes implemented through identified platforms in all provinces</p>	<p>The Department did not achieve the set target.</p>	<p>The Department was unable to implement the BDM Public Awareness campaigns in any of the Provinces as planned.</p>	<p>The Implementation of the BDM Public Awareness programmes was largely impacted by delays in the broader BDM programme as well as the finalisation of the BDM Policy which was impacted by the reconfiguration of the Department. Furthermore, all project activities related to the BDM Public Awareness programmes were suspended due to the outcomes of the Presidential Proclamation which had an impact on the mandate and functions of the Department, with specific reference to the broadcasting related functions. Such functions were taken over by the Department of Communications.</p>



PROGRAMME 1 : ADMINISTRATION

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Efficient and effective DTSP through improved institutional processes and mechanisms</p>	<p>Approved Internal Control framework in place</p>	<p>-</p>	<p>Focused support systems developed and implemented aimed at achieving clean administration</p>	<ul style="list-style-type: none"> The Department partially achieved the set target. The Internal Control Framework was developed and implemented during the period under review. Furthermore, its implementation was monitored and reported with specific reference to processes related to payment of suppliers within 30 days, security screening and vetting, filling of vacancies, business continuity, and reviewing of internal policies. 	<p>The internal control framework was developed and "noted" by management for implementation.</p>	<p>Not all elements of the internal control framework were fully implemented as amongst others, the appointment of the CFO did not materialise.</p>



Strategy to overcome areas of under performance

The Department does acknowledge its areas of underperformance in specific targets. Project specific reasons have been provided for such underperformance under "comment on deviation". In terms of Programme 1, the key area of underperformance was around the BDM Awareness target which has been transferred to the Department of Communications.

Changes to planned targets

There were no changes made on the performance indicators or targets during the reporting period or after the Annual Performance Plan was tabled.

Linking performance with budgets

The increase is mainly under compensation of employees and machinery and equipment. The increase resulted from the filling of positions and procuring of assets for the new staff members, upgrade of information technology infrastructure as well as purchasing of cars for the Executive Authorities.

Sub-programme expenditure

Sub-Programme Name	2014/2015			2013/2014		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	4,103	4,056	47	3,668	3,668	0
Departmental Management	65,781	65,781	0	43,462	43,462	0
Internal Audit	5,708	5,708	0	3,828	3,828	0
Corporate Services	80,334	70,163	10,171	91,655	89,911	1,744
Financial Management	75,583	74,918	665	63,434	63,537	(103)
Office Accommodation	6,016	6,016	0	6,037	6,037	0
Total	237,525	226,641	10,884	212,084	210,443	1,641



4.2 Programme 2: ICT International Affairs

The purpose of Programme 2 is to ensure alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy.

ICT International Affairs Programme consists of the following sub programmes:

- International Affairs coordinates the functions and responsibilities of the Department to meet South Africa's international ICT obligations through bi-laterals, multi-laterals and tri-laterals; and
- ICT Trade/Partnerships develop and advance the country's interests in international trade forums through participation in World Trade Organisation ICT related initiatives and other international trade agreements, such as South African European Union Trade Agreement and bilateral agreements with counterpart countries. South Africa's national interests are also promoted in these forums.

The Strategic Objectives for the 2014/15 Financial Year are listed below:

- South Africa's active participation in multilateral, bilateral and other International Forums to advance the SA ICT Agenda; and
- Explore and exploit trade and investment opportunities for the ICT Sector in South Africa.



Strategic objectives, performance indicators, planned targets and actual achievements

PROGRAMME 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>South Africa's active participation in multilateral, bilateral and other African International Forums to advance the SA ICT Agenda</p>	<p>Regional integration and continental Programmes in place</p>	<ul style="list-style-type: none"> In terms of coordinating the implementation of the SADC ICT Infrastructure Master Plan, South Africa participated in the Committee that developed a short-term action plan for 18 projects which were adopted by SADC Ministers. Of the 18 projects, the SADC regional and national integrated broadband infrastructure project was identified as the flagship project. In terms of cross-border connectivity, 5 out of the 7 planned SADC member-states are connected to one another. Under the SADC Regional Information Infrastructure (SRII) most of the SADC Member States, including South Africa have completed implementing Optical Fibre Backbones covering their respective countries. 	<p>*Three Africa ICT Infrastructure Programmes facilitated, implemented and monitored within relevant Forums. (*DIT, Broadband and PIDA)</p>	<p>The Department fully achieved the target Advanced Broadband in SADC:</p> <ul style="list-style-type: none"> The Department advanced SA's position on integrated broadband backbone network in SADC promoting SA Connect principles. The outcome was that SADC adopted the SADC Regional Integrated Broadband Infrastructure Network as a flagship project. The Department further lobbied at the SADC ICT Ministers meeting in Malawi in November 2014 for the development of a framework for Open Access to ICT Broadband Infrastructure. The outcomes further advanced the development of the SADC Model Broadband Plan which is aligned to SA Connect. 	<p>None</p>	<p>None</p>



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
	<p>Performance Indicator</p>	<ul style="list-style-type: none"> South Africa has made substantive progress in establishing its own IXPs which are CIXX in Cape Town; DINX in Durban; GINX in Grahamstown; HBIX in Heiderberg; JINX in Johannesburg; and NeutINX in Centurion. With regards to the dot.Africa domain name, official approval was received from ICANN for .ZACR to operationalise dot.Africa. The signed Agreement between .ZACR and ICANN took place on 27 March 2014 in Singapore. 		<ul style="list-style-type: none"> With regard to aligning the RSA Broadband plan to the SADC ICT Infrastructure Master Plan (SADC Regional Integrated Broadband Infrastructure Network), the Department facilitated and promoted the roll-out of the 4 Implementation Plans in line with the SADC Regional Broadband plan, namely Digital Development Implementation Plan; Digital Readiness Implementation Plan; Digital Future Implementation. Plan; and Digital Opportunities Implementation Plan. 		



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> Department participated and gave progress on the RSA status on Digital Migration at the SADC DIT Forum convened in Zambia in November 2013. SADC is currently at 82% on Policy implementation, 42% on Analogue Switch-off (solution provisioning and technological activities – network roll-out & STB's) and 46% on Consumer Awareness and campaigns activities. 		<p>Advancing PIDA</p> <ul style="list-style-type: none"> In advancing the AU PIDA, the Department advanced 3 programmes, namely Radio Frequency Spectrum and DTI; Regional Internet Exchange Points and Cybersecurity. These programmes are aimed at providing secure, reliable and efficient infrastructure network in the continent. In this regard, a briefing document was drafted as a contribution to the 23rd African Union Summit of Heads of State and Government in Equatorial Guinea, in June 2014. 		



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> In terms of bilateral Co-operation Programmes, the Department engaged with several countries through MoUs, including Mozambique, Angola, Nigeria, Lesotho, Ethiopia, Zambia, amongst others. The levels of completion and implementation of the MoUs vary depending on the specific circumstances surrounding the respective countries. 		<ul style="list-style-type: none"> The briefing document highlighted the importance of Spectrum Management in Africa and the importance of High Level Political Support for Digital Migration. Furthermore, on the implementation of the AU PIDA ICT projects, positioned SA favourable as the regional exchange hub. The African Union (AU) Convention on Cyberspace Security and Protection of Personal Data was adopted by the AU Heads of State and Government at their June 2014 Summit. This Convention was developed using SA contribution and as part of the outcomes of the Oliver Tambo Declaration, adopted in 2009 and supports the PIDA targets. 		



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> The Department also developed a Position Paper for the ATU Plenipotentiary Conference which was held July 2014. SA advocated for seamless infrastructure network, capacitated by local content and high-speed broadband internet which is universally available and promotes access to ICT infrastructure. Outcomes of which was adoption of broadband as one of the key priorities under the ATU 4-year strategy. South Africa was also re-elected to the ATU Council for another 4-year period. 		



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<p>Advancing DIT programme</p> <ul style="list-style-type: none"> In advancing the DIT programme, the Department also participated at the 8th SADC DIT Forum in November 2014 where key decisions were taken including approval of Risk Plan which highlighted factors and mitigation action. The Plan also highlighted Success Factors for regional migration. To support the DIT roll-out, South Africa supported the development of a SADC TV Bouquet, to be an open, free network for the region. This will contribute to regional integration, social cohesion, promote indigenous language and culture. This project is to be supported by a SADC TV Bouquet Content Aggregator, at which Sentech will participate in the Pilot phase. 		



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> New market opportunities for SA entities in regions were identified including support on the network architecture and design; manufacturing and distribution of STBs; DIT training and installation; regional standards testing centre; and promotion of local content. With regards to DIT Roadmap and Strategy, as part of the commitment to SADC to migrate from analogue to digital broadcasting by June 2015, the SADC DIT PMO led by South Africa conducted 11 Member- States country visits, namely Botswana, DRC, Lesotho, Malawi, Mozambique, Namibia, Seychelles, Swaziland, Tanzania, Zambia, Zimbabwe. Member-States were assisted with the development of project management planning and deployment strategies. 		



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> The Department reviewed the POC with Angola, Ghana, Mozambique and Nigeria, in order to fast-track projects especially the Digital Terrestrial Television taking into considering the June 2015 ITU deadline. A programme of engagement with Lesotho, was developed. This included negotiation on draft MOU together with the POA, which is ready for signing. The projects identified are aligned with DIPS priority programmes, namely broadband, DTT and spectrum. 		



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> Furthermore, the Department facilitated additional projects stemming from Bilateral Co-operations on ICIs such as two cross border frequency coordination projects which were engaged with Lesotho and Mozambique. The objective is to address Radio Frequency interference issues and cleared within 30 days. With regard to promoting bilateral cooperation two draft MoU's on ICIs were negotiated with Mauritania & Zimbabwe. 		



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>South Africa's active participation in multilateral, bilateral and other African International Forums to advance the SA ICT Agenda</p>	<p>Strategic multi-lateral partnerships in place</p>	<ul style="list-style-type: none"> With regards to Postal, South Africa Chaired the UPU Council of Administration Committee on Strategy. South Africa also chaired the PAFU committee on strategy and reported to Bureau on the work of the Committee, which focused on the development of a 3 year and one year work plan, the implementation of the Doha World Postal Strategy, the African Regional Strategy, and the development of the new postal strategy. 	<p>RSA ICT position further advanced through increasing SA's influence in ICT Multilateral Fora, facilitating, strategic Multilateral partnerships, contributing to international agreements and coordinating the implementation of decisions of major summit</p>	<ul style="list-style-type: none"> The Department partially achieved the set target. The Department participated in the 2nd African Regional Preparatory meeting for the ITU Plenipotentiary Conference and agreed to Common African Proposals on key issues for resolution such as the regular review of the ITRs, Stable Constitution, Registrar of Space Assets, internet governance, Cybersecurity, Bridging the Standards Gap, Global Flight Tracking, Health effects of Electro-magnetic radiation, WSIS outcomes etc. 	<p>The Outcomes report on the High Level Postal Strategy Conference could not be developed as planned.</p>	<p>High Level Postal Strategy Conference did not take place during the reporting period as scheduled due to a postponement which was out of the control of the Department. The conference will take place in April 2015 and the outcomes report will follow.</p>



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> The Department hosted the WCIT outcomes workshop with ATU and ITU to consider the way forward for Africa, including imperatives for African countries to ratify given the global political and legal environment. The workshop also evaluated the outcomes of WCIT and Africa's success in the negotiations after which a report was prepared on WCIT outcomes considering alignment with SA policies and regulations. South Africa continues its role as Chair of the Africa group for ITU in both WISA and WCIT Africa report back meetings. 				



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> South Africa successfully hosted a meeting of the Global Standards Initiative for IPTV of Study Group 16 (South Africa through CSIR is vice-chair), to address IPTV and e-health. The meeting is part of a continuing project to look at global IPTV standards through IPv6. South Africa is the first African country to host an IPTV testbed which has provided an opportunity for CSIR to showcase its IPTV technology, and to participate in the development of global standards in this area. 		<ul style="list-style-type: none"> The Department developed a report to influence the outcomes of Postal Strategy Conference and various positions were developed that will pave the way for the adoption of a new World Postal Strategy. Although the UPU Postal Strategy was postponed to April 2015, a small committee meeting was held in Madrid to prepare for Strategy Conference, at which the Department presented the Report as the Chair of the Strategy Group. The Department contributed towards the Dubai Action Plan through engaging on African positions for WTDC within the Africa group and through National preparatory meetings. The Department prepared a report on the WTDC outcomes and activities of the ITU-D sector to facilitate national implementation. 		



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> With regards to facilitating the implementation of the decisions of WRC-12 and other ITU platforms, the Department hosted the Joint Task Group meeting of Study Groups 4,5,6,7. Key decisions were debated concerning the re-allocation of certain bands of spectrum being underway in sub-region, region and through ITU structures. 		<ul style="list-style-type: none"> With regard to Preparations and Planning for World Radio communication Conference 2015, the Department attended SADC, African and Multilateral meetings to develop and advance positions with regard to the use of spectrum for mobile broadband. Thus far South Africa and the Africa group have been successful in defending Africa's interest in utilising new spectrum for Mobile Broadband. A Report on the outcomes of the POC was developed. Key issues identified as national interest include the regulations of Extra-Territorial Offices of Exchange, and management of the postal sector. 		



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS						
Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>South Africa's active participation in multilateral, bilateral and other African International Forums to advance the SA ICT Agenda</p>	<p>Bilateral Programmes in place to enhance cooperation with countries of the North and South</p>	<ul style="list-style-type: none"> South Africa drafted a position paper on the operationalisation of Cooperation on the BRICS Cybersecurity. The position paper was adopted with comments in the Ministerial meeting in Russia, Moscow. 	<p>Relations with North-South and South-South countries reviewed and identified relationships further strengthened to promote the national ICT Agenda</p>	<ul style="list-style-type: none"> The Department partially achieved set target. <p>Furthermore, the Department made contributions to the WSIS Country Report on the indicators and benchmarking with African countries, and on the International and Regional Cooperation. The WSIS Report was developed and approved.</p>	<p>The Programmes of Action on Bilateral Agreements/ MOUs with identified countries could not be finalised as planned.</p>	<ul style="list-style-type: none"> Challenges experienced were as a result of changes of governance within targeted countries due to elections and streamlining.



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> The DoC participated at the BRICS Experts Working Group on Cyber Security. In terms of negotiating and developing two bilateral programmes with countries of the South, a Memorandum of Understanding between South Africa and Brazil as well as South Africa and India were negotiated and agreed with the respective counterparts. The Department also initiated a MoU with Cuba which was submitted to the Department of Justice. 		<ul style="list-style-type: none"> The Department developed the RSA position paper on strategic ICT projects within BRICS. Internal consultations to develop a BRICS position paper and preparations for the 6th BRICS Summit were held. The BRICS Position paper was presented to the sixth (6th) BRICS Summit where it was subsequently adopted and included in the Fortaleza Declaration. Consultations to discuss the outcomes of the BRICS Summit were conducted with internal stakeholders to help enrich the draft implementation plan towards the seventh Summit. 		<ul style="list-style-type: none"> Furthermore, the senior official meetings scheduled to take place on the margins of the 9th SA-India Joint Ministerial Commission were affected when the Joint Ministerial Commission was postponed to a future date, which was out of the control of the Department.



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> • Furthermore, Bilateral Meetings were held with the Embassies of Brazil and Cuba, including the Indian High Commission with a focus on resuscitating the bilateral relations between SA and strategic partners that had been inactive. 		<ul style="list-style-type: none"> • A concept note proposing inclusion of ICTs as a standalone agenda item on BRICS mechanism was submitted. • The Department participated at the 8th Policy Consultative Conference between South Africa and South Korea in Seoul where it succeeded in placing key proposals on cooperation in the fields of ICT to Korean counterparts for their consideration. • With regard to negotiating two Bilateral Agreements/MOUs with countries of the South, Bilateral consultations were held with Mexico at DIRCO in August 2014. • Furthermore, the Department also participated in the BRICS interDepartmental meeting and developed a position paper on e-Commerce in support of the BRICS Cybersecurity Programme. 		



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Explore and exploit Trade and Investment opportunities for the ICT sector in South Africa</p>	<p>ICT Trade and Investment opportunities and investment programmes in place</p>	<ul style="list-style-type: none"> The ICT Trade and Investment Strategy together with the implementation plan were consulted with Members of the Economic Cluster and approved to be presented to Cabinet. A Workshop on Electronic Commerce was held under the auspices of the Council for Trade in Services (ICTs) in June 2013 which focused on enriching discussions on e-commerce in the ICTs with specific focus on investment in the ICT Industry, including investment opportunities related to broadband roll-out. 	<p>Existing trade and investment opportunities reviewed and additional trade and investment programmes for ICT sector identified and implemented</p>	<ul style="list-style-type: none"> The Department partially achieved the set target. Research and analysis on potential trade and market access opportunities was conducted and a report in this regard was developed. A Workshop was conducted with industry to highlight the investment opportunities and possible trade negotiations programme. This was jointly held with the National preparatory workshop for ITU Plenipotentiary Conference to cut cost. Proposals were submitted to the WIPO Standing Committee on Copyrights and Related Rights dealing with the Draft Treaty for the Protection of Broadcasting Organisations. 	<p>The donor coordination guidelines could not be finalised and approved as planned.</p>	<p>During the period under review, it was identified that to be effective, the donor coordination guidelines need to be informed by the ICT policy review process which is currently in progress.</p>



PROGRAMME 2: ICT INTERNATIONAL AFFAIRS

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> The DoC participated in the SA SADC on-going trade negotiations, which focused on opening up markets in the audio visual sector. Furthermore, the Department hosted a National Broadband Policy Workshop with international experts from 15 countries, to share best practices with South Africa on Broadband Policy implementation. 		<ul style="list-style-type: none"> The Department participated at the GSMA Mobile World Congress 2015 in February and 2 trade and investment opportunities were identified. With regard to ICT Donor Coordination Guidelines, draft Guidelines have been developed and will be finalised after consultations with the relevant stakeholders. 		



Strategy to overcome areas of under performance

The Department does acknowledge its areas of underperformance in certain targets. Project specific reasons for such underperformance have been provided under "comment on deviation" where applicable. Majority of the delays were due to postponements of specific bilateral and multilateral forums which were not directly in the control of the Department. Going forward the Department will take into consideration the implications of committing to deliverables related to Regional and International forums that are not under the direct control of the Department.

Changes to planned targets

There were no changes made on the performance indicators or targets during the reporting period or after the annual performance plan has been tabled.

Linking performance with budgets

The increase on expenditure from R41,4 million to R45,4 million is mainly on compensation of employees and transfer payments to international organisation. This emanated from the filling of positions and the high exchange rates.

Sub-programme expenditure

Sub-Programme Name	2014/2015			2013/2014		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
International Affairs	13,126	13,125	1	11,539	11,539	0
ICT Trade/Partnership	32,541	32,306	235	25,125	29,866	(4,741)
Total	45,667	45,431	236	36,664	41,405	(4,741)



4.3 Programme 3: Policy Development, Research and Capacity Development

The purpose of Programme 3 is to develop ICT policies and legislation that support the development of an ICT sector that creates favourable conditions for the accelerated and shared growth of the economy. Develop strategies that increase the uptake and usage of ICT by the majority of the South African population, in order to bridge the digital divide.

The Policy, Research and Capacity Development Programme consist of the following sub programmes:

- **ICT Policy Development** drafts legislation, regulations, policy and guidelines that govern the broadcasting, telecommunications, postal and IT sectors, thus ensuring broad-based economic development within the ICT sector;
- **Economic and Market Analysis** is responsible for economic analysis and growth projections. This sub-programme also undertakes market research to explore areas that require policy intervention;
- **Research** is responsible for understanding the ICT landscape and delivering a National ICT Strategy;
- **Information Society Development** renders delivery management services in support of an ICT information society, development and usage; and
- **Capacity Development** provides direction for the advancement of e-Skills graduates and society in general to function effectively in the emerging information society.

The Strategic Objectives for the 2014/15 Financial Year are listed below:

- Inclusive economic growth through the development and implementation of ICT policies, legislation and strategies;
- Increased economic growth and improvement in SA's competitiveness and global rating through reducing the cost to communicate;
- ICT industry development and SMME growth;
- ICT Research and development to improve evidence based policy making for economic growth and global competitiveness; and
- Inclusive information society through partnerships with business, civil society and the 3 spheres of Government.



Strategic objectives, performance indicators, planned targets and actual achievements

PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT						
Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Inclusive economic growth through the development and implementation of ICT policies and legislations	National Integrated ICT Act in place	<ul style="list-style-type: none"> ICT Policy Review Panel and experts to review Telecommunication, e-Commerce and Broadcasting policies were appointed. The Department published the ICT Policy Framing Paper for public comments and also developed and tabled the ICT Policy Review Report at relevant governance structures. The National Integrated ICT Policy Green Paper was developed and approved by Cabinet in December 2013 and gazetted for public consultation on in January 2014. A National Consultative Conference on the National Integrated ICT Policy Green Paper was held on the 3rd March 2014 and Public Hearings on the National Integrated ICT Policy Green Paper have already commenced in February 2014 in Provinces. 	Draft White Paper on National Integrated ICT Policy gazetted.	<ul style="list-style-type: none"> The Department partially achieved the set target. Following the development of the National Integrated ICT Green Paper, extensive public consultations were held in the form of Public Hearings in all nine Provinces. A Discussion Paper was published in November 2014 that presents a range of options and possible policy approaches. Furthermore, the Department through the ICT Policy Review Panel developed a Recommendations Report. 	The Department was unable to gazette the Draft White Paper on National Integrated ICT Policy as planned	Following the issuing of the discussion document for public comments, a high volume of responses were received which required additional time to analyse inputs. In addition, a number of stakeholders requested that the deadline be extended by a few weeks. This request was granted by the Minister. This delayed the finalisation of the National Integrated ICT Policy Recommendations Report by the ICT Policy Review Panel, which further impacted the delivery of the draft White Paper as planned.



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Inclusive economic growth through the development and implementation of ICT policies and legislations</p>	<p>National Address System Policy in place</p>	<p>-</p>	<p>National Address System Policy gazetted</p>	<ul style="list-style-type: none"> • The ICT Policy Recommendations Report will inform the finalisation and subsequent gazetting of the White Paper on National Integrated ICT Policy. • The Department partially achieved the set target • During the reporting period the Department developed and obtained approval of the concept paper on the National Address System which was presented to the Social Cluster Technical Group in September 2014. • A Cabinet Memorandum on the National Address concept paper was developed for submission to Cabinet. • A process is underway to develop a National Address Policy as recommended by the National ICT Policy Review Report. 	<p>Due to delays in the process of developing the policy the Gazetting is yet to be done</p>	<p>Poor participation by key stakeholders posed a challenge. The Concept Paper on National Address System was presented to the Social Cluster Technical Group on 20 August 2014 and was not approved for processing. This caused the delay of the project. There was a further delay consulting SAPO on the financial inputs from Stats SA.</p>



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Inclusive economic growth through the development and implementation of ICT policies and legislations</p>	<p>Approved Community Broadcasting (Radio and Television) Growth Strategy in place</p>	<ul style="list-style-type: none"> A revised roadmap on the Community Broadcasting Support Strategy was developed. The draft Community Broadcasting Support strategy was developed and internally consulted in the third quarter of the reporting period. 	<p>Community Broadcasting Growth Strategy Developed and submitted to Cabinet</p>	<ul style="list-style-type: none"> The Department partially achieved the set target. During the reporting period the Department developed a draft Community Broadcasting Growth Strategy. Support programme for Community Radio was implemented. The Audio-Visual Content Strategy was transferred to the Department of Communications as part of the handover. 	<p>The Community Broadcasting Growth Strategy was not finalised as planned.</p>	<p>All activities related to the Community Broadcasting Growth Strategy were suspended due to the outcomes of the Presidential Proclamation which had an impact on the mandate and functions of the Department, with specific reference to the broadcasting related functions. Such functions were subsequently transferred to the newly established Department of Communications.</p>
<p>Inclusive economic growth through the development and implementation of ICT policies and legislations</p>	<p>ICT B-BBEE Council in operation</p>	<p>Although the Department did not commit to a target related to the ICT B-BBEE Council in its 2014/15 APP, the following were achieved:</p> <ul style="list-style-type: none"> Following the approval of the ICT B-BBEE Code by the Ministers of Communications and Trade and Industry, the Code was published in the gazette. 	<p>ICT B-BBEE Council established and operational</p>	<ul style="list-style-type: none"> The Department partially achieved the target. 	<p>The process of establishing the ICT B-BBEE Council was not concluded</p>	<p>The appointment of Council members was delayed as there were lesser nominations received as well as the fact that the Department had to now engage with the newly established DoC due to the reconfiguration process.</p>



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> The Department referred requests for approval by several ICT companies on their BEE compliance and ratings to the DTI. 		<ul style="list-style-type: none"> During the reporting period the Benchmark reports on Charter Councils and the role of Minister with recommendations was developed. Furthermore the implementation plan on the establishment of the Charter Council including the Terms of references of the Council were developed and presented to the ESEID Cluster and they were well received. Call for nomination of Charter Council members was gazetted and the panel to short list candidates for appointment was approved. Public nomination process for candidates of the council was concluded in the third quarter of the reporting period. 		



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Inclusive economic growth through the development and implementation of ICT policies and legislations</p>	<p>Approved National e-Strategy in place</p>	<p>The e-Strategy framework was developed in line with ECT and the NDP.</p>	<p>National e-Strategy gazetted</p>	<ul style="list-style-type: none"> • Consultation with Department of Communication is underway to conclude shortlisting of candidates for the Council. • The Department partially achieved the target. • The Department has revised the e-Strategy Framework to include stakeholder input received during the reporting period. • Furthermore the Inter-Departmental working committee workshop, in September 2014, was attended by up to 18 relevant government Departments. • The Draft National e-Strategy was substantially revised in line with the inputs of the Inter-Departmental Working Group. 	<p>The National e-Strategy was not gazetted as planned.</p>	<p>The National e-Strategy encompasses both government e-Services and e-Business. In this regard, the policy issues related to e-Government needed to be clarified in respect of the ICT Policy Review process. In addition, more research and consultation was needed on the e-Strategy. Additional capacity was required in terms of data collection and analysis of data in sectors such as health, education, justice etc.</p>



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Increased economic growth and improvement in SA's competitiveness and global rating through reducing the cost to communicate</p>	<p>Number of Cost to Communicate interventions implemented</p>	<ul style="list-style-type: none"> • The Broadband Value Chain Report was finalised which encompassed the following reports; <ul style="list-style-type: none"> o Benchmark report o Retail Market Analysis report o Markets Definition report • Research Report on pricing of services and their structure which informed the development of Policy direction on price transparency was developed. • An Economic Modelling report on Policy Intervention on Call Termination Regulation was also developed 	<p>Phase 2 of Cost to Communicate programme of action implemented with regards to the 4 identified interventions aimed at price reduction, quality and expansion of services</p>	<ul style="list-style-type: none"> • The Department did not achieve the set target. • With regards to the Policy Directive on Price Transparency, the proposed Policy Directive was developed and approved by the Minister, after which it was submitted to ICASA for consultation as required by the ECA. • With regards to the Study report on national roaming, the Terms of Reference were developed and approved by the Tender Committee after which the Appointment of the service provider was concluded. • On the Policy Directive on Premium Content, the proposed Policy Directive was developed and approved by the Minister, after which it was submitted to ICASA for consultation as required by the ECA. 	<ul style="list-style-type: none"> • The Policy Directive on Price Transparency could not be finalised as planned. • The Policy directive on Premium Content could not be finalised as planned. 	<ul style="list-style-type: none"> • With regards to the Policy Directive on Price Transparency, the Minister requested comment from ICASA on 14 June 2014 but only received comment in May 2015 which delayed the finalisation of the policy directive. • With regards to the Study on national roaming, although the recommended service provider was approved in November 2014, the vetting of the recommended service provider was only completed in March 2015 which delayed progress.



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> With regards to the Benchmarking study on mobile data pricing, a benchmarking study was conducted and a benchmarking report including recommendations was developed. 		<ul style="list-style-type: none"> With regards to the Policy directive on Premium Content, the Minister requested comment from ICASA on 14 June 2014 but did not receive comment. Following the macro reorganisation of the State and the creation of the DTSP and DoC respectively, the planned target was transferred to the DoC for completion since it falls under broadcasting.



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>ICT Industry Development and SMME Growth</p>	<p>Approved internet Strategy in line with SA Connect in place</p>	<p>-</p>	<p>Internet Strategy Developed and implemented to support the advancement of Digital Opportunities in line with SA connect</p>	<ul style="list-style-type: none"> The Department fully achieved the set target. The Department developed the Internet Strategy which was approved. The internet strategy is being implemented through the school connectivity project that is being undertaken by the Department as part of SA connect. 	<p>None</p>	<p>None</p>
<p>ICT Research and development to improve evidence based policy making for economic growth and global competitiveness</p>	<p>ICT Research Programme in place and aligned to policy priorities</p>	<ul style="list-style-type: none"> The research programme focusing on supporting priority policies developed and implemented. An ICT Research Framework to guide research on the WSS thematic areas aligned to the Government priorities were developed. On the 13th of September 2013, the DoC and University of Pretoria co-hosted a Provincial Seminar on Information Ethics a platform to discuss policy development/ interpretation related to Information Ethics and research in Africa. 	<p>ICT Research Programme developed and implemented focusing on economic growth and global competitiveness</p>	<ul style="list-style-type: none"> The Department partially achieved the set target. 	<p>The planned research on the Content generation hubs did not take place as planned.</p>	<p>The research on Content generation hubs was put in abeyance pending the finalisation of the Proclamations on which aspects of broadcasting will be dealt with by the new DOC and the DTPS respectively. Following this Proclamation, this area of work was handed over to the DOC.</p>

PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> A research report on identified thematic areas was developed and WSIS country report was developed. The e-Barometer Working Group was established. Society and Development was established. Available data on ICT infrastructure, in terms of access by individuals and households for the period 2010 to 2012, was collected and collated. Furthermore, a National position paper on Green ICTs was developed. 		<ul style="list-style-type: none"> The Research programme was developed through consultation with relevant stakeholders including academia, government and sector experts on potential areas of research in the ICT field. The research programme is aligned to the ICT Research and Development Roadmap of the Department of Science and Technology. The Department commissioned a series of comprehensive research studies, which provided baseline information for the formulation of policy positions by the ICT Policy Review Panel. The research covered areas that include cybersecurity, e-Government, broadcasting, postal services, open access policy regime and telecommunications. 		



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> • The research undertaken will inform the development of the policy positions by the Department for the development of the National Integrated ICT Policy White Paper • Furthermore, the process of initiating the development of road map to guide research and fact finding initiative relating to South Africa's sliding ICT rankings was conducted and a dashboard of International ICT Indexes outlining indicators used in computation was compiled. Diagnostic desktop research to determine factors influential to SA's rankings and performance was undertaken. This will be a basis for the development of a Programme of Action. • A creative industries research report was developed and handed over to the ICT Policy Review Panel on Audio-Visual Content. 		



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT						
Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
ICT Research and development to improve evidence based policy making for economic growth and global competitiveness	Material and information on South Africa's ICT Sector and Military Heritage digitised and fully accessible to the public	-	Material and Information on South Africa's ICT Sector and Military Heritage collated and digitised to promote local content	<ul style="list-style-type: none"> The Department fully achieved the set target. The Department collated the material and information on SA's ICT sector and digitised the Military Heritage content. Furthermore the Department has established a website and the repository as an appropriate platform to access the digitised information. Following a directive from the Minister, the management of the project was handed over to the Department of Military Veterans (DMV) as planned so as to allow public access to the Military Veterans Content. 	None	None



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>ICT Research and development to improve evidence based policy making for economic growth and global competitiveness</p>	<p>Fully functional and up to date ICT Information Management repository</p>	<p>-</p>	<p>ICT Information Management repository developed , maintained and updated</p>	<ul style="list-style-type: none"> The Department partially achieved the set target. 	<p>The review of ICT related empowerment targets did not take place as planned.</p>	<p>Although the baseline report on SMME sector was developed, there is a lack of reliable ICT data on SMME related empowerment targets in all the ICT sub-sectors and elements of the ICT value chain Building on current research done and working with StatsSA, it is envisaged that in the next financial year baseline ICT data will be collated with specific reference to ICT data on SMME related empowerment targets</p>



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> With regards to developing and maintaining the ICT Information Management repository, the Department identified the ICT information needs of relevant stakeholders which was collated through administered interviews. Furthermore the Repository Content Framework was developed which indicated the kind of content to be uploaded onto the repository platform. The ICT Information Repository Architecture and prototype was also designed. 		



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> In order to support evidence based ICT policy making and providing timely and comprehensive Telecommunications/ ICT indicators and statistics, the Department developed a "desktop tool" and "web-based interactive repository and platform. The Repository will be used for capturing, storing, processing and presenting ICT statistics information reports and viewing trends through various visualisation modalities. This data repository allows users to browse, view, tabulate and download data sets from a wide variety of census and household survey data. With regard to the e-Barometer indicators, the indicators were published and uploaded on the ICT Information Repository. 		



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Inclusive information society through partnerships with business, civil society and the 3 spheres of government</p>	<p>Approved WSIS Country report</p>	<ul style="list-style-type: none"> An ICT Research Framework to guide research on the WSIS Thematic areas aligned to the Government priorities was developed. 	<p>WSIS Country report developed and WSIS action lines relevant to information ethics and infrastructure coordinated</p>	<ul style="list-style-type: none"> Furthermore, following a Request for Information (RFI) from SMMEs, a baseline research report on ICT SMMEs was developed. The Department partially achieved the set target. The WSIS Country Report was developed, through consultation with relevant sectors. 	<p>The WSIS Country Report has not yet been presented to the ITU</p>	<p>The WSIS is scheduled to take place in the 2015/16 financial year, which is when the Department will table the WSIS Country Report</p>
<p>Inclusive information society through partnerships with business, civil society and the 3 spheres of government</p>	<p>Approved ICT Capacity development programme on Information Ethics in place</p>	<ul style="list-style-type: none"> A research report on identified thematic areas was developed and WSIS country report was developed 	<p>ICT Capacity development programme on Information Ethics implemented</p>	<ul style="list-style-type: none"> The Department fully achieved the target to implement the ICT Capacity development programme of information ethics. The Department through the partnership with the African Centre of Excellence for Information Ethics organised a Government Information Ethics workshop in April 2014 at Carnarvon, Northern Cape Province. 	<p>None</p>	<p>None</p>



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Inclusive Information Society through partnership with business, civil society and the 3 sphere of government</p>	<p>Approved ICT strategies in place focused at mainstreaming issues related to Gender, Disability, Youth and Children in core DoC projects</p>		<p>Gender, disability, youth and children matters mainstreamed into core DoC projects and programmes to promote digital inclusion and awareness</p>	<ul style="list-style-type: none"> The Information Ethics Conference was facilitated by the African Centre of Excellence for Information Ethics on 2nd to 4th July 2014 at Uganda. Curriculum & awareness workshop was held in Mpumalanga on 27th November 2014 and the Eastern Cape on 14th November 2014. The Department partially achieved the set target. The Gender and ICT strategy was developed. Aspects of the strategy as it relates to the Gender Audit, Techno Girl Programme and Moinet were implemented. Additionally, the Department participated in the SA Women in ICT Forum meetings, as well as the Inaugural Memorial Lecture of the late Dr. Ivy Matsepe-Casaburri. 	<ul style="list-style-type: none"> The Department could not implement the Early Child development and technology access programme as planned. The Gender Audit report was not completed as planned. The ICT Accessibility Programme was not implemented. The target on e- Social Cohesion in terms of training 150 learners in movie making, was not achieved. 	<ul style="list-style-type: none"> The Early Child development and technology access programme was delayed since the OECD Centres were not available to host workshops with the Department as the workshop dates needed to be synchronized with both the provincial Department and local units dealing with social development. By the 31 March 2015 pilot sites were identified and dates have been confirmed with the early childhood centres to implement in the new financial year.



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> The Department also participated in the Gender and ICT Literacy Program and provided support to the Women and ICT Forum. Participated in the Preparatory meeting with UWESO, consulting for Techno-girl Programme 2015-16. The Child Online Protection Programme was implemented in Eersterust High School (Eersterust) and Ikusasa Comprehensive High School (Thembisa). The Child Online Protection Program was also successfully implemented in Eastern Cape. With regard to the e-Parenting programme, consultations were held with 5 organisations for the development of the e-Parenting Programme and the e-Parenting Concept was developed. The National Workshop on Draft e-Parenting concept development was also hosted. 		<ul style="list-style-type: none"> The Gender Audit report was delayed as certain SOCs did not complete the questionnaire in terms of the stipulated timelines, therefore the report could not be finalised by end of period under review In March 2014, 2 special needs schools and 4 disability organisations were identified for the implementation of the ICT Accessibility Programme The target on e-Social Cohesion was delayed due to the substantial time that lapsed before the final Proclamation was made regarding the two new Departments and their mandates.



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Inclusive Information Society through partnerships with business, civil society and three spheres of Government</p>	<p>ICT agenda promoted through fully functional ICT engagements forums</p>	<p>-</p>	<p>Promotion of the ICT agenda across the three sphere of Government, industry and civil society</p>	<ul style="list-style-type: none"> With regard to the facilitation of access to broadcasting by persons with disability the Department has reviewed and finalised the concept of Access to Broadcasting for Persons with Disabilities. 	<ul style="list-style-type: none"> The programme on Access to Broadcasting by people with disabilities was not fully achieved. 	<ul style="list-style-type: none"> All project activities related to Access to Broadcasting by people with disabilities were suspended due to the outcomes of the Presidential Proclamation which had an impact on the mandate and functions of the Department, with specific reference to the broadcasting related functions. Such functions were taken over by the newly established Department of Communications The hosting of the IRGF meetings depends on the availability of Principals which proved to be a challenge.



PROGRAMME 3: ICT POLICY, RESEARCH AND CAPACITY DEVELOPMENT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> The Department hosted the quarterly SOC Forums as planned. SITA and BB Infraco were also integrated into the structure and are now reporting accordingly In terms of the National ICT Forums, the revised Terms of Reference for the National ICT Forum were consulted with stakeholders. With regards to collating the information on public and private sector ICT related initiatives into a single repository, the Department conducted desktop research and developed a concept document focusing on the collection and collation of ICT initiatives. Furthermore, a webpage was developed in-house alongside the measurement portal. Information on automation of national services as well as on mobile services was collated. 	<ul style="list-style-type: none"> Information on public and private sector ICT related initiatives were not presented at relevant forums as planned The National ICT Forum was not launched as planned. 	<ul style="list-style-type: none"> Due to the non-hosting of the IGRF and IGRF Technical Committee meetings, information on public and private sector ICT related initiatives could not be presented to relevant stakeholders as planned. The collated information will be presented at relevant forums including National ICT Forum which is to be launched in the first quarter of the 2015/16 FY



Strategy to overcome areas of under performance

The Department does acknowledge its areas of underperformance in certain targets. Project specific reasons for such underperformance have been provided under "comment on deviation" where applicable. It must be noted that non-achievement of certain targets were due to the impact of the reconfiguration process which resulted in the relevant functions being transferred to the Department of Communications.

Additional challenges due to delayed responses from external stakeholders will be taken into consideration during future planning as such challenges are not necessarily in the direct control of the Department. Where possible, interventions from the Executive will be sought.

Changes to planned targets

There were no changes made on the performance indicators or targets during the reporting period or after the annual performance plan has been tabled.

Linking performance with budgets

The ICT Policy, Research and Capacity Development programme has spent 65% of its adjusted allocation in the 2014/15 financial year as compared to the 99% in 2013/14. The decrease is on compensation of employees and goods and services, which resulted from the transfer and resignation of staff members as well as the finalisation of ICT Policy Review project. Most projects in this programme were not implemented due to the delay in the procurement processes.

Sub-programme expenditure

Sub-Programme Name	2014/2015			2013/2014		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
ICT Policy Development	39,278	20,254	19,024	27,573	27,512	61
Economic and Market Analysis	6,163	6,162	1	8,314	8,314	0
Research	7,491	4,021	3,470	6,002	6,002	0
Information Society Development	43,515	35,137	8,378	38,178	38,178	0
Capacity Development	14,900	12,610	2,290	8,898	8,788	110
Total	111,347	78,183	33,164	88,965	88,794	171



4.4 Programme 4: ICT Enterprise Development and SOE Oversight

The purpose of Programme 4 is to oversee and manage Government's shareholding interest in the ICT public entities. Facilitate growth and development of Small, Medium and Micro Enterprises (SMMEs) in the ICT sector.

The ICT Enterprise Development and SOE Oversight Programme consist of the following sub programmes:

- Public Entity Oversight provides oversight relating to State Owned Companies by managing Government's shareholder interests in public enterprises to support the attainment of key national goals and strategic priorities;
- Small, Medium and Micro Enterprise (SMME) Development facilitates the growth and development of ICT SMMEs; and
- ICT Support oversees and manages transfers to public entities and state owned companies responsible for the management and protection of South Africa's ICT environment.

The Strategic Objectives for the 2014/15 Financial Year are listed below:

- ICT industry development and SMME growth; and
- Efficient and effective oversight to SOCs and ICASA.



Strategic objectives, performance indicators, planned targets and actual achievements

PROGRAMME4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT						
Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
ICT industry development and SMME growth	Number of baseline reports developed on state of SMME development within the identified sub-sectors	<ul style="list-style-type: none"> For the 2013/14 financial year, training workshops on the SMME e-Commerce platform were conducted in 4 provinces, Limpopo, North West, Gauteng and Eastern Cape. A total of 129 SMMEs were capacitated on the use of the e-Commerce Platform and their business profiles and offerings were uploaded on the platform. Sectors covered include travel and tourism, accommodation, arts and craft. 	Two baseline reports developed on state of SMME development within the identified sub-sectors	<ul style="list-style-type: none"> The Department partially achieved the set target. In order to gather baseline information with regards to the SMME environment, a Request for Information (RFI) was Gazetted with a closing date of the 29 August 2014. A total of 92 submissions were received and analysed. 	The two baseline reports on state of SMME development could not be finalised as planned.	The Department focused on developing a comprehensive baseline report on the state of SMME development. However, the finalisation of the baseline report is dependent on the inclusion of the outcomes of an international benchmarking exercise which is currently underway.



PROGRAMME4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Efficient and effective oversight to SOC's and ICASA</p>	<p>Oversight and recommendations reports on all six entities</p>	<ul style="list-style-type: none"> With regards to the development of reports on Job creations, from April 2013 to March 2014, 865 jobs were created. 63.4% (549) of these individuals were youth. Only 1.7 % of the total employed consists of people living with disabilities. Of the total jobs, 37.7% (326) were females and 37.9% (328) were males. It is also critical to note that 21.3% (185) of these individuals were employed on a permanent basis, while 54.2% (469) were employed on a temporary basis. The MTEF requests of all SOEs were facilitated and all SOCs participated in the MTEC process. 	<p>Submissions of entities facilitated, reviews and assessments of all mandatory legislative reports and plans undertaken and recommendations to the Executive Authority made within 30 days of receipt</p>	<ul style="list-style-type: none"> The Department partially achieved the set target. 	<ul style="list-style-type: none"> The SAPO Shareholder compact could not be finalised as planned. 	<ul style="list-style-type: none"> The resolution of SAPO challenges held back the finalisation of 2014/15 Shareholder Compacts as inputs of National Treasury and SAPO had to be sought due to changes in the conditions of the guarantee.



PROGRAMME4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> The ENE submissions by entities were facilitated and submitted to National Treasury in line with the Treasury Guidelines. In order to ensure alignment and integrated planning, all SOCs participated in the DoC strategic planning workshop while the DoC participated in all SOC planning workshop that were scheduled by the respective SOCs/Entities. Furthermore, joint DoC/SoC Strategic Work sessions were hosted in February and March 2014 after which the development of Corporate/Strategic Plans and APPs were facilitated for Tabling after the National Elections 		<ul style="list-style-type: none"> The Department coordinated the MIEF requests from SOCs in line with timeframes as prescribed by Treasury Guidelines, through the submission of the 2015 ENE narrative and database information to the National Treasury. In order to ensure alignment and integrated planning, the Department participated in the planning processes of the SOCs/Entities as well as ICASA. Furthermore, joint DoC/SoC Strategic Planning Workshop was hosted on 11 February 2014. Tabling of the final Corporate and strategic plans of SOCs were facilitated and an extension was requested for SAPO up until 20 April 2015. 	<ul style="list-style-type: none"> Although all necessary processes were undertaken towards facilitating bilateral meetings with Minister during the week of 2 to 6 March 2015, the bilateral meetings with the SOCs to discuss the Corporate and Strategic Plans did not take place as planned. 	<ul style="list-style-type: none"> The bilateral meetings with the SOCs to discuss the Corporate and Strategic Plans did not take place due to conflicting diaries of stakeholders however an analysis of the plans was conducted and submitted to Minister.



PROGRAMME4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> SoCs quarterly reports were analysed to determine the actual performance against targets. Analyses of the 2012/13 Annual Reports were conducted within 30 days of receipts. Monitoring of adherence to good Governance practices was undertaken on a quarterly basis and all SOEs completed King 3 compliance scorecards. 		<ul style="list-style-type: none"> SoCs quarterly reports were analysed to determine the actual performance against targets and meetings were held with executive management of SoCs to present their performance against targets and to provide Departmental feedback. With regard to the preparations and submissions of SOCs Financial Statements to the External Auditors in terms of the PFMA, Financial Statements in respect of 2013/14 FY were submitted by all public entities directly to external auditors and monitored accordingly. Annual General Meetings of SENTECH, SITA USAASA, NEMISA, TELKOM and VODACOM were facilitated within six months after the end of the 2013/14 financial year. 		



PROGRAMME4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> • Annual reports of SENTECH, SITA, USAASA, USAF, and NEMISA were tabled on 30 September 2014. • With regard to monitoring adherence to good Governance practices, shareholder compacts of SAPO and Sentech were reviewed and submitted for approval. • Governance practices of SOEs were monitored through an analysis of quarterly reports against corporate/strategic plans, and providing recommendations within 30 days of receipt thereof. • Governance practices of SOCs were also monitored through conducting an analysis of the King III compliance matrix. 		



PROGRAMME4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Efficient and effective oversight to SoCs and ICASA	Corporatised Postbank in place	<ul style="list-style-type: none"> Consultations were concluded with National Treasury on the Borrowing, Lending and Investment Policies of the Postbank. The 3 Policies were thereafter approved by Cabinet and submitted to the speaker of Parliament. 	Corporatisation of the Postbank facilitated and coordinated	<ul style="list-style-type: none"> The Department partially achieved the set target. With regard to the Corporatisation of Postbank the names of designated Postbank Board members were resubmitted to the South African Reserve Bank. 	<ul style="list-style-type: none"> The process of registering the Postbank as a Company could not be finalised. The finalisation of all Board appointment was not concluded. 	<ul style="list-style-type: none"> Delays in obtaining authorization from SARB to establish the Bank posed a challenge. The appointment of Board members was delayed due to finalisation of vetting for fit and proper person by SARB.



PROGRAMME4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> With regards to monitoring the implementation of the Postbank Act, bi-weekly and monthly meetings were held with the Operational Committee and Working Committee respectively and updated reports were developed and presented to relevant structures including Cabinet. The Postbank Amendment Bill was drafted. 		<ul style="list-style-type: none"> A Memorandum of Incorporation was drafted by the Postbank Corporation working committee and a monitoring report was produced. An audit of the assets of the Postbank was conducted and a report was prepared in this regard. The audit report on the separation of assets was submitted to Minister and transmitted to the Governor of the Reserve bank. Additional names of persons to be considered for appointment to the Postbank Board were submitted. 		



Strategy to overcome areas of under performance

The Department does acknowledge its areas of underperformance in certain targets. Project specific reasons for such underperformance have been provided under "comment on deviation" where applicable. With specific reference to the Corporatisation of the Postbank, the Department faced challenges due to delays by external stakeholders which was not in the direct control of the Department. Such dependencies will be taken into consideration during future planning. Where possible, interventions from the Executive will be sought.

Changes to planned targets

There were no changes made on the performance indicators or targets during the reporting period or after the annual performance plan has been tabled.

Linking performance with budgets

The increase in the 2014/15 financial is mainly under compensation of employees, goods and services and transfers and subsidies. This is due to the filling of critical positions, on goods and services is due to the additional funds received through the adjusted budget as a refund to Sentech and Telkom in relation to the funeral of the former President Nelson Mandela. The increase under transfer and subsidies, specifically public corporation and private enterprise is due to the additional allocation to South African Post Office for settlement of its debts.

Sub-programme expenditure

Sub-Programme Name	2014/2015			2013/2014		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Public Entity Oversight	778,524	777,703	821	*743,946	*733,268	10,678
Small Medium and Micro Enterprise	2,077	2,077	0	7,123	7,123	0
ICT Support	6,001	6,001	0	7,941	6,358	1,583
Total	786,602	785,781	821	759,010	746,749	12,261

**Changes of figures due to the shifting of USAASA (STB subsidy expenditure) and SABC (BDM project expenditure) from programme 4 to programme 5.*



4.5 Programme 5: ICT Infrastructure Support

The purpose Programme 5 is to promote investment in robust, reliable, secure and affordable ICT infrastructure that supports the provision of a multiplicity of applications and services.

The ICT Infrastructure Support Programme consists of the following sub-programmes:

- Broadband is responsible for developing and facilitating the Implementation of the ICT infrastructure broadband strategy and implementation plan, and ensures that broadband goals are achieved; and
- Digital Terrestrial Television is responsible for making transfers to Sentech to roll out ICT infrastructure for the migration of signal distribution from analogue to digital.

The Strategic Objectives for the 2014/15 Financial Year are listed below:

- Increased Broadband coverage and affordable access to Government services for all households by 2020; and
- Migration from analogue to digital television to ensure national digital coverage.



Strategic objectives, performance indicators, planned targets and actual achievements

Programme 5: ICT Infrastructure Support						
Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Increased Broadband coverage and affordable access to Government services for all households by 2020</p>	<p>Four implementation plans in place focused on implementing South Africa Connect</p>	<ul style="list-style-type: none"> The Department revised the National Broadband Policy. As a result, the revised National Broadband Policy, referred to as "SA Connect", was approved by Cabinet in December 2013. SA Connect, which was approved by Cabinet, also contains the National Broadband Strategy and implementation approaches. 	<p>Digital readiness strategy implemented focusing on regulation, policy and legislation</p>	<ul style="list-style-type: none"> The Department partially achieved the set target. During the reporting period the Department developed the Digital readiness implementation plan. Scoping documents of all Digital Readiness Projects were developed which informed the development of the implementation plan. 	<ul style="list-style-type: none"> The Rapid Deployment Policy could not be finalised as planned. The draft Policy Direction on Spectrum for Broadband could not be finalised. 	<ul style="list-style-type: none"> With regards to the Rapid Deployment Policy, progress was hampered due to a lack of specialised resources with relevant expertise on environmental related issues. Implementation of the entire project was therefore revised to make use of a service provider to assist the Department. With regards to the draft Policy Direction on Spectrum for Broadband, further consultation with other relevant Departments and the Economic cluster was required before the draft policy Direction could be gazetted for public comments.



Programme 5: ICT Infrastructure Support						
Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> With regard to the establishment of the Project Management office to manage implementation of SA Connect; the Department managed to secure the support of GTAC to provide Project management oversight and to assist to develop project management capacity. The Department is continuing its efforts in establishing a project office by seconding resources from other line functions within the Department. The Department will continue to strive to source the correct project management skills to supplement the PMO. 		



Programme 5: ICT Infrastructure Support

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> The overall implementation was monitored through Work breakdown structures for Digital Readiness; Digital Development and Digital Opportunity and reported accordingly. With regards to SOC rationalisation, the Department undertook a study on the rationalisation of relevant ICT SOC's in relation to implementation of digital future strategy. Following the study, a report, including recommendations and options related to roles of ICT SOC's in the implementation of digital future strategy, has been developed. 		



Programme 5: ICT Infrastructure Support

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> Through internal stakeholder engagement a final report in the form of a presentation was developed for Cabinet decision on SoC rationalisation amongst other Broadband issues. The presentation which focused on SOC Rationalisation options and recommendation was developed and presented to the Cabinet during the Cabinet Lekgotla that took place between 3--5 February 2015. During the Cabinet Lekgotla, the options of SOC Rationalisation was approved for implementation going forward. Terms of Reference for the appointment of Service Provider to develop a National Rapid Deployment Policy was developed. The required Memoranda of Agreement with GIAC was finalised and approved. 		



Programme 5: ICT Infrastructure Support

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> With regards to the feasibility study on Wholesale Open Access Network, the Department undertook a Market Structure Study. The Department developed three reports on the framework for Market Structure and Open Access Models including relevant recommendations. With regard to the Cybersecurity Hub, the Department proceeded with the establishment of a Virtual Cybersecurity Hub as the establishment of a fully-fledged Cybersecurity Hub offering a full complement of services will take a few years to establish, given budgetary requirements for capacity and infrastructure development. 		



Programme 5: ICT Infrastructure Support

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> Therefore, the Department has established a virtual cybersecurity Hub, offering limited services focused at: alerts and warnings; announcements; incident handling; incident response support and security related-information dissemination. Going forward more services will be added once a fully-fledged Cybersecurity Hub is established. The Department in conjunction with the CSIR has completed the development of ICT infrastructure and systems for the Virtual Cybersecurity Hub. 		



Programme 5: ICT Infrastructure Support

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Increased Broadband coverage and affordable access to Government services for all household by 2020	Four implementation plans in place focused on implementing South Africa Connect	-	Digital development strategy implemented focusing on the development and approval of the implementation plan	<ul style="list-style-type: none"> The Framework to support membership to the Forum of Incident Response Security Teams was developed. In addition an addendum to the MOA has also been signed with CSIR and funds transferred for the establishment of the Virtual Cybersecurity Hub. The Department has developed a draft Policy Directive on Spectrum for Broadband. The Department fully achieved the set target. During the reporting period the Department developed a Digital Development Work Breakdown Structure for 2014/15 Business Case which informed the development of the Digital Development strategy implementation plan. 	None	None



Programme 5: ICT Infrastructure Support							
Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations	
Increased Broadband coverage and affordable access to Government services for all household by 2020	Four implementation plans in place focused on implementing South Africa Connect	-	Digital future strategy implemented focusing on defining the roadmap	<ul style="list-style-type: none"> A Business Case was approved by Minister for Digital Development and was submitted to National Treasury which resulted in the allocation of the following funds for the roll-out of the Digital Development Implementation plan: <ul style="list-style-type: none"> o R200 mil (2015/16) o R268 mil (2016/17) o R271 mil (2017/18) The Department fully achieved the set target. The Digital Future Implementation was developed and approved. The Department also developed the Work break down structure and scoping document for the Digital future strategy. 	None	None	



Programme 5: ICT Infrastructure Support

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
Increased Broadband coverage and affordable access to Government services for all household by 2020	Four implementation plans in place focused on implementing South Africa Connect	-	Digital opportunity strategy implemented focusing on innovation, entrepreneurship, R&D and skills development	<ul style="list-style-type: none"> Recommendations on the National Broadband network and the rationalization of State Owned Entities was developed and presented at the Economic Sector, Employment and Infrastructure Development Cluster where it was supported and thereafter presented to the Cabinet Lekgotla in February 2015. The Department fully achieved the set target. The Digital Opportunity implementation plan was developed and approved and implementation is ongoing. The Department has also developed a high-level work breakdown structure for the Digital Opportunity programme. A Digital Opportunities Framework highlighting relevant initiatives has also been developed. 	-	-



Programme 5: ICT Infrastructure Support

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Increased Broadband coverage and affordable access to Government services for all households by 2020</p>	<p>e-Services platform in place to promote e-Government.</p>	<p>-</p>	<p>Revision of relevant regulatory/legislative matters facilitated to promote the adoption of e-Government services platform and development of e-services platform monitored and evaluated</p>	<ul style="list-style-type: none"> The Department partially achieved the set target. The Department has identified policy issues arising from the Broadband Connect policy and is in the process of identifying related legislation and regulations. 	<ul style="list-style-type: none"> The revision of legislative and regulatory matters was not finalised. Business Case for e-Government funding was not developed as planned. 	<ul style="list-style-type: none"> The revision of legislative and regulatory matters requires further engagement with relevant role-players following the receipt of a legal opinion on the matter. Following the finalization of the MTSF, it is confirmed that from the MTSF that relevant Government Departments will fund their respective e-government and e-services which will be implemented in collaboration with SI/A as the IT service provider for Government, hence there will no longer be a need for a business case to support e-Government funding.



Programme 5: ICT Infrastructure Support

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				<ul style="list-style-type: none"> Department undertook an analysis of the legislations that governs e-Government so that the roles of the Minister of Telecommunications and Postal Service and the Minister of Public Service in respect of e-Government can be clarified. The Department continuously monitors the development of the e-Government Platform, to this end, SITA has reported that the first phase of the e-services platform has been completed. 		



Programme 5: ICT Infrastructure Support

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
<p>Migration from analogue to digital television by 2016 to ensure national digital television coverage</p>	<p>Efficient rollout of STBs to subsidise recipients and a fully operational National BDM call centre in place</p>	<ul style="list-style-type: none"> In June 2013 the Minister made a pronouncement to review the BDM Policy with a view to make STB Control non-mandatory and proceed with the STB tender evaluation. 	<p>Implementation of the BDM programme coordinated with specific reference to STB distribution and the establishment of a National BDM call centre</p>	<p>The Department did not achieve the set target.</p>	<p>The Department did not commence with the distribution of Set-top Boxes or the establishment of a National BDM call centre.</p>	<ul style="list-style-type: none"> The BDM Policy was not finalised and published; hence uncertainty on the final technical specifications for STBs had a negative effect on STB manufacturing. The non-achievement of the finalisation of the BDM Policy was directly related to the reconfiguration of the Department as the DIPS tabled the BDM Policy in Parliament in July 2014, however this was challenged by the DoC due to their specific authority over the Broadcasting Act.



Programme 5: ICT Infrastructure Support

Strategic objectives	Performance Indicator	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		<ul style="list-style-type: none"> The SABS Conformance lab has been commissioned and completed. The lab was ready for operations since June 2013. Distribution logistics with SAPO is 90% ready. The Department completed planning and costing for the establishment of the call centre. 				<ul style="list-style-type: none"> Furthermore, all other activities related to the BDM Programme were suspended due to the outcomes of the Presidential Proclamation which had an impact on the mandate and functions of the Department, with specific reference to the broadcasting related functions. Such functions were taken over by the Department of Communications.



Strategy to overcome areas of under performance

The Department does acknowledge its areas of underperformance in certain targets. Project specific reasons for such underperformance have been provided under "comment on deviation" where applicable. In terms of the finalisation of the Rapid Deployment Policy, the Department will source the required skills to expedite the project while the Broadband roll-out will be prioritised through the roll-out of the Broadband implementation plans..

Changes to planned targets

There were no changes made on the performance indicators or targets during the reporting period or after the annual performance plan has been tabled.

Linking performance with budgets

For the 2014/15 financial year, there is a huge decrease under good and services as compared to the 2013/14 financial. This is mainly due to the once off allocation of R374 million allocated through the adjustment budget for school connectivity project in 2013/14 financial year. The increase on Departmental agencies in the 2014/15 financial year resulted from the additional R551 million received during the adjusted budget for the set top box subsidies, antennae and installation cost. The decrease on public corporation and private enterprise in the 2014/15 financial year is mainly due to the allocation to Sentech for Digital Terrestrial Television (DTT) being brought forward in the 2013/14 to expedite the rollout of DTT infrastructure.

Sub-programme expenditure

Sub-Programme Name	2014/2015			2013/2014		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Broadband	59,844	49,968	9,876	418,156	418,156	0
Digital Terrestrial Television	995,672	995,671	2	*857,239	*857,239	0
Total	1 055,516	1 045,640	9,877	1 275,395	1 275,396	0

*Changes of figures due to the shifting of USAASA (STB subsidy expenditure) and SABC (BDM project expenditure) from programme 4 to programme 5.



5. TRANSFER PAYMENTS

5.1 Transfer payments to public entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
SA Post Office (SoC) Limited	Postal and related services	50 000	50 000	<ul style="list-style-type: none"> • 500 109 addresses were rolled • 11 new points of presence (6 post offices and 5 mobile units) • Postbank depositors funds increased by 3% to R4,9 billion
Sentech	For digital terrestrial television (DTT) migration	138 805	138 805	<ul style="list-style-type: none"> • SENTECH completed the rollout of South Africa's digital terrestrial television (DTT) infrastructure after switching on the last of the 178 analogue sites digital terrestrial television transmitters on the 5th March 2015, thus realizing the migration mandate and the achievement of 84% population coverage and 58% geographic coverage.
NEMISA	Skills development	44 041	37 959	<ul style="list-style-type: none"> • Trained 2243 in e-Skills • Research papers in eSkills • 6 Mobile Apps developed
ICASA	Regulator of broadcasting, telecoms, postal sectors	376 221	374 474	-
USAASA	Management of the USAF	65 3761	65 566	<p>79% achievement of planned AAP targets.</p> <p>These, amongst the others include:</p> <ul style="list-style-type: none"> • Compliance with the Legislative prescripts, which include submission of Strategic Plans, Annual Performance Plans (APP), quarterly and Annual reports submitted to the Minister and tabled to Parliament • Improvement of stakeholder perception of the entity by 81% from the baseline of 38%.
USAF	Provision of ICT's to the needy	840 988	72 169	<p>50% achievement of planned AAP targets including DTT and</p> <p>67% achievement of planned APP targets excluding DTT.</p> <p>The key achievements include among others :</p> <ul style="list-style-type: none"> • Rollout of Broadband in Joe Morolong in Northern Cape and Ratlou Local Municipality in North West provinces. • An Upgrade of network in two municipalities where ten public schools and five schools with disabilities were connected and are currently using the Internet



Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
SABC	Channel Africa: International Public service broadcast platform	47 413	49 407	<ul style="list-style-type: none"> Promoted South Africa's foreign policy Reflected Africa's issues from an African perspective Encouraged the regeneration of Africa
	Public Broadcaster-Education	97 199	60 243	<p>The SABC Education has utilised its allocated funds focusing on programming covering issues in the Formal Education, Tweens & Youth Development and Public Information & Social Development categories. These programmes:</p> <ul style="list-style-type: none"> Promotes youth involvement and empowerment motivate audiences to do better in life by encouraging active participation in education from reception year through to adult basic education and training phases inspire audiences to play key roles in building democracy through social action campaigns; and Promotes Ubuntu, community building and African innovation
	Digital Migration	62 060	7 600	Substantial conversion of old analogue technical infrastructure to digital technology.

5.2 TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

5.2.1 South African Broadcasting Corporation: Community Radio Stations

South African Broadcasting Corporation: Community Radio Station has been allocated an amount of R9.4 million for the 2014/15 financial year. R4.6 million was transferred to South African Broadcasting Corporation and R3.9 million was paid directly to the service provider for community radio infrastructure.

5.2.2 South African Broadcasting Corporation: Programme Production

South African Broadcasting Corporation: Programme Production has been allocated an amount of R11.2 million for the 2014/15 financial year. This amount was transferred to South African Broadcasting Corporation in line with Memorandum of Understanding between the Department and the new Department of Communications which emanated from the Presidential Proclamation no 37839 of 15 July 2014.

5.2.3 .Za Domain Name

.ZA Domain Name was allocated a budget of R1.7 million for the period under review. This allocation was not transferred due to the entity being self-sustained and was reprioritised to fund cybersecurity project.



The table below reflects the transfer payments made for the period 1 April 2014 to 31 March 2015

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
South African Broadcasting Corporation: Community Radio Station	Public Entity	To fund community radio infrastructure	No	4.622	0	Part of the amount paid directly to the service provider.
South African Broadcasting Corporation: Programme Production	Public Entity	For programme production content	No	11.183	0	

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

The Department does not have conditional grants.

6.2 Conditional grants and earmarked funds received

The Department does not have conditional grants

7. DONOR FUNDS

7.1 Donor Funds Received

The Department did not receive donor funds for the period under review.

8. CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan

No Capital investments were made or maintained by the Department of Telecommunications and Postal Services during the period under review.

The Departmental maintained an updated and accurate Asset Register which adheres to the requirements of National Treasury, and the Department Maintenance and Asset Management Plan were also updated and revised.

Due to a proper strategy of replacing and disposing of old and redundant equipment that no longer support effective service delivery in the Department there were no major changes in the Department holdings over the period of review.

All assets that could not be cost effectively repaired or refurbished were disposed by means of scraping. All assets that were in a relative good working condition were donated to needy schools.

During the period under review all losses due to theft were investigated and recommendations were made whether to recover the loss or to write it off, the number of losses due to theft were relatively low. All losses were removed from the asset register after authorization was obtained.

New asset additions are updated automatically when invoices are captured for payment, all new assets are barcode before distribution and the asset location is also updated when the responsible official received the asset.

Annual asset verification were undertaken to ensure that all changes in the asset register is updated and that the responsible officials sign for the responsibility of their assets. During the year ad hoc stock takes are undertaken when needed.

Asset reconciliation is done a monthly basis as well quarterly for the interim financial statement to ensure that all asset acquisitions and disposals are accounted for. All assets classifications are checked to ensure correctness.



A physical verification of all assets was done to determine the condition of assets that need to be replaced, maintained or disposed from the asset register.

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

Good condition: 80%

Fair condition: 8%

Bad condition 12%

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

Infrastructure projects	2013/14			2014/2015		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Existing infrastructure assets	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Upgrades and additions	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Rehabilitation, renovations and refurbishments	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Maintenance and repairs	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Infrastructure transfer	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
- Current	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
- Capital	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00
Total	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00



PART C

GOVERNANCE



1. INTRODUCTION

The Department is committed to maintain the highest standards of governance and recognizes the need for good governance to ensure the following:

- Convergence of the work of different programmes to implement the mandate of the Department.
- Alignment of different functions aimed at achieving similar outcomes, to alleviate duplications and resource wastages.
- Internalisation of a compliance culture to circumvent fraud, corruption and the abuse of State resources.
- Accountable management, monitoring and reporting on the implementation of commitments entailed in the Strategic Plan and Annual Performance Plan of the Department.

The Department has the following governance structures in place:

- Executive Committee (EXCO). The EXCO is attended by the Minister (Chairperson), Deputy Minister, Director-General and Deputy Directors-General (DDGs). The EXCO deals with strategic policy issues that form the basis for the Executive Authority's engagement with Cabinet, Parliament and other key stakeholders. It also addresses matters elevated by the Departmental Executive Committee for resolution and decisions-making. Four (4) EXCO meetings were held during the 2014/15 financial year.
- Departmental Executive Committee (DEC). The DEC is attended by the Director-General (Chairperson) and DDGs. The DEC monitors the implementation of the Department's Strategic Plan and addresses constraints relating to the implementation thereof. Their role includes processing and providing direction and guidance on strategic operational issues. Four (4) DEC meetings were held during the 2014/15 financial year.
- The Top Management Committee (TMC), attended by the Director-General (Chairperson) and DDGs and Chief Directors. The TMC monitors the implementation and reporting on the Department's Annual Performance Plan and identifies constraints that require decisions and resolution by the DEC. Two (2) TMC meetings were held during the 2014/15 financial year.
- Organizational Performance Management Board (OPAB), chaired by the Director-General and attended by DDGs. The OPAB is attended by the Director-General (Chairperson) and DDGs. The OPAB is responsible for monitoring the Department's quarterly performance against the APP and processing and resolving constraints to implementation. Four (4) OPAB meetings were held during the 2014/15 financial year.
- Operations Committee (OPSCOM), attended by DDG: Administration (Chairperson) and the Chief Audit Executive, Chief Director: HRM, Chief Financial Officer and Chief Director: Communications and Compliance Officer. The OPSCOM manages the Department's internal Policy Register, by ensuring that all internal policies are reviewed annually and changes are effected to comply with legislative and other changes in the operations of the Department to ensure an aligned and supportive policy environment. OPSCOM convened three workshops in the 2014/15 financial year, during which 20 policies were reviewed.

2. RISK MANAGEMENT

2.1 Risk Management Approach

In terms of our robust integrated risk management approach we assess, manage and report on all significant risks and related mitigation plans consistently, in accordance with our defined risk management and reporting protocol. A Top Down Approach is followed which foster the management of risks from the Top (Executive and SMS Level managing strategic risks) to the Bottom (MMS Level managing operational risks) within their respective Branches.

As part of our journey to become more proactive and responsive, we have developed key risk indicators and risk appetite and tolerance levels for all key risks to enhance the review and monitoring of key trends in relation to each risk exposure.

2.2 Risk Management Policy and Strategy

Risk Management Directorate had managed to revise and update the Risk management Framework (Policy, Strategy, Risk Assessment & Identification Methodology and Implementation Plan). These documents were presented to and approved by the Operations and Risk Management Committees and signed-off by the Accounting Officer during the period under review.



Approval of Risk Appetite and Tolerance Framework and Levels articulating and indicating the point at which risks become significant and require the Department to start committing time and effort into the management of these risks has proven to be a key milestone during the year under review.

Due to the change in the Department's mandate during the year under review, the above Frameworks required major amendments to align to the current Mandate and Strategy of the Department which caused delays in the implementation of some of the key milestones in these enabling documents.

The alignments to the new Mandate and Strategy of the Department is envisaged to be finalised in the 2015/16 financial year as all reconfigurations have been finalised by the end of the year under review (2014/15).

2.3 Risk Aware Culture

There are various processes to ensure the commitment of the entire Department e.g. awareness workshops throughout the Department, awareness on induction of new employees, risk management posters and brochures in all the Department's premises and uploading of enabling documents in the intranet for ease of access by internal officials.

2.4 Risk Management Structure

Risk Management Directorate comprises of three positions; Director and Deputy Director that are currently filled and an Assistant Director that is currently vacant.

2.5 Risk Assessments

The current year has been a challenging year for the implementation of some key Risk Management Milestones due to the changes in the Department's mandate and strategic goals and objectives.

As a Top Down Approach is followed, the Department experienced delays in the identification and assessment of the 2015/16 risks as a result of the abovementioned changes in the Department's mandate and strategy which were gradually pronounced during the current year. This approach requires strategic risk assessment to be completed first and the operational risks assessment completed on the basis of the risks and appetite levels identified and assessed at the strategic level.

The 2014/15 risks assessments were completed on time during the current year with relevant reports presented to the relevant structure (EXCO, RMC and AC) and signed off by the Accounting Officer. The management of these risks and implementation of their mitigation plans were delayed by the abovementioned change in mandate and strategy.

2.6 Risk Management Committee (RMC)

To ensure the integrity and reliability of Departments Risk Management processes, the Department has an established RMC to assist the Accounting Officer by overseeing the effectiveness of the Department's risk management systems, practices and procedures and provide recommendations for improvement.

The Committee is constituted of eleven (11) members consisting of two (2) independent non-executive members and nine (9) internal senior management members formally appointed by the Accounting Officer with a blend of skills and knowledge required to address all Departmental risk exposures. The Committee is chaired by an independent non-executive member who is also a member of the Audit Committee.

The table below indicates the names of the RMC Members and the meetings they have attended during the period under review:

Name (s)	Designation	Meetings attended	Notes
Adv. C. Weapond	Independent Chairperson	3	
Ms M. Mokoka	Independent member	3	
Ms N. Jordan	Internal member	2	
Ms Z. Sihlahla	Internal member	1	

Name (s)	Designation	Meetings attended	Notes
Mr A. Kekana	Internal member	3	
Mr F. Osman	Internal member	2	
Mr A. Mmoto	Internal member	2	
Mr L. Petzer	Internal member	3	
Mr M. Ntshingila	Internal member	1	New appointment - 09/10/2014
Mr C. Mashile	Internal member	1	New appointment - 09/10/2014
Mr R. Soldaat	Internal member	1	New appointment - 09/10/2014
Mr S. Makopi	Internal member	1	Appointed as DDG and was replaced by Mr. Ntshingila from 09/10/2014

2.7 Audit Committee (AC)

The Audit Committee of the Department has during the year under review independently monitored the effectiveness of risk management throughout the Department and made valuable contribution on the Department's system of risk management.

The Audit Committee provides its oversight responsibility in this regard through the Risk Management Committee which reports directly to the Audit Committee on progress made in the implementation of risk management systems and processes.

The Chairperson of the Risk Management Committee also serves as a Member of the Audit Committee which further enhances and harmonise the Audit Committee's oversight responsibilities.

2.8 Value Add

Stakeholder Engagement Framework aiming to assist executives in the consistent oversight of the Portfolio of Telecommunications' exposure to risks that will affect the Portfolio's ability to reach service delivery mandate, priorities and goals and objectives within set timeframes and to guide the Portfolio on the consistent application and implementation of risk management best practices and principles has been approved during the current year.

Risk Management systems and processes have assisted the Department in the achievement of objectives by ensuring that the following are taken into account in the management of the Department's service delivery mandate:

- a) Influencing the strategic planning process – The strategic planning process considered the risk universe of the Department in the development of the 2015/16 and mid-term planning period strategic goals and objectives; and
- b) Key root causes or challenges have also been considered in the determination of the current and mid-term strategic goals and objectives, e.g. availability of resources (financial, human and other relevant resources), etc.

The change in the mandate and strategy of the Department has delayed the implementation of some key interventions that would have increased the value added through risk management in the achievement of the Department's goals and objectives.

Plans to improve the value add includes but are not limited to the following:

- a) Sign-off by Risk Owners (DDGs) of their Branches risks and mitigation plans;
- b) Quarterly progress reporting on the management risks and implementation of risk mitigation strategies by the Risk Owners;
- c) Incorporating risk management section in the Departmental Reporting Template; and
- d) Procurement of risk management system to modernise the current manual system.



3. FRAUD AND CORRUPTION

3.1 Fraud Prevention Plan and Implementation

- Revised Fraud Prevention Framework (Strategy, Policy, Investigation Procedure, Implementation Plan and Whistle Blowing Policy) has been approved by relevant structures and the implemented throughout the year.

3.2 Mechanisms to report fraud and corruption

- Fraud Prevention awareness is provided to ensure that all Department officials and external stakeholders are aware of the systems and protocols to be followed when reporting any allegations of fraud or corruption. The awareness includes, among other things, the fraud prevention posters displayed in all the Department's premises, induction of new employees, etc.
- The Department uses the National Hotline for whistle blowing purposes that is operated and managed by the Public Services Commission (PSC). Employees are encouraged to report any suspected corrupt, fraudulent, criminal or unethical practices using this Hotline number.
- Implementation of the Fraud Prevention Plan is monitored through Quarterly Fraud Prevention Implementation Reports that are presented to the Risk Management Committee on a quarterly basis.

3.3 Reporting of cases and actions

- The Risk Management and Audit Committees provide oversight over the fraud prevention systems and processes within the Department.
- Cases are reported to these structures on a regular basis for advice and recommendation on the actions that can be taken.

4. MINIMISING CONFLICT OF INTEREST

The Department has systems and processes implemented to ensure that all SMS Members throughout the Department complete Financial Disclosures electronically in terms of Chapter 3 of the Public Service Regulations, 2001. In terms of the aforementioned regulation, completed disclosure must be submitted to DPSA by the 31st of May each year (31 July in the 2014/15 financial year due to the elections that took place in May). Although the Department has experienced challenges with regard to submission within set timeframes (31 July 2015) due to the changes in the Department's name, Executives and mandate, the e-Disclosure system has ensured the disclosures are submitted to DPSA on the 01st of August.

Other measures implemented to prevent conflict of interest include:

- a) Systems and processes implemented to prevent conflict of interest in SCM such as:
 - All Bid Evaluation Committee Members sign code of conduct and declaration of interest;
 - Departmental Bid Adjudication Committee members sign declaration of interest in all meetings. Where conflict of interest has been declared regarding a matter(s) to be considered, the affected Member(s) is/are requested to recuse themselves in the consideration and decisions taken on the matter at hand; and
 - SBD 4 Documents are signed by all prospective bidders to declare any interest.
- b) Systems and processes implemented to prevent conflict of interest in governance structures:
 - Members of governance structures are required to disclose any interests on matters discussed in meetings/workshops and where conflict of interest is disclosed, the affected Member(s) is/are asked to recuse from the decisions taken; and
 - Appointments of members into governance structures are made taking any potential or actual conflict of interest into account.

Any conflict of interest identified is considered and dealt with in terms of the Department's policies and procedures and where necessary taking into account the provisions of the DPSA's guidelines.



5. CODE OF CONDUCT

The Department adheres to the Public Service code of conduct. The code of conduct is linked to the Department's strategic mission, vision and values and implemented to promote and maintain high standard of professional ethics, good governance and ethical conduct of employees. The Department promotes the code of conduct through internal communication modes such as intranet and email, including the induction processes. Contravention of the code of conduct constitutes misconduct and therefore addressed through normal disciplinary procedures of the Department.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department is committed to the provision of a healthy and safe working environment through ensuring a continuous maintenance of the facilities and implementation of the developed SHERQ policy. Security provider has been appointed to uphold security aspects and a cleaning service provider is ensuring that the working environment is kept clean. Pest control companies are occasionally called upon to fumigate the offices. Injuries on duty incidents are addressed as and when they arise in line with the COID Act.



7. PORTFOLIO COMMITTEES

DATE OF KEY MEETINGS	SUBJECT	KEY MATTERS RAISED BY THE PORTFOLIO COMMITTEE	MANNER IN WHICH THE DEPARTMENT ADDRESSED/IS ADDRESSING THE KEY ISSUES RAISED BY THE COMMITTEE
01 Jul 2014	Briefing on the 2014-2019 Strategic Plan and 2014/15 Annual Performance Plan	<ul style="list-style-type: none"> The CEO of NEMISA needed to be appointed. Critical management posts at SAPO need to be filled. 	<ul style="list-style-type: none"> The CEO of NEMISA was appointed. The Strategic Turn-around strategy of SAPO will address the filling of critical positions
17 Oct 2014	Proclamation & establishment of new Department of Telecommunications & Postal Services; Departmental briefings; Audit Outcomes; AGSA briefing	<ul style="list-style-type: none"> Concerns were raised on irregular and wasteful expenditure Concerns were also raised on the vacancy rate. 	<ul style="list-style-type: none"> The Department developed and implemented an Internal Controls Framework which focused on ensuring the optimal implementation of adequate internal controls across multiple functional areas. Such areas included financial management as well as recruitment.
21 Oct 2014	Briefing on the 2013/14 Annual Report	<ul style="list-style-type: none"> Concerns on Transparency in pricing was raised. The issue of an audit of existing structures, including in the SOEs and municipalities was raised, given the understanding that infraco was busy laying fibre that could carry all traffic. 	<ul style="list-style-type: none"> The Department developed a Policy Directive on Pricing Transparency. The Department undertook a study on the rationalisation of relevant ICT SOCs. Following the study, a report including recommendations and options related to roles of ICT SOCs in the implementation of digital future strategy, was developed. During the Cabinet Lekgotla, the options of SOC Rationalisation was approved for implementation going forward.
24 Oct 2014	Briefing on the recommendations of ICT Policy Review Panel	Concerns were raised on the envisaged timeframes of the Policy Review process.	<ul style="list-style-type: none"> The Department developed the ICT Policy Review Discussion Paper that highlights a range of policy options and possible policy approaches. The Department went on to develop the National Integrated ICT Policy Recommendations report which will inform the Development of the White Paper on National Integrated ICT Policy.
31 Oct 2014	Briefing on postal services & postal strike	The prolonged timeframe in developing and implementing the SAPO Turn-around Strategy was raised as a concern.	<ul style="list-style-type: none"> Dr. Simo Lushaba has been appointed as an Administrator to fully implement the strategic turnaround plan. The Deputy Presidency has been instrumental in monitoring this process and the plan has been approved for implementation.
07 Nov 2014	Briefing on Costs of telecommunications	Concerns were raised on the high cost of Telecommunications in South Africa and that South Africa (SA) had been ranked as a country having one of the highest costs to communicate.	<ul style="list-style-type: none"> During the 2014/15 financial year, the Department undertook several initiatives stemming from the Cost to Communicate Programme of Action. Furthermore, additional interventions will be undertaken in the 2015/16 financial year which include the development of Policy Directions on Roaming and Data costs as well as developing a Draft Local Loop Strategy.

DATE OF KEY MEETINGS	SUBJECT	KEY MATTERS RAISED BY THE PORTFOLIO COMMITTEE	MANNER IN WHICH THE DEPARTMENT ADDRESSED/IS ADDRESSING THE KEY ISSUES RAISED BY THE COMMITTEE
14 Nov 2014	Briefing on the 2015-2019 Strategic Plan and 2015/16 Annual Performance Plan	<ul style="list-style-type: none"> The lack of coordination between all the service providers was raised as a concern. Concerns were raised on the level of Broadband penetration and an audit of infrastructure on the ground. 	<p>MANNER IN WHICH THE DEPARTMENT ADDRESSED/IS ADDRESSING THE KEY ISSUES RAISED BY THE COMMITTEE</p> <ul style="list-style-type: none"> In order to ensure coordination, Broadband task teams as well as a broadband steering committee was established. The steering committee has worked closely with the Strategic Integrated Project (SIP 15) coordinator, the CSIR, to analyse the broadband gap and to identify areas with the greatest infrastructure deficit. The allocation of R200 million for the 2015/16 financial year will be used to connect a total of 1 296 sites which include schools, health facilities, police stations, post offices and other government facilities as part of the first phase of the rollout. The first phase will commence in eight districts within seven provinces, where the National Health Insurance (NHI) is being piloted.
17 Mar 2015	Briefing on the Department's 3rd Quarter performance report for the 2014/15 financial year.	Concerns were expressed on the number disciplinary hearings within the Department.	The Department is in the process of conducting several disciplinary hearings with the aim to expedite them in the first quarter of the 2015/16 financial year.
14 Nov 2014	Briefing on the 2015-2019 Strategic and Annual 2015/16 Annual Performance Plan	<ul style="list-style-type: none"> Concerns were raised on the establishment of the Postbank. Concerns were raised on the detailed breakdown of the 1 296 government institutions to be provided with connectivity in terms of location for the purpose of oversight visits. 	<ul style="list-style-type: none"> The Department will amend the South African Postbank Act to accelerate the process for the corporatisation of the Postbank through a banking license that will be awarded by the South African Reserve Bank. The DTPS will engage the South African Reserve Bank to expedite the approval of the Section 12 application to establish a bank. An application for a banking license will be submitted in terms of Section 12 of the Banks Act. The Department is currently conducting site surveys of the identified sites in an effort to ascertain whether they are ready to accommodate the connectivity when the rollout programme commences in quarter 2.



8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
None	None	None	None	None

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The 2013/14 financial year audit was unmodified. However, the following key matters were raised in the audit report for the Department to resolve in the 2014/15 financial year

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
1. Internal control		
1.1 Payment to suppliers not made within 30 days	2010/11	Management has put a process in place to ensure that budgeting is done correctly, monitoring of expenditure is also undertaken and there is constant tracking of invoices to ensure that they are all paid within the prescribed period.
2. Employee costs		
2.1 Performance agreements were signed later than 31 May 2013	2011/12	Management has put in place measures that will assist with the completion of performance agreements on time. For all instances of non-compliance disciplinary steps were instituted against the defaulters. All employees have submitted the performance agreements by 31 August 2014 in line with the DPSA directive.
2.2 No signed performance agreements in the performance file	2010/11	HRM is conducting regular checks and audits of files for completeness. Strict measures are implemented to deal with employees who do not comply with policies and processes.
2.3 Acting position on SMS level authorised without limitation	2011/12	The objective of the regulations is to ensure that the Department fill vacant positions instead of utilising officials in acting positions. The acting has since been capped to ensure that it complies with the Public Service Regulations.
3. Internal control		
3.1 Changes made to the annual financial statements after submission date	2013/14	A system has been put in place to ensure that inputs are obtained from different stake holders on time for completeness and compilation of Financial statements before submission for audit.

10. INTERNAL CONTROL UNIT

The Department does not have an Internal Control Unit. However, the functions of an Internal Control Unit have been allocated to different areas of the Department and consolidated by the Office of the Director-General. These functions include the development and maintenance of relevant internal controls systems and processes, policies and procedures, consolidated action plan to address weaknesses identified by both internal and external assurance providers, recommendations by various governance structures, etc.

Internal Audit Unit also provides an independent assurance on the effectiveness of the Department's internal control, financial and risk management systems and processes in terms of their approved internal audit plan.

The Audit and Risk Management Committees of the Department further provides an oversight on the effectiveness of internal controls, financial and risk management systems and processes.



11. INTERNAL AUDIT AND AUDIT COMMITTEES

The key objective of internal audit is to add value to the Department. The value add is through the development of a strategic and annual plan that is aligned to the Department's strategic imperatives, and it focuses on high risk areas. The Internal Audit Activity (IAA) reports administratively to the Accounting Officer and functionally to the Audit Committee. The IAA operates in terms of an approved IA Charter.

The IAA completed 80% of its planned audits due to capacity constraints. Control Self Assessment for the HR business unit was undertaken as a value add exercise and this activity had an impact on the completion of the plan as it was not provided for in the plan. No IT audits were conducted in the financial year under review, however the recent appointment of an IT auditor will ensure future IT audits. All vacant positions within the IAA were filled in December 2014 and January 2015, and it is envisaged that the IAA will achieve a 100% completion rate on its annual plans.

Key activities and objectives of the audit committee

- The Audit Committee (AC) is an independent governance structure established in terms of section 76 and 77 of the PFMA, and its key function is providing an oversight role on the systems of internal control, risk management and governance. The AC operates in accordance with written terms of reference (Audit Committee Charter), which deals adequately with its membership, authority and responsibility.
- The AC meets as and when necessary with the Executive Authority and the Auditor General. Attendance of audit committee meetings by audit committee members:

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date Resigned	No. of Meetings attended
Mr W. Huma (Chairperson)	LLD	External	n/a	09/09/2011	n/a	10
Adv Collen Weapond (Member)	LLB; MTech(Forensic Investigations)	External	n/a	01/07/2011	n/a	10
Mr T. Mofokeng (Member)	CA(SA)	External	n/a	01/08/2011	30/11/2014 (end of term)	4
Ms P. Mvulane (Member)	CA(SA)	External	n/a	01/04/2014	n/a	6
Ms K. Selane (Member)	CA(SA)	External	n/a	01/04/2014	n/a	4



12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2015.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

Internal Audit provides the Audit Committee and management with the assurance that the internal controls are appropriate and effective. This is achieved through a quarterly reporting process to management and the Audit Committee, as well as the identification of corrective actions and recommended enhancements to the controls and processes.

Based on the audits conducted by Internal Audit and presented at the Audit Committee meetings during 2013/14 financial year, the audit committee is of the opinion that the controls evaluated during those audits were adequate and effective for most of the areas tested. We do, however, emphasise that in certain instances controls were found to be partially effective and needed further improvements. Such control deficiencies are continuously being addressed by management through detailed action plans, which are monitored by Internal Audit and the Audit Committee for effective and timely implementation.

Internal Audit

The Audit Committee reviewed and approved the annual internal audit plan for 2013/2014 and monitored the performance of Internal Audit against the annual operational plan on a quarterly basis. The Audit Committee is of the opinion that the internal audit function needs to improve its effectiveness and address the risks applicable to the Department in its audits.

Risk Management

The Audit Committee has monitored on a quarterly basis the achievement of internal risk management milestones through the review of quarterly progress reports against the internal risk management implementation plan, and is not satisfied that the Department is making a significant progress in identifying and managing risks. Risk management reporting continues to be a standing agenda item for the Audit Committee to ensure effective risk management oversight. There is, however, still room for improvement in the risk management area.

In-Year Management and Monthly/Quarterly Reports

The Department has reported monthly and quarterly to National Treasury as required by the PFMA. The Audit Committee has reviewed the quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review and is satisfied with the content and quality thereof. There has been no improvement to the quality of performance information reports in the current year, mainly due to management not adhering to its commitment to implementing improvements recommended in the past year.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the audited financial statements to be included in the annual report, with the AGSA, the Accounting Officer and Management;
- reviewed the AGSA management report and management's response thereto;
- reviewed the Department's compliance with legal regulatory provisions;
- reviewed the financial statements for any significant adjustments resulting from the audit; and
- reviewed information on predetermined objectives to be included in the annual report.



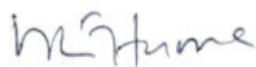
Auditor General's Report

The Audit Committee has met and discussed with the Auditor-General South Africa their report, to ensure that there are no unresolved findings. We have also reviewed the Department's implementation plan for the audit findings raised in the AGSA management report. Continuous oversight will be exercised to ensure that all findings are adequately addressed.

Conclusion

The Audit Committee is once again concerned at the continued lack of performance on the part of the Department. This is the fourth year in a row that the Department has failed to achieve a significant percentage of its planned targets. The Audit Committee once again urges management to implement and adhere to the relevant policies and procedures applicable to performance information monitoring and reporting as well as an action plan that addresses the non-achievement of targets on a monthly basis so that the problems of non-performance can be arrested timeously. The Audit Committee also urges the Department to hold relevant members of management accountable for the non-achievement of their targets in their particular areas.

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



Mr William Huma
Chairperson of the Audit Committee
Department of Telecommunications and Postal Services
14 August 2015



PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all Departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

The status of human resources in the Department.

The Department has an approved structure that is implemented. As on 31 March 2015, 301 positions are filled, and 39 are vacant and funded.

Human resource priorities for the year under review and the impact of these.

- Filling of critical vacant positions, especially in the SMS prioritized.
- Finalization of the National Macro Organization of the State (NMOS) process.
- Verification of qualifications exercise undertaken.

Workforce planning and key strategies to attract and recruit a skilled and capable workforce.

- The Department has an approved HR Plan.
- Vacancies were filled according to prioritized needs.
- Training and development are done in line with the Workplace Skills plan.

Employee performance management.

- The Department has a Performance Management System that is implemented successfully. Quality Assurance is done by HRD for alignment of Performance Agreements to the Annual Performance Plan and Business plans.
- Performance Review documents, bi-annual and annual, are also quality assured for alignment with the Performance Agreements.

Employee wellness programmes.

The Department has engaged the services of a service provider to provide Employee Assistance Programmes. The Department subscribes to the National Calendar of Events.

Highlight achievements and challenges faced by the Department, as well as future human resource plans /goals.

Achievements

- Priority positions filled.
- NMOS process finalized, and implemented.

Challenges

- Inability to fill the CFO position, due to staff turnover in this position.
- Difficulty in attracting critical, scarce skills with the required competencies in the Broadband and Spectrum environments. Department is unable to compete with market related salaries for employees in this specific fields.

Future plans/ goals

The Department will be embarking on the review of the Service Delivery Model in line with the revised mandate.



3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2014 and 31 March 2015

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Programme 1: Administration	226 641	86 311	2 975	3 553	38.1	287
Programme 2: ICT International Affairs	45 431	14 775	157	67	32.5	49
Programme 3: Policy, Research and Capacity Development	78 183	49 870	3 662	13 224	63.8	166
Programme 4: ICT Enterprise Development and SOE Oversight	785 781	14 541	58	968	1.9	48
Programme 5: ICT Infrastructure Support	1 045 640	18 433	52	31 244	1.8	61
Total	2 181 676	183 930	6 905	49 056	8.4	611

Table 3.1.2 Personnel costs by salary band for the period 1 April 2014 and 31 March 2015

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (level 3-5)	2 879	1.6	14	206
Highly skilled production (levels 6-8)	24 871	13.5	79	315
Highly skilled supervision (levels 9-12)	56 451	30.7	105	538
Senior and Top management (levels 13-16)	82 878	45.1	84	987
Contract (Levels 1-2)	983	0.5	0	0
Contract (Levels 3-5)	335	0.2	2	168
Contract (Levels 6-8)	1 080	0.6	2	540
Contract (Levels 9-12)	2 950	1.6	4	738
Contract (Levels 13-16)	11 140	6.1	10	1 114
Periodical Remuneration	364	0.2	1	364
Total	183 930	100	301	611



Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2014 and 31 March 2015

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Programme 1: Administration	64 836	79.5	127	0.2	1 173	1.4	2 033	2.5
Programme 2: ICT International Affairs	11 754	77.3	13	0.1	252	1.7	382	2.5
Programme 3: ICT Policy, Research and Capacity Development	40 638	80.7	0	0	746	1.5	1 163	2.3
Programme 4: ICT Enterprise Development and SOE Oversight	10 655	80.5	0	0	203	1.5	343	2.6
Programme 5: ICT Infrastructure Support	19 203	81	2	0	250	1.1	520	2.2
Total	147 086	79.9	142	0.1	2 624	1.4	4 441	2.4

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2014 and 31 March 2015

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	0	0	0	0	0	0	0	0
Skilled (level 3-5)	1 905	66.3	21	0.7	151	5.3	253	8.8
Highly skilled production (levels 6-8)	17 811	71.9	57	0.2	797	3.2	1 245	5
Highly skilled supervision (levels 9-12)	44 029	78.3	53	0.1	718	1.3	1 544	2.7
Senior management (level 13-16)	69 157	83.1	0	0	933	1.1	1 238	1.5
Contract (Levels 1-2)	962	96.5	11	1.1	0	0	0	0
Contract (Levels 3-5)	319	96.4	0	0	0	0	0	0
Contract (Levels 6-8)	897	83.2	0	0	22	2	50	4.6
Contract (Levels 9-12)	2 131	72.1	0	0	3	0.1	37	1.3
Contract (Levels 13-16)	9 876	88.4	0	0	0	0	75	0.7

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Periodical Remuneration	0	0	0	0	0	0	0	360
Total	147 087	79.9	142	0.1	2 624	1.4	4 442	2.4

3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

- programme;
- salary band; and
- critical occupations (see definition in notes below).

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

Table 3.2.1 Employment and vacancies by programme as on 31 March 2015

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Programme 1: Administration	172	153	11	0
Programme 2: ICT International Affairs	22	19	13.6	0
Programme 3: Policy, Research and Capacity Development	86	76	11.6	1
Programme 4: ICT Enterprise Development and SOE Oversight	29	25	13.8	0
Programme 5: ICT Infrastructure Support	31	28	9.7	0
Total	340	301	11.5	1

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2015

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	0	0	0	0
Skilled(3-5)	16	14	12.5	0
Highly skilled production (6-8)	84	79	6	0
Highly skilled supervision (9-12)	120	105	12.5	0



Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Senior management (13-16)	101	84	16.8	0
Contract (Levels 3-5)	2	2	0	0
Contract (Levels 6-8)	2	2	0	0
Contract (Levels 9-12)	4	4	0	0
Contract (Levels 13-16)	11	11	0	1
Total	340	301	11.5	1

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2015

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	77	66	14.3	0
Communication and Information Related	4	4	0	0
Finance and Economics Related	2	2	0	0
Financial and related professionals	8	8	0	0
Financial clerks and credit controllers	1	1	0	0
Human resources & organisational development & related professionals	9	7	22.2	0
Human resources clerks	1	1	0	0
Human resources related	8	8	0	0
Information technology related	4	4	0	0
Language practitioners interpreters & other communication related	5	5	0	0
Library mail and related clerks	7	6	14.3	0
Light vehicle drivers	1	1	0	0
Logistical support personnel	13	13	0	0
Messengers porters and deliverers	4	3	25	0
Other administrative & related clerks and organisers	60	58	3.3	0
Other information technology personnel	8	7	12.5	0
Other occupations	2	2	0	0
Risk management and security services	1	1	0	0



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Secretaries & other keyboard operating clerks	23	21	8.7	0
Senior Managers	102	83	18.6	1
Total	340	301	11.5	1

3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 16 (include DG, Minister, Deputy Minister and Special Advisors)	5	5	100	0	0
Salary Level 15	7	5	71.4	2	28.6
Salary Level 14	31	27	87.1	4	12.9
Salary Level 13	69	57	82.6	12	17.4
Total	112	94	84	18	16

Table 3.3.2 SMS post information as on 30 September 2014

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 16 (include DG, Minister, Deputy Minister and Special Advisors)	5	4	80	1	20
Salary Level 15	7	7	100	0	0
Salary Level 14	31	26	83.9	5	16.1
Salary Level 13	69	55	79.7	14	20.3
Total	112	92	82.1	20	17.9



Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2014 and 31 March 2015

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant (FUNDED PRIORITIZED POSTS ADVERTISED DURING THIS PERIOD)	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	1	0	0
Salary Level 14	6	1	0
Salary Level 13	14	2	9
Total	21	3	9

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2014 and 31 March 2015

Reasons for vacancies not advertised within six months
Some of the positions were newly created post on the establishment. Due to insufficient funds under Compensation of Employees, these positions could not be funded and filled.

Reasons for vacancies not advertised within twelve months
None

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2014 and 31 March 2015

Reasons for vacancies not advertised within twelve months
None

Reasons for vacancies not advertised within six months
None



3.4 Job Evaluation

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

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2014 and 31 March 2015

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	37	1 (DPSA Bench-mark)	2.7	0	0	0	0
Highly skilled production (Level 6)	0	0	0	0	0	0	0
Highly skilled production (Level 7) (Administrative)	113	4	3.5	4	3.5	0	0
Highly skilled production (Level 7) (Secretarial)	43 (Secretary posts)	1 (DPSA Bench mark)	2.3	0	0	43 (from salary level 8 to 7 – in line with DPSA Bench-mark)	2.3
Highly skilled production (Level 8)	48	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	239	80	33.5	0	0	0	0
Senior Management Service Band A	97	0	0	0	0	0	0
Senior Management Service Band B	43	17	39.5	0	0	0	0
Senior Management Service Band C	10	0	0	0	0	0	0
Senior Management Service Band D (include Minister and Deputy Minister)	3	0	0	0	0	0	0
Total	633	103	16.3	4	3.5	43	2.3

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



Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2014 and 31 March 2015

Gender	African	Asian	Coloured	White	Total
Female	2	0	0	0	2
Male	1	0	0	0	1
Total	3	0	0	0	3

Employees with a disability	0
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2014 and 31 March 2015

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Clerical	17	5	6	These jobs were previously not correctly aligned with the DPSA Coordinated and Benchmark jobs but however currently these jobs have been correctly aligned within the new organisational structure.
Secretarial	22	7	8	
Total number of employees whose salaries exceeded the level determined by job evaluation				39
Percentage of total employed				48.8

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2014 and 31 March 2015

Gender	African	Asian	Coloured	White	Total
Female	25	0	5	2	32
Male	6	0	1	0	7
Total	31	0	6	2	39

Employees with a disability	0	0	0	0	0
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3.5 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 and critical occupations (see definition in notes below).



Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2014 and 31 March 2015

Salary band	Number of employees at beginning of period 1 April 2014	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels3-5)	14	0	0	0
Highly skilled production (Levels 6-8)	81	1	1	1.2
Highly skilled supervision (Levels 9-12)	102	6	5	4.9
Senior Management Service Bands A	54	4	4	7.4
Senior Management Service Bands B	22	3	1	4.5
Senior Management Service Bands C	7	0	2	28.6
Senior Management Service Bands D	2	1	1	50
Contract (Levels 1-2)	27	0	27	100
Contract (Levels 3-5)	3	0	1	33.3
Contract (Levels 6-8)	3	1	2	66.7
Contract (Levels 9-12)	10	4	10	100
Contract (Band A)	2	3	1	50
Contract (Band B)	3	1	1	33.3
Contract (Band C)	0	1	1	0
Contract (Band D)	3	1	1	33.3
Total	333	26	58	17.4

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2014 and 31 March 2015

Critical occupation	Number of employees at beginning of period- April 2014	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative Related	74	7	12	16.2
Client Information Clerks (Switchboard, Reception, Information Clerks)	2	0	0	0
Communication and Information Related	2	0	0	0
Finance and Economics Related	2	0	0	0
Finance and Related Professionals	6	0	0	0
Finance clerks and credit controllers	1	0	0	0
General legal administration & Related Professionals	1	0	0	0
Other Occupations (Minister and Deputy Minister)	2	1	1	50
Human Resources and Organisational Development	9	0	1	11.1
Human Resources Clerks	1	0	0	0
Human Resources Related	7	0	0	0
Information Technology Related	3	1	0	0



Critical occupation	Number of employees at beginning of period- April 2014	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Language Practitioners Interpreters and Other Communication Related	5	0	0	0
Library Mail and Related Clerks	7	0	1	14.3
Light Vehicle Driver	1	0	0	0
Logistical Support Personnel	12	0	0	0
Messengers, Porters and Deliverers	3	0	0	0
Other Administrative and Related Clerks and Organisers	100	4	31	31
Other Information Technology Personnel	7	0	0	0
Risk Management and Security Services	1	0	0	0
Secretaries and other Keyboard Operating Clerks	5	0	2	40
Senior Managers	82	13	10	12.2
TOTAL	333	26	58	17.4

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

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2014 and 31 March 2015

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	12	20.7
Expiry of contract	42	72.4
Dismissal – operational changes	0	0
Dismissal – misconduct	3	5.2
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	1.7
Transfer to other Public Service Departments	0	0
Other	0	0
Total	58	100
Total number of employees who left as a % of total employment		17.6



Table 3.5.4 Promotions by critical occupation for the period 1 April 2014 and 31 March 2015

Occupation	Employees 1 April 2014	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	74	4	5.4	42	56.8
Client Information Clerks (Switchboard, Reception, Information Clerks)	2	0	0	0	0
Communication and Information Related	2	0	0	1	50
Finance and Economics Related	2	0	0	1	5
Finance and Related Professionals	6	2	33.3	4	66.7
Finance clerks and credit controllers	1	0	0	0	0
General legal administration & Related Professionals	1	0	0	0	0
Other Occupations (Minister and Deputy Minister)	2	0	0	0	0
Human Resources and Organisational Development	9	1	11.1	6	66.7
Human Resources Clerks	1	0	0	1	100
Human Resources Related	7	0	0	6	85.7
Information Technology Related	3	0	0	1	33.3
Language Practitioners Interpreters and Other Communication Related	5	0	0	2	40
Library Mail and Related Clerks	7	0	0	4	57.1
Light Vehicle Driver	1	0	0	0	0
Logistical Support Personnel	12	1	8.3	7	58.3
Messengers, Porters and Deliverers	3	0	0	4	133.3
Other Administrative and Related Clerks and Organisers	100	4	4	42	42
Other Information Technology Personnel	7	0	0	7	100
Risk Management and Security Services	1	0	0	1	100
Secretaries and other Keyboard Operating Clerks	5	0	0	19	380



Occupation	Employees 1 April 2014	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Senior Managers	82	4	4.8	3	3.7
TOTAL	333	16	4.8	151	45.3

Table 3.5.5 Promotions by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	Employees 1 April 2014	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	1	0	0	0	0
Skilled (Levels3-5)	14	0	0	13	108.3
Highly skilled production (Levels 6-8)	81	1	1.2	60	74
Highly skilled supervision (Levels 9-12)	102	10	9.8	72	70.6
Senior Management (Level 13-16)	84	5	6	3	3.6
Contract (Levels 1-2)	27	0	0	0	0
Contract (Levels 3-5)	3	0	0	0	0
Contract (Levels 6-8)	3	0	0	3	100
Contract (Levels 9-12)	10	0	0	0	0
Contract (Levels 13-16)	8	0	0	0	0
Total	333	16	4.8	151	45.3



3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	41	3	3	5	28	1	2	1	84
Professionals	13	0	0	1	24	2	1	6	47
Technicians and associate professionals	33	0	1	5	34	1	2	3	79
Clerks	20	2	0	0	53	8	1	4	88
Elementary occupations	3	0	0	0	0	0	0	0	3
Total	110	5	4	11	139	12	6	14	301
Employees with disabilities	3	0	0	0	1	1	0	0	5

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	5	0	0	0	1	0	0	0	6
Senior Management	34	2	3	5	30	1	3	0	78
Professionally qualified and experienced specialists and mid-management	40	0	0	6	46	4	2	7	105
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	15	2	1	0	48	6	1	6	79
Semi-skilled and discretionary decision making	7	0	0	0	6	1	0	0	14
Contract (Top Management)	1	1	0	0	1	0	0	1	4
Contract (Senior Management)	6	0	0	0	1	0	0	0	7
Contract (Professionally qualified)	0	0	0	0	4	0	0	0	4
Contract (Skilled technical)	1	0	0	0	1	0	0	0	2



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Semi-skilled)	1	0	0	0	1	0	0	0	2
Total	110	5	4	11	139	12	6	14	301

Table 3.6.3 Recruitment for the period 1 April 2014 to 31 March 2015

Occupational band	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	4	0	1	0	7
Professionally qualified and experienced specialists and mid-management	5	0	0	0	1	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract (Top Management)	0	1	0	0	0	0	0	1	2
Contract (Senior Management)	3	0	0	0	1	0	0	0	4
Contract (Professionally qualified)	0	0	0	0	4	0	0	0	4
Contract (Skilled Technical)	1	0	0	0	0	0	0	0	1
Total	12	1	0	0	11	0	1	1	26
Employees with disabilities	0	0	0	0	0	0	0	0	0



Table 3.6.4 Promotions for the period 1 April 2014 to 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
<i>Top Management</i>	0	0	0	0	0	0	0	0	0
Senior Management	2	0	1	1	4	0	0	0	8
Professionally qualified and experienced specialists and mid-management	34	0	0	4	35	4	2	3	82
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	11	0	0	0	41	4	2	3	61
Semi-skilled and discretionary decision making	6	0	0	0	6	1	0	0	13
Unskilled and defined decision making	2	0	0	0	1	0	0	0	3
Total	55	0	1	5	87	9	4	6	167
<i>Employees with disabilities</i>	1	0	0	0	1	0	0	0	2

Table 3.6.5 Terminations for the period 1 April 2014 to 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	1	1	0	0	0	0	0	3
Senior Management	3	0	0	0	2	0	0	0	5
Professionally qualified and experienced specialists and mid-management	3	0	0	1	1	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	1	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract (Top Management)	0	0	0	1	0	0	0	1	2



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Senior Management)	0	0	1	0	1	0	0	0	2
Contract (Professionally qualified)	2	0	0	0	6	1	0	1	10
Contract (Skilled technical)	1	0	0	0	1	0	0	0	2
Contract (Semi-skilled)	0	0	0	0	1	0	0	0	1
Contract (Unskilled)	18	0	0	0	9	0	0	0	27
Total	28	1	2	2	21	1	0	3	58
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2014 to 31 March 2015

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary Hearings	11	0	1	0	5	0	0	0	17

Table 3.6.7 Skills development for the period 1 April 2014 to 31 March 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	18	0	1	2	23	1	1	0	46
Professionals	15	0	0	1	17	0	1	2	36
Technicians and associate professionals	1	0	0	0	1	0	0	0	2
Clerks	14	0	0	0	26	0	0	0	40
Total	48	0	1	3	67	1	2	2	124
Employees with disabilities	1	0	0	0	1	1	0	0	3



3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2014

NB: It should, however, be noted that due to the general 2014 national elections, the DPSA issued a circular to all Departments to extend the due date for the submission of the PAs to 31 August 2014. Therefore, the stats on submission of PAs by SMS members is based on the 31 August 2014.

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Salary Level 16 (include DG, Minister, Deputy Minister and Special Advisors)	5	5	0	0
Salary Level 15	7	5	5	100
Salary Level 14	31	27	22	81.5
Salary Level 13	69	57	46	81
Total	112	94	73	78

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2015

Reasons
Most SMS members were appointed after 31 August 2014

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 August 2014

Reasons
Written warning letters were issued to SMS members who did not conclude their PAs by 31 August 2014. However, it should be noted that letters were issued to those SMS members who were in the post by 31 August 2014.



3.8 Performance Rewards

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2014 to 31 March 2015

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	37	110	34.6	474	12 803
Female	75	139	54.3	1 023	13 637
Asian					
Male	1	4	25	10	10 060
Female	3	6	50	30	9 959
Coloured					
Male	0	5	0	0	0
Female	11	12	100	141	12 855
White					
Male	7	11	63.6	115	16 383
Female	12	14	85.7	136	11 331
Total	148	301	49.2	1950	13 179

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2014 to 31 March 2015

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	7	14	50	29	4 143	1
Highly skilled production (level 6-8)	59	79	74.7	563	9 542	2.3
Highly skilled supervision (level 9-12)	79	105	75.2	1 275	16 139	2.3
Contract (Levels 3-5)	0	2	0	0	0	0
Contract (Levels 6-8)	0	2	0	0	0	0
Contract (Levels 9-12)	0	4	0	0	0	0



Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Periodical Remuneration	0	0	0	0	0	0
Total	145	206	70	1 867	12 876	2.1

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2014 to 31 March 2015

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative Related	45	66	68.2	790	17 556
Communication and Information Related	1	4	25	5	5 000
Finance and Economics Related	1	2	50	25	25 000
Financial and related professionals	5	8	62.5	50	10 000
Financial clerks and credit controllers	0	1	0	0	0
Human resources & organisational development & related professionals	7	7	100	74	10 571
Human resources clerks	0	1	0	0	0
Human resources related	4	8	50	82	20 500
Information technology related	3	4	75	43	14 333
Language practitioners interpreters & other communication related	5	5	100	61	12 200
Library mail and related clerks	3	6	50	11	3 667
Light vehicle drivers	0	1	0	0	0
Logistical support personnel	9	13	69.2	90	10 000
Messengers porters and deliverers	1	3	33.3	4	4 000
Other administrative & related clerks and organisers	37	58	63.8	386	10 432
Other information technology personnel	7	7	100	62	8 857
Other occupations	0	2	0	0	0
Risk management and security services	1	1	100	10	10 000
Secretaries & other keyboard operating clerks	17	21	81	199	11 706
Senior Managers	2	83	2.4	58	29 000
Total	148	301	49.2	1 950	13 176



Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2014 to 31 March 2015

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	3	58	5.2	83	27 667	0.2
Band B	0	27	0	0	0	0
Band C	0	5	0	0	0	0
Band D	0	5	0	0	0	0
Total	3	95	3.2	83	27 667	0.2

3.9 Foreign Workers

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2014 and 31 March 2015

Salary band	01 April 2014		31 March 2015		Change	
	Number	% of total	Number	% of total	Number	% Change
None						

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2014 and 31 March 2015

Major occupation	01 April 2014		31 March 2015		Change	
	Number	% of total	Number	% of total	Number	% Change
None						



3.10 Leave utilisation

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

Table 3.10.1 Sick leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	112	63.4	11	4.4	10	76
Highly skilled production (levels 6-8)	626	76	70	28.2	9	726
Highly skilled supervision (levels 9 -12)	600	74.5	83	33.5	7	1 264
Top and Senior management (levels 13-16)	383	85.6	56	22.6	7	1 297
Contract (Levels 1-2)	75	64	18	7.3	4	27
Contract (Levels 6-8)	23	95.7	4	1.6	6	26
Contract (Levels 9-12)	30	96.7	4	1.6	8	53
Contract (Levels 13-16)	6	33.3	2	0.8	3	21
Total	1855	76.7	248	100	7	3 490

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2014 to 31 December 2014

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	40	100	2	33.3	20	56
Highly skilled supervision (Levels 9-12)	126	100	2	33.3	63	220
Senior management (Levels 13-16)	12	100	2	33.3	6	39
Total	178	100	6	100	30	315

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



Table 3.10.3 Annual Leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	352	14	25
Highly skilled production (Levels 6-8)	2049	81	25
Highly skilled supervision(Levels 9-12)	2575	106	24
Senior management (Levels 13-16)	2226.25	89	25
Contract (Levels 1-2)	301	29	10
Contract (Levels 3-5)	45	3	15
Contract (Levels 6-8)	60	4	15
Contract (Levels 9-12)	99	11	9
Contract (Levels 13-16)	117	11	11
Total	7824.25	348	22

Table 3.10.4 Capped leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 December 2014
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	1	1	1	10
Highly skilled supervision(Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	36	2	18	35
Total	37	3	12	25

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

Table 3.10.5 Leave payouts for the period 1 April 2014 and 31 March 2015

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2014/2015 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2014/15	425	17	25 000
Current leave payout on termination of service for 2014/15	359	15	23 933
Total	784	32	24 500



3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 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
There is no specific category of employees who are at high risk of contracting HIV and related diseases	<ul style="list-style-type: none"> • Health checks (screening and testing) conducted bi-annually. • Reviewed the HIV and AIDS and TB Management policy. • Advocacy of HIV and related diseases as well as the commemoration of HIV related world and national events. • Confidential counselling services and support made accessible. • Distribution of male and female condoms.

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		Director: Employee Relations and Organizational 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.	✓		<ul style="list-style-type: none"> • Two employees • Annual budget of R250 000. 00
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.	✓		<ul style="list-style-type: none"> • Short-term counselling for eligible employees and their immediate family members. • Referral services for employees and managers. • HIV and AIDS and TB education, counselling and support services. • On-line wellness management programme. • Life management services. • Critical incident services (trauma counselling). • Marketing and communications.
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.		✓	
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.	✓		<p>The following policy is due for consultation before approval:</p> <ul style="list-style-type: none"> • HIV and AIDS and TB Management Policy • Wellness Management Policy • SHERQ Policy • Health and Productivity Management Policy • Sports and Recreation Policy
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.	✓		<ul style="list-style-type: none"> • HIV and AIDS and TB management policy reviewed. • HIV and AIDS awareness and education conducted promotion of VCT. • HR policies, conditions of services and benefits reviewed to be HIV sensitive. • Promotion of confidentiality and accommodation. • Disciplinary actions instituted against perpetrator of discrimination.



Question	Yes	No	Details, if yes
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	✓		<ul style="list-style-type: none"> • Employees encouraged to undergo voluntary counselling and testing during the wellness day held on the 11th July and on the 01st December 2014 during the World Aids day. • 11 July : 46 VCT conducted • 01 December: 28 VCT conducted
8. Has the Department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	✓		Monthly reports received from ICAS and meeting held to discuss emerging trends with the appointed service provider.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2014 and 31 March 2015

Subject matter	Date
None	

Total number of Collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2014 and 31 March 2015

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	3	75
Not guilty	0	0
Case withdrawn	1	25
Total	4	100

Total number of Disciplinary hearings finalised	4
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Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2014 and 31 March 2015

Type of misconduct	Number	% of total
Non-compliance with procurement procedures	13	76.5
Misrepresentation of academic qualifications	1	5.8
Irregular expenditure and gross insubordination	1	5.9
Giving false statements in the execution of duties	1	5.9
Non-compliance with Recruitment and Selection policies and irregular awarding of salaries.	1	5.9
Total	17	100

Table 3.12.4 Grievances logged for the period 1 April 2014 and 31 March 2015

Grievances	Number	% of Total
Number of grievances resolved	6	85.7
Number of grievances not resolved	1	14.3
Total number of grievances lodged	7	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2014 and 31 March 2015

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	8	100
Total number of disputes lodged	8	100

Table 3.12.6 Strike actions for the period 1 April 2014 and 31 March 2015

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2014 and 31 March 2015

Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	180
Cost of suspension(R'000)	R514 052-00



3.13 Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2014 and 31 March 2015

Occupational category	Gender	Number of employees as at 1 April 2014	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	28	0	54	24	78
	Male	55	0	61	31	92
Professionals	Female	33	0	36	15	51
	Male	11	0	21	12	33
Technicians and associate professionals	Female	43	0	7	1	8
	Male	43	0	6	0	6
Clerks	Female	78	0	77	20	97
	Male	39	0	22	3	25
Elementary Occupations	Female	0	0	0	0	0
	Male	3	0	0	0	0
Sub Total	Female	182	0	174	60	234
	Male	151	0	110	46	156
Total		333	0	284	106	390

Table 3.13.2 Training provided for the period 1 April 2014 and 31 March 2015

Occupational category	Gender	Number of employees as at 1 April 2014	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	28	0	26	11	37
	Male	55	0	12	12	24
Professionals	Female	33	0	34	11	45
	Male	11	0	36	9	45
Technicians and associate professionals	Female	43	0	0	1	1
	Male	43	0	3	0	3
Clerks	Female	78	0	30	12	42
	Male	39	0	22	6	28
Elementary Occupations	Female	0	0	0	0	0
	Male	3	0	0	0	0



Occupational category	Gender	Number of employees as at 1 April 2014	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Sub Total	Female	182	0	90	35	125
	Male	151	0	73	27	100
Total		333	0	163	62	225

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2014 and 31 March 2015

Nature of injury on duty	Number	% of total
Required basic medical attention only		
Temporary Total Disablement	1	100
Permanent Disablement		
Fatal		
Total	1	100

3.15 Utilisation of Consultants

The following tables relate information on the utilisation of consultants in the Department. In terms of the Public Service Regulations "consultant" means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a Department against remuneration received from any source:

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a Department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2014 and 31 March 2015

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Appointment of specialist policy writer to render writing expertise for the discussion paper, recommendations reports and the integrated ICT policy white paper	1	7 months	R400 571.00
General support to the Department of Communications on the implementation of the Broadband strategy	4	12 months	R3 247 603.00
Facilitate the establishment of a Cybersecurity Hub	4	4 months	R5 087 706.00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
3	9	23 months	R8 735 880.00

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2014 and 31 March 2015

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None	None	None	None

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2014 and 31 March 2015

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
None			

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2013 and 31 March 2014

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None	None	None	None



3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2014 and 31 March 2015

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by Department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision(Levels 9-12)	1	0	0	0
Senior management (Levels 13-16)	1	0	0	0
Total	2	0	0	0



PART E

FINANCIAL INFORMATION



Report of the Auditor-General to Parliament on Vote No. 27: Department of Communications

Report on the Financial Statements

Introduction

1. I have audited the financial statements of the Department of Communications set out on pages 151 to 229, which comprise the appropriation statement, the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's Responsibility for the Financial Statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard prescribed by the National Treasury, and the requirements of the Public Financial Management Act of South Africa, (Act No 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's Responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Communications as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard and the requirements of the PFMA.

Emphasis of matter

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

Restatement of corresponding figures

8. As disclosed in note 34 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of an error discovered during year ended 31 March 2015 in the financial statements of the Department of Communications at, and for the year ended, 31 March 2014.



Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof. I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the Department for the year ended 31 March 2015:
- Programme 2: ICT International affairs on pages 35 to 54
 - Programme 3: Policy, research and capacity development on pages 55 to 75
 - Programme 4: Broadcasting and communications regulation and support on pages 76 to 84
 - Programme 5: ICT Infrastructure support on pages 85 to 99
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (MFPP)*.
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2: ICT International affairs
 - Programme 3: Policy, research and capacity development
 - Programme 4: Broadcasting and communications regulation and supports
 - Programme 5: ICT Infrastructure support

Additional matters

15. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

16. Refer to the annual performance report on pages 26 to 103 for information on the achievement of the planned targets for the year.

Unaudited supplementary schedules

17. The supplementary information set out on pages 230 to 250 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.



Compliance with legislation

18. I performed procedures to obtain evidence that the Department had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Expenditure management

19. Contractual obligations were not settled within 30 days, as required by section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3.

Financial statements, performance and annual reports

20. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section (4)(1)(b) of the PFMA. Material misstatements of expenditure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Human resource management

21. A human resource plan was not in place as required by Public Service Regulation 1/III/B.2(d).

Internal control

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Leadership

23. Inadequate consistent oversight over compliance with laws and regulations and complete, accurate financial reporting.

Financial and performance management

24. Management did not have adequate processes and capacity in place to ensure that all financial reporting matters are addressed timeously to enable complete and accurate financial statements.

Other reports

Investigations

25. Investigations initiated in terms of presidential proclamations and conducted by the Special Investigative Unit (SIU) were still in progress at the end of the financial year. These proclamations referred to tender irregularities, incorrect processes followed for recruitment of an official and improper and unlawful conduct by officials. Some of the matters as included in the proclamation had already been finalised.

Auditor-General

Pretoria

31 July 2015



Vote No. 27: Department of Communications

Accounting Policies

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The financial statements have been prepared on a going concern basis.

3. Presentation currency

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

4. Rounding

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

5. Foreign currency translation

Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment/receipt.

6. Comparative information

6.1 Prior period comparative information

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

6.2 Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.



7. Revenue

7.1 Appropriated funds

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

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

The net amount of any appropriated funds due to/from the relevant revenue fund at the reporting date is recognised as a payable/receivable in the statement of financial position.

7.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3 Accrued Departmental revenue

Accruals in respect of Departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

8. Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment.

8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.



8.3 Accrued expenditure payable

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the Department.

Accrued expenditure payable is measured at cost.

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9. Aid Assistance

9.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

9.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

10. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.



11. Prepayments and advances

- Prepayments and advances are recognised in the statement of financial position when the Department receives or disburses the cash.
- Prepayments and advances are initially and subsequently measured at cost.
- Prepayments and advances are expensed when invoices/claims are received for goods/services delivered/rendered.

12. Loans and receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

13. Investments

Investments are recognised in the statement of financial position at cost.

14. Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

15. Payables

Loans and payables are recognised in the statement of financial position at cost.

16. Capital assets

16.1 Immovable capital assets

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another Department in which case the completed project costs are transferred to that Department.

16.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.



Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another Department/entity in which case the completed project costs are transferred to that Department.

16.3 Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the Department commences the development phase of the project.

Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another Department/entity in which case the completed project costs are transferred to that Department.

17. Provisions and Contingents

17.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

17.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.



17.4 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

18. Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

20. Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine, in which case reasons therefore are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

21. Changes in accounting policies, accounting estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

22. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

23. Capitalisation reserve

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

24. Recoverable revenue

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



Communications – Vote 27

Appropriation Statement

for the year ended 31 March 2015

Appropriation per programme		2014/15							2013/14	
		Adjusted Appropriation R'000	Shifting of Funds	Virement	Final Appropriation R'000	Actual Expenditure R'000	Variance	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Voted funds and Direct charges										
Programme										
1.	Administration	230 399	-	7 126	237 525	226 641	10 884	95.4%	212 084	210 443
2.	International Affairs	36 817	-	8 850	45 667	45 431	236	99.5%	36 664	41 405
3.	Policy, Research and Capacity Development	121 029	-	(9 682)	111 347	78 183	33 164	70.2%	88 965	88 794
4.	ICT Enterprise Development and SOE Oversight	742 412	-	44 190	786 602	785 781	821	99.9%	759 009	746 749
5.	ICT Infrastructure Support	1 106 000	-	(50 484)	1 055 516	1 045 640	9 876	99.1%	1 275 395	1 275 395
	TOTAL	2 236 657	-	-	2 236 657	2 181 676	54 981	97.5%	2 372 117	2 362 786

Communications – Vote 27

Appropriation Statement

for the year ended 31 March 2015

Appropriation per programme		2014/15					2013/14		
Voted funds and Direct charges	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				1 672 004				1 711 942	
NRF Receipts				-				-	
Aid assistance				-				-	
				3 908 661				4 084 059	
Actual amounts per Statement of Financial Performance (Total Revenue)									
Add:									
Aid assistance									-
Prior year unauthorised expenditure approved without funding									-
									2 181 676
Actual amounts per Statement of Financial Performance Expenditure									2 362 786



Appropriation per economic classification									
	2014/15							2013/14	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current payments	524 668	(7 912)	(53 070)	463 686	418 316	45 370	90.2%	757 983	767 572
Compensation of employees	204 599	(1 850)	-	202 749	183 930	18 819	90.7%	169 683	169 682
Goods and services	320 069	(6 062)	(53 070)	260 937	234 835	26 552	89.9%	588 294	597 884
Interest and rent on land	-	-	-	-	-	-	-	6	6
Transfers and subsidies	1 704 520	7 548	50 121	1 762 189	1 752 580	9 609	99.5%	1 608 417	1 591 933
Provinces and municipalities	-	9	-	9	9	-	100.0%	9	9
Departmental agencies and accounts	1 322 386	935	(1 678)	1 321 643	1 321 643	-	100.0%	788 379	786 547
Foreign governments and international organisations	16 161	-	7 799	23 960	23 724	236	99.0%	16 161	20 902
Public corporations and private enterprises	365 973	6 027	44 000	416 000	406 627	9 373	97.7%	802 471	783 078
Non-profit institutions	-	110	-	110	110	-	100.0%	399	399
Households	-	467	-	467	467	-	100.0%	998	998

Appropriation per economic classification		2014/15							2013/14	
		Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Payments for capital assets	7 469	1	2 949	10 419	10 418	1	100.0%	5 162	2 726	
Machinery and equipment	5 469	1 943	2 803	10 215	10 213	2	100.0%	5 090	2 654	
Software and other intangible assets	2 000	(1 942)	146	204	205	(1)	100.3%	72	72	
Payment for financial assets	-	363	-	363	363	-	100.0%	555	555	
TOTAL	2 236 657	-	-	2 236 657	2 181 676	54 981	97.5%	2 372 117	2 362 786	



Sub-programme: 1.1: Ministry											
2014/15											2013/14
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Economic classification											
Current payments	4 103	-	-	4 103	4 056	47	98.9%	3 668	3 668		
Compensation of employees	4 103	-	-	4 103	4 056	47	98.9%	3 668	3 668		
Total	4 103	-	-	4 103	4 056	47	98.9%	3 668	3 668		



Sub-programme: 1.2: Departmental Management									
	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	39 767	7 720	15 038	62 525	62 524	1	100.0%	43 008	43 007
Compensation of employees	17 332	7 720	-	25 052	25 051	1	100.0%	22 734	22 733
Goods and services	22 435	-	15 038	37 473	37 473	-	100.0%	20 274	20 274
Transfers and subsidies	-	191	-	191	191	-	100.0%	35	36
Public corporations and private enterprises	-	14	-	14	14	-	100.0%	-	-
Non-profit institutions	-	110	-	110	110	-	100.0%	-	-
Households	-	67	-	67	67	-	100.0%	35	36
Payments for capital assets	605	1 999	461	3 065	3 065	-	100.0%	419	419
Machinery and equipment	605	1 999	461	3 065	3 065	-	100.0%	419	419
Total	40 372	9 910	15 499	65 781	65 781	-	100.0%	43 462	43 462

Sub-programme: 1.3: Internal Audit		2014/15							2013/14	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 451	1 205	-	5 656	5 656	-	-	100.0%	3 743	3 743
Compensation of employees	3 222	1 574	-	4 796	4 796	-	-	100.0%	2 757	2 757
Goods and services	1 229	(369)	-	860	860	-	-	100.0%	986	986
Transfers and subsidies	-	2	-	2	2	-	-	100.0%	26	26
Households	-	2	-	2	2	-	-	100.0%	26	26
Payments for capital assets	2 059	(2 009)	-	50	50	-	-	100.0%	59	59
Machinery and equipment	59	(9)	-	50	50	-	-	100.0%	59	59
Software and other intangible assets	2 000	(2 000)	-	-	-	-	-	-	-	-
Total	6 510	(802)	-	5 708	5 708	-	-	100.0%	3 828	3 828

Sub-programme: 1.4: Corporate Services									
	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	107 090	(15 765)	(18 000)	73 325	63 154	10 171	86.1%	89 135	89 135
Compensation of employees	37 066	531	-	37 597	37 597	-	100.0%	25 914	25 914
Goods and services	70 024	(16 296)	(18 000)	35 728	25 557	10 171	71.5%	63 221	63 221
Transfers and subsidies	264	1 095	-	1 359	1 359	-	100.0%	606	355
Departmental agencies and accounts	264	935	-	1 199	1 199	-	100.0%	249	-
Public corporations and private enterprises	-	3	-	3	3	-	100.0%	47	46
Non-profit institutions	-	-	-	-	-	-	-	300	300
Households	-	157	-	157	157	-	100.0%	10	9
Payments for capital assets	874	66	4 710	5 650	5 650	-	100.0%	1 914	421
Machinery and equipment	874	8	4 564	5 446	5 446	-	100.0%	1 842	349
Software and other intangible assets	-	58	146	204	205	(1)	100.3%	72	72
Total	108 228	(14 604)	(13 290)	80 334	70 163	10 171	87.3%	91 655	89 911

Sub-programme: 1.5: Financial Management									
	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	62 204	7 778	4 917	74 899	74 233	666	99.1%	62 463	62 566
Compensation of employees	27 078	(11 601)	-	15 477	14 811	666	95.7%	15 160	15 160
Goods and services	35 126	19 379	4 917	59 422	59 423	(1)	100.0%	47 297	47 400
Interest and rent on land	-	-	-	-	-	-	-	6	6
Transfers and subsidies	-	125	-	125	125	-	100.0%	13	13
Provinces and municipalities	-	9	-	9	9	-	100.0%	9	9
Departmental agencies and accounts	-	-	-	-	-	-	-	4	4
Households	-	116	-	116	116	-	100.0%	-	-
Payments for capital assets	251	(55)	-	196	196	-	100.0%	403	403
Machinery and equipment	251	(55)	-	196	196	-	100.0%	403	403
Payment for financial assets	-	363	-	363	363	-	100.0%	555	555
Total	62 455	8 211	4 917	75 583	74 918	665	99.1%	63 434	63 537

Sub-programme: 1.6: Office Accommodation									
	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8 731	(2 715)	-	6 016	6 016	-	100.0%	6 037	6 037
Goods and services	8 731	(2 715)	-	6 016	6 016	-	100.0%	6 037	6 037
Total	8 731	(2 715)	-	6 016	6 016	-	100.0%	6 037	6 037



		2014/15							2013/14	
		Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual Expenditure R'000
Sub programme										
1.	International Affairs	12 416	331	379	13 126	13 125	1	100.0%	11 539	11 539
2.	ICT Trade/Partnerships	24 401	(331)	8 471	32 541	32 306	235	99.3%	25 125	29 866
		36 817	-	8 850	45 667	45 431	236	99.5%	36 664	41 405
Economic classification										
Current payments		20 087	(40)	1 566	21 613	21 613	-	100.0%	20 146	20 157
	Compensation of employees	13 027	-	1 748	14 775	14 775	-	100.0%	12 469	12 469
	Goods and services	7 060	(40)	(182)	6 838	6 838	-	100.0%	7 677	7 688
Transfers and subsidies		16 161	40	7 799	24 000	23 764	236	99.0%	16 161	20 902
	Foreign governments and international organisations	16 161	-	7 799	23 960	23 724	236	99.0%	16 161	20 902
	Households	-	40	-	40	40	-	100.0%	-	-
Payments for capital assets		569	-	(515)	54	54	-	100.0%	357	346
	Machinery and equipment	569	-	(515)	54	54	-	100.0%	357	346
Total		36 817	-	8 850	45 667	45 431	236	99.5%	36 664	41 405

Sub-programme: 2.1: International Affairs									
	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12 092	308	673	13 073	13 072	1	100.0%	11 259	11 259
Compensation of employees	8 320	-	673	8 993	8 993	-	100.0%	8 454	8 454
Goods and services	3 772	308	-	4 080	4 079	1	100.0%	2 805	2 805
Transfers and subsidies	-	23	-	23	23	-	100.0%	-	-
Households	-	23	-	23	23	-	100.0%	-	-
Payments for capital assets	324	-	(294)	30	30	-	100.0%	280	280
Machinery and equipment	324	-	(294)	30	30	-	100.0%	280	280
Total	12 416	331	379	13 126	13 125	1	100.0%	11 539	11 539

Sub-programme: 2.2: ICT Trade/Partnerships									
	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	7 995	(348)	893	8 540	8 541	(1)	100.0%	8 887	8 898
Compensation of employees	4 707	-	1 075	5 782	5 783	(1)	100.0%	4 015	4 015
Goods and services	3 288	(348)	(182)	2 758	2 758	-	100.0%	4 872	4 883
Transfers and subsidies	16 161	17	7 799	23 977	23 741	236	99.0%	16 161	20 902
Foreign governments and international organisations	16 161	-	7 799	23 960	23 724	236	99.0%	16 161	20 902
Households	-	17	-	17	17	-	100.0%	-	-
Payments for capital assets	245	-	(221)	24	24	-	100.0%	77	66
Machinery and equipment	245	-	(221)	24	24	-	100.0%	77	66
Total	24 401	(331)	8 471	32 541	32 306	235	99.3%	25 125	29 866

Sub-programme: 3.1: ICT Policy Development									
	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	33 882	4 969	-	38 851	19 827	19 024	51.0%	27 105	27 104
Compensation of employees	18 386	(31)	-	18 355	14 725	3 630	80.2%	15 299	15 299
Goods and services	15 496	5 000	-	20 496	5 102	15 394	24.9%	11 806	11 805
Transfers and subsidies	-	31	-	31	31	-	100.0%	88	88
Households	-	31	-	31	31	-	100.0%	88	88
Payments for capital assets	172	224	-	396	396	-	100.0%	380	320
Machinery and equipment	172	224	-	396	396	-	100.0%	380	320
Total	34 054	5 224	-	39 278	20 254	19 024	51.6%	27 573	27 512



Sub-programme: 3.2: Economic and Market Analysis									
	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 295	4 831	-	6 126	6 126	-	100.0%	8 230	8 230
Compensation of employees	869	2 252	-	3 121	3 121	-	100.0%	1 478	1 478
Goods and services	426	2 579	-	3 005	3 004	1	100.0%	6 752	6 752
Transfers and subsidies	-	2	-	2	2	-	100.0%	-	-
Households	-	2	-	2	2	-	100.0%	-	-
Payments for capital assets	-	35	-	35	34	1	97.1%	84	84
Machinery and equipment	-	35	-	35	34	1	97.1%	84	84
Total	1 295	4 868	-	6 163	6 162	1	100.0%	8 314	8 314



Sub-programme: 3.3: Research											
2014/15											2013/14
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Economic classification											
Current payments	8 393	1 000	(1 951)	7 442	3 972	3 470	53.4%	5 989	5 989	5 989	
Compensation of employees	6 990	-	-	6 990	3 520	3 470	50.4%	4 192	4 192	4 192	
Goods and services	1 403	1 000	(1 951)	452	453	(1)	100.1%	1 797	1 797	1 797	
Payments for capital assets	147	(98)	-	49	48	1	98.9%	13	13	13	
Machinery and equipment	147	(98)	-	49	48	1	98.9%	13	13	13	
Total	8 540	902	(1 951)	7 491	4 021	3 470	53.7%	6 002	6 002	6 002	



Sub-programme: 3.4: Information Society Development											
2014/15											2013/14
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Economic classification											
Current payments	47 034	(2 620)	(1 133)	43 281	34 903	8 378	80.6%	37 562	37 888		
Compensation of employees	28 834	(41)	-	28 793	24 951	3 842	86.7%	26 093	26 093		
Goods and services	18 200	(2 579)	(1 133)	14 488	9 953	4 535	68.7%	11 469	11 795		
Transfers and subsidies	-	41	-	41	41	-	100.0%	163	163		
Public corporations and private enterprises	-	10	-	10	10	-	100.0%	-	-		
Non-profit institutions	-	-	-	-	-	-	-	99	99		
Households	-	31	-	31	31	-	100.0%	64	64		
Payments for capital assets	828	(161)	(474)	193	193	-	100.0%	453	127		
Machinery and equipment	828	(161)	(474)	193	193	-	100.0%	453	127		
Total	47 862	(2 740)	(1 607)	43 515	35 137	8 378	80.7%	38 178	38 178		

Sub-programme: 3.5: Capacity Development									
	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	29 278	(8 254)	(6 124)	14 900	12 610	2 290	84.6%	8 009	8 010
Compensation of employees	8 096	(2 254)	-	5 842	3 554	2 288	60.8%	6 326	6 326
Goods and services	21 182	(6 000)	(6 124)	9 058	9 056	2	100.0%	1 683	1 684
Transfers and subsidies	-	-	-	-	-	-	-	740	740
Households	-	-	-	-	-	-	-	740	740
Payments for capital assets	-	-	-	-	-	-	-	149	38
Machinery and equipment	-	-	-	-	-	-	-	149	38
Total	29 278	(8 254)	(6 124)	14 900	12 610	2 290	84.6%	8 898	8 788

Programme 4: ICI Enterprise Development and SOE Oversight									
		2014/15						2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Public Entity Oversight	727 803	3 316	47 405	778 524	777 703	821	99.9%	743 945	733 268
2. Small Medium and Micro Enterprise Development	6 311	(3 759)	(475)	2 077	2 077	-	100.0%	7 123	7 122
3. ICT Support	8 298	443	(2 740)	6 001	6 001	-	100.0%	7 941	6 359
	742 412	-	44 190	786 602	785 781	821	99.9%	759 009	746 749
Economic classification									
Current payments	45 517	(6 002)	1 883	41 398	49 951	(8 553)	120.7%	19 565	28 407
Compensation of employees	10 694	-	3 846	14 540	14 541	(1)	100.0%	8 431	8 431
Goods and services	34 823	(6 002)	(1 963)	26 858	35 410	(8 552)	131.8%	11 134	19 976

Programme 4: ICI Enterprise Development and SOE Oversight									
2014/15							2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	696 290	6 002	42 322	744 614	735 241	9 373	98.7%	739 248	718 273
Departmental agencies and accounts	531 122	-	(1 678)	529 444	529 444	-	100.0%	548 126	546 543
Public corporations and private enterprises	1 65 168	6 000	44 000	215 168	205 795	9 373	95.6%	191 120	171 728
Households	-	2	-	2	2	-	100.0%	2	2
Payments for capital assets	605	-	(15)	590	589	1	99.9%	196	69
Machinery and equipment	605	-	(15)	590	589	1	99.9%	196	69
Total	742 412	-	44 190	786 602	785 781	821	99.9%	759 009	746 749

Sub-programme: 4.1: Public Entity Oversight									
		2014/15						2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	32 924	(2 967)	3 405	33 362	41 915	(8 553)	125.6%	6 120	14 962
Compensation of employees	4 430	35	3 846	8 311	8 311	-	100.0%	3 994	3 994
Goods and services	28 494	(3 002)	(441)	25 051	33 603	(8 552)	134.1%	2 126	10 968
Transfers and subsidies	694 612	6 002	44 000	744 614	735 241	9 373	98.7%	737 665	718 273
Departmental agencies and accounts	529 444	-	-	529 444	529 444	-	100.0%	546 543	546 543
Public corporations and private enterprises	165 168	6 000	44 000	215 168	205 795	9 373	95.6%	191 120	171 728
Households	-	2	-	2	2	-	100.0%	2	2
Payments for capital assets	267	281	-	548	548	-	100.0%	160	33
Machinery and equipment	267	281	-	548	548	-	100.0%	160	33
Total	727 803	3 316	47 405	778 524	777 703	821	99.9%	743 945	733 268

Sub-programme: 4.2: Small Medium and Micro Enterprise Development												
2014/15											2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure			
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	
Economic classification												
Current payments	6 181	(3 629)	(475)	2 077	2 077	-	100.0%	7 123	7 122			
Compensation of employees	2 394	(629)	-	1 765	1 765	-	100.0%	835	835			
Goods and services	3 787	(3 000)	(475)	312	312	-	100.0%	6 288	6 287			
Payments for capital assets	130	(130)	-	-	-	-	-	-	-			
Machinery and equipment	130	(130)	-	-	-	-	-	-	-			
Total	6 311	(3 759)	(475)	2 077	2 077	-	100.0%	7 123	7 122			

Programme 5: ICT Infrastructure Support									
		2014/15						2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	-	19	-	19	19	-	100.0%	33	33
Payments for capital assets	1 359	-	(1 218)	141	141	-	100.0%	735	427
Machinery and equipment	1 359	-	(1 218)	141	141	-	100.0%	735	427
Total	1 106 000	-	(50 484)	1 055 516	1 045 640	9 876	99.1%	1 275 395	1 275 395



Sub-programme: 5.1: Broadband									
	2014/15							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	66 872	11 262	(18 426)	59 708	49 832	9 876	83.5%	417 742	417 742
Compensation of employees	28 902	(3 053)	(5 594)	20 255	15 381	4 874	75.9%	20 016	20 016
Goods and services	37 970	14 315	(12 832)	39 453	34 451	5 002	87.3%	397 726	397 726
Transfers and subsidies	-	4	-	4	4	-	100.0%	33	33
Households	-	4	-	4	4	-	100.0%	33	33
Payments for capital assets	1 359	(9)	(1 218)	132	132	-	100.0%	381	381
Machinery and equipment	1 359	(9)	(1 218)	132	132	-	100.0%	381	381
Total	68 231	11 257	(19 644)	59 844	49 968	9 876	83.5%	418 156	418 156

Sub-programme: 5.2: Digital Terrestrial Television									
	2014/15						2013/14		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	45 964	(11 281)	(30 840)	3 843	3 843	-	100.0%	5 581	5 889
Compensation of employees	-	3 053	-	3 053	3 052	1	100.0%	5 146	5 146
Goods and services	45 964	(14 334)	(30 840)	790	790	-	100.0%	435	743
Transfers and subsidies	991 805	15	-	991 820	991 820	-	100.0%	851 304	851 304
Departmental agencies and accounts	791 000	-	-	791 000	791 000	-	100.0%	240 000	240 000
Public corporations and private enterprises	200 805	-	-	200 805	200 805	-	100.0%	611 304	611 304
Households	-	15	-	15	15	-	100.0%	-	-
Payments for capital assets	-	9	-	9	9	-	100.0%	354	46
Machinery and equipment	-	9	-	9	9	-	100.0%	354	46
Total	1 037 769	(11 257)	(30 840)	995 672	995 671	1	100.0%	857 239	857 239

Communications – Vote 27

Notes to the Appropriation Statement

for the year ended 31 March 2015

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

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

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

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

3 Detail on payments for financial assets

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

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

4.1 Per programme:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%

Administration

Current payments	226 887	216 002	10 885	5%
Transfers and subsidies	1 677	1 678	(1)	0%
Payment for capital assets	8 962	8 961	1	0%

The underspending is due to the Digital Terrestrial Television awareness campaign that couldn't be implemented due to the Presidential proclamation no 37839 of 15 July 2014 with regard to the transfer of functions to the new Department of Communications.

Policy, Research and Capacity Development

Current payments	110 600	77 438	33 162	30%
Transfers and subsidies	74	73	1	1%
Payment for capital assets	673	672	1	0%

The underspending on compensation of employees is due to the vacant positions that could not be filled as a result of Presidential proclamation no 37839 of 15 July 2014 with regard to the transfer of functions to the new Department of Communications as well as Departmental positions not filled. Under goods and services is due to the Departmental projects that were not implemented.



Communications – Vote 27

Notes to the Appropriation Statement for the year ended 31 March 2015

ICT Enterprise Development and SOE Oversight

Current payments	41 398	49 951	(8 553)	(21%)
Transfers and subsidies	744 614	735 241	9 373	1%
Payment for capital assets	490	589	1	0%

The Department entered into a contract with a service provider and incorrectly recorded payments for community radio stations as transfer payments instead of goods and services. (Inventory: Assets distribution). Corrections are made in accordance with National Treasury Guidelines.

ICT Infrastructure Support

Current payments	63 551	53 675	9 876	16%
Transfers and subsidies	991 824	991 824	-	0%
Payment for capital assets	141	141	-	0%

The underspending on compensation of employees is due to vacant positions. Under goods and services is due to the Rapid Deployment project that was not implemented as a result of the Government Technical Advisory Centre (GTAC) in appointing the service provider. A roll over request was submitted to National Treasury for completion of various projects.

4.2 Per economic classification:

Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
R'000	R'000	R'000	%

Current expenditure

Compensation of employees	202 749	183 930	18 819	9%
Goods and services	260 937	234 385	26 552	10%

Transfers and subsidies

Provinces and municipalities	9	9	-	-
Departmental agencies and accounts	1 321 643	1 321 643	-	-
Public corporations and private enterprises	416 000	406 627	9 373	2.25%
Foreign governments and international organisations	23 960	23 724	236	1%
Non-profit institutions	110	110	-	-
Households	467	467	-	-



Communications – Vote 27

Notes to the Appropriation Statement
for the year ended 31 March 2015

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
Payments for capital assets				
Machinery and equipment	10 215	10 213	2	-
Software and other intangible assets	204	205	(1)	-
Payments for financial assets	363	363	-	-

The underspending on compensation of employees is due to the vacant positions that could not be filled as a result of Presidential proclamation no 37839 of 15 July 2014 with regard to the transfer of functions to the new Department of Communications as well as Departmental positions not filled. Under goods and services is due to the Departmental projects that were not implemented.

The Department entered into a contract with a service provider and incorrectly recorded payments for community radio stations as transfer payments instead of goods and services. (Inventory: Assets distribution). Corrections are made in accordance with National Treasury Guidelines.



Communications – Vote 27

Statement of Financial Performance for the year ended 31 March 2015

		2014/15	2013/14
	Note	R'000	R'000
REVENUE			
Annual appropriation	1	2 236 657	2 372 117
Departmental revenue	2	1 672 004	1 711 942
TOTAL REVENUE		3 908 661	4 084 059
EXPENDITURE			
Current expenditure			
Compensation of employees	4	183 930	169 682
Goods and services	5	234 385	597 884
Interest and rent on land	6	-	6
Aid assistance	3	-	-
Total current expenditure		418 315	767 572
Transfers and subsidies			
Transfers and subsidies	8	1 752 580	1 591 933
Total transfers and subsidies		1 752 580	1 591 933
Expenditure for capital assets			
Tangible assets	9	10 213	2 654
Intangible assets	9	205	72
Total expenditure for capital assets		10 418	2 726



Communications – Vote 27

**Statement of Financial Performance
for the year ended 31 March 2015**

Payments for financial assets	7	363	555
		2 181 676	2 362 786
TOTAL EXPENDITURE			
		1 726 985	1 721 273
SURPLUS/(DEFICIT) FOR THE YEAR			
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		54 981	14 072
Annual appropriation	17	54 981	14 072
Departmental revenue and NRF Receipts	18	1 672 004	1 711 942
SURPLUS/(DEFICIT) FOR THE YEAR		1 726 985	1 721 273



Communications – Vote 27

Statement of Financial Position
for the year ended 31 March 2015

		2014/15	2013/14
	Note	R'000	R'000
ASSETS			
Current Assets		55 817	135 362
Unauthorised expenditure	10	4 741	4 741
Cash an cash equivalents	11	48 780	128 271
Prepayments and advances	13	1 719	1 696
Receivables	14	577	654
Non-Current Assets		14 479 289	14 479 585
Investments	15	14 445 160	14 445 160
Receivables	14	6 499	6 763
Loans	16	27 391	27 391
Other financial assets	12	239	271
TOTAL ASSETS		14 535 106	14 614 947
LIABILITIES			
Current Liabilities		60 365	140 257
Voted funds to be surrendered to the Revenue Fund	17	54 981	14 072
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	18	136	126 073
Payables	19	5 248	112
TOTAL LIABILITIES		60 365	140 257



Communications – Vote 27

Statement of Financial Position
for the year ended 31 March 2015

	<i>Note</i>	2014/15 R'000	2013/14 R'000
NET ASSETS		14 474 741	14 474 690
Represented by:			
Capitalisation reserve		14 472 551	14 472 551
Recoverable revenue		2 190	2 139
TOTAL		14 474 741	14 474 690



Communications – Vote 27

Statement of Changes in Net Assets
for the year ended 31 March 2015

NET ASSETS		2014/15	2013/14
	<i>Note</i>	R'000	R'000
Capitalisation Reserves			
Opening balance		14 472 551	14 472 551
Closing balance		14 472 551	14 472 551
Recoverable revenue			
Opening balance		2 139	3 276
Transfers		51	(1 137)
Irrecoverable amounts written off	7.2	(94)	(1 356)
Debts recovered (included in Departmental receipts)		(402)	(467)
Debts raised		547	686
Closing balance		2 190	2 139
TOTAL		14 474 741	14 474 690



Communications – Vote 27

Cash Flow Statement
for the year ended 31 March 2015

		2014/15	2013/14
	Note	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 241 940	2 375 929
Annual appropriated funds received	1.1	2 236 657	2 372 117
Departmental revenue received	2	2 490	1 111
Interest received	2.2	2 793	2 701
Net (increase)/ decrease in working capital		5 454	(5 914)
Surrendered to Revenue Fund		(1 812 013)	(1 981 960)
Surrendered to RDP Fund/Donor		-	(281)
Current payments		(418 315)	(762 825)
Interest paid	6	-	(6)
Payments for financial assets		(363)	(555)
Transfers and subsidies paid		(1 752 580)	(1 591 933)
Net cash flow available from operating activities	20	(1 735 877)	(1 967 545)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(10 418)	(2 726)
(Increase)/ decrease in other financial assets		32	-
Net cash flows from investing activities		(10 386)	(2 726)



Communications – Vote 27

Cash Flow Statement
for the year ended 31 March 2015

		2014/15	2013/14
	Note	R'000	R'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		1 666 721	1 708 130
Increase/ (decrease) in net assets		51	(1 137)
Net cash flows from financing activities		1 666 772	1 706 993
Net increase/ (decrease) in cash and cash equivalents		(79 491)	(263 278)
Cash and cash equivalents at beginning of period		128 271	391 549
Cash and cash equivalents at end of period	21	48 780	128 271



Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

1 Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

Programmes	2014/15		Funds not requested/ not received	2013/14
	Final	Actual Funds		Appropriation
	Appropriation	Received		Received
	R'000	R'000	R'000	R'000
Administration	237 525	237 525	-	212 084
International Affairs	45 667	45 667	-	36 664
Policy, Research and Capacity Development	111 347	111 347	-	88 965
ICT Enterprise Development and SOE Oversight	786 602	786 602	-	759 009
*ICT Infrastructure Support	1 055 516	1 055 516	-	1 275 395
Total	2 236 657	2 236 657	-	2 372 117

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

- Universal Service and Access Fund: Broadcasting digital migration – Set top box subsidies, antennae and installation costs – R 791 million
- SABC: Broadcasting digital migration project – R62 million

	Note	2014/15	2013/14
		R'000	R'000
2 Departmental Revenue			
Sales of goods and services other than capital assets	2.1	57	123
Interest, dividends and rent on land	2.2	1 669 514	1 710 831
Transactions in financial assets and liabilities	2.3	1 705	988
Transfer received	2.4	728	-
Total revenue collected		1 672 004	1 711 942
Departmental revenue collected		1 672 004	1 711 942

During the current financial year, R1 162 895 072.93 was received from ICASA which is not recognised as Departmental Revenue. Of this amount R981 249 299.17 was paid over to the Revenue Fund and R176 647 899.89 was paid to SARS.



Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

		2014/15	2013/14
	<i>Note</i>	R'000	R'000
2.1 Sales of goods and services other than capital assets	2		
Sales of goods and services produced by the Department		57	123
Sales by market establishment		-	65
Administrative fees		6	8
Other sales		51	50
Total		57	123
2.2 Interest, dividends and rent on land	2		
Interest		2 793	2 701
Dividends		1 666 721	1 708 130
Total		1 669 514	1 710 831
2.3 Transactions in financial assets and liabilities	2		
Receivables		293	388
Forex gain		10	-
Other Receipts including Recoverable Revenue		1 402	600
Total		1 705	988
2.4 Transfers received	2		
Public corporations and private enterprises		728	-
Total		728	-

2.2 Interest, dividends and rent on land: The decrease is mainly due to the dividend rate per share of Vodacom Group Limited that decreased from 395 cents per share to 375 cents per share in December 2014 and 2.4 Public corporations and private enterprises of R728 thousand is for insurance claim payment on vehicle written off.



Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

			2014/15	2013/14
	<i>Note</i>		R'000	R'000
3		Aid Assistance		
		Opening Balance	-	281
		As restated	-	281
		Paid during the year	-	(281)
		Closing Balance	<u>-</u>	<u>-</u>
4		Compensation of Employees		
		4.1 Salaries and wages		
		Basic salary	119 962	109 214
		Performance award	1 961	2 890
		Service Based	107	105
		Compensative/circumstantial	2 522	3 450
		Periodic payments	360	710
		Other non-pensionable allowances	39 039	34 644
		Total	<u>163 951</u>	<u>151 013</u>
		4.2 Social Contributions		
		Employer contributions		
		Pension	15 334	13 924
		Medical	4 626	4 727
		Bargaining council	19	18
		Total	<u>19 979</u>	<u>18 669</u>
		Total compensation of employees	<u>183 930</u>	<u>169 682</u>
		Average number of employees	310	318

Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
5 Goods and services			
Administrative fees		1 521	2 088
Advertising		1 468	49 612
Minor assets	5.1	265	446
Bursaries (employees)		687	382
Catering		1 120	3 425
Communication		5 297	5 376
Computer services	5.2	9 466	3 419
Consultants: Business and advisory services		49 056	410 870
Legal services		9 020	2 071
Contractors		2 336	3 988
Agency and support / outsourced services		23 233	125
Entertainment		298	373
Audit cost – external	5.3	14 591	10 457
Fleet services		1 471	1 949
Inventory	5.4	8 686	8 925
Consumables	5.5	5 770	4 487
Operating leases		46 738	38 030
Property payments	5.6	11 703	9 812
Rental and hiring		740	2 098
Travel and subsistence	5.7	29 187	29 889
Venues and facilities		2 402	6 175
Training and development		6 905	2 510
Other operating expenditure	5.8	2 425	1 377
Total		234 385	597 884

Advertising: Decrease mainly due to an awareness campaign on the broadcasting digital migration process to the value of R40.8 million and imbizos held amounting to almost R4 million in 2013/14 financial year. Consultants: Business and advisory services - The decrease is mainly due to: (a) R374.2 million for the schools connectivity project through the adjusted budget which made up 89% of the total expenditure; and (b) R20 million for ICT Policy Review in the 2013/14 financial year.



Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
5.1 Minor assets	5		
Tangible assets		265	348
Heritage assets		-	3
Machinery and equipment		265	345
Intangible assets		-	98
Software		-	98
Total		<u>265</u>	<u>446</u>
5.2 Computer services	5		
SITA computer services		8 962	2 430
External computer service providers		504	989
Total		<u>9 466</u>	<u>3 419</u>
<i>The increase is mainly due to contracts entered into with SITA for the upgrading of the Department's IT infrastructure.</i>			
5.3 Audit cost – external	5		
Regularity audits		5 131	3 342
Investigations		9 460	7 115
Total		<u>14 591</u>	<u>10 457</u>
<i>Regularity audits: Audit fees by the Auditor-General. R3, 072 million is in respect of previous year audit invoices. Investigations: R9, 460 million is for forensic audits conducted at the Department of which R9 million was paid to the SIU.</i>			
5.4 Inventory	5		
Clothing material and accessories		119	17
Fuel, oil and gas		5	3
Materials and supplies		10	61
Medical supplies		-	2
Other supplies		8 552	8 842
Total		<u>8 686</u>	<u>8 925</u>
5.4.1 Other supplies			
Assets for distribution		8 552	8 842
Machinery and equipment		8 552	8 842

Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
5.5 Consumables	5		
Consumable supplies		137	119
Household supplies		24	62
IT consumables		96	56
Other consumables		17	1
Stationery, printing and office supplies		5 633	4 368
Total		5 770	4 487
5.6 Property payments	5		
Municipal services		2 852	2 908
Property management fees		14	18
Property maintenance and repairs		-	853
Other		8 837	6 033
Total		11 703	9 812
<i>The cleaning and security services for property are included under other.</i>			
5.7 Travel and subsistence	5		
Local		18 800	20 738
Foreign		10 387	9 151
Total		29 187	29 889
<i>The expenditure was to attend various international conferences and workshops as well domestic travelling.</i>			
5.8 Other operating expenditure	5		
Professional bodies, membership and subscription fees		601	67
Resettlement costs		127	93
Other (Includes printing and publication services)		1 697	1 217
Total		2 425	1 377

Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

		2014/15	2013/14
		R'000	R'000
6	Interest and Rent on Land		
	Interest paid	-	6
	Total	-	6
7	Payments for financial assets		
	Material losses through criminal conduct	16	-
	Theft	7.3 16	-
	Other material losses written off	7.1 129	439
	Debts written off	7.2 211	111
	Forex losses	7.4 7	5
	Total	363	555
	7.1 Other material losses written off	7	
	Nature of losses		
	Ex-employee - Settlement agreement	-	425
	Income tax	27	-
	No shows	8	-
	Standing advance	2	-
	Interest	10	13
	Duplicated service	21	-
	Penalties car licences	1	-
	Damaged rented vehicles	60	1
	Total	129	439

The decrease is mainly due to the previous year's settlement agreement. A process is in place to recover the losses were negligence is proved.



Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
7.2 Debts written off	7		
Nature of debts written off			
Recoverable revenue written off			
Ex-employee debts		42	26
Leave without pay		36	-
Laptops		16	-
		94	26
<i>An amount of R1 330 201.32 in respect of irrecoverable debts was written off in the 2013/2014 financial year against Departmental revenue in accordance of National Treasury Instruction 02 and 02A of 2013/2014.</i>			
Other debts written off			
Salary overpayments		-	3
Ex-employee debts		109	82
Leave without pay		7	-
Impound of state vehicle		1	-
Total		117	85
Total debt written off		211	111
 7.3 Details of theft	 7		
Nature of theft			
Laptops		16	-
Total		16	-
 7.4 Forex losses	 7		
Nature of losses			
Foreign exchange - travel and subsistence		7	5
Total		7	5

All losses are written off in accordance with the losses and debt policies and chapters 9, 11 and 12 of the Treasury Regulations.

Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

		2014/15	2013/14
	Note	R'000	R'000
8 Transfers and Subsidies			
Provinces and municipalities	35	9	9
Departmental agencies and accounts	ANNEX 1A	1 321 643	786 547
Foreign governments and international organisations	ANNEX 1C	23 724	20 902
Public corporations and private enterprises	ANNEX 1B	406 627	783 078
Non-profit institutions	ANNEX 1D	110	403
Households	ANNEX 1E	467	994
Total		1 752 580	1 591 933

Departmental agencies and accounts: The increase is mainly due to Universal Service and Access Fund: Broadcasting digital migration - Set Top Box Subsidies, antennae and installation costs. See also annexure 1A.

9 Expenditure for capital assets

Tangible assets		10 213	2 654
Machinery and equipment	31	10 213	2 654
Intangible assets		205	72
Software	32	205	72
Total		10 418	2 726

9.1 Analysis of funds utilised to acquire capital assets - 2014/15

	Voted Funds	Aid assistance	TOTAL
	R'000	R'000	R'000
Tangible assets	10 213	-	10 213
Machinery and equipment	10 213	-	10 213
Intangible assets	205	-	205
Software	205	-	205
Total	10 418	-	10 418



Communications – Vote 27

**Notes to the Annual Financial Statements
for the year ended 31 March 2015**

**9.2 Analysis of funds utilised to acquire capital assets -
2013/14**

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	2 654	-	2 654
Machinery and equipment	2 654	-	2 654
Intangible assets	72	-	72
Software	72	-	72
Total	2 726	-	2 726

	<i>Note</i>	2014/15 R'000	2013/14 R'000
10 Unauthorised Expenditure			
10.1 Reconciliation of unauthorised expenditure			
Opening balance		4 741	-
Unauthorised expenditure - discovered in the current year (as restated)		-	4 741
Unauthorised expenditure awaiting authorisation / written off		4 741	4 741
10.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification			
Transfers and subsidies		4 741	4 741
Total		4 741	4 741
10.3 Analysis of unauthorised expenditure awaiting authorisation per type			
Unauthorised expenditure relating to overspending of the vote or a main division within the vote		4 741	4 741
Total		4 741	4 741



Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

		2014/15	2013/14
	<i>Note</i>	R'000	R'000
11 Cash and Cash Equivalents			
Consolidated Paymaster General Account		48 713	9 268
Cash on hand		35	35
Investments (Domestic)		32	118 968
Total		48 780	128 271
<i>The decrease is mainly due to fewer funds paid into the Department's account on 31 March 2015 that could not be transferred to the NRF.</i>			
12 Other Financial Assets			
Non-Current			
Local			
Deposit Municipality		199	200
Total		199	200
Foreign			
Security deposit - Gaborone		40	71
Total		40	71
Total Non-Current other financial assets		239	271
13 Prepayments and Advances			
Travel and subsistence		135	108
Advances paid	13.1	1 584	1 588
Total		1 719	1 696
13.1 Advances paid			
National Departments	Annex 6	1 584	1 588
Total		1 584	1 588

Advances paid National Departments: Outstanding invoices/claims from Department of International Relations and Cooperation and GCIS.



Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

		2014/15				2013/14	
		Less than one year	One to three years	Older than three years	Total		
Note	R'000	R'000	R'000	R'000	R'000	R'000	
14	Receivables						
	Claims recoverable	14.1 - Annex 4	154	-	-	154	237
	Recoverable expenditure	14.2	-	-	1 649	1 649	1 649
	Staff debt	14.3	174	132	10	316	222
	Other debtors	14.4	249	275	4 433	4 957	5 309
	Total		577	407	6 092	7 076	7 417

		Note	2014/15 R'000	2013/14 R'000
14.1	Claims recoverable	14		
	National Departments		154	237
	Total		154	237

Claims for DPSA, COGTA and Economic Development. See also annexure 4.

		Note	2014/15 R'000	2013/14 R'000
14.2	Recoverable expenditure (disallowance accounts)	14		
	Disallowance payments - fraud		1 649	1 649
	Total		1 649	1 649

Fraudulent orders and invoices to the amount of R1 649 120.

		Note	2014/15 R'000	2013/14 R'000
14.3	Staff debt	14		
	Debt accounts		316	222
	Total		316	222



Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
14.4 Other debtors	14		
Ex-employees		348	856
Suppliers		4 593	4 289
Clearing accounts		4	2
Non-employees		12	15
SARS income tax		-	145
Medical aid		-	1
Pension fund		-	1
Total		<u>4 957</u>	<u>5 309</u>
14.5 Fruitless and wasteful expenditure	14		
Opening balance		-	-
Less amounts recovered		11	22
Less amounts written off		96	438
Transfers from note 28 Fruitless and Wasteful expenditure		(107)	(460)
Total		<u>-</u>	<u>-</u>
15 Investments			
Non-Current			
Shares and other equity			
Telkom SA Limited		2 070 380	2 070 380
South African Post Office Limited		200 940	200 940
Sentech (Pty) (Ltd)		1	1
Vodacom Group Limited		12 173 839	12 173 839
Total		<u>14 445 160</u>	<u>14 445 160</u>
Total non-current		<u>14 445 160</u>	<u>14 445 160</u>
Analysis of non-current investments			
Opening balance		14 445 160	14 445 160
Closing balance		<u>14 445 160</u>	<u>14 445 160</u>



Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

		2014/15	2013/14
		R'000	R'000
		<i>Note</i>	
16	Loans		
	Public corporations	27 391	27 391
	Total	27 391	27 391
Analysis of Balance			
	Opening balance	27 391	27 391
	Closing balance	27 391	27 391
<p><i>The amount of R27, 4 million was made available to the SABC as permanent capital and is not repayable. Interest at 6% per annum is payable on the loan amount. Section 30 (2) of the Exchequer Act, (Act No 66 of 1975) refers.</i></p>			
17	Voted Funds to be Surrendered to the Revenue Fund		
	Opening balance	14 072	3 813
	Transfer from statement of financial performance	54 981	9 331
	Add: Unauthorised expenditure for current year	-	4 741
	Paid during the year	(14 072)	(3 813)
	Closing balance	54 981	14 072
<p><i>The increase is mainly due to under spending of voted funds in the 2014/2015 financial year.</i></p>			
18	Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund		
	Opening balance	126 073	392 278
	Transfer from Statement of Financial Performance	1 672 004	1 711 942
	Paid during the year	(1 797 941)	(1 978 147)
	Closing balance	136	126 073
<p><i>The decrease is mainly due to fewer funds paid into the Department's account on 31 March 2015 that could not be transferred to the NRF.</i></p>			
19	Payables - current		
	Clearing accounts	19.1 231	60
	Other payables	19.2 5 017	52
	Total	5 248	112

Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

	2014/15	2013/14
	R'000	R'000
19.1 Clearing accounts	<i>Note 19</i>	
Salary deductions	182	32
Leave days to be utilised for Departmental debt	21	-
State guarantee	28	28
Total	231	60
19.2 Other payables	<i>Note 19</i>	
SARS - USF license fees	4 998	33
Supplier invoices - legal dispute	19	19
Total	5 017	52

The increase is mainly due to funds paid by ICASA into the Department's account on 31 March 2015 that could not be transferred to the NRF.

20 Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	1 726 985	1 721 273
Add back non cash/cash movements not deemed operating activities	(3 462 862)	(3 688 818)
(Increase)/decrease in receivables – current	341	1 144
(Increase)/decrease in prepayments and advances	(23)	(695)
Increase/(decrease) in payables – current	5 136	(1 622)
Proceeds from sale of investments	(1 666 721)	(1 708 130)
Expenditure on capital assets	10 418	2 726
Surrenders to Revenue Fund	(1 812 013)	(1 981 960)
Surrenders to RDP Fund/Donor	-	(281)
Net cash flow generated by operating activities	(1 735 877)	(1 967 545)



Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

				2014/15	2013/14
		<i>Note</i>		R'000	R'000
21	Reconciliation of cash and cash equivalents for cash flow purposes				
	Consolidated Paymaster General account				
				48 745	9 268
	Cash on hand				
				35	35
	Cash with commercial banks (Local)				
				-	118 968
	Total			48 780	128 271
22	Contingent liabilities and contingent assets				
	22.1 Contingent liabilities				
	Liable to	Nature			
	Housing loan guarantees	Employees	<i>Annex 3A</i>	142	192
	Other guarantees		<i>Annex 3A</i>	369 751	110 912
	Claims against the Department		<i>Annex 3B</i>	813 086	801 995
	Total			1 182 979	913 099
	<i>The increase is mainly due to a guarantee issued in respect of the South African Post Office Ltd. See annexure 3A.</i>				
	22.2 Contingent assets				
	Nature of contingent asset				
	Counter claim submitted				
				4 853	4 409
	Payment of legal costs				
				266	266
	SAPO TBVC States loan conversion				
				287 176	-
	Total			292 295	4 675

SAPO has a loan stemming from the former TBVC States Posts and Telecommunications Reorganisation Act. SAPO applied to the Department to convert this loan into share capital and shares will be issued to Government as compensation.

Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

			2014/15	2013/14
	<i>Note</i>		R'000	R'000
23		Commitments		
		Current expenditure	18 365	27 019
		Approved and contracted	16 427	27 019
		Approved but not yet contracted	1 938	-
		Capital Expenditure	4 903	748
		Approved and contracted	4 903	748
		Total Commitments	23 268	27 767

African Communication Research - was to expire in 2014 and to work is yet to be completed. The commitments for cleaning and security services are for more than a year.

24 Accruals and payables not recognised

	30 days	30+ days	Total	Total
Listed by economic classification				
Goods and services	15 163	2 389	17 552	28 058
Capital assets	620	-	620	187
Total	15 783	2 389	18 172	28 245
Listed by programme level				
Administration			16 645	13 937
ICT International Affairs			290	1 268
Policy, Research and Capacity Development			404	10 434
Broadcasting and Communications Regulation and Support			259	26
ICT Infrastructure Support			574	2 580
Total			18 172	28 245

The decrease in Accruals is due to less invoices being submitted to the Department after 31 March 2015.



Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

	2014/15	2013/14
<i>Note</i>	R'000	R'000
25 Employee benefits		
Leave entitlement	7 588	6 939
Service bonus (Thirteenth cheque)	4 126	4 089
Performance awards	1 961	2 890
Capped leave commitments	3 088	3 111
Long service awards	98	101
Total	16 861	17 130

Leave entitlement: The leave cycle is from January to December whilst the financial reporting period is from April to March. Officials are entitled to leave as and when required and not as accrued. Debit leave days (exceeding accruals allowed) included above is 74.98 days with a monetary value of R159 834.07. Officials are entitled to leave as and when required and not as accrued. Debit leave days (exceeding accruals allowed) included above is 76.61 days with a monetary value of R126 820.84.

26 Lease commitments

26.1 Operating leases expenditure

	2014/15	Machinery and equipment	Total
		R'000	R'000
Not later than 1 year		1 128	1 128
Later than 1 year and not later than 5 years		1 142	1 142
Total lease commitments		2 270	2 270

	2013/14	Machinery and equipment	Total
		R'000	R'000
Not later than 1 year		1 088	1 088
Later than 1 year and not later than 5 years		1 035	1 035
Total lease commitments		2 123	2 123

Leases in respect of photo copy machines



Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

			2014/15	2013/14
	<i>Note</i>		R'000	R'000
27	Irregular expenditure			
	27.1 Reconciliation of irregular expenditure			
		Opening balance	194 843	121 858
		Prior period error	-	29
		As restated	194 843	121 887
		Add: Irregular expenditure - relating to prior year	-	28 640
		Add: Irregular expenditure - relating to current year	1 182	44 910
		Less: Amounts condoned	-	(594)
		Irregular expenditure awaiting condonation	196 025	194 843
	Analysis of awaiting condonation per age classification			
		Current year	1 182	72 985
		Prior years	194 843	121 858
		Total	196 025	194 843

A complete irregular expenditure register exists with detail information with regard to the above.

**2014/15
R'000**

27.2 Details of irregular expenditure - current year

Incident	Disciplinary steps taken/criminal proceedings	
Procurement procedures not followed	In process	305
Procurement procedures not followed	In process	418
Procurement procedures not followed	In process	286
Procurement procedures not followed	In process	150
Procurement procedures not followed	In process	3
Procurement procedures not followed	In process	2

Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

		2014/15 R'000		
	Procurement procedures not followed	4		
	Procurement procedures not followed	14		
	Total	1 182		
27.3 Details of irregular expenditure under investigation				
Incident				
	Recruitment procedure not adhered to in 2010/11 financial year	330		
	America Express Card: ITU-R Joint Task Team reported in 2013/14	2 595		
	Carol Bouwer Designs reported in 2013/14	10 000		
	Media Corner payments reported in 2013/14	58 724		
	Total	71 649		
27.4 Prior period error				
	Relating to 2013/14		29	
	Overtime January 2014 to March 2014 paid after withdrawal of policy		29	
28 Fruitless and wasteful expenditure				
		2014/15 R'000	2013/14 R'000	
	28.1 Reconciliation of fruitless and wasteful expenditure			
	Opening balance	12 380	12 098	
	Prior period error	-	(7)	
	As restated	12 380	12 091	
	Fruitless and wasteful expenditure – relating to current year	21	749	
	Less: Amounts transferred to receivables for recovery	(107)	(460)	
	Fruitless and wasteful expenditure awaiting resolution	12 294	12 380	
	28.2 Analysis of awaiting resolution per economic classification			
	Current	12 294	12 380	
	Total	12 294	12 380	

Communications – Vote 27

Notes to the Annual Financial Statements for the year ended 31 March 2015

28.3 Analysis of Current Year's Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/ criminal proceedings	Note	2014/15 R'000
Damaged hired vehicles	In process - R4 270,17 condoned		10
No Shows	In process - R1 388,50 condoned		4
Interest	None - amounts condoned		6
Traffic fines	Amounts recovered from officials		1
Total			21

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

28.4 Prior period error

Nature of prior period error	Note	2013/14 R'000
Relating to 2011/12	28	(7)
Incorrect amount disclosed		(7)
Relating to 2013/14		(25)
Incorrectly placed on register after investigation		(26)
Case and amount of prior period only identified and disclosed in 2014/15		1
Total		(32)

29 Key management personnel

	No. of Individuals	2014/15 R'000	2013/14 R'000
Political office bearers	4	3 952	3 867
Officials:			
Level 15 to 16	12	12 947	12 003
Level 14	6	5 077	6 644
Total		21 976	22 514



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Notes to the Annual Financial Statements for the year ended 31 March 2015

			2014/15	2013/14
	<i>Note</i>		R'000	R'000
30	Impairment: other			
	Debtors		6 085	6 583
	Total		6 085	6 583

31 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	62 719	10 213	1 384	71 548
Transport assets	3 279	2 384	931	4 732
Computer equipment	30 059	6 226	431	35 890
Furniture and office equipment	10 576	890	-	11 466
Other machinery and equipment	18 769	713	22	19 460
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	62 719	10 213	1 384	71 548

31.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash	Non-cash	Total
	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	10 213	-	10 213
Transport assets	2 384	-	2 384
Computer equipment	6 226	-	6 226
Furniture and office equipment	890	-	890
Other machinery and equipment	713	-	713
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	10 213	-	10 213



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Notes to the Annual Financial Statements
for the year ended 31 March 2015

31.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received Actual R'000
MACHINERY AND EQUIPMENT	1 384	1 384	-
Transport assets	931	931	-
Computer equipment	431	431	-
Furniture and office equipment	-	-	-
Other machinery and equipment	22	22	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	1 384	1 384	-

31.3 Movement for 2013/14

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	59 651	1 764	2 683	1 379	62 719
Transport assets	3 279	-	-	-	3 279
Computer equipment	28 811	871	1 609	1 196	30 059
Furniture and office equipment	9 873	21	729	47	10 576
Other machinery and equipment	17 688	872	345	136	18 769
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	59 651	1 764	2 683	1 379	62 719

2013/14
R'000

31.3.1 Prior period error

Relating to 2013/14	(494)
Assets donated in the 2013/14 financial year and an asset purchased a long time ago not recorded in the asset register	29
Asset disposals identified in the 2013/14 financial year not recorded	(523)
Total	(494)



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Notes to the Annual Financial Statements for the year ended 31 March 2015

31.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	2	11 158	11 160
Additions	-	190	190
Disposals	-	1	1
TOTAL MINOR ASSETS	2	11 347	11 349

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	146	146
Number of minor assets at cost	2	4 450	4 452
TOTAL NUMBER MINOR ASSETS	2	4 596	4 598

Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	51	10 888	10 939
Prior period error	-	106	106
Additions	96	286	382
Disposals	145	122	267
TOTAL MINOR ASSETS	2	11 158	11 160

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	143	143
Number of minor assets at cost	2	4 527	4 529
TOTAL NUMBER MINOR ASSETS	2	4 670	4 672



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**Notes to the Annual Financial Statements
for the year ended 31 March 2015**

31.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2015

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Assets written off	-	77	77
TOTAL MOVABLE ASSETS WRITTEN OFF	-	77	77

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2014

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Assets written off	-	36	36
TOTAL MOVABLE ASSETS WRITTEN OFF	-	36	36

32 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Software	8 402	205	7 557	1 050
Patents, licences, copyright, brand names, trademarks	369	-	-	369
TOTAL INTANGIBLE CAPITAL ASSETS	8 771	205	7 557	1 419

32.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash	Non-cash	Total
	R'000	R'000	R'000
Software	205	-	205
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	205	-	205



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Notes to the Annual Financial Statements
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32.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000
Software	7 557	7 557	-
TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS	7 557	7 557	-

32.3 Movement for 2013/14

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance	Additions	Closing balance
	R'000	R'000	R'000
Software	8 330	72	8 402
Patents, licences, copyright, brand names, trademarks	369	-	369
TOTAL INTANGIBLE CAPITAL ASSETS	8 699	72	8 771

33 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

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



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Notes to the Annual Financial Statements for the year ended 31 March 2015

33.1 Movement for 2013/14

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	18	-	-	-	18
Non-residential buildings	18	-	-	-	18
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	18	-	-	-	18
					2013/14 R'000

34 Prior period error

Expenditure

Goods and services: Inventory asset distribution

8 842

Transfer payments: Public Corporation and Private Enterprises

(8 842)

Net effect

-

The Department entered into a contract with a service provider and incorrectly recorded payment for community radio stations as transfer payments instead of Inventory: Assets distribution. Corrections are made in accordance with National Treasury Guidelines.

35 Non-adjusting events after the reporting date

35.1 *The President has signed a proclamation for the reconfiguration of National Departments on 25 May 2014. The existing Department of Communications was affected by the change as it is now called the Department of Telecommunications and Postal Services (DTPS). The proclamation also resulted in the Department of Telecommunications and Postal Services been allocated two additional State Owned agencies in the form of Broadband Infraco and the State Information Technology Agency (SITA), previously under the control of Department of Public Enterprises and Department of Public Service and Administration respectively now reporting to the Department. The proclamation furthermore resulted in two existing entities namely ICASA and the SABC now reporting to the newly established Department of Communications. See also the paragraph on reconfiguration of the Department in the report of the Accounting Officer. An estimate of the financial effect cannot be made. The transfer of functions will be disclosed in the 2015/16 financial year.*

35.2 *A guarantee of R200 million was issued to the South African Post Office Ltd in May 2015 and will be disclosed in the 2015/16 financial year.*

36 Related party relationships

Investment entities:

Telkom SA Limited;

South African Post Office Limited;

Vodacom Group Limited;

Sentech;



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Notes to the Annual Financial Statements for the year ended 31 March 2015

Other:
 Universal Service and Access Agency of South Africa;
 Universal Service and Access Fund;
 Independent Communications Authority of South Africa;
 South African Broadcasting Corporation;
 National Electronic Media Institute of South Africa;
 .za Domain Name Authority; and
 DPW

37 TRANSFER OF FUNCTIONS

The President has signed a proclamation for the reconfiguration of National Departments on 25 May 2014. The existing Department of Communications was affected by the change as it is now called the Department of Telecommunications and Postal as it is now called the Department of Telecommunications and Postal Services (DTPS). The proclamation also resulted in the Department of Telecommunications and Postal Services been allocated two additional State Owned agencies in the form of Broadband Infraco and the State Information Technology Agency (SITA) reporting to the Department. The proclamation furthermore resulted in two existing entities namely ICASA and the SABC now reporting to the newly established Department of Communications. See also the paragraph on reorganisation of the Department in the report of the Accounting Officer. An estimate of the financial effect cannot be made. The transfer of functions will be concluded and disclosed in the 2015/16 financial year.

		Bal per dept 2013/14 AFS before transfer 2013/14 R'000	Functions per dept (trans- ferred) / received 2013/14 R'000	Functions per dept (trans- ferred) / received 2013/14 R'000	Functions per dept (trans- ferred) / received 2013/14 R'000	2013/14 Bal after transfer 2013/14 R'000
37.1	Statement of Financial Position					
	ASSETS					
	Current Assets	135 362	-	-	-	135 362
	Unauthorised expenditure	4 741	-	-	-	4 741
	Cash and cash equivalents	128 271	-	-	-	128 271
	Prepayments and advances	1 696	-	-	-	1 696
	Receivables	654	-	-	-	654
	Non-Current Assets	14 479 585	-	-	-	14 479 585
	Investments	14 445 160	-	-	-	14 445 160
	Receivables	6 763	-	-	-	6 763
	Loans	27 391	-	-	-	27 391
	Other financial assets	271	-	-	-	271
	TOTAL ASSETS	14 614 947	-	-	-	14 614 947



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Notes to the Annual Financial Statements
for the year ended 31 March 2015

		Bal per dept 2013/14 AFS before transfer	Functions per dept (trans- ferred) / received 2013/14	Functions per dept (trans- ferred) / received 2013/14	Functions per dept (trans- ferred) / received 2013/14	2013/14 Bal after transfer 2013/14
	<i>Note</i>	R'000	R'000	R'000	R'000	R'000
LIABILITIES						
Current Liabilities		140 257	-	-	-	140 257
Voted funds to be surrendered to the Revenue Fund	17	14 072	-	-	-	14 072
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	18	126 073	-	-	-	126 073
Payables	19	112	-	-	-	112
TOTAL LIABILITIES		140 257	-	-	-	140 257
NET ASSETS		14 474 690	-	-	-	14 474 690



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Notes to the Annual Financial Statements for the year ended 31 March 2015

			Bal per dept 2013/14 AFS before transfer 2013/14	Functions per dept (trans- ferred) / received 2013/14	Functions per dept (trans- ferred) / received 2013/14	Functions per dept (trans- ferred) / received 2013/14	2013/14 Bal after transfer 2013/14
37.2	Disclosure Notes	Note	R'000	R'000	R'000	R'000	R'000
	Contingent liabilities	22.1	913 099	-	-	-	913 099
	Contingent assets	22.2	4 675	-	-	-	4 675
	Commitments	23	27 767	-	-	-	27 767
	Accruals and payables not recognised	24	28 245	-	-	-	28 245
	Employee benefits	25	17 130	-	-	-	17 130
	Lease commitments - operating lease	26	2 123	-	-	-	2 123
	Irregular expenditure	27	194 843	-	-	-	194 843
	Fruitless and wasteful expenditure	28	12 380	-	-	-	12 380
	Impairment	30	6 583	-	-	-	6 583
	Movable tangible capital assets	31	62 719	-	-	-	62 719
	Immovable tangible capital assets	33	18	-	-	-	18
	Intangible capital assets	32	8 771	-	-	-	8 771



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Notes to the Annual Financial Statements
for the period ended 31 March 2015

38 STATEMENT OF CONDITIONAL/JUNCONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	TRANSFER ALLOCATION				TRANSFER			2013/14 Re-allocations by National Treasury or National Department R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	-	
City of Tshwane	-	-	-	-	8	-	-	
Cape Town	-	-	-	-	1	-	-	
	-	-	-	-	9	-	-	

Vehicle licence fees

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Annexures to the Annual Financial Statements
for the period ended 31 March 2015

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION					TRANSFER		2013/14 Appropriation Act R'000
	Adjusted appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred		
						%		
Universal Service and Access Agency of South Africa: Operations	65 376	-	-	65 376	65 376	100%	60 090	
Universal Service and Access Fund: Operations	49 988	-	-	49 988	49 988	100%	45 046	
Universal Service and Access Fund: Broadcasting digital migration - Set Top Box Subsidies, antennae and installation costs	791 000	-	-	791 000	791 000	100%	240 000	
Independent Communications Authority of South Africa: Operations	376 221	-	-	376 221	376 221	100%	390 661	
National Electronic Media Institute of SA: Operations	37 859	-	-	37 859	37 859	100%	50 746	
.ZA Domain Name Authority: Operations	1 678	-	(1 678)	-	-	-	-	
ISETT SETA (Skills development levy)	264	-	935	1 199	1 199	100%	-	
*SABC - TV Licenses	-	-	-	-	-	-	4	
Total	1 322 386	-	(743)	1 321 643	1 321 643		786 547	

*Was reclassified in terms of SCOA from goods and services to transfer payments.

Communications – Vote 27

Annexures to the Annual Financial Statements
for the year ended 31 March 2015

ANNEXURE 1B

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION /PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2013/14 Appropriation Act R'000	
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred	Capital R'000		Current R'000
Public corporations	365 973	-	-	365 973	356 600	97.4%	138 805	217 795	783 032
Transfers	97 199	-	-	97 199	97 199	100.0%	-	97 199	127 055
SABC: Public Broadcaster	47 413	-	-	47 413	47 413	100.0%	-	47 413	44 673
SABC: Channel Africa	11 183	-	-	11 183	11 183	100.0%	-	11 183	-
SABC: Programme Production	9 373	-	-	9 373	-	0.0%	-	-	-
SABC: Community Radio Stations	62 000	-	-	62 000	62 000	100.0%	-	62 000	76 000
SABC: Broadcasting digital migration project	138 805	-	-	138 805	138 805	100.0%	138 805	-	529 304
Sentech: Digitisation - Capital	-	-	-	-	-	-	-	-	6 000
Sentech: African National Championship	-	-	-	-	-	-	-	-	-
Subsidies	50 000	-	-	50 000	50 000	100.0%	-	50 000	-
SA Post Office Ltd	50 000	-	-	50 000	50 000	100.0%	-	50 000	-
Subtotal: Public corporations	415 973	-	-	415 973	406 600	97.7%	138 805	267 795	783 032

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Annexures to the Annual Financial Statements
for the year ended 31 March 2015

ANNEXURE 1B (Continued)

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION /PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2013/14	
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred	Capital R'000	Current R'000		Appropriation Act R'000
Private enterprises										
Transfers	-	-	27	27	27	100.0%	-	27	46	
Claims against the state - various	-	-	27	27	27	100.0%	-	27	46	
Subtotal: Private enterprises	-	-	27	27	27	100.0%	-	27	46	
Total	415 973	-	27	416 000	406 627	97.7%	138 805	267 822	783 078	

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Annexures to the Annual Financial Statements
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ANNEXURE 1C

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

	TRANSFER ALLOCATION					EXPENDITURE		2013/14 Appropriation Act R'000
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %		
FOREIGN GOVERNMENT/INTERNATIONAL ORGANISATION								
Transfers								
African Telecommunication Union (ATU)	927	-	-	927	927	100%	853	
Universal Postal Union (UPU)	5 315	-	-	5 315	5 314	100%	4 667	
Pan African Postal Union (PAPU)	862	-	-	862	861	100%	753	
International Telecommunications Union (ITU)	16 204	-	-	16 204	16 204	100%	14 212	
Commonwealth Telecommunication Organization (CTO)	418	-	-	418	418	100%	-	
Organisation for Economic and Cultural Development	234	-	-	234	-	0%	417	
Total	23 960	-	-	23 960	23 724		20 902	

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ANNEXURE 1D

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE		2013/14 Appropriation Act
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	
NON-PROFIT INSTITUTIONS							
Transfers							
Donation of computers to Musina high school	-	-	-	-	-		100
Donation of computers to Tshivhase high school	-	-	-	-	-		100
Donation of computers to Tshikomalima high school	-	-	-	-	-		100
Donation of computers to support Mampondomise Babinatiou	-	-	-	-	-		99
Donation of computers by Minister at Harare library	-	-	-	-	99		-
Corporate gifts for ministry at the GSMA Barcelona conference	-	-	-	-	11		-
Total	-	-	-	-	110		399

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Annexures to the Annual Financial Statements
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ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2013/14 Appropriation Act R'000
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	
HOUSEHOLDS							
Transfers							
H/H EMPL S/BEN:LEAVE GRATUITY	-	-	-	-	401		908
H/H:PMT/REFUND&REM-ACT/GRCE	-	-	-	-	46		20
*H/H: CLAIMS AGAINST THE STATE (CASH)	-	-	-	-	-		66
Gifts for Deputy Minister's delegation that will be welcoming the Deputy Minister in the Republic of China on her Study Tour	-	-	-	-	-		2
Gifts to be handed out by the Minister to his guests during international events	-	-	-	-	-		2
Gifts (5 x Mandela coffee tables) for the Minister and Deputy Minister to hand over to guests/hosts during international events/visits	-	-	-	-	2		-
Gifts (books of Mandela's portrait) for ministerial bilateral meetings in Korea	-	-	-	-	15		-
Gifts for Deputy Minister's international trips	-	-	-	-	1		-

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Annexures to the Annual Financial Statements
for the year ended 31 March 2015

ANNEXURE 1E (Continued)

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2013/14 Appropriation Act R'000
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred %	
	HOUSEHOLDS						
Gifts for Europe and Asia study tours	-	-	-	-	2		-
Total	-	-	-	-	467		998

* Various claims.

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Annexures to the Annual Financial Statements
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ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2014/15	2013/14
		R'000	R'000
Received in cash			
None		-	-
Subtotal		-	-
Received in kind			
2013/14 Financial year			
National Institute Community Development and Management (NICDAM)	120 Toolkits to unemployed young people who participated in the e-Literacy Programme for unemployed Youth.	-	-
Trade, Development Cooperation Facility - EU	Sponsored study tour focussing on recent international experiences in the implementation of Universal Broadband Strategies of 6 officials of the Department. The expenses were as follows: International flights = R224 233.00, Hotel accommodation = R184 626.27 and Ground transportation in Europe = R14 954.31	-	424
Telkom SA Limited	Venue, meals,decor and gifts at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	-	361
Ibaurst	Technical equipment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	-	50
Business Connexion	Technical equipment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	-	50
Neotel	Stage and lighting equipment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	-	20

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Annexures to the Annual Financial Statements
for the year ended 31 March 2015

ANNEXURE 1F (Continued)

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2014/15	2013/14
		R'000	R'000
Cell C	Stage and lighting equipment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	-	20
Multichoice	Entertainment at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	-	75
Dark Fibre Africa	Videography, photography and gobo lights at the gala dinner after the 2013 Budget Vote debate on 21 May 2013.	-	35
Vodacom	Two flight tickets and accommodation to Durban July event.	-	17
Multichoice	Tickets and accommodation to the South African Music Awards.	-	6
Broadband Infraco	Sponsorship towards the hosting of the SADC Extraordinary Meeting from 23-25 March 2014. Sponsorship was made directly to the Conference Venue which is Radisson Blu hotel in Sandton.	-	50
African Union Communications	Sponsorship contribution towards the hosting of the SADC Extraordinary Ministers Gala Dinner on 25 March 2014 which was hosted at the Michel Angelo Towers. The Co-sponsorship was paid directly to the Michel Angelo Towers.	-	50
Poynting Antennas	Sponsorship contribution towards the hosting of the SADC Extraordinary Ministers Gala Dinner on 25 March 2014 which was hosted at the Michel Angelo Towers. The Co-sponsorship was paid directly to the Michel Angelo Towers.	-	50
ZA Central Registry	Sponsorship towards the procurement of promotional material for the SADC Extraordinary Ministers ICT meeting from 23-25 March 2014.	-	50
Neotel	Donation of Notepads, Pens and lanyards for delegates attending the SADC Extraordinary Ministers ICT Meeting from 23-25 March 2014.	-	-

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**Annexures to the Annual Financial Statements
for the year ended 31 March 2015**

ANNEXURE 1F (Continued)

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2014/15	2013/14
		R'000	R'000
Multichoice	1 X flight ticket, accommodation and ticket to the Durban July event on 5 July 2014 - Amount not known.	-	-
2014/15 Financial year			
Spacecom	Sponsorship in the form of hosting the SADC - ITSO Satellite Training Workshop closing dinner on 21 Feb 2015.	17	
GSMA	Sponsorship in the form of hosting the opening dinner of the SADC WRC-15 Preparatory Meeting on 23 Feb 2015. The sponsor settled and paid the Garden Court hotel directly. Amount not known.	-	
Inmatsat	Sponsorship in the form of hosting the Cocktail of the SADC WRC-15 Preparatory Meeting on 24 Feb 2015	8	
MTN	Sponsorship in the form of hosting the closing dinner of the SADC WRC - 15 Preparatory meeting on 26 Feb 2015 . The Sponsor settled and paid the restaurant directly. Amount not known.	-	
Telkom SA SOC Ltd	Sponsorship in the form of memory sticks and notebooks for the SADC WRC-15 Preparatory meeting held 23-26 Feb 2015. Amount not known.	-	
Subtotal		25	1 258
Total		25	1 258

Communications – Vote 27

Annexures to the Annual Financial Statements
for the year ended 31 March 2015

ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2014/15	2013/14
	R'000	R'000
Made in kind During the 2013/14 Financial year: Donation of computers with no book value to Lamola Secondary School	-	-
During the 2014/15 Financial year: None	-	-



Communications – Vote 27

Annexures to the Annual Financial Statements
for the period ended 31 March 2015

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

NAME OF PUBLIC ENTITY	State Entity's PFMA Schedule type (state yearend if not 31 March)	% Held 14/15	% Held 13/14	Number of shares held		Cost of investment R'000		Net Asset Value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
				2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
National/Provincial Public Entity												
Universal Service and Access Agency of South Africa	3A	100%	100%	-	-	-	-	-	-	1 720	(2 346)	No
Universal Service and Access Fund	3A	100%	100%	-	-	-	-	-	-	818 979	227 771	No
¹ Telkom SA Limited	2	39.80%	39.80%	207 038 058	207 038 058	2 070 380	2 070 380	-	-	3 256 000	3 943 000	No
² South African Post Office Ltd	2	100%	100%	200 939 821	200 939 821	200 940	200 940	-	-	(1 520 253)	(358 874)	No
Independent Communications Authority of South Africa	1	100%	100%	-	-	-	-	-	-	49 671	44 684	No
South African Broadcasting Corporation	2	100%	100%	-	-	-	-	-	-	Not available	678 694	No

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Annexures to the Annual Financial Statements
for the period ended 31 March 2015

ANNEXURE 2A (Continued)

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

NAME OF PUBLIC ENTITY	State Entity's PFMA Schedule type (state yearend if not 31 March)	% Held 14/15	% Held 13/14	Number of shares held		Cost of investment R'000		Net Asset Value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
				2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
National Electronic Media Institute of South Africa	3A	100%	100%	-	-	-	-	-	-	3 023	559	No
³ Sentech (Pty) Ltd	3B	100%	100%	998	998	1	1	-	-	174 564	212 973	No
⁴ Vodacom Group Limited	2	13.90%	13.90%	207 038 059	207 038 059	12 173 839	12 173 839	-	-	12 510 000	13 667 000	No
TOTAL				615 016 936	615 016 936	14 445 160	14 445 160	-	-	15 293 704	19 553 461	

¹ Comprised of 207 038 058 shares @ R10 per share.

² Comprised of 200 939 821 shares @ R1 per share.

³ Comprised of 998 shares @ R1 per share.

⁴ Comprised of 207 038 059 shares @ R58.80 per share.

Communications – Vote 27

Annexures to the Annual Financial Statements
for the year ended 31 March 2015

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2015 – LOCAL AND FOREIGN

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2014 R'000	Guarantees draw downs during the year R'000	Guaranteed repayments/ cancelled/ reduced/ released during the year R'000	Revaluations R'000	Closing balance 31 March 2015 R'000	Guaranteed interest for year ended 31 March 2015 R'000	Realised losses not recoverable i.e. claims paid out R'000
LOCAL	Housing								
ABSA		50	50	-	50	-	-	-	-
Standard Bank		142	142	-	-	142	142	-	-
Total		192	192	-	50	142	142		
	Other								
Standard Bank	South African Post Office Ltd	270 000	-	270 000	-		270 000	-	-
Total		270 000	-	270 000	-		270 000	-	-
Total Local		270 192	192	270 000	50	142	270 142	-	-

Communications – Vote 27

Annexures to the Annual Financial Statements
for the year ended 31 March 2015

ANNEXURE 3A (Continued)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2015 – LOCAL AND FOREIGN

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2014	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2015	Guaranteed interest for year ended 31 March 2015	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
FOREIGN	Other								
Telkom SA Ltd	Natexis Banque	226 960	110 910	-	-	(11 161)	99 749	2	
Total		226 960	110 910	-	-	(11 161)	99 749	2	-

Communications – Vote 27

Annexures to the Annual Financial Statements
for the year ended 31 March 2015

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2015

Nature of liability	Opening balance 1 April 2014	Liabilities incurred during the year		Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2015
		R'000	R'000			
Claims against the Department						
Possible legal claim	26	-	-	-	-	26
Possible legal claim	754 784	-	-	-	-	754 784
Possible legal claim	352	-	-	-	-	352
Possible legal claim	2 000	-	2 000	-	-	-
Possible legal claim	600	-	-	-	-	600
Possible legal claim	28 620	2 801	-	-	-	31 421
Possible legal claim	246	-	246	-	-	-
Possible legal claim	167	144	-	311	-	-
Possible legal claim	80	7	-	-	-	87
Possible legal claim	100	-	100	-	-	-
Possible legal claim	4	-	4	-	-	-
Possible legal claim	30	122	-	152	-	-
Possible legal claim	4 007	425	-	-	-	4 432

Communications – Vote 27

Annexures to the Annual Financial Statements
for the year ended 31 March 2015

ANNEXURE 3B (Continued)

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2015

Nature of liability	Opening balance 1 April 2014	Liabilities incurred during the year		Liabilities paid/ cancelled/ reduced during the year		Liabilities recoverable (Provide details hereunder)		Closing balance 31 March 2015	
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Possible legal claim	513	1 067	1 580	-	-	-	-	-	-
Possible legal claim	100	-	100	-	-	-	-	-	-
Possible legal claim	2 625	-	17	-	-	-	-	2 608	-
Possible legal claim	400	-	-	-	-	-	-	400	-
Possible legal claim	300	2 165	2 185	-	-	-	-	280	-
Possible legal claim	6 937	1 400	54	-	-	-	-	8 283	-
Possible legal claim	20	-	-	-	-	-	-	20	-
Possible legal claim	20	-	-	-	-	-	-	20	-
Possible legal claim	24	-	-	-	-	-	-	24	-
Possible legal claim	20	-	-	-	-	-	-	20	-
Possible legal claim	20	-	-	-	-	-	-	20	-
Possible legal claim	-	20	-	-	-	-	-	-	20
Possible legal claim	-	20	-	-	-	-	-	-	20
Possible legal claim	-	30	-	-	-	-	-	-	30

Communications – Vote 27

Annexures to the Annual Financial Statements
for the year ended 31 March 2015

ANNEXURE 3B (Continued)

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2015

Nature of liability	Opening balance 1 April 2014	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2015
	R'000	R'000	R'000	R'000	R'000
Possible legal claim	-	11 867	2 228	-	9 639
Total	801 995	20 068	8 977	-	813 086

Communications – Vote 27

Annexures to the Annual Financial Statements
for the year ended 31 March 2015

ANNEXURE 4

CLAIMS RECOVERABLE

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	R'000	R'000	R'000	R'000	R'000	R'000
GOVERNMENT ENTITY						
DEPARTMENTS						
Public Service and Administration	-	-	2	2	2	2
Water Affairs	-	-	-	20	-	20
Cooperative Governance and Traditional Affairs	-	-	138	215	138	215
Economic Development	-	-	14	-	14	-
Total	-	-	154	237	154	237



Communications – Vote 27
Annexures to the Annual Financial Statements
for the year ended 31 March 2015

ANNEXURE 5

INVENTORY	Note	2014/15		2013/14	
		Quantity	R'000	Quantity	R'000
Inventory					
Opening balance		5 572	631	12 501	1 085
Add/(Less): Adjustments to prior year balances		-	-	-	-
Add: Additions/Purchases - Cash		34 913	4 265	11 786	2 537
Add: Additions - Non-cash		-	-	16	-
(Less): Disposals		(613)	(238)	-	-
(Less): Issues		(27 639)	(3 481)	(18 731)	(2 998)
Add/(Less): Adjustments		-	-	-	7
Closing balance		12 233	1 177	5 572	631

Communications – Vote 27

Annexures to the Annual Financial Statements
for year ended 31 March 2015

ANNEXURE 6

INTER-ENTITY ADVANCES PAID (note 13.1)

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
International Relations and Cooperations	-	-	1 254	1 588	1 254	1 588
Communications - Previous GCIS	-	-	330	-	330	-
Total	-	-	1 584	1 588	1 584	1 588



**iParioli Office Park
1166 Park Street
Hatfield, Pretoria
South Africa**

**Private Bag X860
Pretoria, 0001
South Africa**

Telephone: +27 12 427 8000

RP265/2015

ISBN: 978-0-621-43916-8