

DEPARTMENT OF
TELECOMMUNICATIONS AND
POSTAL SERVICES

ANNUAL REPORT

2015/16
FINANCIAL YEAR



telecommunications
& postal services

Department:
Telecommunications and Postal Services
REPUBLIC OF SOUTH AFRICA

I have the honour of submitting the
2015/16 Annual Report of the Department
in terms of the Public Finance Management Act, 1999

A handwritten signature in black ink, appearing to read 'Jwara', with a stylized flourish at the end.

JOE MJWARA

Acting Director General

31 August 2016

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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

.za DNA	Domain Name Authority
AC	Audit Committee
AG	Auditor-General
AGSA	Auditor General of South Africa
AO	Accounting Officer
APP	Annual Performance Plan
ATU	Africa Telecommunications Union
AU	African Union
BBBEE	Broad-Based Black Economic Empowerment
BBI	Broadband Infraco
BDM	Broadcasting Digital Migration
BEE	Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
CA	Council of Administration
CD	Chief Director
CFO	Chief Financial Officer
CIPC	Companies and Intellectual Property Commission
COIDA	Compensation for Occupational Injuries and Diseases Act
COP	Communities of Practice
CPOs	Chief Procurement Officers
CSIR	Council for Scientific and Industrial Research
CTO	Commonwealth Telecommunication Organization
DBAC	Departmental Bid Adjudication Committee
DBE	Department of Basic Education
DDG	Deputy Director-General
DDGs	Deputy Directors-General
DEC	Departmental Executive Committee
DG	Director General
DoC	Department of Communications
DPSA	Department of Public Service and Administration
Dr	Doctor
DTI	Department of Trade and Industry
DTPS	Department of Telecommunications and Postal Services
DTT	Digital Terrestrial Television

EAP	Employee Assistance Program
ECA	Electronic Communications Act
ECT	Electronic Communications and Transactions Act
EE	Employment Equity
ESEID	Economic Sectors, Employment and Infrastructure Development Cluster
ETOE's	Extra-terrestrial Offices of Exchange
EXCO	Executive Committee
FOSAD	Forum of South African Director Generals
GITO	Government Information Technology Officers
GTAC	Government Technical Advisory Centre
HDIs	Historically Disadvantaged Individuals
HIV	Human Immunodeficiency Virus
HR	Human Resources
HRD	Human Resources Development
HRM	Human Resources Management
i.t.o	In terms of
ICASA	Independent Communications Authority of South Africa
ICT	Information Communications and Technology
ICTs	Information Communications and Technologies
INeSI	Ikamva National eSkills Institute
ISSA	Information Systems Security Association
IT	Information Technology
ITU	International Telecommunications Union
KIM	Knowledge and Information Management
KZN	Kwa-Zulu Natal
LLB	Latin Legum Baccalaureus
LLD	Doctor of Law
Ltd	Limited
MEC	Member of Executive Council
MMS	Middle Management Service
MoA	Memorandum of Agreement
Mol	Memorandum of Incorporation
MoU	Memorandum of Understanding
MP	Member of Parliament
MPAT	Management Performance Assessment Tool

MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
MTN	Mobile Telephone Networks
MVNCs	Marcus Vinicius
NDP	National Development Plan
NEMISA	National Electronic Media Institute of South Africa
NHI	National Health Insurance
NRF	National Retail Federation
OPSCOM	Operations Committee
PA	Public Audit
PAPU	Pan African Postal Union
PFMA	Public Finance Management Act
PIDA	Project of Infrastructure Development in Africa
PMO	Project Management Office
PoPs	Points of Presence
PSC	Public Service Commission
PSCBC	Public Service Commission Bargaining Council
Pty	Proprietary
R&D	Research and Development
RFI	Request for Information
RMC	Risk Management Committee
RSA	Republic of South Africa
SA EU	South African European Union
SA	South Africa
SABC	South African Broadcasting Corporation
SADC	South African Development Community
SAPO	South African Post Office
SARB	South African Reserve Bank
SBD	Standard Bidding Document
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SEIAS	Socio-Economic Impact Assessment System
SETA	Sector Education and Training Authority
SHERQ	Safety, Health, Environment, Risk & Quality
SITA	State Information Technology Agency

SIU	Special Investigation Unit
SMME	Small Medium and Micro Enterprise
SMMEs	Small Medium and Micro Enterprises
SMS	Senior Management Service
SOC	State Owned Company
SOCs	State Owned Companies
SOE	State Owned Enterprise
SOEs	State Owned Enterprises
SSA	State Security Agency
STB	Set Top Boxes
TMC	Top Management Committee
TV	Television
UPU	Universal Postal Union
USAASA	Universal Service and Access Agency of South Africa
USAF	Universal Service and Access Fund
USO	United Service Organization
WRC	World Radio Conference

3. FOREWORD BY THE MINISTER



It is a privilege to be giving an overview of the work that the Department of Telecommunications and Postal Services is doing to contribute to the radical socio-economic transformation of our country. This 2015/16 Annual Report records the strides that have been made in the two years since the Department was established to, primarily, rollout modern communications infrastructure that would enable the country to be more competitive.

We are focused on implementing the National Development Plan (NDP) by pursuing policies that seek to create a dynamic and connected information society and a vibrant knowledge economy that is more inclusive and prosperous. The envisaged future has the Information and Communication Technologies (ICT) at the centre of service delivery and this will be achieved by rolling out modern, efficient, competitive, responsive and economic communications infrastructure. The infrastructure needs to be accessible to all citizens irrespective of where they live.

We are constantly measuring our progress towards achieving these outcomes through the Medium Term Expenditure Framework to ensure that ICTs play its role as an enabler in faster and more equal economic growth as per the Nine-Point Plan. Indeed, Government acknowledges the role ICTs can play in unlocking the potential of other sectors to create sustainable and shared economic growth.

Over the past 12 months, we have focused on establishing progressive partnerships with other tiers of government resulting in the creation of Provincial Broadband Steering Committees. These steering committees provide a dedicated communications platform that helps the Department to implement South Africa Connect, the National Broadband Policy and align provincial broadband plans to the national policy. They also coordinate provincial role players to ensure that the implementation of SA Connect has local and provincial relevance.

We have finalized the draft National Integrated ICT White Paper which provides possible policy options and approaches of how the country can participate in the digital economy - from rolling out the modern communications networks, to skills development revolution and to exploiting opportunities presented by the internet economy. These policy options support open access networks that eliminate the uneconomic duplication of infrastructure to facilitate services-based competition as opposed to the current infrastructure-based competition. They also seek to facilitate the entry of previously excluded black players in the sector and facilitate greater and fairer competition. We anticipate that the policy will be approved by Cabinet in the 2016/17 financial year. After the approval, the Department will prioritise legislative amendments and the drafting of ICT Legislation for implementation.

We are fully aware that the internet is a wonderful public resource that can be used for human development. But, it is also inhabited by people with devious intentions. We have therefore established the Virtual Cybersecurity Hub which is an online platform that facilitates public interface on cybersecurity issues. Citizens can use it to report incidents of possible cybercrime or access cybersecurity information. The Virtual Cybersecurity Hub is a facility that gives meaning to the expression that the rights that citizens enjoy offline are also enjoyed online.

Great strides have been made in stabilizing the South African Post Office (SAPO) and bringing about labour peace. All the ingredients for a successful turnaround of the post office are in place and the institution has a capable board and the management team is being strengthened.

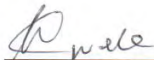
A successful SAPO has a lot of developmental value to add because it can be a touch point for citizens to access government services. SAPO, with its extensive network, can also facilitate financial inclusion of all South Africans, especially those in rural areas. The process to corporitise the Postbank is at an advanced stage.

Decisive steps have been taken to stabilize the leadership of the Department. Over the course of the year we sought to understand the underlying causes of instability in the Department. As you may recall, two Deputy Directors-General (DDGs) were expelled by the Director-General (DG) last year. We are grateful for the support we received from the staff of the Department and all partners in these processes, especially the Public Service Commission (PSC) and the Special Investigating Unit. The Department is implementing the recommendations that came out of these processes. The PSC recommended that we take disciplinary steps against the DG who was expelled as the outcome of that disciplinary process. We are in the process of filling the DG's post.

We have filled the vacancies that existed at the top management structure of the Department, particularly two DDG's, i.e. for Administration and State-Owned-Enterprises Oversight branches and the Chief Financial Officer. This financial year, the Department is prioritizing aligning its structure to enable it to deliver more efficiently on its mandate.

The Department exists to increase the use and uptake of technology in the delivery of government services in a manner that improves the lives of our citizens. It is supported by entities such as Broadband Infracore, SITA, Sentech, SAPO, the National Electronic Media Institute of South Africa and the Universal Service and Access Agency of SA.

As always, we have noted and accepted the recommendation of the Auditor-General and the Audit Committee. In this regard, we have directed the Department to fully implement the recommendations as a matter of priority.



The Honourable Dr SC Cwele, MP
Minister of Telecommunications and Postal Services
of South Africa

4. STATEMENT BY THE DEPUTY MINISTER



During the month of September last year, the world leaders welcomed the adoption of the 2030 Agenda for Sustainable Development, which includes 17 Sustainable Developmental Goals (SDGs). Whilst ICTs are not identified as a specific goal, it is referred to as the ghost goal, which underpins the achievement of all 17 goals. Information and communication technologies (ICTs), including access to internet, are key enablers of development and also are a catalyst for accelerating the outcomes of all three pillars of sustainable development, economic development, social inclusion and environmental protection. What this means is that, as a Department we have a critical role of ensuring affordable, equitable access and usage of broadband through the creation of an enabling policy and regulatory framework, which puts ICTs at the core of its agenda, to create a more vibrant society and knowledge economy that is inclusive, equitable and prosperous.

The World Summit on Information Society has developed action lines which are linked to the Sustainable Development Goals.

Our progressive policies and strategies as well as the potential of our ICT Sector and the economy as the whole has attracted international players and Original Equipment Manufacturers to want to invest more in our country, particularly in the ICT applications for education and health. These multinationals realized that we are a developing country which is part of the countries with more than 4 billion unconnected people. Our advanced ICT Sector has made companies to want to hold technology expositions based on our policies, services, applications and innovations in the education and the health sector.

As we facilitate broadband rollout, we are equally facilitating strategies for e-Government and e-Skills. We have continued with our work on e-Strategies in partnership with other government departments and our own State Owned Companies. Our work on developing a coherent National e-Strategy continues and is seen as a step which will provide a clear direction for the implementation of e-Government in the public service. Due to rapid developments in technology, the skills requirement has become a moving target, and we have to keep abreast of developments in the country and abroad to ensure that the country produces the skills required in this new technology environment.

Whilst ensuring that our people have access to fast reliable Internet we need to also ensure their safety online. We have established the virtual Cybersecurity Hub as a point of reference for citizens in as far as cybersecurity issues are concerned providing a repository of information regarding the do's and don'ts of Internet for children, best practice guide for parenting on the Internet and how the average South Africans can protect themselves against malicious attacks, identity theft and experiance online financial security.

To promote socio-economic development, we have given special attention to our SMMEs. We have engaged in the process of developing the ICT SMME Strategy in consultation with relevant stakeholders with a view to promoting transformation of the ICT Sector. The Department has succeeded in the process of establishing the ICT B-BBEE Charter Council to support the Government's priority of using Broad-Based Black Economic Empowerment to transform our sector and society. We are delighted in the fact that the Council will take responsibility for the annual monitoring and reporting on the implementation of the ICT B-BBEE Sector Code.

Although it has been over two decades since the introduction of the ICT Sector in our economy, there is still a lack of information on the actual use of Information and Communications Technology for economic development. We have in this case continued with awareness campaigns on the use of ICTs for economic inclusion especially to the vulnerable groups such as women, children and people with disabilities. We have also been pushing the transformation agenda aggressively in the sector through initiatives such as the Dr. Ivy Matsepe-Cassaburi Annual Memorial Lecture whereby we focus on women development and empowerment.



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



During the 2015/16 financial year, the Department of Telecommunications and Postal Services (DTPS) continued with the implementation of its key strategic priorities, in line with its new mandate following the National Macro Organisation of the State which took place after the 2014 National Elections. Such priorities as outlined below, were aligned to the Medium Terms Strategic Framework (MTSF) and hence fully embraced Government's outcomes-based approach so as to meaningfully contribute to the growth of the ICT Sector and broader socio-economic development as a whole.

South Africa Connect

South Africa Connect, the National Broadband Policy and the associated strategy and plan, gives expression to South Africa's vision in the National Development Plan (NDP) of "a seamless information infrastructure by 2030 that will underpin a dynamic and connected vibrant information society and a knowledge economy that is more inclusive, equitable and prosperous". In this regard, the Department contributes to Government Outcome 6 which is focused on the development of an efficient, competitive, and responsive economic infrastructure network.

In the 2015/16 financial year, the Department planned to provide connectivity to 1296 identified government institutions through the implementation of Phase 1 of the Digital Development Plan. However, the Department was unable to fully achieve the set target. Although the Department established the Project Management Office to manage the SA Connect project as well as developed a draft Programme Implementation Plan and a Project Management Plan, the actual connectivity was severely hampered by delays in appointing the connectivity service provider as planned. However, in order to address this challenge, the Department is engaging with relevant stakeholders as well as exploring all available options to ensure that going forward, the planned connectivity is rolled out in line with allocated resources. In terms of the implementation of Phase 2 of the Digital Development Plan, during the reporting period the Department developed a Phase 2 business case document which was submitted to National Treasury. However, due to fiscal constraints Treasury only allocated funding for Phase 2 to commence in 2018/19, with an allocation of approximately R60 million.

ICT Policy Review

The National Integrated ICT White Paper replaces the separate White Papers on Telecommunications (1996) and Postal Services (1998). It responds to the development of technology including convergence, digitisation, the increasing use of the Internet, and how South Africans communicate, work and interact with Government. The policy is a strategic instrument to implement what is envisaged by the National Development Plan as it introduces a range of interventions to ensure everyone in South Africa, irrespective where they live or their socio-economic status can access the benefits of participating in the digital society. Therefore, the White Paper lays the foundation for realising the NDP vision for the ICT sector to create "a seamless information infrastructure by 2030 that will underpin a dynamic and connected vibrant information society and a knowledge economy that is more inclusive, equitable and prosperous".

During the reporting period, the Department briefed relevant stakeholders, including the Portfolio Committee on Telecommunications and Postal Services on the ICT Policy Review Panel's Policy Recommendations Report which highlights a range of policy options and possible policy approaches to inform the development of the White Paper. The Department formally established the extended Project Management Office (PMO) Research and Analysis team and additional areas of research were identified, scoped and coordinated. The draft National Integrated ICT Policy White Paper was thereafter developed, approved and tabled at the Cabinet (Economic

Cybersecurity

Cyberspace comes with new types of challenges to the governments of the world and it therefore introduces a further dimension to National Security. It is a borderless platform that enables more sophisticated threats such as cybercrime, cyber terrorism, cyber war and cyber espionage. For this reason, the cyber threats need to be addressed at both the global and national levels.

During the reporting period the Department ensured that the ICT Infrastructure of the Virtual Cybersecurity Hub was reconfigured and hardened after which the Department commissioned and launched the virtual Cybersecurity Hub on 30 October 2015. The Cybersecurity Hub offers alerts and warnings, announcements, security related information dissemination, incident handling and incident response support as services to its constituents. These services can be categorised as proactive, reactive and social services. With regards to incident handling, incidents are logged via the Cybersecurity Hub website and depending on their evaluation, incidents that can be handled by the Cybersecurity Hub are timeously resolved or else relevant incidents are escalated to other agencies for further investigation.

Overview of the financial results of the Department:- Departmental receipts

Departmental receipts	2015/2016			2014/2015		
	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	55	52	3	60	57	3
Transfers received	-	-	-	728	728	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	2,165,531	1,335,925	829,606	1,744,509	1,669,514	74,995
Sale of capital assets	-	-	-	-	-	-
Financial transactions in assets and liabilities	25,196,171	25,468,458	(272,287)	1,710	1,705	5
Total	27,361,757	26,804,435	557,322	1,747,007	1,672,004	75,003

The Departmental revenue comprises mainly of dividends received from Telkom and Vodacom. The sale of goods and services other than capital assets is mainly administration fees. The decline in transfers received is due to an insurance claim received in the 2014/15 financial year for a vehicle written off. The under collection of dividends is as a result of the sale of Vodacom shares by the Department.

The increase in Financial Transactions in assets and liabilities is in respect of the sale of Vodacom shares. The Department does not render free services.

Programme Expenditure

Programme Name	2015/2016			2014/2015		
	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	223,030	221,864	1,166	237,525	226,641	10,884
International Affairs and Trade	43,310	41,542	1,768	45,667	45,431	236
Policy, Research, & Capacity Development	97,132	73,979	23,153	111,347	78,183	33,164
ICT Enterprise Development and SOE Oversight	490,231	488,959	1,272	786,602	785,781	821
ICT Infrastructure Development	551,550	473,753	77,797	1,055,516	1,045,640	9,876
Total	1,405,253	1,300,097	105,156	2,236,657	2,181,676	54,981

The Department's final allocation for the 2015/16 financial year amounts to R1.405 billion and is made up of the baseline allocation of R1.413 billion and an adjustment of minus R10 million. The adjusted allocation includes additional R1.9 million for higher personnel remuneration and the decrease of R10 million under goods and services which was transferred to the new Department of Communications as a result of a transfer of function.

The spending for the 2015/16 financial year amounted to R1.300 billion (92.5 %) from the adjusted budget of R1.405 billion and the underspending is R105.2 million. The spending rate is 5% less than the 2014/15 financial year's expenditure.

The underspending is mainly due to the delay in filling vacant positions and the implementation of the South Africa Connect Broadband project. The implementation of the project was delayed as the Department was exploring various options to implement the decision by the February 2015 Cabinet Lekgotla to designate Telkom as the Lead Agency for Broadband roll-out. Cabinet Lekgotla re-iterated its decision to designate Telkom as the Lead Agency during its July 2015 meeting and requested the Department to conduct a value for money analysis and present the outcome to Cabinet also outlining the legal processes to be followed to effect the appointment.

The spending trends per programme are outlined below:

Programme 1: Administration

The programme had an adjusted budget of R180 million and expenditure amounted to R221 million in the current year as opposed to R226 million expenditure in the 2014/15 financial year. The decline in expenditure of R5 million is mainly due to the decrease in assets and goods and services procured in the year under review. Funds were virements from other programmes to defray excess expenditure in this programme.

Programme 2: International Affairs

The programme had an adjusted budget of R43 million and expenditure amounted to R42 million in the current year as opposed to R45 million expenditure in the 2014/15 financial year. There is a decline in spending of R4 million under compensation of employees. 51% of the adjusted budget of the programme is transfer payments for membership fees to foreign governments and international organisations. The allocation for these fees increased by R6 million in the year under review due to rand depreciation against the foreign currencies in which the membership fees had to be paid.

Programme 3: ICT Policy, Research, & Capacity Development

The programme had an adjusted budget of R106 million and the expenditure in this programme totalled R74 million in the current financial year which is a decrease of R4 million from the 2014/15 financial year. The decrease is mainly due to the decline of R4 million under goods and services due to the implementation of austerity measures.

Programme 4: ICT Enterprise Development and SOE Oversight

The programme had an adjusted budget of R448 million and the expenditure in this programme totalled R489 million in the current financial year which is a decrease of R297 million from the 2014/15 financial year. This is mainly due to the decrease of R269 million under transfer payments to Departmental agencies and accounts as well as to public corporations and private enterprises. The goods and services expenditure amounted to R4 million in the current year as opposed to R35 million in the 2014/15 financial year. This was mainly due to the decline in the use of consultants.

Programme 5: ICT Infrastructure Support

The programme had an adjusted budget of R628 million and the expenditure in this programme totalled R474 million in the current financial year which is a decline of R572 million from the 2014/15 financial year. This mainly due to the decrease of R602 million under transfer payments to Departmental agencies and accounts as well as to public corporations and private enterprises and an increase in goods and services expenditure amounting to R65 million in the current year as opposed to R35 million in the 2014/15 financial year.

Virements/roll overs

Virements as reflected on the Appropriation Statement amounting to R85 million was applied in terms of section 43(1) of the Public Finance Management Act, 1999 (Act 1 of 1999). The virement of R85 million, from Programme 2, 3 and 5 to Programme 1 and 4, is made to defray excess expenditure. The funds viremented from programmes were used mainly to fund the shortfall on compensation of employees, office accommodation and Software licences.

The request for rollovers were for Digital Terrestrial Television awareness campaign, the upgrading of the IT infrastructure, the Government Technical Advisory Centre (GTAC) to provide support services for various Departmental projects, which would operate under the broadband framework and for the national roaming study. The request was not approved by National Treasury.

Unauthorised Expenditure

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

Fruitless and Wasteful expenditure

The fruitless and wasteful expenditure incurred in the year under review amounted to R46 000. R352 000 from the previous years was written off during the current period and the amount recovered amounted to R2 000. The

Department maintains a register of fruitless and wasteful expenditure and the Policy on Losses and Debt were reviewed in the year under review. Losses are written off in accordance with the losses and debt policies and chapters 9, 11 and 12 of the Treasury Regulations.

There are punitive measures against perpetrators and awareness campaigns are carried out to avoid recurrence of fruitless and wasteful expenditure.

Future plans of the Department

Broadband Roll-out

In the 2016/17 financial year the Department will prioritise the appointment of the Broadband connectivity service provider in line with due process so as to speedily ensure the commencement of connectivity to identified sites. In so doing, the Department will project manage the connectivity of identified sites (Phase 1), in line with allocated funding, towards connecting 2700 sites in the 2016/17 financial year. As part of its project management role, the Department will capacitate the Broadband Connectivity Project Management Office to manage the planning and implementation of SA Connect projects. The Department will also finalise the Broadband Connectivity Implementation Plan that will list the activities, costs, identified risks, and schedules that are required to achieve the objectives of broadband plans. In order to achieve the annual connectivity target, the Department has committed to project manage and monitor the connectivity of 675 identified sites per quarter.

ICT Policy Review

In the 2015/16 financial year, the Department made great strides with regards to the ICT Policy Review process. The Department conducted briefings to relevant stakeholders, including the Portfolio Committee on Telecommunications and Postal Services on the ICT Policy Review Panel's Policy Recommendations Report which highlighted a range of policy options and possible policy approaches to inform the development of the White Paper. The Department thereafter developed the draft National Integrated ICT Policy White Paper. The National Integrated ICT Policy White Paper was approved by the Minister for tabling at Cabinet (ESEID Cabinet Committee).

Subsequent to the tabling, the White Paper was deferred for additional input and will be re-submitted to Cabinet in the first quarter of the 2016/17 financial year, focusing on the identification and prioritisation of legislative amendments followed by the drafting of ICT Legislation.

Organisational Restructuring

During the reporting period, the Department functioned under the approved structure of the former Department of Communications, which was not aligned to its newly assigned mandate and functions. Therefore, in the 2016/17 financial year, the Department will focus on the process of reviewing the current organisational structure with the aim to create an organisational structure followed by related process, functions and systems which are fully aligned to the revised organisational strategy and mandate. Together with the Department of Public Service and Administration (DPSA), the structural review process has commenced through the development of the Department's Service Delivery Model.

Public Private Partnerships

None

Discontinued activities / activities to be discontinued

None

New or proposed activities

During the period under review, the Department commenced with the process of Organisational Restructuring so as to align the organisational structure with the new mandate and strategy of the Department following the National Macro Organisation of the State.

Supply Chain Management

The Department did not have unsolicited bid proposals during the year under review. The irregular expenditure has been dealt with as per the guidelines from National Treasury. The Supply Chain Management policies and delegations are effective and also addresses the prevention of irregular expenditure. Furthermore the Supply Chain Management (SCM) function is centralized and all bid committees are in place. The challenge of SCM was due to capacity constraints, however the Department is in the process of filling critical vacant positions.

Gifts and Donations received in kind from non-related parties

The Department received sponsorships as listed in the table below during the 2015/16 financial year.

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	R'000
MTN	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor the welcome networking dinner on 17 June 2015	80
ICASA	UPU Council Meeting, 08 - 26 February 2016, Bern, Switzerland - SA Reception	304
Organizers of the 3rd Africa School on Internet Governance held in Ethiopia	A Department Official was sponsored for Economy Flight Ticket (R26 000) & Daily Allowance (R1 919) at this Meeting that took place between 02 - 05 September 2015	28
Organizers of the Course on Cyber Safety and Information Security in Malaysia	A Department Official was sponsored for Training Package and Module Fee & Accommodation & Transportation (Airport-Hotel-Airport) to the amount of 2300 Malaysian Ringit (R7 213.90) for this Meeting that took place during 27 – 30 October 2015	7
Total		419

Exemptions and deviations received from the National Treasury

No exemptions and deviation were received from National Treasury during the reporting period.

Events after the reporting date

There are no events favourable and unfavourable that occurred after the reporting date and the date of approval of the Annual Financial Statements.

Non-adjusting events after reporting date

The transfer of Broadband-Infracore loan from DPE in terms of Proclamation No. 67 of 2014. Receipts of assets transferred acknowledge on 01 June 2016 and will be disclosed in the 2016\17 financial year.

Conclusion

I would like to express my sincere appreciation to the Minister and the Deputy Minister for their strategic leadership and guidance so as to ensure that the Department delivers on its mandate in line with government priorities and contributes to a vibrant ICT Sector that ensures all South Africans have access to affordable and accessible ICT services. I would like to take this opportunity to thank "TEAM DTSP" and members of various Committees and our State Owned Companies (SOCs) for their contribution to the performance of the Department over the past financial year.

Approval and sign off

A handwritten signature in black ink, appearing to read 'Mjwara', with a stylized initial 'M'.

M. Mjwara

Acting Accounting Officer

Department of Telecommunications and Postal Services

Date: 31 August 2016

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 2016.

Yours faithfully



Mrs Mjwara

Acting Accounting Officer

Department of Telecommunications and Postal Services

Date: 31 August 2016

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

Following the May 2014 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. In order to fulfil the mandate of the newly established Department of Telecommunications and Postal Services the following States Owned Companies report to the Ministry: National Electronic Media Institute of South Africa (NEMISA), Universal Service and Access Agency of South Africa (USAASA), Universal Service and Access Fund (USAF), .za Domain Name Authority (za DNA), State Information and Technology Agency (SITA), Sentech, Broadband Infracore (BBI) and South African Post Office (SAPO), as a result of the above-mentioned Presidential Proclamations.

8.2 Legislative mandates

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

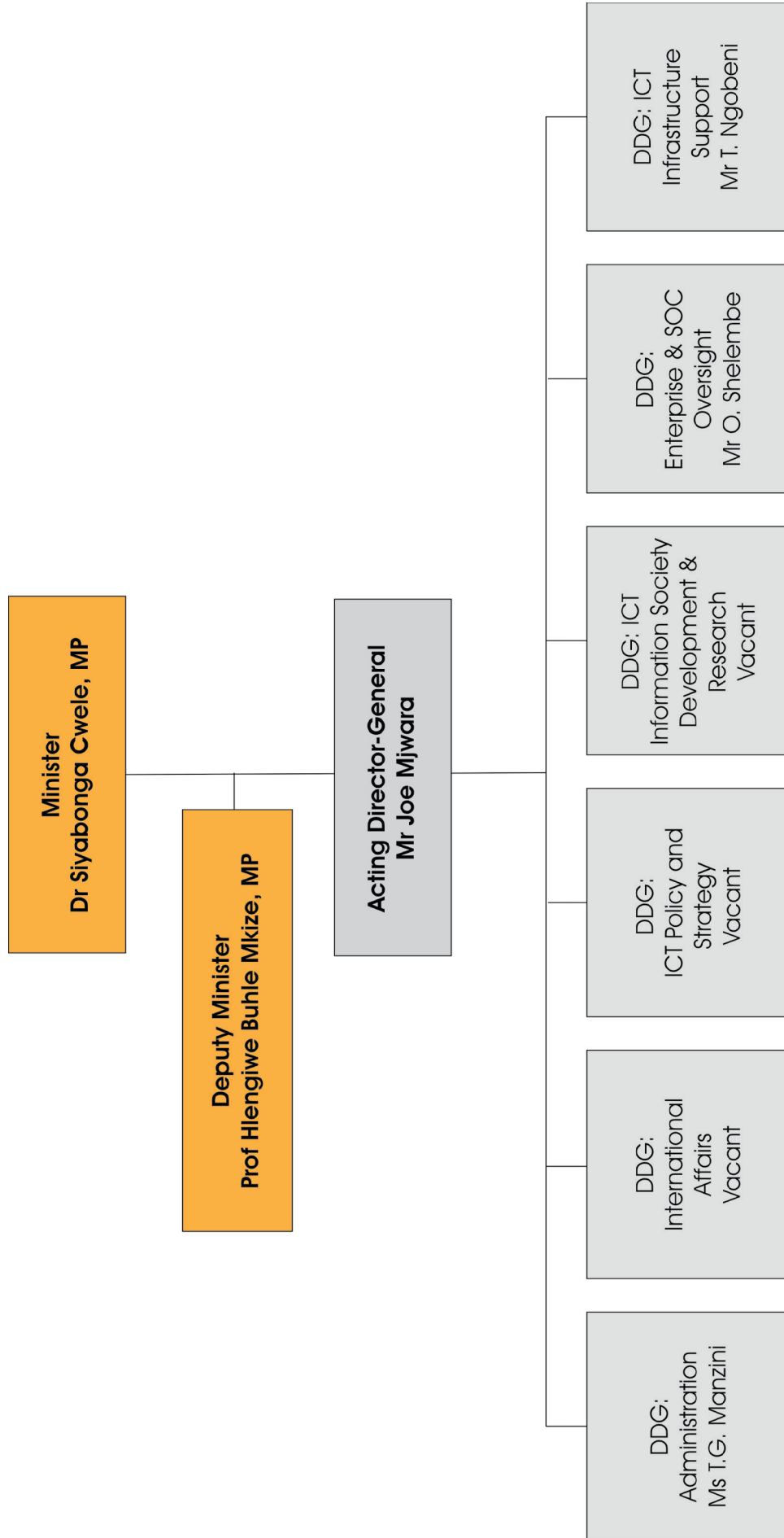
Name of Act	Purpose
Sentech Act, 1996 (Act No. 63 of 1996)	To provide for the transfer of all the shares of the South African Broadcasting Corporation in Sentech (Pty.) Ltd. to the State; for the conversion of Sentech (Pty.) Ltd. from a private to a public company, Sentech Ltd.; for the control of Sentech Ltd.; and for matters connected therewith.

Name of Act	Purpose
Former States Posts and Telecommunications Act, 1996 (Act No. 5 of 1996)	To provide for the integration of the Departments of Posts and Telecommunications of the former Republics of Transkei, Bophuthatswana, Venda and Ciskei with Telkom SA Limited and the South African Post Office Limited; and to provide for the transfer of the postal and the telecommunications enterprises conducted by those Departments as well as certain land used by them for that purpose to the said companies; and to provide for matters connected therewith.
Former States Broadcasting Reorganisation Act, 1996 (Act No. 91 of 1996)	To provide for the integration of the Departments of Posts and Telecommunications of the former Republics of Transkei, Bophuthatswana, Venda and Ciskei with Telkom SA Limited and the South African Post Office Limited; and to provide for the transfer of the postal and the telecommunications enterprises conducted by those Departments as well as certain land used by them for that purpose to the said companies; and to provide 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.
Department of Communications Rationalisation Act, 1998 (Act No. 10 of 1998)	To provide for the rationalisation of the Department of Communications; and to provide for matters connected therewith.
Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002)	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 Small, Medium and Micro-sized Enterprises (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)	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. <i>(NB: The DTPS is responsible for the administration of the Act, with the exception of the following sections [Section 4(5), Section 5(6), and Chapter 9]</i>

Name of Act	Purpose
Independent Communications Authority of South Africa, 2000 (Act No. 13 of 2000)	In so far as the Independent Communication Authority may make recommendations to the Minister on policy matters and amendments to the Electronic Communications Act, No 36 of 2005 and the Postal Services Act, No 124 of 1998, which accord with the objects of these Acts to promote development in the electronic transactions, postal and electronic communications sectors. Furthermore, in so far as policy made, and policy directions issued, by the Minister in terms of the Postal Services Act, No 124 of 1998, Electronic Communications Act, No 36 of 2005 and any other applicable law.
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.
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 relation to the Independent Communications Authority of South Africa Act, No 13 of 2000 and the Electronic Communications Act, No 36 of 2005 mentioned in the table above, the Memorandum of Understanding (MoU) between the Minister of Telecommunications and Postal Services and the Minister of Communications comes into effect. The Memorandum of Understanding was entered to implement certain matters relating to the transfer of powers and functions under the Independent Communications Authority of South Africa Act, No 13 of 2000 and the Electronic Communications Act, No 36 of 2005. The MoU was concluded with the aim of creating a framework, within which both Ministers can co-operate on the implementation of certain matters relating to the assignment of powers and functions under the Independent Communications Authority of South Africa Act, No 13 of 2000 and the Electronic Communications Act, No 36 of 2005, to regulate their relationship and mutual co-operation regarding the laws assigned to them, and to assist both Ministers in giving effect to the constitutional obligation of implementing national legislation; developing and implementing national policy; and coordinating functions entrusted to them.	

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.



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 (SAPO)	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 (NEMISA)	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.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
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-served 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-served 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.
SITA	The object of the Agency is to improve service delivery to the public through the provision of information technology, information systems and related services in a maintained information systems security environment to Departments and public bodies;	Transfer of Funds	Procure IT on behalf of the state and offer services to government Departments and public bodies
Broadband Infraco (BBI)	To expand the availability of access to electronic communications networks and services, including but not limited to underdeveloped and underservices areas	Transfer of Funds	Provision of electronic communications network services to licensed and licence exempted operators.

PART B

PERFORMANCE INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor General of South Africa (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 127 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The Department of Telecommunications and Postal Services (DTPS) which was established following the 2014 National Elections, focused on specific high impact priorities as informed by the Medium Term Strategic Framework and the National Development plan. The Department also took into consideration the current challenges and opportunities within the ICT Sector as well as ways to address such challenges and leverage on identified opportunities.

Broadband

South Africa boasts one of the most developed broadband markets in Africa. On the access services side, the market offers myriad wireless and fixed broadband services and has in the past five years seen notable growth in the number of market players. However, mobile platforms have emerged as the primary mode for consumer last mile broadband access while the fixed broadband options have stagnated mainly due to slow fixed infrastructure rollout, relatively high costs of fixed broadband services and fixed-mobile substitution. According to Research ICT Africa, South Africa remains one of the most expensive countries in the African Broadband Price Index (*Research ICT Africa Broadband, Policy Brief No. 3, June 2014*). Growth in South Africa's ICT sector has not been accompanied by a realisation of the primary policy objective of affordable access, for all, to the full range of communications services that characterise modern economies. So much so that as per SA Connect, broadband penetration is lower than 4,5 million from a total of 54 million people which is about 8% of the population.

SA Connect states that the high prices charged for communications services are identified as one of the primary factors hampering South Africa's competitiveness. It further emphasizes that access to broadband must be affordable to lead to economic growth. The vision for broadband is that by 2020, 100% of SA citizens will have access to broadband services at 2, 5% or less of the population's average monthly income.

Current broadband infrastructure roll-out is mainly duplicated and concentrated in urban areas. Broadband is crucial for economic development and must be extended to rural areas and townships to minimize the digital divide. There is a need to leverage on existing infrastructure and aggregate Government's demand for broadband services in order to stimulate investment by operators and enable sharing of such infrastructure.

South Africa Connect, the National Broadband Policy and the associated strategy and plan, gives expression to South Africa's vision in the National Development Plan (NDP) of "a seamless information infrastructure by 2030 that will underpin a dynamic and connected vibrant information society and a knowledge economy that is more inclusive, equitable and prosperous". In this regard, the Department contributes to Government Outcome 6 which is focused on the development of an efficient, competitive, and responsive economic infrastructure network.

Despite the efforts made to provide connectivity to 1296 identified government institutions through the implementation of Phase 1 of the Digital Development Plan, the Department was unable to fully achieve the set target. Although the Department established the Project Management Office to manage the SA Connect project as well as developed a draft Programme Implementation Plan and a Project Management Plan, the actual connectivity was severely hampered by delays in appointing the connectivity service provider as planned. However, in order to address this challenge, the Department is engaging with relevant stakeholders as well as exploring all available options to ensure that going forward, the planned connectivity is rolled out in line with allocated resources. In terms of the implementation of Phase 2 of the Digital Development Plan, during the reporting period the Department developed a Phase 2 business case document which was submitted to National Treasury. However, due to fiscal constraints Treasury only allocated funding for Phase 2 to commence in 2018/19, with an allocation of approximately R60 million.

ICT Policy Review

South Africa currently has in place distinct and separate policy frameworks for addressing the various ICT sub-sectors inclusive of telecommunications, broadcasting and postal amongst others. These policy frameworks assisted the country, to a certain extent, to create a conducive policy environment so as to provide universal service and access to information and communications technologies. Global technological advances has demonstrated that Information and Communication Technology is now considered as a basic service to citizens. Hence, the review of all ICT policies to establish the National ICT Policy is both a necessity and an opportunity to accelerate the development an Inclusive Information Society and Knowledge Economy which will also provide a global competitiveness edge for South Africa.

The National Integrated ICT White Paper replaces the separate White Papers on Telecommunications (1996) and Postal Services (1998). It responds to the development of technology including convergence, digitisation, the increasing use of the Internet, and how South Africans communicate, work and interact with Government. The policies contained herein are in line with the National Development Plan (NDP) in conjunction that an integrated ICT policy should be developed outlining how Government will ensure that the sector fulfils its potential to facilitate inclusive social and economic transformation in South Africa. The White Paper lays the foundation for realising the NDP vision for the ICT sector to create "a seamless information infrastructure by 2030 that will underpin a dynamic and connected vibrant information society and a knowledge economy that is more inclusive, equitable and prosperous".

The National Integrated ICT Policy White Paper includes, among other things:

- Interventions to ensure universal service and access to ICTs and postal services to address existing and potential new digital divides in South Africa. The digital divide refers to the extent of the gap between those who have access to a range of communications platforms, networks, services and content; and those that do not have this access.
- Supply-side interventions including a new Spectrum Policy; a Rapid Deployment Policy; and proposals on establishing the Open Access Wireless Network and incorporates interventions to maintain the Open Internet (based on open standards) to facilitate innovation. Furthermore, it introduces a new market structure for Postal Services recognising the changed environment and includes proposals on stimulating industry growth.
- Demand-side interventions to transform the public service through the digitisation of services, promote ICT industry growth and proposes mechanisms to fund universal service and access through the ICT Development Fund.

During the reporting period, the Department briefed relevant stakeholders, including the Portfolio Committee on Telecommunications and Postal Services on the ICT Policy Review Panel's Policy Recommendations Report which highlighted a range of policy options and possible policy approaches to inform the development of the White Paper. The Department formally established the extended PMO.

Research and Analysis team and additional areas of research were identified, scoped and coordinated. The draft National Integrated ICT Policy White Paper was thereafter developed, approved and tabled at the Cabinet (ESEID Cabinet Committee).

Cybersecurity

According to the National Cybersecurity Policy Framework for South Africa, the numerous cyber-attacks launched in recent years against advanced information societies aimed at undermining the functioning of public and private sector information systems have placed the abuse of cyberspace high on the list of international and also local security threats. Given the seriousness of cyber threats and of the interests at stake, it is therefore imperative that the comprehensive use of information communication technology solutions be supported by a high level of security measures and be embedded in a broad and sophisticated Cybersecurity culture. Cyberspace comes with new types of challenges to the governments of the world and it therefore introduces a further dimension to National Security. It is a borderless platform that enables more sophisticated threats such as cybercrime, cyber terrorism, cyber war and cyber espionage. For this reason, the cyber threats need to be addressed at both the global and national levels.

During the reporting period the Department ensured that the ICT Infrastructure of the Virtual Cybersecurity Hub was reconfigured and hardened after which the Department commissioned and launched the virtual Cybersecurity Hub on 30 October 2015. The Cybersecurity Hub offers alerts and warnings, announcements, security related information dissemination, incident handling and incident response support as services to its constituents. These services can be categorised as proactive, reactive and social services.

With regards to incident handling, incidents are logged via the Cybersecurity Hub website and depending on their evaluation, incidents that can be handled by the Cybersecurity Hub are timeously resolved or else relevant incidents are escalated to other agencies for further investigation.

2.2 Service Delivery Improvement Plan

The Department has developed a draft Service Delivery Improvement Plan (SDIP) following extensive consultation with the Department of Public Service and Administration as well as relevant internal stakeholders. The draft SDIP was developed in compliance with the requirements of the Public Service Regulation 2001 and the White Paper on the Transformation of Service Delivery (Batho Pele).

In developing the SDIP, the Department collated and analysed information on the performance levels of the main services offered by the Department to identified beneficiaries as well as the actual and the desired standards of such services. Following approval of the draft SDIP, the Department will commence with its implementation and the monitoring and evaluation of such implementation.

Furthermore, as part of further improving service delivery, in the 2016/17 financial year, the Department has embarked on the identification, documenting and mapping of identified core business processes so as to enable process automation in the medium term.

2.3 Organisational environment

Following the 2014 National Elections, the Department of Telecommunications and Postal Services was established with the following States Owned Companies within its Portfolio: National Electronic Media Institute of South Africa, Universal Service and Access Agency of South Africa, Universal Service and Access Fund, .za Domain Name Authority, State Information and Technology Agency, Sentech, Broadband Infraco and South African Post Office.

The establishment of the Department of Telecommunications and Postal Services necessitated a major change in both the functions and related personnel within the Department. However throughout the reporting period, the Department functioned under the approved structure of the former Department

of Communications, which was not aligned to its newly assigned mandate and functions. Therefore, a significant initiative which the Department has embarked on is the revision of the current Organisational Structure in line with the revised Strategic Plan and mandate of the Department of Telecommunications and Postal Services. The structural review will ensure that the Organisational Structure and related process, functions and systems are fully aligned to the revised organisational strategy and mandate. Together with the Department of Public Service and Administration, the structural review process has commenced through the development of the Department's Service Delivery Model. It is envisaged that the entire organisational restructuring process will be concluded in the 2016/17 financial year.

Furthermore, during the reporting period, the Department has experienced challenges related to instability at a leadership level which was largely created by the poor management of disciplinary processes within the Department. This also resulted in the Minister approaching the Public Service Commission (PSC) to undertake a fact finding inquiry in terms of Section 10(1) of the Public Service Commission Act, 1997 regarding the alleged paralysis within the Department. Following the PSC inquiry, the report was produced and its recommendations accepted by the Department which are in the process of being implemented. During the majority of the reporting period the Department functioned without a full leadership complement due to critical leadership vacancies which included that of the Director-General (DG) and several Deputy Directors-General (DDGs) as well as the Chief Financial Officer (CFO). However, during the reporting period, several of these vacant posts were filled which did make a positive impact on the overall performance of the Department.

2.4 Key policy developments and legislative changes

During the reporting period, the Department developed the National Integrated ICT White Paper which in essence replaces the separate White Papers on Telecommunications (1996) and Postal Services (1998). This White Paper outlines the overarching policy framework for the transformation of South Africa into an inclusive and innovative digital and knowledge society. It reinforces and extends existing strategies such as South Africa Connect, the National Broadband Policy, the National Cybersecurity Policy Framework, 2012 and the National Information Society and Development Plan. It responds to the development of technology including convergence, digitisation, the increasing use of the Internet, and how South Africans communicate, work and interact with Government.

Furthermore, the White Paper lays the foundation for realising the NDP vision for the ICT sector to create "a seamless information infrastructure by 2030 that will underpin a dynamic and connected vibrant information society and a knowledge economy that is more inclusive, equitable and prosperous". The core philosophy informing all of the revised policies introduced in this White Paper is a move towards facilitating "openness" – open access, open Internet and open Government.

3. STRATEGIC OUTCOME ORIENTED GOALS

Broadband connectivity that provides secure and affordable access for all citizens to education, health and other government services and stimulates economic development.

The Department through its objective of implementing the Digital Development and Digital Future programmes in line with SA Connect, during the reporting period, established the Project Management Office to manage the SA Connect project. The Department also developed a draft Programme Implementation Plan as well as draft technical specifications which will form the basis for the procurement plan for the implementation of Phase 1 of the Digital Development Plan.

Furthermore the Rapid Deployment Policy was developed and included in Chapter 8 of the National Integrated ICT Policy White Paper which was approved and tabled at Cabinet (ESEID Cabinet committee).

In pursuit of implementing the Information Ethics Programme in NHI sites prioritizing schools and health centres, the Department commenced with implementation of the programme in Limpopo Province and

consultations were done through Provincial Governing structures in the Eastern Cape, Northern Cape and North West after which the Information Ethics workshops were conducted by the African Centre of Excellence for Information Ethics through a partnership with the Department which targeted young people and people working as community health workers.

As part of ensuring that citizens have access to Government services through ICTs, the Department finalised the e-Government Exchange Programme, enhancing government service delivery, with SITA being the central agency. The Department also developed an Implementation Plan on e-Government for identified pilot sites and as a follow up on the Cooperation Partnership between China and SA, the Department facilitated a bilateral meeting between SITA and INSPUR on the e-Government Programme, and a proposal is being explored by the two parties on an e-Government Programme of Action.

The Department established and fully operationalised Virtual Cybersecurity Hub in support of a secure cyberspace in the interest of citizens, private and public sectors. A Virtual Cybersecurity Hub was commissioned and launched on 30 October 2015, which is currently fully operational. With regards to creating an effective National Spectrum Framework to ensure that citizens realise socioeconomic benefits from the use of spectrum, the Department developed Policy recommendations which were included in the Open Access Chapter (Chapter 8) of the National Integrated ICT Policy White Paper which was approved and tabled at Cabinet (ESEID Cabinet committee).

The Department, in its effort to implement the cost to communicate Programme of Action focused at affordability and quality of ICTs, developed and included a Roaming Policy in the National Integrated ICT Policy White Paper. Furthermore a Draft Local Loop Strategy, as well as Policy Direction on data cost were incorporated into the National Integrated ICT Policy White Paper. The Department also developed a monitoring and evaluation framework to assess implementation of interventions to reduce the cost to communicate.

Stable ICT Policy and Regulatory Environment that contributes to socio-economic development of the country.

The Department in its effort to create a stable ICT Policy and regulatory environment that contribute to the socio-economic development of the country developed and tabled the National Integrated ICT Policy White Paper at Cabinet (ESEID Cabinet committee). Furthermore the Department developed the draft ICT SMME support programme. As part of ensuring the availability of updated and relevant ICT Research and ICT statistics to inform evidence based policy making the ICT Research Framework was developed with a focus on competitiveness and innovation. Moreover the Department developed the ICT Research Agenda through consultation with relevant stakeholders. Following the development of the draft ICT indicators Framework for the Statistical Compendium, the ICT Statistical Compendium was produced and sample copies were published.

South Africa has a modern, sustainable and competitive postal and telecommunications sector.

As part of facilitating the corporatization of the Postbank, the Department coordinated the licensing of the Postbank and progress reports were developed in this regards. The Department also facilitated and monitored the deployment of Postal Infrastructure. The Department engaged SAPO in relation to the Deployment of Post Offices/ Points of Presence (PoPs) infrastructure in line with the SAPO roll-out plan.

With regard to the objective of developing and implementing the National Address System Policy, the Department developed the National Address System Policy which was included in Chapter 10 of the National Integrated ICT Policy White Paper. The Policy directive on regulation of Extra-terrestrial Offices of Exchange (ETOE) & Re-mailing and the strategy on Philatelic Product was also developed and incorporated in Chapter 10 of the National Integrated ICT Policy White Paper.

Furthermore with regards to International cooperation to strengthen national and regional capacity in the Postal Sector, the Department developed a Programme of Action on the SA ITU-UPU Cooperation Agreement which was aimed at implementing e-Services, addressing connectivity and electrification through innovation. This project is done in partnership with SAPO and 5 Post Offices have been identified in rural areas for the roll-out of this project.

Inclusive Information society and knowledge economy

During the reporting period, the Department in its quest to develop and implement the National e-Strategy undertook consultation with Provinces on the National e-Strategy Framework. Such consultations were conducted through the Provincial Broadband Steering Committee in North West, Limpopo and Northern Cape Province. Further consultation took place with the State Information Technology Agency (SITA) and the National ICT Forum Working Committee on e-Commerce so as to provide for institutional mechanisms to be used for the development of the e-Strategy.

Optimally functional Department and SOCs that effectively deliver on their respective mandates

As part of conducting proactive and stringent oversight to improve the performance and sustainability of the State Owned Companies, oversight was conducted and Quarterly progress reports against the SAPO's Strategic Turnaround Plan were analysed. Furthermore, an Oversight Model for the State Owned Companies was developed and approved for implementation.

In line with *Outcome 12: an efficient, effective and development of oriented public service and an empowered, fair and inclusive citizenship*, the Department developed a revised Information Technology & Knowledge and Information Management Strategy and implemented the planned initiatives within Phase 1 and 2, which entailed the creation of Enterprise Admin Accounts, development of the Enterprise Architecture including Business Architecture, identified Applications, Data and Technology solutions as well as the Technology Architecture.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

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

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

The Strategic Objective for the 2015/16 Financial Year is listed below:-

- Review and implement an IT Strategy and Enterprise Architecture to improve IT systems and applications.
- Develop and implement an organisational-wide integrated internal control framework.

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Review and implement an IT Strategy and Enterprise Architecture to improve IT systems and applications	Optimally functional IT Systems and applications in support of organizational objectives	-	IT & KIM Strategic Plan and Enterprise Architecture, aligned to the strategic objectives of the Department, approved and Phase one implemented	<ul style="list-style-type: none"> The target was fully achieved The Department developed a revised Information Technology & Knowledge and Information Management Strategy. In executing the IT & KIM Strategy, the Department implemented the planned Initiatives within Phase 1 and 2, which entailed the creation of Enterprise Admin Accounts, development of the Enterprise Architecture including Business Architecture, identified Applications, Data and Technology solutions as well as the Technology Architecture. 	None	None
Develop and implement an organization-wide integrated internal control framework	Clean administration	<ul style="list-style-type: none"> The Internal Control Framework was developed and implemented. 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. 	Internal Control Framework reviewed, approved and implemented	<ul style="list-style-type: none"> The target was not fully achieved. The revised Internal Control Framework was developed and approved by the Accounting Officer. 	The Department did not map, review and standardize all the Departmental processes as planned	Progress was hampered by the lack of specialised skills to undertake the mapping process. However the project is being prioritised in the 2016/17 financial year with appropriate resources.

Strategy to overcome areas of under-performance

The Department does acknowledge its areas of under-performance with regards to the mapping, reviewing and standardising of the Departmental processes. Going forward the Department has ensured the allocation of adequate capacity to this significant project in the 2016/17 financial year. Furthermore, specific focus will be given to planning in line with the availability of requisite skills to achieve a specific target.

Changes to planned targets

There were no changes to the planned targets during the reporting period.

Linking performance with budgets

There was no significant increase in compensation of employees from the 2014/15 financial year due to critical vacant positions not being filled on time. Under goods and services the increase was mainly in the Departmental Management for external audit fees due to the Special Investigation Unit (SIU) for various investigations performed in the Department. The programme also experienced a decrease in travel and advertising due to the austerity measures being implemented.

Sub-programme expenditure

Sub- Programme Name	2015/2016			2014/2015		
	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	4 211	4 211	-	4 103	4 056	47
Departmental Management	73 332	73 332	-	65 781	65 781	-
Internal Audit	5 245	5 245	-	5 708	5 708	-
Corporate Services	63 756	62 590	1 166	80 334	70 163	10 171
Financial Management	70 357	70 357	-	75 583	74 918	665
Office Accommodation	6 129	6 129	-	6 016	6 016	-
Total	223 030	221 864	1 166	237 525	226 641	10 884

4.2 Programme 2: 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 2015/16 Financial Year are listed below:

- Ensure that citizens have access to Government services through ICTs;
- Create an effective national spectrum framework to ensure citizens realize socio-economic benefits from the use of spectrum; and
- Facilitate International cooperation to strengthen national and regional capacity in the postal sector.

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Ensure that citizens have access to Government services through ICTs</p>	<p>e-Government programmes supported through participation in identified regional and international forums and bilateral agreements</p>	<ul style="list-style-type: none"> The Department participated at the 8th Policy Consultative Conference between South Africa and South Korea in Seoul where it succeeded in placing the need to formalise relations focusing on e-Government, joint research programmes, and human capital development to Korean counterparts for their consideration. Furthermore, the Department also participated in the BRICS inter-Departmental meeting and contributed to the development of a position paper on e-Commerce in support of the BRICS Cybersecurity Programme. 	<p>Bilateral exchange programmes, focused on e-Government facilitated with identified countries</p>	<ul style="list-style-type: none"> The target was fully achieved The Department held three bilateral engagement with Russia (19 May 2015), India (18-19 May 2015) and China (08 June 2015 & 21-23 March 2016). As a follow up on the Cooperation Partnership between China and SA, the Department facilitated a bilateral meeting between SITA and INSPUR on the e-government programme, and a proposal is being explored by the two parties on an e-Government Programme of Action. 	<p>None</p>	<p>None</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Create an effective national spectrum framework to ensure citizens realize socio-economic benefits from the use of spectrum</p>	<p>Harmonisation and coordination of frequency spectrum with neighbouring countries</p>	<ul style="list-style-type: none"> In advancing the three Africa ICT Infrastructure Programmes the Department implemented and monitored DTT, Broadband and PIDA within relevant Forums. All three programmes required Radio Frequency Spectrum, so to provide secure, reliable and efficient infrastructure network in the continent. 	<p>Bilateral Agreement(s) facilitated with neighbouring countries and harmonization of frequency spectrum coordinated in the region</p>	<ul style="list-style-type: none"> An e-Government Exchange Programme was finalised, enhancing government service delivery, with SITA being the central agency. A benchmarking visit to China took place, where the two parties shared experience on best model and different platforms to engage with citizens, new technologies and applications to support e-services. Following which the Department developed an implementation plan where the pilot sites model focused on Government to Government (G2G), Government to Citizens (G2C) and Government to Business (G2B). This implementation plan with recommended e-Gov Pilot Site/ Platforms priorities was approved by the Minister on 30 March 2016. The target was fully achieved. The Department developed proposed Bilateral Agreements that incorporated the SADC MOU guidelines on Cross Border Coordination. The Proposed Bilateral Agreements were sent to neighbouring countries through diplomatic channels. The Botswana Agreement on Cross Border Frequency Coordination was finalized following consultation with key stakeholders including the DoC and ICASA. 	<p>Although not planned for, Department also worked on the Zimbabwe Bilateral Agreement.</p>	<p>The Zimbabwean Bilateral Agreement was finalised and the Department is awaiting Zimbabwe to advice on readiness to sign.</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
		<ul style="list-style-type: none"> Furthermore, the Department facilitated two cross border frequency coordination projects which were engaged with Lesotho and Mozambique. The objective was to address Radio Frequency interference issues and cleared within 30 days. 		<ul style="list-style-type: none"> The Zimbabwe Bilateral Agreement was finalised and the Department is awaiting Zimbabwe to advise on readiness to sign. The Bilateral Agreement with Namibia was also finalised and the Department is awaiting Namibia to advise on readiness to sign. 		
<p>Facilitate International cooperation to strengthen national and regional capacity in the postal sector</p>	<p>Improvement in connectivity and financial services in rural and underserved areas through collaboration with the ITU and UPU</p>	<ul style="list-style-type: none"> The Department participated in the African Regional Preparatory meeting for the UPU and ITU and agreed to Common African Proposals on key issues for resolution. 	<p>Collaboration with the ITU and UPU to develop models to improve connectivity and financial services in rural and underserved areas through the postal network facilitated</p>	<ul style="list-style-type: none"> The planned target was not fully achieved. A Programme of Action on the SA ITU-UPU Cooperation agreement was developed which was aimed at implementing e-services, addressing connectivity and electrification through innovation. This project is done in partnership with SAPO and 5 Post Offices have been identified in rural areas for the roll-out of this project. The Department undertook extensive engagements with SAPO, ITU and the UPU and a new Call for Partners was issued. 	<p>The Department was unable to develop the Case Study as planned.</p>	<p>Progress was affected by the need to revise the approach proposed by the ITU to conduct a feasibility study because of transfer of funds from the previous completed SA-ITU-UPU Cooperation Agreement which resulted in further delays.</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/15	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Facilitate International cooperation to strengthen national and regional capacity in the postal sector</p>	<p>Improvement in sub-regional postal services</p>	<ul style="list-style-type: none"> The Department developed a report to influence the outcomes of the Postal Strategy Conference and various positions were developed that will pave the way for the adoption of a new World Postal Strategy. The focus is on reform of the Union, and promoting the developmental agenda for the postal sector. 	<p>Implementation of UPU Quality of Service Fund projects to improve sub regional postal services facilitated.</p>	<ul style="list-style-type: none"> The planned target was not fully achieved The Department obtained approval of the Project Terms of Reference in May 2015. Following the appointment of the consultant, the Concept Document and Business Case was developed as well as a feasibility study was conducted. Furthermore, an identification of project risks was undertaken. 	<p>The Postbus Project could not be launched as planned.</p>	<p>Progress was impacted by the delays in the appointment of the consultant by SAPO which was only finalised in February 2016. New timelines have been developed towards finalising the project. A Business Case is being developed to finalise the specific routes for the buses as well as analyse the operational requirements and costs.</p>

Strategy to overcome areas of underperformance

The Department does acknowledge its areas of under-performance with regards to specific targets for which project specific reasons have been provided under "comment on deviation", where applicable. The challenges that impacted on the achievement of targets were largely related to external stakeholders over whom the Department did not have direct control. Going forward, extensive stakeholder engagement is undertaken with relevant external stakeholders involved prior to committing to such projects as well as during implementation of such projects.

Changes to planned targets

There were no changes to the planned targets during the reporting period.

Linking performance with budgets

The decrease in expenditure in this programme from R45.4 million to R41.5 million is due to vacant positions that were not filled and the enforcement of the austerity measures. Funds were shifted within the programme from compensation of employees and goods and services to cover the shortfall in transfer payments to International Organisations for membership fees.

Sub-programme expenditure

Sub- Programme Name	2015/2016			2014/2015		
	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	11 514	10 511	1 003	13 126	13 125	1
ICT Trade/Partnership	31 796	31 031	765	32 541	32 306	235
Total	43 310	41 542	1 768	45 667	45 431	236

4.3 Programme 3: ICT Policy, Research and Capacity Building Branch

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 2015/16 Financial Year are listed below:

- Implement the Digital Readiness Programme in line with SA Connect;
- Implement the Digital Opportunities Programme in line with SA Connect;
- Implement the Cost to Communicate Programme of Action focused at affordability and quality of ICTs;
- Implement the Policy and legislative programme;
- Promote transformation of the ICT Sector through ICT SMME development and implementation of the ICT B-BBEE Sector Code
- Ensure the availability of updated and relevant ICT research and ICT statistics to inform evidence-based policy making.
- Develop and implement the National Address System Policy.
- Develop and implement the Strategy on Philatelic Products.
- Develop and implement policy directive on the regulation of ETOEs and Re-mailing; and
- Develop and implement the National e-Strategy

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Implement the Digital Readiness Programme in line with SA Connect</p>	<p>Approved Rapid Deployment Policy that promoted ICT infrastructure roll-out</p>	<ul style="list-style-type: none"> • Project scoping plan developed. Project Team was identified and a 1st consultative meeting was held with designated Government Departments. • Work breakdown structure developed. • Terms of Reference for the appointment of Service Provider to develop a national rapid deployment policy has been developed. • Motivation submitted for appointment of a Service Provider to develop Rapid Deployment Policy. 	<p>Rapid Deployment Policy developed and approved</p>	<ul style="list-style-type: none"> • The Department fully achieved the set target. • As part of conducting stakeholder consultations, the Round Table workshop with ECNS Licensees and Government Departments was concluded in the second quarter of the reporting. • Draft Rapid Deployment Policy was developed and was submitted to ESEID Cluster in October 2015. • The final Rapid Deployment Policy was completed and included in Chapter 8 of the National Integrated ICT Policy White Paper. • The National Integrated ICT Policy White Paper was approved and tabled at Cabinet (ESEID Cabinet committee). 	<p>None</p>	<p>None</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Implement the Digital Programme in line with SA Connect</p>	<p>Capacity building programmes implemented in all identified sites focused on improving skills and widening opportunities for participation</p>	<ul style="list-style-type: none"> Curriculum & awareness Workshop was held in Mpumalanga on 27 November 2014 and the Eastern Cape on 14th November 2014. 	<p>ICT Capacity building programmes developed and implemented focused on supporting community development, health and education sectors</p>	<ul style="list-style-type: none"> The Department fully achieved the set target. ICT capacity building needs analysis was conducted through consultation with the relevant stakeholders such as NEMISA, ISSA and the NHI sites to identify areas of intervention in conducting skills development programmes for the NHI sites. Furthermore, the ICT Capacity Development Programme to address Digital Literacy skills training in the NHI sites was developed and approved. Further consultations were done with Provincial Broadband Steering Committees in the NHI sites and Digital Literacy training was implemented through NEMISA in Eastern Cape, North West and Northern Cape focusing on supporting community development, health and education. 	<p>None</p>	<p>None</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Implement the Digital Opportunities Programme in line with SA Connect</p>	<p>Information Ethics Programmes implemented in all identified sites focused at connecting society and increasing e-literacy</p>	<ul style="list-style-type: none"> 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. The Information Ethics Conference was facilitated by the African Centre of Excellence for Information Ethics on 2nd to 4th July 2014 at Uganda. 	<p>Information Ethics Programme implemented in NHI sites prioritizing schools and health centres</p>	<ul style="list-style-type: none"> The Department did not fully achieve the set target. In pursuit of delivering on this target the Department had consultative meetings with all the Provinces in April 2015 and presented the Information Ethics programme as a project or pillar of the Digital Opportunities Programme. During the second quarter of the reporting period, the Department implemented the Information Ethics Programme in Limpopo. During the fourth quarter further consultations were done through Provincial Governing structures in the Eastern Cape, Northern Cape and North West after which the Information Ethics workshops were conducted by the African Centre of Excellence for Information Ethics through a partnership with the Department which targeted young people and people working as community health workers. 	<p>The Information Ethics Programme was not implemented in Free State, Mpumalanga and Kwa-Zulu Natal as planned</p>	<p>The MoU with the African Centre of Excellence for Information Ethics was only concluded in beginning of the fourth quarter, hence all Provinces could not be targets as planned. However, the remaining Provinces are being prioritised by the African Centre of Excellence for Information Ethics.</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Implement the Digital Opportunities Programme in line with SA Connect</p>	<p>Mainstreaming programmes implemented in line with Departmental Priority projects focusing on Gender Equity, Children's Empowerment and Protection, Youth Development and Disability</p>	<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. 	<p>ICT and Gender mainstreaming promoted through the implementation of the Mobinet and TechnoGirl projects</p>	<ul style="list-style-type: none"> The Department fully achieved the target. During the reporting period the Mobinet website was updated and the Mobinet Project was reviewed. Furthermore the implementation of the Mobinet Project was coordinated and progress reports was developed. The Department further participated in a Ministerial Youth Event as part of the commemorative June Month Programme. The Department further participated in the Women's Net Program on 30 October 2015 called 1000 Women in Voice Campaign in preparations for the 16 Days of Activism on No Violence Against Women and Children Abused. Mobinet Project was implemented in the following provinces namely, Western Cape, Mpumalanga, North West and Limpopo. The Formal Launch of the Mobinet Project was held on 11 March 2016 in the Western Cape Province where the website was formally introduced and all the training reports were presented. 	<p>None</p>	<p>None</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Implement the Digital Opportunities Programme in line with SA Connect</p>	<p>Mainstreaming programmes implemented in line with Departmental Priority projects focusing on Gender Equity, Children's Empowerment and Protection, Youth Development and Disability</p>	<ul style="list-style-type: none"> 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 the Eastern Cape. 	<p>ICT and Children mainstreaming promoted through the implementation of Child Online Protection programmes across all Provinces</p>	<ul style="list-style-type: none"> The TechnoGirl Programme was implemented in Gauteng Mpumalanga and Eastern Cape Provinces during the reporting period. The Department fully achieved the planned target. Schools for the Child Online Protection Programme were identified for Eastern Cape, Free State, North West and Western Cape. The Child Online Protection Awareness Workshop for Eastern Cape was conducted at Nongeke High School in March 2015 and Steynrus High School in the Free State in April 2015. Desmond Mpilo Tutu Senior Secondary School at Paarl was selected for the Western Cape Province and a Workshop was conducted in April 2015. The Early childhood Development Access Technology program was implemented at two Early Childhood Development Centres in Virginia; Free State Province in Eilim, Western Cape Province in April 2015. During the reporting period the Child Online Protection Awareness Projects were implemented in all planned Provinces. 	<p>None</p>	<p>None</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Implement the Digital Opportunities Programme in line with SA Connect</p>	<p>Mainstreaming programmes implemented in line with Departmental Priority projects focusing on Gender Equity, Children's Empowerment and Protection, Youth Development and Disability</p>	<ul style="list-style-type: none"> The Gender and ICT strategy was developed. Aspects of the strategy as it relates to the Gender Audit, Techno Gift Programme and Mabinet 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. 	<p>ICT and Youth mainstreaming promoted through the implementation of e-Social Cohesion Programme across all Provinces</p>	<ul style="list-style-type: none"> Child Online Protection Partnership Workshop held with relevant stakeholders in December 2015 in the Western Cape Province and the two key outcomes were the draft implementation plan for the Children and ICT Strategy and the Proposed Coordination Mechanism for Child Online Protection in the country as per the ITU Guidelines on COP. The Department fully achieved the target. The Concept on the e-Social Cohesion Program was developed and approved after which engagements were held with Microsoft as the training partner to discuss the training programme as well as the approach. The cities within the NHI Sites were identified and the e-Social Cohesion Programme focusing on youth in NHI sites was implemented across all Provinces. 	<p>None</p>	<p>None</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Implement the Digital Opportunities Programme in line with SA Connect</p>	<p>Mainstreaming programmes implemented in line with Departmental Priority projects focusing on Gender Equity, Children's Empowerment and Protection, Youth Development and Disability</p>	<ul style="list-style-type: none"> 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. 	<p>ICT and Disability mainstreaming promoted through the implementation of the ICT Accessibility Programme</p>	<ul style="list-style-type: none"> The Department fully achieved the target. During the reporting period, the implementation of the ICT Accessibility programme commenced in 5 identified Organisations. The ICT Accessibility Symposium was hosted in support of Broadband Policy and the National Disability Month in December 2015 and in February 2016 as part of the hosting of the symposium the Department managed to support more than 8 Disability Organisations. The Department further supported the National Disability Rights Awareness Month Program. The Department also participated in the Disability and Gender Rights Awareness Conference in support of the National Disability Rights Awareness Month. The Department also further provided support to 4 disability organisations through the facilitation of training on basic computer literacy and ICT Accessibility. This program was implemented in the Mpumalanga Province in March 2016. 	<p>Over and above the Department supported 4 Disability Organisations through facilitating training on basic computer literacy and ICT accessibility.</p>	<p>The Department was able to reach more than 8 Disability organisations in one forum through the request of the Department of Social Development.</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Implement the cost to communicate Programme of Action focused at affordability and quality of ICTs</p>	<p>Approved roaming policy direction aimed at visibly reducing the cost to communicate</p>	<ul style="list-style-type: none"> Study report on national roaming and the Terms of Reference were developed and approved by the Tender Committee after which the appointment of the service provider was concluded. 	<p>Roaming Policy / Policy Direction developed and approved</p>	<ul style="list-style-type: none"> The Department further hosted the 3rd Disability and ICT Chamber Meeting in March 2016 where the Disability and ICT Strategy was presented. The Department fully achieved the target. Roaming study was done and the Roaming report produced. The Roaming report was subsequently used to draft the National Roaming Policy (including roaming by MVNOs) which was included in the Open Access Chapter (chapter 8) of the National Integrated ICT Policy White Paper. The National Integrated ICT Policy White Paper was approved by the Minister for tabling at Cabinet (ESEID Cabinet Committee). Subsequent to the tabling, the White Paper was deferred for additional input and will be re-submitted to Cabinet in the first quarter of the 2016/17 financial year. 	<p>None</p>	<p>None</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Implement the cost to communicate Programme of Action focused at affordability and quality of ICTs</p>	<p>Approved Local Loop Strategy aimed at reducing communication costs across multiple platforms</p>	<p>-</p>	<p>Draft Local Loop Strategy developed</p>	<ul style="list-style-type: none"> • The Department fully achieved the target. • Research towards Local Loop strategy was concluded in the third quarter of the reporting period and a research report produced. • A Draft Local Loop Strategy was developed and incorporated into the National Integrated ICT Policy White Paper. The strategy recommendations of the Draft Local Loop Strategy have been included in various different parts of the White Paper. • The National Integrated ICT Policy White Paper was approved by the Minister for tabling at Cabinet (ESEID Cabinet Committee). • Subsequent to the tabling, the White Paper was deferred for additional input and will be re-submitted to Cabinet in the first quarter of the 2016/17 financial year. 	<p>None</p>	<p>None</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Implement the cost to communicate Programme of Action focused at affordability and quality of ICTs</p>	<p>Approved policy direction aimed at visibly reducing the cost of data usage communication costs across multiple platforms</p>	<ul style="list-style-type: none"> 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 Benchmarking study on mobile data pricing, a benchmarking study was conducted and a benchmarking report including recommendations was developed. 	<p>Policy Direction on Data Cost developed</p>	<ul style="list-style-type: none"> The Department fully achieved the target. The draft Policy Direction on Data Cost was developed and gazetted for public comments. Following an analysis of input and further consultation with relevant stakeholders, the Policy Direction on Data Pricing was approved and gazetted in Government Gazette 39781 on 4 March 2016. 	<p>None</p>	<p>None</p>
<p>Implement the cost to communicate Programme of Action focused at affordability and quality of ICTs</p>	<p>Monitoring and evaluation reports that inform the impact of the implementation of interventions to reduce the cost to communicate</p>	<p>-</p>	<p>Monitoring and evaluation framework developed and implemented to assess implementation of interventions to reduce the cost to communicate</p>	<ul style="list-style-type: none"> The Department fully achieved the target. The Concept document for the Framework for Monitoring and Evaluation of policy implementation was developed and consulted with internal stakeholders. Monitoring and evaluation was conducted and draft monitoring and evaluation report developed on the implementation of interventions to reduce the cost to communicate. 	<p>None</p>	<p>None</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Implement the Policy and legislative programme	Approved White Paper on National Integrated ICT Policy that informs the legislative programme	<ul style="list-style-type: none"> The Department through the ICT Policy Review Panel developed a Recommendations Report. The ICT Policy Recommendations Report will inform the finalisation and subsequent gazetting of the White Paper on National Integrated ICT Policy. 	White Paper on National Integrated ICT Policy finalized and gazetted	<ul style="list-style-type: none"> Final Monitoring and Evaluation Framework was developed and finalised. In addition, a Monitoring and Evaluation Report on the implementation of Cost to Communicate Programme was generated. The Department did not fully achieve the set target. During the reporting period briefings were done to the Executive as well the Portfolio Committee on Telecommunications and Postal Services on the ICT Policy Review Panel's Policy Recommendations Report. The extended PMO Research and Analysis team was established formally by the Department and additional areas of research identified, scoped and coordinated. The National Integrated ICT Policy White Paper was approved by the Minister for tabling at Cabinet (ESEID Cabinet Committee). Subsequent to the tabling, the White Paper was deferred for additional input and will be re-submitted to Cabinet in the first quarter of the 2016/17 financial year. 	The Department did not fully achieve the set target.	Due to the requirement from Cabinet Committee for minor changes to be made in the White Paper, it was not gazetted as planned. The Department has made the required amendments and plans to re-submit to Cabinet in the 2016/17 financial year.

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Implement the policy and legislative programme	Alternative Dispute Resolution Regulations amended to include additional second level domains (Phase 1) and to increase scope and improve effectiveness (Phase 2)	-	Alternative Dispute Resolution Regulations Amended to include additional second level domains (Phase 1)	<ul style="list-style-type: none"> The Department fully achieved the target. During the reporting period the Alternative Dispute Resolution Regulations was finalized. Consultations were undertaken with DTI following which, approval was obtained from DTI on the Alternative Dispute Resolution Regulations. The Alternative Dispute Resolution Regulations Amendments were gazetted on 11 Dec 2015. 	None	None
Promote transformation of the ICT Sector through ICT SMME development and implementation of the ICT B-BBEE Sector Code	A fully functional ICT B-BBEE Charter Council to promote ICT B-BBEE Sector compliance	<ul style="list-style-type: none"> 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. Consultation with Department of Communication is underway to conclude shortlisting of candidates for the Council. 	ICT B-BBEE Charter Council established and operationalised	<ul style="list-style-type: none"> The Department fully achieved the set target. The Department established the ICT B-BBEE Charter Council as planned. The Council's appointment was endorsed by Cabinet on 23 September 2015 and the appointment letter to the Councilors were served on 24 September 2015. Minister appointed the Secretariat Staff headed by DDG ICT Policy & Strategy. 	None	None

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
				<ul style="list-style-type: none"> • Administrative support to allow for the optimal functioning of the ICT Charter Council was provided and quarterly reports on outputs of the Council developed. • Furthermore, eight (8) General Meetings and eight (8) sub-committee meetings were held in the fourth quarter of the reporting period. 		
			ICT B-BBEE Sector Code reviewed and aligned to the Generic Codes of Good Practice	<ul style="list-style-type: none"> • The Department fully achieved the set target. • During the reporting period the Department drafted the aligned B-BBEE Sector Codes for the consideration of the B-BBEE Council. • Key sector stakeholders were consulted on the draft aligned ICT B-BBEE Sector Code and their inputs considered. • The ICT B-BBEE Charter Code aligned with the Generic B-BBEE Code of Good Practice was finalised and gazetted for public comments for 60 days on 24 February 2016. 		

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
			Annual ICT B-BBEE Sector Compliance Report developed	<ul style="list-style-type: none"> The Department did not fully achieve the set target. The Annual ICT B-BBEE Compliance Report was developed and finalised. 	The approval and submission of the final Annual ICT B-BBEE Compliance Report to DTI took place after the reporting period.	Delays in the appointment of the Council required the Council to prioritize the alignment of the Sector Code ahead of the development of the Sector Compliance Report. Although the Annual ICT B-BBEE Compliance Report was finalized by 31 March 2016, the final approval by Minister and submission to the DTI was achieved on 13 April 2016.

<p>Strategic objectives</p> <p>Promote transformation of the ICT Sector through ICT SMME development and implementation of the ICT B-BBEE Sector Code</p>	<p>Performance Indicator</p> <p>Approved Digital entrepreneurship programme implemented for all identified sites</p>	<p>Actual Achievement 2014/2015</p> <p>Request for Information (RFI) from SMMEs, a baseline research report on ICT SMMEs was developed.</p>	<p>Planned Target 2015/2016</p> <p>Digital entrepreneurship programme to enhance ICT adoption and usage by SMMEs developed</p>	<p>Actual Achievement 2015/2016</p> <ul style="list-style-type: none"> • The Department did not fully achieve the set target. • During the first quarter of the reporting period the Department conducted consultative sessions with NHI Sites wherein the Digital Opportunities framework was presented so as to include elements of the Digital entrepreneurship capacity development Programme. 	<p>Deviation from planned target to Actual Achievement for 2015/2016</p> <p>The Digital entrepreneurship programme could not be developed and approved as planned.</p>	<p>Comment on deviations</p> <p>The achievement of the target was affected by a lack of HR capacity due to the extended absence of the project manager owing to ill health. Going forward, Digital entrepreneurship, is being implemented through the Digital Opportunities Programme which is currently under way.</p>
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Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Ensure the availability of updated and relevant ICT research and ICT statistics to inform evidence-based policy making</p>	<p>Updated, relevant ICT research and statistics that informs and supports policy development</p>	<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 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. 	<p>ICT Research Framework developed focusing on competitiveness and innovation</p>	<ul style="list-style-type: none"> The Department did not fully achieve the set target During the reporting period the Department developed the ICT Research Agenda through consultation with relevant stakeholders. 	<p>The Department was not able to develop the ICT Research Framework as planned. Furthermore the establishment of the Research Experts Reference Group did not take place hence the research reports focusing on competitiveness and innovation were not developed as planned.</p>	<p>The achievement of the planned target was largely impacted by the resignation of the Project Manager which resulted in HR capacity constraints. However, in the 2015/16 financial year, ICT Research is being prioritised with the appropriate HR capacity in place.</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
	Updated, relevant ICT research and statistics that informs and supports policy development	<ul style="list-style-type: none"> 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. The e-Barometer indicators were published and uploaded on the ICT Information Repository. 	Annual South African ICT Statistical Compendium produced	<ul style="list-style-type: none"> The Department fully achieved the set target. During the reporting period, data to support the ICT Indicators Compendium was sourced and assessed with relevant stakeholders where the data gap was determined and a report was developed. Following the development of the draft ICT indicators Framework for the Statistical Compendium, the ICT Statistical Compendium was produced and sample copies were published. 	None	None
Develop and implement the National Address System Policy	Approved and Implemented National Address System Policy	<ul style="list-style-type: none"> 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 process was underway to develop a National Address Policy as recommended by the National ICT Policy Review Report. 	National Address System Policy developed and approved	<ul style="list-style-type: none"> The Department fully achieved the target. Benchmark research was conducted and draft benchmark report developed on the National address System. The National Address System Concept paper was developed and approved by the Social Protection, Community and Human Development Cluster. The draft National Address System Policy was developed in the second quarter of the reporting period and was consulted on with SAPO and ICASA. 	None	None

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Develop and implement the Strategy on Philatelic Products</p>	<p>Approved Philatelic Strategy for Annual and Commemorative Stamp Programme</p>	<p>-</p>	<p>Philatelic Strategy and Annual and Commemorative Stamp Programme developed and approved</p>	<ul style="list-style-type: none"> The draft National Address System Policy was included in Chapter 10 of the National Integrated ICT Policy White Paper. The National Integrated ICT Policy White Paper was approved by the Minister for tabling at Cabinet (ESEID Cabinet Committee). Subsequent to the tabling, the White Paper was deferred for additional input and will be re-submitted to Cabinet in the first quarter of the 2016/17 financial year. The Department fully achieved the set target. Research was conducted and Draft Philatelic Strategy was developed and consulted with SAPO and ICASA The Philatelic Strategy was finalised and included in Chapter 10 of the National Integrated ICT Policy White Paper. The National Integrated ICT Policy White Paper was approved by the Minister for tabling at Cabinet (ESEID Cabinet Committee). 	<p>None</p>	<p>None</p>

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Develop and implement policy directive on the regulation of ETOEs and Re-mailing</p>	<p>Approved and implemented policy directive on the regulation of ETOEs and Re-mailing</p>	<p>-</p>	<p>Policy directive on regulation of ETOEs and Re-mailing developed and approved</p>	<ul style="list-style-type: none"> • Subsequent to the tabling, the White Paper was deferred for additional input and will be re-submitted to Cabinet in the first quarter of the 2016/17 financial year. • Annual Stamp Programme for 2015 was developed and approved. The stamp programme is developed after receiving proposal from SAPO however no proposals were received for 2016 • Commemorative Stamp for the Oxford University Press Southern Africa was developed and launched by the DTPS and DBE Minister on 08 December 2015 	<p>None</p>	<p>None</p>
				<ul style="list-style-type: none"> • The Department fully achieved the set target. • During the reporting period the Department conducted research and developed a benchmark report with regards to the regulation of ETOEs and Re-mailing. • A draft policy (Discussion Document) focusing on regulation of ETOEs was developed and incorporated in Chapter 10 of the National Integrated ICT Policy White Paper. 	<p>None</p>	

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Develop and implement the National e-Strategy</p>	<p>ICT uptake and usage by government, individuals and enterprises improved</p>	<ul style="list-style-type: none"> The Department revised the e-Strategy Framework to include stakeholder input received during the reporting period. The Draft National e-Strategy was substantially revised in line with the inputs of the Inter-Departmental Working Group. 	<p>National e-Strategy developed and approved</p>	<ul style="list-style-type: none"> The National Integrated ICT Policy White Paper was approved by the Minister for tabling at Cabinet (ESEID Cabinet Committee). Subsequent to the tabling, the White Paper was deferred for additional input and will be re-submitted to Cabinet in the first quarter of the 2016/17 financial year. The Department did not fully achieve the set target. During the reporting period the Department undertook consultation with Provinces on the National e-Strategy Framework. Such consultations were conducted through the Provincial Broadband Steering Committee in North West, Limpopo and Northern Cape Province. Further consultation took place with the State Information Technology Agency (SITA) and the National ICT Forum Working Committee on e-Commerce so as to provide for institutional mechanisms to be used for the development of the e-Strategy. 	<p>The National e-Strategy was not gazetted and approved as planned</p>	<p>Due to a change in the approach on the development of the National e-Strategy, there were delays in achieving the target. However the development of the e-Strategy has been identified as a priority project in the 2016/17 financial year.</p>

Strategy to overcome areas of under-performance

The Department does acknowledge its areas of under-performance with regards to specific targets for which project specific reasons have been provided under "comment on deviation", where applicable.

The challenge experienced with the implementation of the Information Ethics Programme in remaining Provinces has been overcome through the signing of the MoU with the African Centre of Excellence for Information Ethics. This will ensure that all remaining Provinces are prioritised and speedily concluded.

With regards to the Annual ICT B-BBEE Sector Compliance Report, there should not be any challenges going forward as the ICT B-BBEE Council has been appointed and the Council is fully operational and optimally supported by the Department. Lastly, with regards to HR capacity constraints experienced on certain projects due to resignation and ill-health, the Department will ensure the availability of additional resources should such a challenges arise in the future.

Changes to planned targets

There were no changes to the planned targets during the reporting period.

Linking performance with budgets

The underspending in this programme was due to vacant positions not being filled on time. Under goods and services the under spending was mostly under consultants due to the Department reducing reliance on consultants as well as the decline on travelling.

Sub-programme expenditure

Sub- Programme Name	2015/2016			2014/2015		
	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	20 561	14 397	6 164	39 278	20 254	19 024
Economic And Market Analysis	5 855	4 392	1 463	6 163	6 162	1
Research	5 279	4 183	1 096	7 491	4 021	3 470
Information Society Development	52 488	41 397	11 091	43 515	35 137	8 378
Capacity Development	12 949	9 610	3 339	14 900	12 610	2 290
Total	97 132	73 979	23 153	111 347	78 183	33 164

4.4 Programme 4: ICT Enterprise Development and SOC 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 2015/16 Financial Year are listed below:

- Promote transformation of the ICT Sector through ICT SMME development and implementation of the ICT B-BBEE Sector Code;
- Facilitate the Corporatisation of the Postbank;
- Facilitate and monitor the deployment of Postal Infrastructure; and
- Conduct pro-active and stringent oversight to improve performance and sustainability of SOCs.

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Promote transformation of the ICT Sector through ICT SMME development and implementation of the ICT B-BBEE Sector Code	Approved ICT SMME Support Programme focused at the growth and sustainability of SMMEs within the ICT Sector	<ul style="list-style-type: none"> In order to gather baseline information with regards to the SMME environment, a Request for Information (RFI) was gazetted with a closing date on the 29 August 2014. A total of 92 submissions were received and analysed. A Workshop was held with relevant stakeholders to further collect information from the sector which resulted in a draft baseline report on the state of the SMME development. 	Develop and implement the ICT SMME Support Programme	<ul style="list-style-type: none"> The planned target was not fully achieved. The Department developed the draft ICT SMME support programme following the completion of international benchmarks with comparator countries. Engagements were held with the Chief Procurement officers (CPOs) of the public entities within DIPS portfolio to promote the use of ICT SMMEs by public entities so as to spur their growth and sustainability. 	The ICT SMME Support Programme was not finalised and submitted to Cabinet for approval as planned.	The project was hindered by HR capacity constraints however going forward in the 2016/17 financial year, the project has been assigned to the Policy and Strategy Branch.

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Facilitate the Corporatisation of the Postbank	Fully operational and licensed Postbank with a full Board compliment	<ul style="list-style-type: none"> A Memorandum of Incorporation was drafted by the Postbank Corporatisation 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 also to the Governor of the Reserve bank. 	Licensing of Postbank facilitated and coordinated	<ul style="list-style-type: none"> The target was fully achieved. Monthly Postbank Corporatisation meetings were held with relevant stakeholders regarding the licensing of Postbank and progress was monitored against the action plan. Subsequently, quarterly progress reports on the licensing of the Postbank were developed and submitted to the Minister. 	-	
Facilitate the Corporatisation of the Postbank	Fully operational and licensed Postbank with a full Board compliment	<ul style="list-style-type: none"> The names of designated Postbank Board members were resubmitted to the South African Reserve Bank Additional names of persons to be considered for appointment to the Postbank Board were submitted. 	Appointment of Postbank Board members facilitated	<ul style="list-style-type: none"> The planned target was not fully achieved. List of approved candidates for the fit and proper assessment was approved by Minister and forwarded to the external auditors for the completion of the fit and proper assessments. The auditors completed the fit and proper assessments of all short-listed board nominees after which the assessments results and the supporting documentation was submitted to the SARB for a decision. 	The Department was unable to facilitate the Cabinet approval of the board as planned.	The background checks of the participating candidates took longer than anticipated to complete. Furthermore, the Department is awaiting feedback from the SARB.

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Facilitate the Corporatisation of the Postbank	Fully operational and licensed Postbank with a full Board compliment	-	Establishment of the Postbank Holding Company facilitated	<ul style="list-style-type: none"> The target was not fully achieved. The Department developed the Memorandum of Incorporation (MOI) in line with the Postbank Amendment Act. The Department adopted the Postbank Controlling structure as prescribed by the Postbank Act in which SAPO is to be the sole owner and shareholder of the Postbank. Furthermore, extensive engagements were held with the South African Reserve Bank (SARB) and National Treasury on the Postbank Controlling Company structure, which is still ongoing. 	The Department was unable to establish the Postbank Controlling Company as planned	Progress was hampered by the need for extensive engagement with relevant stakeholders including SARB and National Treasury to clarify the conflicting requirements of the Postbank Act and the Banks Act with regard to the public company requirements.
Facilitate the Corporatisation of the Postbank	Fully operational and licensed Postbank with a full Board compliment	-	Incorporation of the Postbank Company facilitated	<ul style="list-style-type: none"> The target was not fully achieved The Department reviewed the Memorandum of Incorporation (MOI). 	The Department did not facilitate the lodging of the MOI and obtain confirmation from the Companies of Intellectual Property Commission (CIPC) as planned.	The lodging of the MOI was hampered by delays in obtaining SARB's decision on the request for authorization to establish the Bank and the Postbank Board appointments.
Facilitate and monitor the deployment of Postal Infrastructure	Four updated monitoring reports on deployment of Postal infrastructure	-	Deployment of Post Offices/ Points of Presence (PoPs) infrastructure monitored	<ul style="list-style-type: none"> The target was fully achieved. The Department engaged with SAPO in relation to the Deployment of Post Offices/ Points of Presence (PoPs) infrastructure in line with SAPO rollout plan. Progress was analysed and quarterly progress reports were submitted to Minister. 	-	-

<p>Strategic objectives</p> <p>Conduct proactive and stringent oversight to improve performance and sustainability of SOCs</p>	<p>Performance Indicator</p> <p>Reviewed mandates and funding models of SOCs</p>	<p>Actual Achievement 2014/2015</p> <p>-</p>	<p>Planned Target 2015/2016</p> <p>Mandates and funding models for state owned companies reviewed (in line with the ICT Policy Review and SA Connect)</p>	<p>Actual Achievement 2015/2016</p> <ul style="list-style-type: none"> The planned target was not fully achieved. With regards to the review of the mandates and funding models of Sentech and SITA, individual Terms of Reference were developed and submitted to Minister. With regards to the review of the mandate and funding model of USAASA, a report on alignment of USAASA projects with SA Connect Specification was finalised. A benchmarking study was undertaken which also focused on the appropriate institutional design for USAASA as well as its funding model. Furthermore, recommendations on USAASA's revised mandate were incorporated in Chapter 5 of the National Integrated ICT Policy White Paper. 	<p>Deviation from planned target to Actual Achievement for 2015/2016</p> <ul style="list-style-type: none"> The review of the mandates and funding models of Sentech and SITA were not finalised as planned. The Draft iNesi Bill was not submitted to Cabinet as planned. 	<p>Comment on deviations</p> <ul style="list-style-type: none"> Review of the mandates and funding models of Sentech and SITA were largely affected by HR capacity constraints. The Draft iNesi Bill required the inclusion of SEIAS vetting which was a requirement introduced subsequent to the development of the APP. Furthermore, the process of developing the iNesi Bill is dependent on further engagements between the DTIS and the Department of Higher Education and Training, which is currently ongoing.
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Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
				<ul style="list-style-type: none"> • Furthermore, the research report on the economic value of SAPO was developed as planned. • With regards to the establishment of iNeSI as a legal entity, the Ministry of Finance and the Ministry of DP&SA were both consulted and consent was secured. • In terms of developing the iNeSI Bill, the DT&PS and NEMISA presented the Business Case to the Portfolio Committee after which a task team was established to develop the Draft iNeSI Bill. • With regards to facilitating and reporting on the implementation of SAPO's Strategic Turnaround Plan, the Strategic Turnaround Plan was finalised and approved by Cabinet on 10 June 2015. A progress report on its implementation was presented to the FOSAD in June 2015 in preparation for the July Cabinet Lekgotla. • Quarterly progress reports against the SAPO's Strategic Turnaround Plan were analysed and submitted to the Minister. 		

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Conduct pro-active and stringent oversight to improve performance and sustainability of SOCs	Approved oversight models that promote proactive and stringent oversight		Oversight model for the state owned companies developed and approved	The target was fully achieved. The Oversight model for the state owned companies was developed and approved for implementation.	None	None

Strategy to overcome areas of under-performance

The Department does acknowledge its areas of under-performance with regards to specific targets for which project specific reasons have been provided under "comment on deviation", where applicable. The HR capacity constraint experienced with the ICT SMME Support Programme has been resolved through the transfer of the project to the ICT Policy and Strategy Branch.

The achievement of targets related to the Postbank were largely related to dependency on external stakeholders which was not in the direct control of the Department. Extensive stakeholder engagements are underway to ensure that existing commitments are realised however, going forward, such external dependencies have been taken into consideration during the planning phase.

Changes to planned targets

There were no changes to the planned targets during the reporting period.

Linking performance with budgets

The increase in compensation of employees is attributed to the filling of critical vacant positions. There is a decline of R268.7 million under transfer payments to Independent Communications Authority of South Africa (ICASA) and the South African Broadcasting Corporation that were shifted to the Department of Communications. The goods and services expenditure amounted to R4 million in the current year as opposed to R35 million in the 2014/15 financial year. This was mainly due to the decline in the costs incurred for the funeral of the former President Nelson Mandela.

Sub-programme expenditure

Sub- Programme Name	2015/2016			2014/2015		
	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	481 355	480 088	1 267	778 524	777 703	821
Small, Medium And Micro Enterprise Development	2 545	2 545	-	2 077	2 077	-
ICT Support	6 331	6 326	5	6 001	6 001	-
Total	490 231	488 959	1 272	786 602	785 781	821

4.5 Programme 5: ICT Infrastructure Support

The purpose of 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 2015/16 Financial Year are listed below:

- Implement the Digital Development and Digital Future Programmes in line with SA Connect;
- Establish Cyber Security institutional capacity; and
- Create an effective National Spectrum Framework to ensure citizens realize socio-economic benefits from the use of spectrum.

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Implement the Digital Development and Digital Future Programmes in line with SA Connect	Connectivity of identified government institutions in line with Digital Development Plan	<ul style="list-style-type: none"> The Department established the Project Management office to manage implementation of SA Connect with the support of GIAC to provide Project management oversight and to assist to develop project management capacity. The overall implementation was monitored through Work breakdown structures for Digital Readiness; Digital Development and Digital Opportunity and reported accordingly. 	Phase 1 of Digital Development plan focused at providing connectivity to 1296 identified government institutions implemented	<ul style="list-style-type: none"> The Department did not fully achieve the set target. During the reporting period the Department established the Project Management Office to manage the SA Connect project. The draft Programme implementation plan was developed. With regards to the Procurement Strategy the Department developed a draft technical specification which will form the basis for the procurement plan for the implementation of Phase 1 of the Digital Development Plan. A draft Project Management plan was also developed. 	The Department was not able to commence with connectivity of the identified institutions as planned largely due to delays in the appointment of the Service Provider.	The Department experienced challenges in the appointment of the Service Provider which negatively impacted the commencement of the connectivity. However, engagements with relevant stakeholders are currently underway to resolve the challenge.
Implement the Digital Development and Digital Future Programmes in line with SA Connect	Connectivity of identified government institutions in line with Digital Development Plan	<ul style="list-style-type: none"> The Department developed a Digital Development Work Breakdown Structure for 2014/15 Business Case. Business Case was approved 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: 	Implementation plan for Phase 2 of Digital Development developed	<ul style="list-style-type: none"> The Department fully achieved the target. During the reporting period the Department developed a Phase 2 business case document and submitted to National treasury. However, due to fiscal constraints Treasury only made funding allocation for Phase 2 to commence in 2018/19, with an allocation of approximately R60 million. 	None	None

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
		<ul style="list-style-type: none"> - R200 mil (2015/16) - R268 mil (2016/17) - R271 mil (2017/18) 		<ul style="list-style-type: none"> An implementation plan for phase 2 of Digital Development was developed in line with funding allocated. 		
Implement the Digital Development and Digital Future Programmes in line with SA Connect	Approved roadmap focused on implementation of Digital Future Strategy in line with Open Access Network	<ul style="list-style-type: none"> The Digital Future implementation was developed and approved. 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. 	Roadmap for the establishment of a wholesale open access network developed	<ul style="list-style-type: none"> The Department fully achieved the target. During the reporting period the SoCs were requested to evaluate their assets value to inform the rationalisation process and engagements as part of rationalisation. A Wholesale Open Access framework was developed which was incorporated in the Open Access Chapter (Chapter 8) of the National Integrated ICT Policy White Paper. The National Integrated ICT Policy White Paper was approved by the Minister for tabling at Cabinet (ESEID Cabinet Committee). Subsequent to the tabling, the White Paper was deferred for additional input and will be re-submitted to Cabinet in the first quarter of the 2016/17 financial year. 	None	None

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Implement the Digital Development and Digital Future Programmes in line with SA Connect	Approved policy direction on spectrum for broadband	-	Policy direction on spectrum for broadband developed	<ul style="list-style-type: none"> The Department fully achieved the planned target. The Draft Policy Direction on Spectrum for Broadband was developed in the first quarter of the reporting period. The Policy recommendations were included in the Open Access Chapter (Chapter 8) of the National Integrated ICT Policy White Paper. The National Integrated ICT Policy White Paper was approved by the Minister for tabling at Cabinet (ESEID Cabinet Committee). Subsequent to the tabling, the White Paper was deferred for additional input and will be re-submitted to Cabinet in the first quarter of the 2016/17 financial year. 		
Establish Cyber Security institutional capacity	Operational cyber security hub that provides a bouquet of required services	<ul style="list-style-type: none"> The Department in conjunction with CSIR has completed the development of ICT infrastructure and systems for the Virtual Cybersecurity Hub. 	Virtual Cybersecurity Hub established and operationalised in support of a secure cyberspace in the interest of citizens, private and public sectors	<ul style="list-style-type: none"> The Department fully achieved the set target. The Virtual Cybersecurity Hub ICT Infrastructure was reconfigured, hardened and relevant stakeholders consulted. The Department commissioned and launched the virtual cybersecurity on 30 October 2016, which is fully operational. 	None	None

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Establish Cyber Security institutional capacity	Cybersecurity awareness plan focused on raising awareness within cyber space	<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. 	Cybersecurity Awareness implementation and plan approved and implementation commenced	<ul style="list-style-type: none"> Operations of Virtual Cybersecurity Hub are managed and monitoring of the Cybersecurity Hub operations were duly conducted and quarterly reports developed. With regards to facilitation of the development of SOC's Cybersecurity strategies, the Department has developed a Framework of Engagement with SOC's. Implementation of SOC Cybersecurity strategies has been monitored through a survey that was conducted to establish which entities have strategies as well as the extent of implementation of the existing strategies. Furthermore, SITA has developed their draft Cybersecurity Strategy. 	None	None

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Establish Cyber Security institutional capacity	Approved Internet Strategy aimed at increasing socioeconomic growth	<ul style="list-style-type: none"> The internet Strategy was implemented through the school connectivity project that is being undertaken by Department as part of SA Connect. 	Internet strategy developed and submitted to Cabinet for approval	<ul style="list-style-type: none"> Cybersecurity awareness programme logos were developed and approved; as well as marketing booklets developed. During the launch of the Cybersecurity hub, there was electronic and print media coverage. Furthermore a Public Awareness campaign by Deputy Minister was hosted. In partnership with Mabinet, road shows were undertaken in Limpopo, North West, Mpumalanga and Western Cape where amongst others general cybersecurity awareness was presented. The Department participated in the Cybersecurity forum and quarterly progress reports were developed. 	None	None
				<ul style="list-style-type: none"> The Department fully achieved the target. During the reporting period the Department developed the Internet Strategy and presented it to Minister. Based on consultation with Minister, the Internet strategy was reviewed and consulted with critical stakeholders, including the Cybersecurity Response Committee. 	None	

Strategic objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
<p>Create an effective national spectrum framework to ensure citizens realize socio-economic benefits from the use of spectrum</p>	<p>Participation plan and framework for WRC that ensures structured preparation and implementation of WRC outcomes</p>	<p>-</p>	<p>SA Positions and proposals for WRC-15 agenda items finalised and approved in line with participation plan and framework</p>	<ul style="list-style-type: none"> • The Internet Strategy was incorporated in the National Integrated ICT Policy White Paper. • The National Integrated ICT Policy White Paper was approved by the Minister for tabling at Cabinet (ESEID Cabinet Committee). • Subsequent to the tabling, the White Paper was deferred for additional input and will be re-submitted to Cabinet in the first quarter of the 2016/17 financial year. 	<p>None</p>	<p>None</p>
<p>Create an effective national spectrum framework to ensure citizens realize socio-economic benefits from the use of spectrum</p>	<p>Participation plan and framework for WRC that ensures structured preparation and implementation of WRC outcomes</p>	<p>-</p>	<p>SA Positions and proposals for WRC-15 agenda items finalised and approved in line with participation plan and framework</p>	<ul style="list-style-type: none"> • The Department fully achieved the set target. • During the period under review the Department developed draft SA Positions which were bench-marked with SADC positions. • The SA position and proposals were submitted to Cabinet. • The draft Conference outcomes report was developed following participation at WRC-15. • Final conference report to inform implementation of the relevant outcomes of WRC-15 was developed and issued to ICASA. 	<p>None</p>	<p>None</p>

Strategy to overcome areas of under-performance

The Department does acknowledge its areas of under-performance with regards to specific targets for which project specific reasons have been provided under "comment on deviation", where applicable. With regards to appointing the broadband connectivity service provider, engagements with relevant stakeholders are currently underway to resolve the challenge as well as all alternative options are being explored so as to ensure that going forward, connectivity is rolled out in line with the implementation plan.

Changes to planned targets

There were no changes to the planned targets during the reporting period.

Linking performance with budgets

There was a decline in compensation of employees due to resignations and vacant positions not being filled. Under goods and services consultants increased from R35 million to R59.8 million. The under spending in the Digital Terrestrial Television Sub Programme is due to ICASA and The SABC reporting to the new Department of Communications as a result of function shift. The budgets of the said entities were transferred to the Department of Communications.

Sub-programme expenditure

Sub- Programme Name	2015/2016			2014/2015		
	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	161 254	83 540	77 714	59 844	49 968	9 876
Digital Terrestrial Television	390 296	390 213	83	995 672	995 671	1
Total	551 550	473 753	77 797	1 055 516	1 045 640	9 876

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	Amount spent by the public entity	Achievements of the public entity
National Electronic Media Institute of South Africa (NEMISA)	<ul style="list-style-type: none"> To provide a national integrated e-skills development management system towards sustainable socio-economic development in South Africa 	R36 601 000	R36 704 779	<ul style="list-style-type: none"> 24 Number of online courses have been developed. 214 e-leaders trained. 411 ICT practitioners trained 963 sector users trained. 2333 e-literacy learners trained 5 non degree research projects commissioned. 2 post graduate research funded.
South African Post Office (SAPO)	<ul style="list-style-type: none"> Postal and financial services 	R64 851 999	R64 851 999	<ul style="list-style-type: none"> Postal and financial services in under serviced areas as part of its USO obligation
Sentech	<ul style="list-style-type: none"> Broadcasting signal distribution 	R100m	R100m	<ul style="list-style-type: none"> The entity has since 2007 rollout signal distribution infrastructure in preparation for Digital Television. To-date 87% of the DTT infrastructure has been rollout.
USAF	<ul style="list-style-type: none"> USAF is established in terms of section 88 of the ECA and is financed by contributions from electronic communications licensees. USAF utilise the funds exclusively for payment of subsidies to needy persons, underserved areas and schools. To provide incentives to network licensees to construct and maintain networks in underserved areas. 	R233 540 million for broadband roll out, BDM, rapid deployment and schools connectivity projects.	R80.484 million	<ul style="list-style-type: none"> Connected three schools for People with Disabilities to ICT services. Connected additional three mainstream schools to ICT services. Supplied set top boxes to 1 613 households for BDM project

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
USAASA	<ul style="list-style-type: none"> USAASA is established in terms of section 80 of the ECA to promote the goal of universal service and access 	R262.429 million. The amount comprises R161 million for administrative and logistical costs for the distribution of the Set Top Boxes for BDM project, R35million for procurement of the ERP system; and R66 million for operations.	R80.484 million	<ul style="list-style-type: none"> USAASA manages USAF in terms of section 87 (4) of the ECA and its achievements are more related to providing administrative support to the Fund.

5.2 Transfer payments to all organisations other than public entities

The Department is paying membership fees to international communications organisations, which are classified as transfer payments under foreign governments and international organisations. The membership fees are payable to the following organisations and were paid in full:

INTERNATIONAL ORGANISATION	AMOUNT IN THOUSAND
African Telecommunication Union (ATU)	940
Universal Postal Union (UPU)	5 445
Pan African Postal Union (PAPU)	1 071
International Telecommunications Union (ITU)	16 545
Commonwealth Telecommunication Organization (CTO)	442
Organisation for Economic and Cultural Development	186
Total	24 629

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

Donor assistance in-kind contributions for the 2015/16 financial year are as per the table below.

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	Amount in thousand
Broadband Infraco	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor 120 bags	-
MTN	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor the welcome networking dinner on 17 June 2015	80
Sentech	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor 120 cups	-
SITA	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor a heavy duty copier loaned from SITA, Durban for the duration of the meeting	-
Telkom SA SOC Ltd	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor 100 memory sticks	-
USAASA	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor Wi-Fi installation at the conference venue	25
ICASA	UPU Council Meeting, 08 - 26 February 2016, Bern, Switzerland - SA Reception	304
Organizers of the 3rd Africa School on Internet Governance held in Ethiopia, 02 - 05 September 2015	An official of the Department was sponsored for Economy Flight Ticket (R26 000) & Daily Allowance (R1 919) at this Meeting	28

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.

The Department maintained an updated and accurate Asset Register which adheres to the requirements of National Treasury, and the Department's Maintenance and Asset Management Plan was 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 in an environmentally healthy manner by Desco Electronic Recyclers which is an e-waste recycling company dedicated to eradicating electronic waste.

All assets stolen and lost were dealt with in line with Departmental Policy on the Management of Losses.

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 were updated automatically when invoices were captured for payment, all new assets are barcode before distribution and the asset locations were 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 responsible officials sign for their inventories as asset owners. During the year ad hoc stock takes were undertaken when the need arose.

Asset reconciliation is done on 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: 78%
- Fair condition: 8%
- Bad condition 14%

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 the fleet due to the ageing of our fleet. The three year service warranties are included when acquiring new assets from suppliers.

Infrastructure projects	2015/2016			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. Three (3) EXCO meetings were held during the 2015/16 financial year. In addition to these meetings Minister has continuously engaged with Branches to provide guidance and to be apprised of key issues relating to decisions he was required to take.
- 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. Seven (7) ordinary and four (4) Special DEC meetings were held during the 2015/16 financial year.
- Top Management Committee (TMC), attended by the Director-General (Chairperson), DDGs, Chief Directors as well as 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. Nine (9) ordinary and two (2) Special TMC meetings were held during the 2015/16 financial year.
- Organizational Performance Assessment Board (OPAB), chaired by the Director-General and attended by DDGs. The OPAB is responsible for monitoring the Department's quarterly performance against the APP and processing and resolving constraints to implementation.
- Operations Committee (OPSCOM), attended by DDG: Administration (Chairperson), the Chief Audit Executive, Chief Director: HRM, Chief Financial Officer, Chief Director: Communications and representatives from all Branches. The OPSCOM is responsible for the management of the Department's internal Policy Register, ensuring that all internal operations policies are reviewed annually and changes are effected to comply with legislative and other changes that support the objectives of the Department to ensure an aligned and supportive policy environment. OPSCOM convened four meetings in the 2015/16 financial year, during which twenty (20) policies were reviewed.

2. Risk Management

2.1 Risk Management Approach

In terms of its robust and comprehensive 'top down' risk management approach, the Department assesses, manages and reports on all significant risks and related mitigation plans consistently, in accordance with its defined risk management and reporting protocols. 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 respective Branches.

As part of its journey to become more proactive and responsive, the Department has developed a Risk Appetite and Tolerance Framework and Levels for all key risks so as to enhance the review and monitoring of key trends in relation to each risk exposure(s).

2.2 Risk Management Policy and Strategy

The Risk Management Directorate had managed to revise and update the Risk Management Framework (Policy, Strategy, Risk Identification & Assessment 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.

The approved Departmental Risk Appetite and Tolerance Framework and Levels have assisted with the determination of the point at which risks are considered significant and requires mitigations to be implemented to manage the risk exposures to acceptable levels.

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 two positions; Director and Deputy Director that are currently filled.

2.5 Risk Assessments

A Top Down Approach to risk assessments is followed which requires strategic risk assessment to be completed first and thereafter operational risks assessment completed on the basis of the risks and appetite levels identified and assessed at the strategic level.

The 2015/16 strategic risks assessments were completed on time with relevant reports presented to Opscom and Risk Management Committees for consideration and approval, and also to the Audit Committee for noting and the Accounting Officer for sign-off.

2.6 Risk Management Committee (RMC)

To ensure the integrity and reliability of the Risk Management processes, the Department has established RMC to assist the Accounting Officer by overseeing the effectiveness of the Department's risk management systems, practices and procedures and to 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 RMC operates in terms of approved terms of reference contained in a Departmental Risk Management Committee Charter. The Risk Management Committee met seven (7) times during the year under review; four (4) normal and three (3) special RMC meetings and continued to provide objective oversight so as to assist the Accounting Officer in embedding the risk management culture throughout the Department.

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	7 of 7	-
Ms M. Mokoka	Independent member	5 of 7	-
Mr A. Kekana	GITO and Internal member	6 of 7	-
Mr F. Osman	Chief Director: Strategic Planning and Monitoring and Internal Member.	5 of 7	-
Mr A. Mmoto	Chief Director: Office of the Director-General and Internal Member	6 of 7	-
Mr L. Petzer	Chief Director: Radio and Satellite and Internal Member	5 of 7	-
Mr M. Ntshingila	Chief Director: SOC Governance and Internal Member	5 of 7	-
Mr R. Soldaat	Director: Budget and Accounts and Internal Member	3 of 7	-
Mr M. Sebola	Chief Director: Bilateral Relations and BRICS and Internal Member	3 of 6	Appointed from 27 July 2015
Mr E. Adom	Director: Impact Assessment and Internal Member	3 of 6	Appointed from 27 July 2015
Ms Z. Sihlahla	Director: E-education and Internal member	0 of 8	The member has since been replaced by Ms Angie Mokgabudi CD: ISAD Institutional Coordination
Ms N. Jordan	Acting Director-General: International Affairs and Internal member	0 of 1	Appointer as Acting DDG and replaced by Mr M. Sebola from 27 July 2015

2.7 Audit Committee

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 provided oversight responsibility through a number of mechanisms including direct reporting to the Audit Committee by the Risk Management Directorate on progress made in the implementation of risk management systems and processes.

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

2.8 Value Add

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 2016/17 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.

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 of 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 implemented throughout the year.

3.2 Mechanisms to report fraud and corruption

- Fraud Prevention awareness was 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 included, among other things, the fraud prevention posters displayed in all the Department's premises, induction of new employees, etc.
- The Department used the National Anti-Corruption Hotline for whistle blowing purposes that is operated and managed by the Public Services Commission (PSC). Employees were encouraged to report any suspected corrupt, fraudulent, criminal or unethical practices using the Hotline number.
- Implementation of the Fraud Prevention Plan was monitored through Quarterly Fraud Prevention Implementation Reports that were presented to the Risk Management Committee on a quarterly basis.

3.3 Reporting of cases and actions

- The Risk Management and Audit Committees provided oversight over the fraud prevention systems and processes within the Department.
- Cases were reported to these structures on a regular basis for advice and recommendation on the actions that can be taken.
- Where officials were convicted, the necessary processes were followed in accordance with the Department's policies and procedures including disciplinary procedures and/or SIU investigations where warranted.

4. Minimising Conflict of Interest

The Department has systems and processes implemented to ensure that all SMS Members throughout the Department completed 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. The Department has managed to complete and submit financial disclosures through the e-disclosures system within set timeframe (31 May 2015).

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 signed code of conduct and declaration of interest;
 - Departmental Bid Adjudication Committee members signed declaration of interest in all meetings. Where conflict of interest was declared regarding a matter(s) to be considered, the affected Members were requested to recuse themselves in the consideration and decisions taken on the matter at hand; and
 - SBD 4 Documents were 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 were required to disclose any interests on matters discussed in meetings/workshops and where conflict of interest is disclosed, the affected Members were asked to recuse themselves from the decisions taken; and
 - Appointments of members into governance structures were made taking any potential or actual conflict of interest into account.

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

5. Code of Conduct

The Department adheres to the Public Service Code of Conduct contained in the Public Service Regulations, 2001. The code was communicated to all new and old employees of the Department and formed part of the induction programmes to ensure awareness and adherence. The Department also promotes the code of conduct through internal communication networks. 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 has approved a SHERQ (Safety, Health, Environment, Risk and Quality) Policy aimed at the provision of a healthy and safe working environment. Service providers have been appointed to ensure that the work environment is kept clean at all times and uphold safety in the form of security provision. Pest control companies were occasionally contracted to fumigate office. Procedures and processes are in place to address incidents of work related injuries as and when they arise in line with the COID Act.

7. Portfolio Committees

7.1 Dates and subjects of Briefing to the Portfolio Committee

Portfolio Committee Briefing	Date
Briefing by Department and Panel Members on the Integrated Policy Review Recommendations	2 June 2015
Presentation on SOC Rationalisation	23 June 2015
DTPS 1 st Quarter performance report presentation	4 August 2015
Briefing by the Department, National Treasury and Broadband Infraco (BBI) on matters pertaining to BBI funding	22 September 2015
Briefing on Cost to Communicate	8 September 2015
Oversight visit to Limpopo	15-18 September 2015
Briefing by the Department on its 2014/15 Annual Report	15 October 2015
Briefing by Department and ICASA on spectrum policy and processes moving forward	27 October 2015
Briefing by the Department and its entities on broadband rollout	14 November 2015
Joint meeting of the Portfolio Committee on Telecommunications and Postal Services and the Portfolio Committee on Basic Education	01 March 2016
Briefing on Over the Top Policy	20 January 2016
Joint meeting with Portfolio Committee on Small Business Development Briefing by the Department on Small Business Development on ICT SMMEs	8 March 2016
Briefing by the Department and entities on their 3 rd Quarter performance reports	15 March 2016

7.2 Matters raised by the Portfolio Committee and how has the Department addressed these matters

Most of the issues raised were responded to during the meetings. Key issues raised requiring written feedback from the Department were as follows:

Rationalization of SOCs: The Committee requested the Department to rework the rationalisation process and provide a comprehensive report, with clear guidelines and timelines as to where the process was going.

The Department submitted a report to the Portfolio Committee on outlining the status of the process and milestones with specific dates. The milestones were not met as the process started focusing primarily on Telkom and BBI, owing to concerns about the latter's going concern status.

Briefing by Department and its entities on its first quarterly review performance: The Committee appealed to the Minister to expedite the appointment of the South African Post Office (SAPO) Board. The SAPO Board was appointed in August 2015.

7.3. Briefing by Department and its entities on its annual report 2014/2015.

Issues raised and responses are as follows:

- Ensure that the Department and all entities respond to previous as well as the 2014/15 BRRR Reports: the 2013/14 BRRR Report has been submitted. The 2014/15 Report is currently being finalised.
- Ensure that the Department and its entities review outdated legislation: The Department is finalising the Integrated ICT White Paper, which will ensure that key policies and legislation are reviewed.

- Ensure that all SMS and all staff members have signed performance agreements and are assessed quarterly before the payment of bonuses: In the 2014/15 Financial Year there was 89% compliance with the submission of performance agreements by the end of May 2014 timeframe as prescribed by the DPSA. Assessments for the period have been completed and relevant censures will be applied to those that did not comply.
- Ensure that the Department and its entities have Disaster Recovery Plans: The Disaster Recovery Plan for the DTSP was completed and tested in February 2016.
- Briefing by Broadband Infraco (BBI), SENTECH and SITA on their Strategic Plans and Annual Performance Plans (APPs) -21 April 2015: The Department to provide the Committee with a written explanation on the way forward in respect of BBI, by Tuesday, 28 April 2015. The Committee would thereafter schedule another meeting with BBI to clarify the above issues.

The Department wrote a letter to the Chairperson of the Portfolio Committee at the end of April 2015 outlining the following:

- The support provided to BBI SOC (LTD) by the Department
- Endeavours made to support Infraco in terms of the 2012 Medium Term Expenditure Framework ("MTEF") Application
- 2014 MTEF and Government Guarantee Applications
- Application for a R528million Government Guarantee
- 2014 Government Guarantee Application Made by Infraco to DTSP
- Interventions made by Minister of Telecommunications and Postal Services
- Proposed Way forward in respect of BBI

8. SCOPA Resolutions

None

9. Prior Modifications to Audit Reports

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
1. Compliance with legislation		
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.
1.2 A human resource plan was not in place as required by Public Service Regulation 1/III/B.2(d)	2014/15	Human resource plan has been developed and submitted to DPSA

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
2. Internal control		
2.1 The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by the PFMA. Material misstatements of expenditure items identified by auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified opinion	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. A system to ensure a detailed review on the financial statements has been put in place.
3. Employee costs		
3.1 Recruitment process not followed	2014/15	Measures have been put in place to ensure that the recruitment checklist is adhered to and the verification process is done
3.2 Vacant funded posts not filled within 12 months/Vacant funded posts not advertised within 6 months	2014/15	Current prioritised vacancies filled within 6 month period
3.3 Performance agreements not concluded and submitted within the required timeframe	2011/12	Management has put in place measures that will assist with the completion and submission of performance agreements on time. In addition, a consequence management register is maintained.

10. Internal Control Unit

Internal Control

The Department does not have an Internal Control Unit. However, the functions of an Internal Control Unit are performed by different units of the Department and coordinated 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

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.

Audit Committee

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

Risk Management Committee

The Risk Management Committee of the Department provides an oversight on the effectiveness of risk management systems and processes.

11. Internal Audit and Audit Committees

Key activities and objectives of Internal Audit

The existence of the Internal Audit component is regulated by the PFMA and Treasury Regulations as one of the critical function put in place for governance purposes. Internal Auditing is an independent objective activity established to provide assurance and consulting services to the Department.

The primary objectives of Internal Audit component within DTPS are to assist the Accounting Officer and Audit Committee in the effective discharge of their responsibilities, and contribute to the improvement of governance, risk management and control processes as an independent and objective assurance providers.

In discharging its responsibilities to ensure that primary objectives are achieved, Internal Audit follows a systematic and disciplined approach and make appropriate recommendations in line with the International Standards for the Professional Practice of Internal Auditing:

- Achievement of DTPS objectives and plans;
- Reliability and integrity of information;
- Effectiveness and efficiency of operations and programs;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

Summary of audit work

In line with its mandate, the Internal Audit component carried out the following audit reviews as per the approved risk based plan for 2015/2016:

Internal Control

REGULARITY AUDITS
Employee Performance Management
Recruitment and selection
MPAT Assessment
Quarterly performance report
Enterprise Risk Management
Quarterly Interim Financial Statements
Annual Report
Annual Financial Statements
SCM Contract Management
Labour Relations
Asset Management

INFORMATION TECHNOLOGY AUDITS
Domain Controller (Activity Directory)
IT Infrastructure
Anti-virus and Patch Management

The review of IT general controls, disaster recovery and business continuity were performed by the AGSA and Internal Audit conducted a follow up through a finding register.

Key activities and objectives of the audit committee

The Audit Committee is an independent governance structure established in terms of section 76 and 77 of the PFMA, and its key function is to provide oversight over the Department's compliance with applicable laws and regulations, governance process and continuously assess the performance of Internal Audit Activity to determine the level of its effectiveness within the Department.

The Audit Committee operates in accordance with written terms of reference (Audit Committee Charter), which deals adequately with its membership, authority and responsibility. The Committee meets as and when necessary with the Executive Authority and the Auditor General.

The Audit Committee held four (4) ordinary meetings and four (4) special meetings during 2015/16 financial year and the table below discloses relevant information on the Committee Members:

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)	B.Proc, Bachelor of Laws (LLB), Master of Laws (LLM), Fellow Institute of Directors and Post Graduate Diploma: Company Direction (Governance).	External	N/A	09/09/2011	N/A	8
Adv Collen Weapond (Member)	LLB, Mtech (forensic investigation)	External	N/A	01/07/2011	N/A	8
Ms P Mvulane (Member)	CA (SA)	External	N/A	01/11/2014	N/A	8
Ms K Selane (Member)	CA (SA)	External	N/A	01/11/2014	N/A	7

12. Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2016.

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 conducted its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of Internal Control

The systems of internal control was adequate, although not entirely effective, for the year under review. This is indicated by internal audit and AGSA findings on issues relating to non-compliance with laws, regulations and prescripts. The number of repeat findings has reduced significantly relative to the previous financial years. However, the Audit Committee will continue to monitor progress against the corrective action plans implemented by management of DTSP to address all findings by AGSA and Internal Audit.

The performance management area needs close supervision to ensure that the Department improves its performance information reporting mechanisms. This continues to be an area of concern to the Audit Committee, and to this end Internal Audit reviews the quarterly performance information to ensure that the results are supported by a credible portfolio of evidence.

The risk management system complies with the basic legislative requirements and efforts are being implemented to advance towards the expected levels of efficiency, effectiveness and transparency. Special attention is, however, needed for risk management to function optimally.

The quality of in-year Management and Quarterly Reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer during the year under review. The reports are, however submitted late to the Audit Committee and therefore the Audit Committee could not provide adequate oversight on these reports.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the draft audited annual financial statements submitted to the AGSA with Management;
- reviewed the Auditor General's management report and managements responses thereto;
- reviewed changes in accounting policies and practices;
- reviewed the Department's compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit; and
- reviewed information on pre-determined objectives to be included in the annual report.

Internal Audit

The Audit Committee has reviewed the performance of the Internal Audit Activity and the adequacy of its resources. The Audit Committee is of the opinion that the Internal Audit Activity is not performing at an optimum level due to capacity constraints.

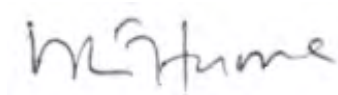
Auditor General - South Africa

The Audit Committee did meet with the Auditor General - South Africa during the 2015/2016 financial year to ensure that there were no unresolved issues.

Conclusion

The Audit Committee concurs and accepts the conclusion of the AGSA on the annual financial statements and on the performance information and is of the opinion that the audited financial statements and the performance information be accepted and be read in conjunction with the report of the AGSA.

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



Mr William Huma
Chairperson of the Audit Committee
Department of Telecommunications and Postal Services
12 August 2016

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 2016, the total establishment for the Department was 333 funded positions, of which 275 positions are filled and 58 are vacant. Of the 58 vacant positions it is envisaged that 18 positions will be filled by 31 May 2016.

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

- Filling of critical vacant positions, especially SMS positions.
- Verification of Qualifications and Personal Information of employees complete.

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 funds available and 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. During this period there was a 2.2% utilization of the Program.

Achievements and Challenges.

Achievements

- Priority positions filled.
- Appointment of the CFO and 2 Deputy Director-General's.
- 8 Policies reviewed and approved.
- EE Plan was filed with Department of Labour.
- The Department on 31 March 2016 has a 57% female representation.
- HR Plan compiled and submitted.

Challenges

- 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.
- Inadequate Budget for Compensation of Employees.
- Filling of posts affected by external stakeholders, etc. SAQA and SSA involvement.

Future plans/goals.

- The Department will be embarking on the review of the Service Delivery Model in line with the revised mandate.
- The Department will conduct a Climate and Culture Survey.

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 2015 and 31 March 2016

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	221 864	86 179	0	0	38.8	313
Programme 2: International Affairs & Trade	41 542	10 557	0	0	25.4	38
Programme 3: Policy Research and Capacity Development	73 979	49 422	0	0	66.8	180
Programme 4: ICT Enterprise Development and SOE Oversight	488 959	17 841	0	0	3.6	65
Programme 5: ICT Infrastructure Support	473 753	17 694	0	0	3.7	64
Total	1 300 097	181 693	0	0	14.0	660

Table 3.1.2 Personnel costs by salary band for the period 1 April 2015 and 31 March 2016

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)	2 815	1.5	12	235
Highly skilled production (levels 6-8)	25 005	13.8	73	343
Highly skilled supervision (levels 9-12)	57 411	31.6	94	611
Senior and Top management (levels 13-16)	81 459	44.8	81	1 006
Contract (Levels 3-5)	229	0.1	1	229
Contract (Levels 6-8)	895	0.5	3	298
Contract (Levels 9-12)	2 070	1.1	4	518
Contract (Levels 13-16)	10 180	5.6	7	1 454
Abnormal Appointment	1 629	0.9	3	543
Total	181 693	100	278	654

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2015 and 31 March 2016

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	72 398	84	391	0.5	1 433	1.6	2 144	2.5
Programme 2: International Affairs & Trade	8 202	77.7	11	0.1	254	2.4	264	2.5
Programme 3: Policy Research and Capacity Development	34 132	69.1	34	0.1	735	1.5	969	2
Programme 4: ICT Enterprise Development and SOE Oversight	14 617	81.9	2	0	142	0.8	335	1.9
Programme 5: ICT Infrastructure Support	14 887	84.1	2	0	179	1	380	2
Total	144 236	79.4	440	0.2	2 743	1.5	4 092	2.3

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2015 and 31 March 2016

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)	1 866	66.3	1	0	170	6	238	8.4
Highly skilled production (levels 6-8)	17 694	70.8	256	1	893	3.6	1 159	4.6
Highly skilled supervision (levels 9-12)	45 098	78.6	178	0.3	778	1.4	1 451	2.5
Senior management (level 13-16)	68 241	83.8	0	0	858	1.1	1 098	1.3
Contract (Levels 3-5)	179	78.2	0	0	14	6.1	9	3.9
Contract (Levels 6-8)	651	72.7	0	0	27	3	51	5.7
Contract (Levels 9-12)	1 585	76.6	6	0.3	4	0.2	3	0.1
Contract (Levels 13-16)	8 922	87.6	0	0	0	0	81	0.8
Total	144 236	80.1	441	0.2	2 744	1.5	4 090	2.3

3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (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 2016

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Programme 1: Administration	162	141	13	0
Programme 2: International Affairs & Trade	19	15	21.1	0
Programme 3: Policy Research and Capacity Development	87	73	16.1	0
Programme 4: ICT Enterprise Development and SOE Oversight	37	25	32.4	0
Programme 5: ICT Infrastructure Support	28	21	25	0
Total	333	275	17.4	0

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2016

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)	12	12	0	0
Highly skilled production (6-8)	89	73	18	0
Highly skilled supervision (9-12)	117	95	18.8	0
Senior management (13-16)	100	80	20	0
Contract (Levels 3-5)	1	1	0	0
Contract (Levels 6-8)	3	3	0	0
Contract (Levels 9-12)	4	4	0	0
Contract (Levels 13-16)	7	7	0	0
Total	333	275	17.4	0

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2016

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	74	57	23	0
Communication and Information Related	5	4	20	0
Finance and Economics Related	3	2	33.3	0
Financial and Related Professionals	10	8	20	0
Human Resources and Organisational Development	7	7	0	0
Human Resources Related	8	7	12.5	0
Information Technology Related	4	4	0	0
Language Practitioners Interpreters and Other Communication Related	5	5	0	0
Library Mail and Related Clerks	8	8	0	0
Logistical Support Personnel	16	13	18.8	0
Messengers, Porters and Deliverers	3	3	0	0
Other Administrative and Related Clerks and Organisers	54	50	7.4	0
Other Information Technology Personnel	7	6	14.3	0
Other occupations	2	2	0	0
Risk Management and Security Services	1	1	0	0
Secretaries and Other Keyboard Operating Clerks	29	22	24.1	0
Senior Management	97	76	21.6	0
Total	333	275	17.4	0

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 2016

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	6	3	50	3	50
Salary Level 14	29	25	86.2	4	13.8
Salary Level 13	67	54	80.6	13	19.4
Total	107	87	81.3	20	18.7

Table 3.3.2 SMS post information as on 30 September 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	6	2	33.3	4	66.7
Salary Level 14	29	23	79.3	6	20.7
Salary Level 13	64	58	90.6	6	9.4
Total	104	88	84.6	16	15.4

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2015 and 31 March 2016

SMS Level	Advertising	Filling of posts	
		Number of vacancies per level filled in 6 months of becoming funded	Number of vacancies per level not filled in 6 months but filled in 12 months
Salary Level 16 (Include DG, Minister, Deputy Minister and Special Advisors)	Number of vacancies per level advertised in 6 months of becoming vacant (FUNDED PRIORITIZED POSTS ADVERTISED DURING THIS PERIOD)	0	0

SMS Level	Advertising	Filling of posts	
		Number of vacancies per level filled in 6 months of becoming funded	Number of vacancies per level not filled in 6 months but filled in 12 months
	Number of vacancies per level advertised in 6 months of becoming vacant (FUNDED PRIORITIZED POSTS ADVERTISED DURING THIS PERIOD)		
Salary Level 15	3	2	0
Salary Level 14	8	4	4
Salary Level 13	10	8	2
Total	21	14	6

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 2015 and 31 March 2016

Reasons for vacancies not advertised within six months
None
Reasons for vacancies not filled within six months
No suitable candidate
Delays by stakeholders the internal approval process
Candidate accepted offer however did not as yet assume duty

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 2015 and 31 March 2016

Reasons for vacancies not advertised within six months
None
Reasons for vacancies not filled 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 2015 and 31 March 2016

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)	12	4	33.3	0	0	0	0
Highly skilled production (Levels 6-8)	89	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	117	54	46.2	21	38.9	0	0
Senior Management Service Band A	63	0	0	0	0	0	0
Senior Management Service Band B	29	0	0	0	0	0	0
Senior Management Service Band C	6	0	0	0	0	0	0
Senior Management Service Band D (Include DG, Minister, Deputy Minister and Special Advisors)	2	0	0	0	0	0	0
Contract (Levels 3-5)	1	0	0	0	0	0	0
Contract (Levels 6-8)	3	0	0	0	0	0	0
Contract (Levels 9-12)	4	0	0	0	0	0	0
Contact (Band A)	4	0	0	0	0	0	0
Contract (Band D) (Include DG, Minister, Deputy Minister and Special Advisors)	3	0	0	0	0	0	0
Total	333	58	17.4	21	36.2	0	0

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 2015 and 31 March 2016

Gender	African	Asian	Coloured	White	Total
Female	10	0	0	0	10
Male	10	0	0	1	11
Total	20	0	0	1	21

Employees with a disability	1
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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 2015 and 31 March 2016

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
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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 2015 and 31 March 2016

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
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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 2015 and 31 March 2016

Salary band	Number of employees at beginning of period-1 April 2015	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	2	14.3
Highly skilled production (Levels 6-8)	79	5	11	14
Highly skilled supervision (Levels 9-12)	105	1	13	12.4
Senior Management Service Bands A	58	9	8	13.8

Salary band	Number of employees at beginning of period-1 April 2015	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Senior Management Service Bands B	27	2	6	22.2
Senior Management Service Bands C	5	2	3	60
Senior Management Service Bands D (Include DG, Minister, Deputy Minister and Special Advisors)	5	0	0	0
Contract (Levels 3-5)	2	1	2	100
Contract (Levels 6-8)	2	1	0	0
Contract (Levels 9-12)	4	2	1	25
Contract (Band A)	0	0	1	0
Contract (Band B)	0	0	1	0
Contract (Band C)	0	0	1	0
Contract (Band D) (Include DG, Minister, Deputy Minister and Special Advisors)	0	0	0	0
Total	301	23	49	16.3

Table 3.5.2 **Annual** turnover rates by critical occupation for the period 1 April 2015 and 31 March 2016

Critical occupation	Number of employees at beginning of period-April 2015	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative Related	66	0	9	13.6
Communication and Information Related	4	1	1	25
Finance and Economics Related	2	2	1	50
Financial and Related Professionals	8	0	1	12.5
Financial clerks and credit controller	1	0	0	0
Human Resources and Organisational Development	7	0	0	0
Human Resource Clerks	1	0	0	0
Human Resources Related	8	0	1	12.5
Information Technology Related	4	0	0	0
Language Practitioners Interpreters and Other Communication Related	5	0	0	0
Library Mail and Related Clerks	6	1	0	0

Critical occupation	Number of employees at beginning of period-April 2015	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Light vehicle drivers	1	0	0	0
Logistical Support Personnel	13	0	0	0
Messengers, Porters and Deliverers	3	0	0	0
Other Administrative and Related Clerks and Organisers	58	3	9	15.5
Other Information Technology Personnel	7	0	1	14.3
Other occupations	2	0	0	0
Risk Management and Security Services	1	0	0	0
Secretaries and Other Keyboard Operating Clerks	21	4	5	23.8
Senior Management	83	12	21	25.3
TOTAL	301	23	49	16.3

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2015 and 31 March 2016

Termination Type	Number	% of Total Resignations
Death	1	2
Resignation	14	28.6
Expiry of contract	6	12.2
Dismissal – operational changes	0	0
Dismissal – misconduct	2	4.2
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	2
Transfer to other Public Service Departments	25	51
Other	0	0
Total	49	100
Total number of employees who left as a % of total employment		16.3

Table 3.5.4 Promotions by critical occupation for the period 1 April 2015 and 31 March 2016

Occupation	Employees 1 April 2015	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	66	0	0	29	44
Communication and Information Related	4	0	0	0	0
Finance and Economics Related	2	0	0	0	0
Financial and Related Professionals	8	0	0	3	37.5
Financial clerks and credit controller	1	0	0	0	0
Human Resources and Organisational Development	7	0	0	5	71.4
Human Resource Clerks	1	0	0	0	0
Human Resources Related	8	0	0	3	37.5
Information Technology Related	4	0	0	1	25
Language Practitioners Interpreters and Other Communication Related	5	0	0	2	40
Library Mail and Related Clerks	6	0	0	6	100
Light vehicle drivers	1	0	0	0	0
Logistical Support Personnel	13	0	0	6	46.2
Messengers, Porters and Deliverers	3	0	0	2	66.7
Other Administrative and Related Clerks and Organisers	58	0	0	33	56.9
Other Information Technology Personnel	7	0	0	2	28.6
Other occupations	2	0	0	0	0
Risk Management and Security Services	1	0	0	1	100

Occupation	Employees 1 April 2015	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
Secretaries and Other Keyboard Operating Clerks	21	0	0	16	76.2
Senior Management	83	3	3.6	2	2.4
TOTAL	301	3	1	111	36.9

Table 3.5.5 Promotions by salary band for the period 1 April 2015 and 31 March 2016

Salary Band	Employees 1 April 2015	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels3-5)	14	0	0	11	78.6
Highly skilled production (Levels 6-8)	79	0	0	51	64.6
Highly skilled supervision (Levels 9-12)	105	0	0	46	43.8
Senior Management (Level 13-16) (Include DG, Minister, Deputy Minister and Special Advisors)	95	3	3.2	2	2.1
Contract (Levels 3-5)	2	0	0	0	0
Contract (Levels 6-8)	2	0	0	1	50
Contract (Levels 9-12)	4	0	0	0	0
TOTAL	301	3	1	111	36.9

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 2016

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	37	3	3	4	26	1	2	1	77
Professionals	13	0	0	1	20	2	2	6	44
Technicians and associate professionals	29	0	1	5	30	1	1	3	70
Clerks	17	2	0	0	50	7	1	4	81
Elementary occupations	3	0	0	0	0	0	0	0	3
Total	99	5	4	10	126	11	6	14	275
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 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	2	0	0	0	4
Senior Management	36	2	3	4	27	1	3	1	77
Professionally qualified and experienced specialists and mid-management	35	0	0	6	41	4	1	7	94
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	12	2	1	0	45	6	1	6	73
Semi-skilled and discretionary decision making	7	0	0	0	5	0	0	0	12
Contract (Top Management)	1	1	0	0	1	0	0	0	3
Contract (Senior Management)	4	0	0	0	0	0	0	0	4

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Professionally Qualified)	0	0	0	0	3	0	1	0	4
Contract (Skilled Technical)	2	0	0	0	1	0	0	0	3
Contract (Semi-skilled)	0	0	0	0	1	0	0	0	1
Total	99	5	4	10	126	11	6	14	275

Table 3.6.3 Recruitment for the period 1 April 2015 to 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	8	0	0	0	3	0	1	1	13
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	5	0	0	0	5
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 (Professionally Qualified)	0	0	0	0	1	0	1	0	2
Contract (Skilled)	1	0	0	0	0	0	0	0	1
Contract (Semi-skilled)	0	0	0	0	1	0	0	0	1
Total	10	0	0	0	10	0	2	1	23
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2015 to 31 March 2016

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	1	0	0	0	2	0	0	0	3
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	2	0	0	0	3
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2015 to 31 March 2016

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	9	0	0	1	6	0	1	0	17
Professionally qualified and experienced specialists and mid-management	6	0	0	0	6	0	1	0	13
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	0	8	0	0	0	11
Semi-skilled and discretionary decision making	0	0	0	0	1	1	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract (Senior Management)	2	0	0	0	0	0	0	1	3

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (Professionally Qualified)	0	0	0	0	1	0	0	0	1
Contract (Semi skilled)	1	0	0	0	1	0	0	0	2
Total	21	0	0	1	23	1	2	1	49
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2015 to 31 March 2016

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary hearings	9	0	1	0	5	0	0	0	15

Table 3.6.7 Skills development for the period 1 April 2015 to 31 March 2016

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	22	1	1	2	22	0	1	2	51
Professionals	10	0	0	0	9	0	3	0	22
Technicians and associate professionals	1	0	0	0	5	0	0	0	6
Clerks	3	0	0	0	11	1	0	0	15
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	36	1	1	2	47	1	4	2	94
Employees with disabilities	2	0	0	0	1	0	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 2015

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	1	0	0
Salary Level 15	6	4	4	100
Salary Level 14	29	21	19	90
Salary Level 13	64	56	50	89
Total	104	82	73	89

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

Reasons
<ul style="list-style-type: none"> The DG submitted her PA to the Minister on 29 May 2015 for discussion and finalisation. However, to date HR has a copy of the unsigned PA and a letter requesting a meeting with the Minister to conclude and sign her PA.
<ul style="list-style-type: none"> Most Senior Managers submitted their PAs to their Supervisors on time, however, the Supervisors concluded and submitted them late to HR.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2015

Reasons
<ul style="list-style-type: none"> The process of disciplinary action was put on hold by the Minister.

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 2015 to 31 March 2016

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	30	96	31.3	702	23 400
Female	49	125	39.2	1 124	22 939

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
Asian					
Male	1	4	25	17	17 000
Female	5	6	83.3	42	8 400
Coloured					
Male	0	5	0	0	0
Female	10	10	100	232	23 200
White					
Male	3	10	30	199	66 333
Female	9	14	64.3	213	23 667
Employees with disabilities	3	5	60	60	20 000
Total	110	275	40	2 589	23 536

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2015 to 31 March 2016

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)	10	12	83.3	99	9 900	3.5
Highly skilled production (level 6-8)	48	73	65.8	879	18 313	3.5
Highly skilled supervision (level 9-12)	52	95	54.7	1 612	31 000	2.8
Contract (Levels 3-5)	0	1	0	0	0	0
Contract (Levels 6-8)	0	3	0	0	0	0
Contract (Levels 9-12)	0	4	0	0	0	0
Total	110	188	58.5	2 590	23 545	1.4

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2015 to 31 March 2016

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	32	57	56.1	1 055	32 969
Communication and Information Related	0	4	0	0	0
Finance and Economics Related	1	2	50	20	20 000
Financial and Related Professionals	5	8	62.5	89	17 800
Human Resources and Organisational Development	3	7	42.9	48	16 000
Human Resources Related	2	7	28.6	60	30 000
Information Technology Related	1	4	25	29	29 000
Language Practitioners Interpreters and Other Communication Related	3	5	60	87	29 000
Library Mail and Related Clerks	5	8	62.5	40	8 000
Logistical Support Personnel	9	13	69.2	202	22 444
Messengers, Porters and Deliverers	1	3	33.3	16	16 000
Other Administrative and Related Clerks and Organisers	32	50	64	619	19 344
Other Information Technology Personnel	2	6	33.3	27	13 500
Other occupations	0	2	0	0	0
Risk Management and Security Services	1	1	100	27	27 000
Secretaries and Other Keyboard Operating Clerks	13	22	59.1	268	20 615
Senior Management	0	76	0	0	0
Total	110	275	40	2 587	23 518

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2015 to 31 March 2016

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	0	54	0	0	0	0
Band B	0	25	0	0	0	0
Band C	0	3	0	0	0	0
Band D(Include DG, Minister, Deputy Minister and Special Advisors)	0	5	0	0	0	0
Total	0	87	0	0	0	0

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 2015 and 31 March 2016

Salary band	01 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
None						

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2015 and 31 March 2016

Major occupation	01 April 2015		31 March 2016		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 2015 to 31 December 2015

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)	74	73	8	3.7	9	54
Highly skilled production (levels 6-8)	446	71.1	67	30.6	7	543
Highly skilled supervision (levels 9 -12)	579	68	81	37	7	1 215
Top and Senior management (levels 13-16)	288	80.6	56	25.6	5	1 037
Contract (levels 6-8)	8	75	3	1.4	3	10
Contract (levels 9-12)	15	86.7	3	1.4	5	31
Contract (levels 13-16)	14	100	1	0.5	14	46
Total	1424	72.3	219	100	7	2 936

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2015 to 31 December 2015

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)	4	100	1	10	4	3
Highly skilled production (Levels 6-8)	29	100	3	30	10	38
Highly skilled supervision (Levels 9-12)	166	100	5	50	33	358
Senior management (Levels 13-16)	5	100	1	10	5	17
Total	204	100	10	100	20	416

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 2015 to 31 December 2015

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)	317	14	23
Highly skilled production (Levels 6-8)	2019	85	24
Highly skilled supervision(Levels 9-12)	2652.17	107	25
Senior management (Levels 13-16)	1939	94	21
Contract (Levels 3-5)	33	3	11
Contract (Levels 6-8)	37	5	7
Contract (Levels 9-12)	61	6	10
Contract (Levels 13-16)	105	10	11
Total	7163.17	324	22

Table 3.10.4 Capped leave for the period 1 January 2015 to 31 December 2015

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 2015
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	1	2	1	8
Highly skilled supervision(Levels 9-12)	2	1	2	11
Senior management (Levels 13-16)	0	0	0	0
Total	3	3	1	10

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

Table 3.10.5 Leave pay-outs for the period 1 April 2015 and 31 March 2016

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2015/16 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2015/16	658	14	47 000
Current leave payout on termination of service for 2015/16	728	12	60 667
Total	1 386	23	53 308

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
None	

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

Question	Yes	No	Detail, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mr S Gumbi
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Mr S Gumbi Mr T Shakwane R200 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.	X		EAP Panel of Service Providers has been appointed to render: <ul style="list-style-type: none"> Counselling services
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		X	The EWH Policy were recently approved which provides for the establishment of committees.
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		HIV and AIDS, TB Management and Sexual Harassment Policy

Question	Yes	No	Detail, if yes
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Protection of disclosure is incorporated in the HIV and AIDS and TB Management Policy. Confidentiality is promoted in the provision of EAP.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		11 Employees participated in HCT and all of them tested negative.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	X		Monitoring and evaluation are provided in the EWH policies and reporting.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2015 and 31 March 2016

Subject matter	Date
Total number of Collective Agreements	None

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 2015 and 31 March 2016

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	0	0
Not guilty	1	100
Case withdrawn	0	0
Total	1	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2015 and 31 March 2016

Type of misconduct	Number	% of total
Failing to evaluate BIDS i.t.o set procedure at DBAC/DBEC	11	64.7
Bringing Department into disrepute	2	11.7
Giving false statements/evidence in the execution of duties regarding appointments and prejudicing the administration/efficiency of the Department	1	5.9
Receive undue payments from a Service Provider	1	5.9
Threatening of colleagues, belittling colleagues, displaying rude behaviour, being disruptive, failure to comply with lawful instructions	1	5.9
Failing to submit Financial Disclosure, failing to comply with submitting Performance Agreement	1	5.9
Total	17	100

Table 3.12.4 Grievances logged for the period 1 April 2015 and 31 March 2016

Grievances	Number	% of Total
Number of grievances resolved	5	71.4
Number of grievances not resolved	2	28.6
Total number of grievances lodged	7	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2015 and 31 March 2016

Disputes	Number	% of Total
Number of disputes upheld	3	75
Number of disputes dismissed	1	25
Total number of disputes lodged	4	100

Table 3.12.6 Strike actions for the period 1 April 2015 and 31 March 2016

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 2015 and 31 March 2016

Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	90
Cost of suspension (R'000)	R196

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 2015 and 31 March 2016

Occupational category	Gender	Number of employees as at 1 April 2015	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	32	0	57	13	70
	Male	52	0	84	19	103
Professionals	Female	33	0	47	13	60
	Male	14	0	35	17	52
Technicians and associate professionals	Female	40	0	15	6	21
	Male	39	0	3	0	3
Clerks	Female	66	0	44	17	61
	Male	22	0	22	5	27
Elementary occupations	Female	0	0	0	0	0
	Male	3	0	0	0	0
Sub Total	Female	171	0	163	49	212
	Male	130	0	144	41	185
Total		301	0	307	90	397

Table 3.13.2 Training provided for the period 1 April 2015 and 31 March 2016

Occupational category	Gender	Number of employees as at 1 April 2015	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	32	0	26	20	46
	Male	52	0	13	23	36
Professionals	Female	33	0	11	12	23
	Male	14	0	8	6	14
Technicians and associate professionals	Female	40	0	3	6	9
	Male	39	0	1	0	1
Clerks	Female	66	0	16	3	19
	Male	22	0	3	3	6
Elementary occupations	Female	0	0	0	0	0
	Male	3	0	0	0	0

Occupational category	Gender	Number of employees as at 1 April 2015	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Sub Total	Female	171	0	56	41	97
	Male	130	0	25	32	57
Total		301	0	81	73	154

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 2015 and 31 March 2016

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

3.15 Utilisation of Consultants

The following tables relates 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 2015 and 31 March 2016

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Conduct a Study on National Roaming	1	90 days	R1 938 000
ICT Security vulnerability management and penetration test	1	30 days	R399 000
Cyber Security	4	365 days	R15 156 157
ICT Policy Review (CSIR)	1	30 days	R89 791

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Information Ethics (UP)	1	60 days	R2 000 000
e-Skills Project	1	30 days	R6 558 000
Metro Wi-Fi Projects	243	30 days	R40 000 000
Rapid Redeployment	1	30 days	R4 296 372

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
4	1	665	R70 437 320

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
ICT Security vulnerability management and penetration test	100%	100%	1

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2015 and 31 March 2016

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 2015 and 31 March 2016

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

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2015 and 31 March 2016

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)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0

PART E FINANCIAL INFORMATION

Report of the Auditor-General to Parliament on

Vote No. 32: Department of Telecommunications and Postal Services

Introduction

1. I have audited the financial statements of the Department of Telecommunications and Postal Services set out on pages 130 to 213, which comprise the appropriation statement, the statement of financial position as at 31 March 2016, 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 and the requirements of the Public Finance Management Act (PFMA) (1 of 1999), 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 Telecommunications and Postal Services as at 31 March 2016 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.

Additional matter

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

Unaudited supplementary schedules

8. The supplementary information set out on pages 214 to 229 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon

Report on other legal and regulatory requirements

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 of 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 of the following selected programmes presented in the annual performance report of the Department for the year ended 31 March 2016:
- Programme 2: International Affairs on pages 33 to 38
 - Programme 3: ICT Policy, Research and Capacity Building on pages 38 to 60
 - Programme 4: ICT Enterprise Development and SOC Oversight on pages 61 to 68
 - Programme 5: ICT Infrastructure Support on pages 69 to 75
11. 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* (FMPPPI).
12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
13. I did not identify any material findings on the usefulness and reliability of the reported performance information for the programmes selected as per paragraph 10 above.

Additional matters

14. 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

15. Refer to the annual performance report on pages 25 to 80 for information on the achievement of the planned targets for the year.

Unaudited supplementary information

16. The supplementary information set out on pages 214 to 229 does not form part of the annual performance report and is presented as additional information. I have not audited this schedule and, accordingly, I do not report on them.

Compliance with legislation

17. 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

18. Effective steps were not taken to prevent irregular expenditure, amounting to R27 352 000 as discussed in note 27 of the AFS, as required by section 38(1) (c) (ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

Procurement and contract management

19. Goods and services of a transaction value above R500 000 were in certain instances procured without inviting competitive bids, as required by Treasury Regulations 16A6.1. Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of Treasury regulation 16A6.4.

Internal control

20. 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

21. Inadequate leadership capacity prevented consistency oversight on compliance with laws and regulations.

Financial and performance management

22. Inadequate processes in place for regular review and monitoring of compliance with legislation.

Other reports

23. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

24. Investigations initiated in terms of presidential proclamation 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, hosting of the ICT Indaba, improper or unlawful conduct by an official of the department which resulted in the department purportedly breaching a contract and improper conduct by employees relating to the recruitment, selection and appointment of official. Some of the matters as included in the proclamation had already been finalised internally, and the involved employees were charged with misconduct and subsequently dismissed.

Pretoria

31 July 2016

Auditor-General



Vote No. 32: Department of Telecommunications and Postal Services

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. Management has concluded that the financial statements present fairly the Department's primary and secondary information.

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 (PFMA), 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 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.

Social contributions made by the Department in respect of ex-employees are classified as transfers to households 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 or in the case of transfers and subsidies when they are due and payable.

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 as a current liability.

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. Write-offs are made according to the Department's write-off policy.

13. Investments

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

14. Financial assets

14.1 Financial assets (not covered elsewhere)

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, a Department shall measure its financial assets at cost, less amount already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

14.2 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 reliably, 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 reliably, 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 reliably, 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.

25. Related party transactions

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

26. Public-Private Partnerships

Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the Department are recorded in the notes to the financial statements.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2016

Voted funds and Direct charges	Appropriation per programme											
	2015/16						2014/15					
	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	R'000	
Programme												
1. Administration	180 349	-	42 681	223 030	221 864	1 166	99.5	237 525	226 641			
2. International Affairs and Trade	43 447	-	(137)	43 310	41 542	1 768	95.9	45 667	45 431			
3. Policy, Research and Capacity Development	105 578	-	(8 446)	97 132	73 979	23 153	76.2	111 347	78 183			
4. ICT Enterprise Development and SOE Oversight	447 889	-	42 342	490 231	488 959	1 272	99.7	786 602	785 781			
5. ICT Infrastructure Support	627 990	-	(76 440)	551 550	473 753	77 797	85.9	1 055 516	1 045 640			
TOTAL	1 405 253	-	-	1 405 253	1 300 097	105 156	92.5	2 236 657	2 181 676			

Appropriation per programme											
Voted funds and Direct charges	2015/16						2014/15				
	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		
Reconciliation with Statement of Financial Performance											
Add:											
Departmental receipts				26 804 435				1 672 004			
NRF Receipts				-				-			
Aid assistance				-				-			
Actual amounts per Statement of Financial Performance (Total Revenue)				28 209 688				3 908 661			
Add: Aid assistance											
Prior year unauthorised expenditure approved without funding				-				-			
Actual amounts per Statement of Financial Performance Expenditure				1 300 097				2 181 676			

Appropriation per economic classification									
	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	671 576	(103 685)	(53 249)	514 642	412 120	102 522	80.1	463 686	418 316
Compensation of employees	198 487	(2 040)	-	196 447	181 693	14 754	92.5	202 749	183 930
Salaries and wages	176 038	(746)	(1 427)	173 865	160 890	12 975	92.5	179 832	163 952
Social contributions	22 449	(1 294)	1 427	22 582	20 803	1 779	92.1	22 917	19 979
Goods and services	473 089	(101 645)	(53 249)	318 195	230 427	87 768	72.4	260 937	234 385
Administrative fees	1 817	327	(40)	2 104	1 627	477	77.3	1 870	1 521
Advertising	7 566	(3 914)	(354)	3 298	3 198	100	97.0	8 957	1 468
Minor assets	5 621	(5 059)	-	562	479	83	85.2	861	266
Audit costs: External	2 740	9 127	16 200	28 067	28 067	-	100	13 719	14 591
Bursaries: Employees	796	234	(100)	930	513	417	55.2	608	687
Catering: Departmental activities	1 807	777	-	2 584	1 969	615	76.2	1 331	1 120
Communication (G&S)	6 467	(691)	(105)	5 671	5 182	489	91.4	5 766	5 296
Computer services	3 422	1 747	(15)	5 154	5 117	37	99.3	6 647	9 466
Consultants: Business and advisory services	81 158	76 566	(5 037)	152 687	75 146	77 541	49.2	70 358	49 055
Infrastructure and planning services	122	378	-	500	-	500	-	4 500	-
Legal services	2 043	4 212	-	6 255	6 155	100	98.4	4 980	9 020

Appropriation per economic classification									
	2015/16							2014/15	
	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
Contractors	17 197	(15 065)	(1)	2 131	2 060	71	96.7	2 906	2 336
Agency and support / outsourced services	230 030	(153 446)	(76 440)	144	144	-	100	23 283	23 233
Entertainment	587	71	(43)	615	494	121	80.3	407	298
Fleet services (includes govern motor transport)	748	360	-	1 108	999	109	90.2	1 844	1 471
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	119
Inventory: Fuel, oil and gas	19	(19)	-	-	-	-	-	52	5
Inventory: Materials and supplies	22	(7)	1	16	12	4	75.0	37	10
Inventory: Medical supplies	26	(26)	-	-	-	-	-	2	-
Inventory: Other supplies	233	(228)	(5)	-	-	-	-	14	8 552
Consumable supplies	53	229	(21)	261	208	53	79.7	351	136
Consumable: Stationery, print and office sup	6 408	(878)	(172)	5 358	5 186	172	96.8	6 089	5 633
Operating leases	42 691	(5 157)	6 017	43 551	43 180	371	99.1	46 763	46 738
Property payments	11 971	(5 784)	3 965	10 152	10 152	-	100	11 658	11 703
Transport provided: Departmental activity	664	(464)	-	200	-	200	-	-	-

Appropriation per economic classification									
	2015/16							2014/15	
	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
Travel and subsistence	28 725	1 842	3 075	33 642	33 140	502	98.5	35 001	29 188
Training and development	11 853	(6 629)	(104)	5 120	2 433	2 687	47.5	4 294	6 905
Operating payments	2 956	(1 118)	-	1 838	1 325	513	72.1	2 038	2 426
Venues and facilities	5 347	(680)	(70)	4 597	2 277	2 320	49.5	6 111	2 402
Rental and hiring	-	1 650	-	1 650	1 364	286	82.7	490	740
Transfers and subsidies	728 616	103 680	50 518	882 814	882 049	765	99.9	1 762 189	1 752 580
Provinces and municipalities	-	-	13	13	13	-	100	9	9
Municipalities	-	-	13	13	13	-	100	9	9
Municipal bank accounts	-	-	13	13	13	-	100	9	9
Departmental agencies and accounts	532 570	-	4	532 574	532 574	-	100	1 321 643	1 321 643
Departmental agencies(non-business entities)	532 570	-	4	532 574	532 574	-	100	1 321 643	1 321 643
Foreign govern and international organisations	22 194	3 200	-	25 394	24 629	765	97.0	23 960	23 724
Public corporations and private enterprises	173 852	100 000	50 252	324 104	324 104	-	100	416 000	406 627
Public corporations	173 852	100 000	50 240	324 092	324 092	-	100	415 973	406 600

Appropriation per economic classification									
	2015/16						2014/15		
	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
Other transfers to public corporations	173 852	100 000	50 240	324 092	324 092	-	100	415 973	406 600
Private enterprises	-	-	12	12	12	-	100	27	27
Other transfers to private enterprises	-	-	12	12	12	-	100	27	27
Non-profit institutions	-	-	-	-	-	-	-	110	110
Households	-	480	249	729	729	-	-	467	467
Social benefits	-	462	209	671	671	-	-	401	401
Other transfers to households	-	18	40	58	58	-	-	66	66
Payments for capital assets	5 061	-	2 289	7 350	5 481	1 869	74.6	10 419	10 418
Machinery and equipment	5 061	-	(933)	4 128	3 425	703	83.0	10 215	10 213
Transport equipment	-	-	-	-	-	-	-	2 384	2 384
Other machinery and equipment	5 061	-	(933)	4 128	3 425	703	83.0	7 831	7 829
Software and other intangible assets	-	-	3 222	3 222	2 056	1 166	63.8	204	205
Payment for financial assets	-	5	442	447	447	-	100	363	363
	1 405 253	-	-	1 405 253	1 300 097	105 156	92.5	2 236 657	2 181 676

Programme 1 : ADMINISTRATION	2015/16							2014/15	
	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. Ministry	4 292	(81)	-	4 211	4 211	-	100	4 103	4 056
2. Departmental Management	36 513	16 746	20 073	73 332	73 332	-	100	65 781	65 781
3. Internal Audit	8 218	(2 973)	-	5 245	5 245	-	100	5 708	5 708
4. Corporate Services	52 261	(474)	11 969	63 756	62 590	1 166	98.2	80 334	70 163
5. Financial Management	69 932	(10 214)	10 639	70 357	70 357	-	100	75 583	74 918
6. Office Accommodation	9 133	(3 004)	-	6 129	6 129	-	100	6 016	6 016
	180 349	-	42 681	223 030	221 864	1 166	99.5%	237 525	226 641
Economic classification									
Current payments	178 655	-	38 571	217 226	217 226	-	100	226 524	215 639
Compensation of employees	77 610	-	8 569	86 179	86 179	-	100	87 025	86 311
Salaries and wages	69 390	(786)	7 130	75 734	75 734	-	100	77 382	76 800
Social contributions	8 220	786	1 439	10 445	10 445	-	100	9 643	9 511
Goods and services	101 045	-	30 002	131 047	131 047	-	100	139 499	129 328
Administrative fees	1 244	(347)	-	897	897	-	100	852	838
Advertising	6 352	(4 441)	-	1 911	1 911	-	100	6 989	1 143
Minor assets	2 885	(2 771)	-	114	114	-	100	310	162
Audit costs: External	2 740	9 127	16 200	28 067	28 067	-	100	13 719	14 591

Programme 1 : ADMINISTRATION	2015/16							2014/15	
	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
Bursaries: Employees	258	19	-	277	277	-	100	200	195
Catering: Departmental activities	665	638	-	1303	1303	-	100	515	598
Communication (G&S)	2 323	410	-	2 733	2 733	-	100	2 790	2 786
Computer services	381	4 634	-	5 015	5 015	-	100	6 564	9 461
Consultants: Business and advisory services	6 290	(2 004)	-	4 286	4 286	-	100	13 801	3 553
Infrastructure and planning services	122	(122)	-	-	-	-	-	-	-
Legal services	1 254	4 901	-	6 155	6 155	-	100	4 482	8 602
Contractors	2 903	(919)	-	1 984	1 984	-	100	2 387	1 914
Agency and support / outsourced services	245	(140)	-	105	105	-	100	3	3
Entertainment	305	17	-	322	322	-	100	240	209
Fleet services (includes govern motor transport)	552	349	-	901	901	-	100	1 590	1 269
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	32
Inventory: Fuel, oil and gas	19	(19)	-	-	-	-	-	52	5
Inventory: Materials and supplies	4	8	-	12	12	-	100	6	8
Inventory: Medical supplies	26	(26)	-	-	-	-	-	2	-
Inventory: Other supplies	161	(161)	-	-	-	-	-	-	-

Programme 1 : ADMINISTRATION	2015/16							2014/15	
	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
Consumable supplies	50	128	-	178	178	-	100	251	109
Consumable: Stationery, printing and office sup	3 157	1 004	-	4 161	4 161	-	100	3 868	3 760
Operating leases	39 994	(3 639)	6 035	42 390	42 390	-	100	45 624	45 717
Property payments	11 971	(5 794)	3 965	10 142	10 142	-	100	11 658	11 692
Transport provided: Departmental activity	664	(664)	-	-	-	-	-	-	-
Travel and subsistence	10 871	2 180	3 802	16 853	16 853	-	100	17 232	16 885
Training and development	2 923	(1 913)	-	1 010	1 010	-	100	2 628	2 976
Operating payments	772	278	-	1 050	1 050	-	100	1 023	1 380
Venues and facilities	1 914	(1 374)	-	540	540	-	100	2 478	1 242
Rental and hiring	-	641	-	641	641	-	100	235	198
Transfers and subsidies	-	-	278	278	278	-	100	1 677	1 678
Provinces and municipalities	-	-	13	13	13	-	100	9	9
Municipalities	-	-	13	13	13	-	100	9	9
Municipal bank accounts	-	-	13	13	13	-	100	9	9
Departmental agencies and accounts	-	-	4	4	4	-	100	1 199	1 199
Departmental agencies(non-business entities)	-	-	4	4	4	-	100	1 199	1 199

Programme 1 : ADMINISTRATION	2015/16							2014/15	
	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
Public corporations and private enterprises	-	-	12	12	12	-	100	17	17
Private enterprises	-	-	12	12	12	-	100	17	17
Other transfers to private enterprises	-	-	12	12	12	-	100	17	17
Non-profit institutions	-	-	-	-	-	-	-	110	110
Households	-	-	249	249	249	-	100	342	343
Social benefits	-	-	209	209	209	-	100	319	320
Other transfers to households	-	-	40	40	40	-	100	23	23
Payments for capital assets	1 694	-	3 390	5 084	3 918	1 166	77.1	8 961	8 962
Machinery and equipment	1 694	-	168	1 862	1 862	-	100	8 757	8 757
Transport equipment	-	-	-	-	-	-	-	2 384	2 384
Other machinery and equipment	1 694	-	168	1 862	1 862	-	100	6 373	6 373
Software and other intangible assets	-	-	3 222	3 222	2 056	1 166	63.8	204	205
Payment for financial assets	-	-	442	442	442	-	100	363	363
	180 349	-	42 681	223 030	221 864	1 166	99.5	237 525	226 641

Sub programme: 1.1: MINISTRY	2015/16							2014/15	
	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	4 292	(81)	-	4 211	4 211	-	100	4 103	4 056
Compensation of employees	4 292	(81)	-	4 211	4 211	-	100	4 103	4 056

Sub programme: 1.2: DEPARTMENTAL MANAGEMENT	2015/16							2014/15	
	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	35 948	16 976	20 002	72 926	72 926	-	100	62 525	62 524
Compensation of employees	18 649	5 334	-	23 983	23 983	-	100	25 052	25 051
Goods and services	17 299	11 642	20 002	48 943	48 943	-	100	37 473	37 473
Transfers and subsidies	-	-	54	54	54	-	100	191	191
Public corporations and private enterprises	-	-	11	11	11	-	100	14	14
Non-profit institutions	-	-	-	-	-	-	-	110	110
Households	-	-	43	43	43	-	100	67	67
Payments for capital assets	565	(230)	-	335	335	-	100	3 065	3 065
Transport equipment	-	-	-	-	-	-	-	2 384	2 384
Machinery and equipment	565	(230)	-	335	335	-	100	681	682
Payment for financial assets	-	-	17	17	17	-	100	-	-

Sub programme: 1.3: INTERNAL AUDIT	2015/16							2014/15	
	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	8 156	(2 935)	-	5 221	5 221	-	100	5 656	5 656
Compensation of employees	5 870	(1 076)	-	4 794	4 794	-	100	4 796	4 796
Goods and services	2 286	(1 859)	-	427	427	-	100	860	860
Transfers and subsidies	-	-	-	-	-	-	-	2	2
Households	-	-	-	-	-	-	-	2	2
Payments for capital assets	62	(38)	-	24	24	-	100	50	50
Machinery and equipment	62	(38)	-	24	24	-	100	50	50

Sub programme: 1.4: CORPORATE SERVICES	2015/16							2014/15		
	Economic classification	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
Current payments	51 447	(717)	8 569	59 299	59 299	59 299	-	100	73 325	63 154
Compensation of employees	25 831	3 179	8 569	37 579	37 579	37 579	-	100	37 597	37 597
Goods and services	25 616	(3 896)	-	21 720	21 720	21 720	-	100	35 728	25 557
Transfers and subsidies	-	-	178	178	178	178	-	100	1 359	1 359
Departmental agencies and accounts	-	-	-	-	-	-	-	-	1 199	1 199
Public corporations and private enterprises	-	-	-	-	-	-	-	-	3	3
Households	-	-	178	178	178	178	-	-	157	157
Payments for capital assets	814	243	3 222	4 279	3 113	3 113	1 166	72.8	5 650	5 650
Machinery and equipment	814	243	-	1 057	1 057	1 057	-	100	5 446	5 446
Software and other intangible assets	-	-	3 222	3 222	2 056	2 056	1 166	63.8	204	204

Sub programme: 1.5: FINANCIAL MANAGEMENT	2015/16								2014/15	
	Economic classification	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
Current payments	69 679	(10 239)	10 000	69 440	69 440	69 440	-	100	74 899	74 234
Compensation of employees	22 968	(7 356)	-	15 612	15 612	15 612	-	100	15 477	14 811
Goods and services	46 711	(2 883)	10 000	53 828	53 828	53 828	-	100	59 422	59 423
Transfers and subsidies	-	-	46	46	46	46	-	100	125	125
Provinces and municipalities	-	-	13	13	13	13	-	100	9	9
Departmental agencies and accounts	-	-	4	4	4	4	-	100	-	-
Public corporations and private enterprises	-	-	1	1	1	1	-	100	-	-
Households	-	-	28	28	28	28	-	100	116	116
Payments for capital assets	253	25	168	446	446	446	-	100	196	196
Machinery and equipment	253	25	168	446	446	446	-	100	196	196
Payment for financial assets	-	-	425	425	425	425	-	100	363	363

Sub programme: 1.6: OFFICE ACCOMMODATION	2015/16							2014/15	
	Adjusted Appro- priation	Shifting of Funds	Virement	Final Appro- priation	Actual Expen- diture	Variance	Expen- diture as % of final appro- priation	Final Appro- priation	Actual Expen- diture
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9 133	(3 004)	-	6 129	6 129	-	100	6 016	6 016
Goods and services	9 133	(3 004)	-	6 129	6 129	-	100	6 016	6 016

Programme 2: INTERNATIONAL AFFAIRS AND TRADE	2015/16							2014/15	
	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. International Affairs	14 264	(2 613)	(137)	11 514	10 511	1 003	91.3	13 126	13 125
2. ICT Trade/Partnership	29 183	2 613	-	31 796	31 031	765	97.6	32 541	32 306
	43 447	-	(137)	43 310	41 542	1 768	95.9	45 667	45 431
Economic classification									
Current payments	20 733	(3 240)	-	17 493	16 490	1 003	94.3	21 613	21 613
Compensation of employees	13 324	(2 040)	-	11 284	10 557	727	93.6	14 775	14 775
Salaries and wages	10 563	(710)	-	9 853	9 404	449	95.4	12 476	13 251
Social contributions	2 761	(1 330)	-	1 431	1 153	278	80.6	2 299	1 524
Goods and services	7 409	(1 200)	-	6 209	5 933	276	95.6	6 838	6 838
Administrative fees	41	76	-	117	117	-	100	340	197
Advertising	157	(157)	-	-	-	-	-	18	172
Minor assets	275	(172)	-	103	103	-	100.0	18	13
Bursaries: Employees	76	(76)	-	-	-	-	-	7	-
Catering: Departmental activities	139	(129)	-	10	10	-	100	52	49
Communication (G&S)	761	(463)	-	298	298	-	100	342	409
Computer services	-	8	-	8	8	-	100	10	2
Consultants: Business and advisory services	457	(416)	-	41	41	-	100	50	67

Programme 2: INTERNATIONAL AFFAIRS AND TRADE	2015/16							2014/15	
	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
Contractors	448	(448)	-	-	-	-	-	200	22
Entertainment	54	(38)	-	16	16	-	100	17	10
Fleet services (includes govern motor transport)	-	1	-	1	1	-	100	-	80
Inventory: Materials and supplies	1	(1)	-	-	-	-	-	-	-
Inventory: Other supplies	2	(2)	-	-	-	-	-	-	-
Consumable supplies	-	5	-	5	5	-	100	-	2
Consumable: Stationery, print and office sup	110	(62)	-	48	48	-	100	65	338
Operating leases	308	(224)	-	84	84	-	100	114	113
Property payments	-	-	-	-	-	-	-	-	1
Travel and subsistence	2 405	2 838	-	5 243	4 967	276	94.7	4 643	4 524
Training and development	96	(90)	-	6	6	-	100	75	157
Operating payments	1 540	(1 540)	-	-	-	-	-	200	138
Venues and facilities	539	(345)	-	194	194	-	100	462	209
Rental and hiring	-	35	-	35	35	-	100	225	334

Programme 2: INTERNATIONAL AFFAIRS AND TRADE	2015/16							2014/15	
	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	22 194	3 240	-	25 434	24 669	765	97.0	24 000	23 764
Foreign govern and international organisations	22 194	3 200	-	25 394	24 629	765	97.0	23 960	23 724
Households	-	40	-	40	40	-	100	40	40
Social benefits	-	38	-	38	38	-	100	21	21
Other transfers to households	-	2	-	2	2	-	100	19	19
Payments for capital assets	520	-	(137)	383	383	-	100	54	54
Machinery and equipment	520	-	(137)	383	383	-	100	54	54
Other machinery and equipment	520	-	(137)	383	383	-	100	54	54
	43 447	-	(137)	43 310	41 542	1 768	95.9	45 667	45 431

Sub programme: 2.1: INTERNATIONAL AFFAIRS	2015/16							2014/15	
	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	13 925	(2 578)	-	11 347	10 344	1 003	91.2	13 073	13 072
Compensation of employees	9 979	(2 449)	-	7 530	6 803	727	90.3	8 993	8 993
Goods and services	3 946	(129)	-	3 817	3 541	276	92.8	4 080	4 079
Transfers and subsidies	-	40	-	40	40	-	100	23	23
Households	-	40	-	40	40	-	100	23	23
Payments for capital assets	339	(75)	(137)	127	127	-	100	30	30
Machinery and equipment	339	(75)	(137)	127	127	-	100	30	30

Sub programme: 2.2: ICT TRADE/PARTNERSHIP	2015/16							2014/15		
	Economic classification	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
Current payments	6 808	(662)	-	6 146	6 146	6 146	-	100	8 540	8 541
Compensation of employees	3 345	409	-	3 754	3 754	3 754	-	100	5 782	5 783
Goods and services	3 463	(1 071)	-	2 392	2 392	2 392	-	100	2 758	2 758
Transfers and subsidies	22 194	3 200	-	25 394	24 629	24 629	765	97.0	23 977	23 741
Foreign government and international organisations	22 194	3 200	-	25 394	24 629	24 629	765	97.0	23 960	23 724
Households	-	-	-	-	-	-	-	-	17	17
Payments for capital assets	181	75	-	256	256	256	-	100	24	24
Machinery and equipment	181	75	-	256	256	256	-	100	24	24

Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT	2015/16							2014/15	
	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. ICT Policy Development	28 262	(26)	(7 675)	20 561	14 397	6 164	70.0	39 278	20 254
2. Economic and Market Analysis	5 855	-	-	5 855	4 392	1 463	75.0	6 163	6 162
3. Research	5 433	-	(154)	5 279	4 183	1 096	79.2	7 491	4 021
4. Information Society Development	53 501	(396)	(617)	52 488	41 397	11 091	78.9	43 515	35 137
5. Capacity Development	12 527	422	-	12 949	9 610	3 339	74.2	14 900	12 610
	105 578	-	(8 446)	97 132	73 979	23 153	76.2	111 347	78 183
Economic classification									
Current payments	104 483	(293)	(7 631)	96 559	73 406	23 153	76.0	110 600	77 438
Compensation of employees	68 435	-	(7 631)	60 804	49 422	11 382	81.3	63 101	49 870
Salaries and wages	61 409	298	(7 631)	54 076	44 054	10 022	81.5	56 946	44 499
Social contributions	7 026	(298)	-	6 728	5 368	1 360	79.8	6 155	5 371
Goods and services	36 048	(293)	-	35 755	23 984	11 771	67.1	47 499	27 567
Administrative fees	361	144	-	505	334	171	66.1	503	295
Advertising	781	(92)	-	689	589	100	85.5	1 850	-

Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT	2015/16								2014/15	
	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	
Minor assets	412	(294)	-	118	35	83	29.7	432	79	
Bursaries: Employees	167	33	-	200	105	95	52.5	331	464	
Catering: Departmental activities	587	122	-	709	548	161	77.3	450	423	
Communication (G&S)	1 874	(280)	-	1 594	1 335	259	83.8	1 880	1 346	
Computer services	280	(243)	-	37	-	37	-	72	2	
Consultants: Business and advisory services	9 450	6 316	-	15 766	10 122	5 644	64.2	25 025	13 223	
Legal services	-	100	-	100	-	100	-	-	-	
Contractors	526	(385)	-	141	70	71	49.6	294	306	
Agency and support / outsourced services	118	(79)	-	39	39	-	100	50	-	
Entertainment	141	33	-	174	56	118	32.2	93	25	
Fleet services (includes govern motor transport)	196	(96)	-	100	87	13	87.0	239	88	
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	87	
Inventory: Materials and supplies	14	(12)	-	2	-	2	-	1	2	

Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT	2015/16							2014/15	
	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
Inventory: Other supplies	17	(17)	-	-	-	-	-	-	-
Consumable supplies	3	40	-	43	14	29	32.6	42	18
Consumable: Stationery, print and office sup	1 472	(687)	-	785	613	172	78.1	1 637	1 063
Operating leases	1 374	(801)	-	573	511	62	89.2	792	655
Property payments	-	10	-	10	10	-	100.0	-	-
Transport provided: Departmental activity	-	200	-	200	-	200	-	-	-
Travel and subsistence	8 609	(2 432)	-	6 177	6 172	5	99.9	8 951	4 035
Training and development	8 022	(4 384)	-	3 638	1 274	2 364	35.0	1 439	3 662
Operating payments	112	651	-	763	250	513	32.8	620	868
Venues and facilities	1 532	892	-	2 424	1 138	1 286	46.9	2 768	748
Rental and hiring	-	968	-	968	682	286	70.5	30	179

Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT	2015/16							2014/15	
	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	-	293	-	293	293	-	100	74	73
Public corporations and private enterprises	-	-	-	-	-	-	-	10	10
Private enterprises	-	-	-	-	-	-	-	10	10
Other transfers to private enterprises	-	-	-	-	-	-	-	10	10
Households	-	293	-	293	293	-	100	64	63
Social benefits	-	287	-	287	287	-	100	50	49
Other transfers to households	-	6	-	6	6	-	100	14	14
Payments for capital assets	1 095	-	(815)	280	280	-	100	673	672
Machinery and equipment	1 095	-	(815)	280	280	-	100	673	672
Other machinery and equipment	1 095	-	(815)	280	280	-	100	673	672
	105 578	-	(8 446)	97 132	73 979	23 153	76.2	111 347	78 183

Sub programme: 3.1: ICT POLICY DEVELOPMENT	2015/16							2014/15	
	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	28 182	(65)	(7 631)	20 486	14 322	6 164	69.9	38 851	19 827
Compensation of employees	18 791	-	(7 631)	11 160	10 411	749	93.3	18 355	14 725
Goods and services	9 391	(65)	-	9 326	3 911	5 415	41.9	20 496	5 102
Transfers and subsidies	-	65	-	65	65	-	100	31	31
Households	-	65	-	65	65	-	100	31	31
Payments for capital assets	80	(26)	(44)	10	10	-	100	396	396
Machinery and equipment	80	(26)	(44)	10	10	-	100	396	396

Sub programme: 3.2: ECONOMIC AND MARKET ANALYSIS	2015/16							2014/15	
	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	5 855	-	-	5 855	4 392	1 463	75.0	6 126	6 126
Compensation of employees	5 409	-	-	5 409	4 041	1 368	74.7	3 121	3 121
Goods and services	446	-	-	446	351	95	78.7	3 005	3 004
Transfers and subsidies	-	-	-	-	-	-	-	2	2
Households	-	-	-	-	-	-	-	2	2
Payments for capital assets	-	-	-	-	-	-	-	35	34
Machinery and equipment	-	-	-	-	-	-	-	35	34

Sub programme: 3.3: RESEARCH	2015/16							2014/15	
	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	5 279	-	-	5 279	4 183	1 096	79.2	7 442	3 972
Compensation of employees	3 812	-	-	3 812	3 651	161	95.8	6 990	3 520
Goods and services	1 467	-	-	1 467	532	935	36.3	452	453
Payments for capital assets	154	-	(154)	-	-	-	-	49	48
Machinery and equipment	154	-	(154)	-	-	-	-	49	48

Sub programme: 3.4: INFORMATION SOCIETY DEVELOPMENT	2015/16							2014/15	
	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	52 640	(605)	-	52 035	40 944	11 091	78.7	43 281	34 904
Compensation of employees	34 454	-	-	34 454	28 689	5 765	83.3	28 793	24 951
Goods and services	18 186	(605)	-	17 581	12 255	5 326	69.7	14 488	9 953
Transfers and subsidies	-	209	-	209	209	-	100	41	41
Public corporations and private enterprises	-	-	-	-	-	-	-	10	10
Households	-	209	-	209	209	-	100	31	31
Payments for capital assets	861	-	(617)	244	244	-	100	193	193
Machinery and equipment	861	-	(617)	244	244	-	100	193	193

Sub programme: 3.5: CAPACITY DEVELOPMENT Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	12 527	377	-	12 904	9 565	3 339	74.1	14 900	12 610
Compensation of employees	5 969	-	-	5 969	2 630	3 339	44.1	5 842	3 554
Goods and services	6 558	377	-	6 935	6 935	-	100	9 058	9 056
Transfers and subsidies	-	19	-	19	19	-	100	-	-
Households	-	19	-	19	19	-	100	-	-
Payments for capital assets	-	26	-	26	26	-	100	-	-
Machinery and equipment	-	26	-	26	26	-	100	-	-

Programme 4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT	2015/16								2014/15	
	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	437 460	(303)	44 198	481 355	480 088	1 267	99.7	778 524	777 703	
2. Small, Medium And Micro Enterprise Development	3 504	(127)	(832)	2 545	2 545	-	100	2 077	2 077	
3. ICT Support	6 925	430	(1 024)	6 331	6 326	5	99.9	6 001	6 001	
	447 889	-	42 342	490 231	488 959	1 272	99.7	786 602	785 781	
Economic classification										
Current payments	31 054	(146)	(7 749)	23 159	21 887	1 272	94.5	41 398	49 951	
Compensation of employees	20 046	-	(938)	19 108	17 841	1 267	93.4	14 540	14 541	
Salaries and wages	17 966	103	(926)	17 143	15 939	1 204	93.0	12 831	12 927	
Social contributions	2 080	(103)	(12)	1 965	1 902	63	96.8	1 709	1 614	
Goods and services	11 008	(146)	(6 811)	4 051	4 046	5	99.9	26 858	35 410	
Administrative fees	77	69	(40)	106	106	-	100	47	53	
Advertising	189	486	(354)	321	321	-	100	100	153	
Minor assets	100	(46)	-	54	54	-	100	30	4	
Bursaries: Employees	-	223	(100)	123	123	-	100	30	1	

Programme 4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT	2015/16							2014/15	
	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
Catering: Departmental activities	193	(193)	-	-	-	-	-	54	23
Communication (G&S)	409	127	(105)	431	431	-	100	403	339
Computer services	48	(33)	(15)	-	-	-	-	-	1
Consultants: Business and advisory services	5 730	113	(5 037)	806	806	-	100	114	968
Contractors	7	(2)	(1)	4	4	-	100	25	94
Agency and support / outsourced services	-	-	-	-	-	-	-	23 230	23 230
Entertainment	52	18	(43)	27	24	3	88.9	26	10
Fleet services (includes govern motor transport)	-	6	-	6	6	-	100	15	34
Inventory: Materials and supplies	-	1	1	2	-	2	-	-	1
Inventory: Other supplies	30	(25)	(5)	-	-	-	-	14	8 552
Consumable supplies	-	29	(21)	8	8	-	100	30	4
Consumable: Stationery, print and office sup	474	(117)	(172)	185	185	-	100	295	269
Operating leases	145	(15)	(18)	112	112	-	100	185	74

Programme 4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT	2015/16							2014/15	
	Adjusted Appro- priation	Shifting of Funds	Virement	Final Appro- priation	Actual Expen- diture	Variance	Expen- diture as % of final appro- priation	Final Appro- priation	Actual Expen- diture
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Property payments	-	-	-	-	-	-	-	-	10
Travel and subsistence	2 395	(209)	(727)	1 459	1 459	-	100	1 907	1 475
Training and development	349	(209)	(104)	36	36	-	100	100	58
Operating payments	422	(422)	-	-	-	-	-	-	5
Venues and facilities	388	53	(70)	371	371	-	100	253	52
Transfers and subsidies	416 262	141	50 240	466 643	466 643	-	100	744 614	735 241
Departmental agencies and accounts	351 410	-	-	351 410	351 410	-	100	529 444	529 444
Departmental agencies(non- business entities)	351 410	-	-	351 410	351 410	-	100	529 444	529 444
Public corporations and private enterprises	64 852	-	50 240	115 092	115 092	-	100	215 168	205 795
Public corporations	64 852	-	50 240	115 092	115 092	-	100	215 168	205 795
Other transfers to public corporations	64 852	-	50 240	115 092	115 092	-	100	215 168	205 795
Households	-	141	-	141	141	-	100	2	2
Social benefits	-	137	-	137	137	-	100	-	-

	2015/16							2014/15	
	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
Programme 4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT									
Other transfers to households	-	4	-	4	4	-	100	2	2
Payments for capital assets	573	-	(149)	424	424	-	100	590	589
Machinery and equipment	573	-	(149)	424	424	-	100	590	589
Other machinery and equipment	573	-	(149)	424	424	-	100	590	589
Payment for financial assets	-	5	-	5	5	-	100	-	-
	447 889	-	42 342	490 231	488 959	1 272	99.7	786 602	785 781

Sub programme: 4.1: PUBLIC ENTITY OVERSIGHT	2015/16							2014/15	
	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	21 001	(624)	(6 042)	14 335	13 068	1 267	91.2	33 362	41 915
Compensation of employees	13 692	(485)	(938)	12 269	11 002	1 267	89.7	8 311	8 311
Goods and services	7 309	(139)	(5 104)	2 066	2 066	-	100	25 051	33 603
Transfers and subsidies	416 262	139	50 240	466 641	466 641	-	100	744 614	735 241
Departmental agencies and accounts	351 410	-	-	351 410	351 410	-	100	529 444	529 444
Public corporations and private enterprises	64 852	-	50 240	115 092	115 092	-	100	215 168	205 795
Households	-	139	-	139	139	-	100	2	2
Payments for capital assets	197	182	-	379	379	-	100	548	548
Machinery and equipment	197	182	-	379	379	-	100	548	548

Sub programme: 4.2: SMALL, MEDIUM AND MICRO ENTERPRISE DEVELOPMENT	2015/16							2014/15	
	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	3 336	32	(832)	2 536	2 536	-	100	2 077	2 077
Compensation of employees	1 806	32	-	1 838	1 838	-	100	1 765	1 765
Goods and services	1 530	-	(832)	698	698	-	100	312	312
Payments for capital assets	168	(159)	-	9	9	-	100	-	-
Machinery and equipment	168	(159)	-	9	9	-	100	-	-

Sub programme: 4.3: ICT SUPPORT	2015/16							2014/15	
	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	6 717	446	(875)	6 288	6 283	5	99.9	5 959	5 959
Compensation of employees	4 548	453	-	5 001	5 001	-	100	4 464	4 464
Goods and services	2 169	(7)	(875)	1 287	1 282	5	99.6	1 495	1 495
Transfers and subsidies	-	2	-	2	2	-	100	-	-
Households	-	2	-	2	2	-	100	-	-
Payments for capital assets	208	(23)	(149)	36	36	-	100	42	42
Machinery and equipment	208	(23)	(149)	36	36	-	100	42	42
Payment for financial assets	-	5	-	5	5	-	100	-	-

Programme 5: ICT INFRASTRUCTURE SUPPORT	2015/16							2014/15	
	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. Broadband	271 494	(60 000)	(50 240)	161 254	83 540	77 714	51.8	59 844	49 968
2. Digital Terrestrial Television	356 496	60 000	(26 200)	390 296	390 213	83	100	995 672	995 671
	627 990	-	(76 440)	551 550	473 753	77 797	85.9	1 055 516	1 045 640
Economic classification									
Current payments	336 651	(100 006)	(76 440)	160 205	83 111	77 094	51.9	63 551	53 675
Compensation of employees	19 072	-	-	19 072	17 694	1 378	92.8	23 308	18 433
Salaries and wages	16 710	349	-	17 059	15 759	1 300	92.4	20 197	16 474
Social contributions	2 362	(349)	-	2 013	1 935	78	96.1	3 111	1 959
Goods and services	317 579	(100 006)	(76 440)	141 133	65 417	75 716	46.4	40 243	35 242
Administrative fees	94	385	-	479	173	306	36.1	128	137
Advertising	87	290	-	377	377	-	100	-	-
Minor assets	1 949	(1 776)	-	173	173	-	100	71	8
Bursaries: Employees	295	35	-	330	8	322	2.4	40	27
Catering: Departmental activities	223	339	-	562	108	454	19.2	260	27
Communication (G&S)	1 100	(485)	-	615	385	230	62.6	351	416
Computer services	2 713	(2 619)	-	94	94	-	100	1	-
Consultants: Business and advisory services	59 231	72 557	-	131 788	59 891	71 897	45.4	31 368	31 244

Programme 5: ICT INFRASTRUCTURE SUPPORT	2015/16							2014/15	
	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
Infrastructure and planning services	-	500	-	500	-	500	-	4 500	-
Legal services	789	(789)	-	-	-	-	-	498	418
Contractors	13 313	(13 311)	-	2	2	-	100	-	-
Agency and support / outsourced services	229 667	(153 227)	(76 440)	-	-	-	-	-	-
Entertainment	35	41	-	76	76	-	100	31	44
Fleet services (includes govern motor transport)	-	100	-	100	4	96	4.0	-	-
Inventory: Materials and supplies	3	(3)	-	-	-	-	-	30	-
Inventory: Other supplies	23	(23)	-	-	-	-	-	-	-
Consumable supplies	-	27	-	27	3	24	11.1	28	4
Consumable: Stationery, print and office sup	1 195	(1 016)	-	179	179	-	100	224	203
Operating leases	870	(478)	-	392	83	309	21.2	48	179
Travel and subsistence	4 445	(535)	-	3 910	3 689	221	94.3	2 268	2 269
Training and development	463	(33)	-	430	107	323	24.9	52	52
Operating payments	110	(85)	-	25	25	-	100	195	34
Venues and facilities	974	94	-	1 068	34	1 034	3.2	150	151
Rental and hiring	-	6	-	6	6	-	100	-	30

Programme 5: ICT INFRASTRUCTURE SUPPORT	2015/16							2014/15	
	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	290 160	100 006	-	390 166	390 166	-	100	991 824	991 824
Departmental agencies and accounts	181 160	-	-	181 160	181 160	-	100	791 000	791 000
Departmental agencies(non-business entities)	181 160	-	-	181 160	181 160	-	100	791 000	791 000
Public corporations and private enterprises	109 000	100 000	-	209 000	209 000	-	100	200 805	200 805
Public corporations	109 000	100 000	-	209 000	209 000	-	100	200 805	200 805
Other transfers to public corporations	109 000	100 000	-	209 000	209 000	-	100	200 805	200 805
Households	-	6	-	6	6	-	100	19	19
Social benefits	-	-	-	-	-	-	-	11	11
Other transfers to households	-	6	-	6	6	-	100	8	8
Payments for capital assets	1 179	-	-	1 179	476	703	40.4	141	141
Machinery and equipment	1 179	-	-	1 179	476	703	40.4	141	141
Other machinery and equipment	1 179	-	-	1 179	476	703	40.4	141	141
	627 990	-	(76 440)	551 550	473 753	77 797	85.9	1 055 516	1 045 640

Sub programme: 5.1: BROADBAND	2015/16							2014/15	
	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	270 315	(60 006)	(50 240)	160 069	83 058	77 011	51.9	59 708	49 832
Compensation of employees	19 072	-	-	19 072	17 694	1 378	92.8	20 255	15 381
Goods and services	251 243	(60 006)	(50 240)	140 997	65 364	75 633	46.4	39 453	34 451
Transfers and subsidies	-	6	-	6	6	-	100	4	4
Households	-	6	-	6	6	-	100	4	4
Payments for capital assets	1 179	-	-	1 179	476	703	40.4	132	132
Machinery and equipment	1 179	-	-	1 179	476	703	40.4	132	132

Sub programme: 5.2: DIGITAL TERRESTRIAL TELEVISION	2015/16							2014/15	
	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	66 336	(40 000)	(26 200)	136	53	83	39.0	3 843	3 843
Compensation of employees	-	-	-	-	-	-	-	3 053	3 052
Goods and services	66 336	(40 000)	(26 200)	136	53	83	39.0	790	790
Transfers and subsidies	290 160	100 000	-	390 160	390 160	-	100	991 820	991 820
Departmental agencies and accounts	181 160	-	-	181 160	181 160	-	100	791 000	791 000
Public corporations and private enterprises	109 000	100 000	-	209 000	209 000	-	100	200 805	200 805
Households	-	-	-	-	-	-	-	15	15
Payments for capital assets	-	-	-	-	-	-	-	9	9
Machinery and equipment	-	-	-	-	-	-	-	9	9

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2016

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 Appro- piation	Actual Expenditure	Variance	Variance as a % of Final Appro-piation	
R'000	R'000	R'000	%	
International Affairs and Trade	43 310	41 542	1 768	4
Current payments	17 493	16 490	1 003	6
Transfers and subsidies	25 434	24 669	765	3
Payment for capital assets	383	383	-	-

The underspending under compensation of employees is due to vacant positions that could not be filled on time as a result of vacant posts in the Department being prioritised and the timeframe of the recruitment processes. Under goods and services the saving is mainly due to the Department implementing the austerity measures. The saving under transfer payments to foreign governments and international organisations is due an over estimation. These transfers are paid in foreign currencies.

Policy, Research and Capacity

Development

	97 132	73 979	23 153	24
Current payments	96 559	73 406	23 153	24
Transfers and subsidies	293	293	-	-
Payment for capital assets	280	280	-	-

The underspending under compensation of employees is due to vacant positions that could not be filled on time as a result of vacant posts in the Department being prioritised and the timeframe of the recruitment processes. A rollover request was submitted to National Treasury for the completion of a study on National Roaming in South Africa.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2016

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
ICT Infrastructure Support	551 550	473 753	77 797	14
Current payments	160 205	83 111	77 094	48
Transfers and subsidies	390 166	390 166	-	-
Payment for capital assets	1 179	476	703	60

The underspending under compensation of employees is due to vacant positions that could not be filled on time as a result of vacant posts in the Department being prioritised and the timeframe of the recruitment processes. Under goods and services the underspending is mainly due to the South Africa Connect Broadband project that could not be implemented during the year under review due to the delay of the appointment of the service provider. A rollover request for funds has been submitted to National Treasury for various projects in this Branch.

4.2 Per economic classification:

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

Current expenditure

Compensation of employees	196 447	181 693	14 754	8
Goods and services	318 195	230 427	87 768	28

Transfers and subsidies

Provinces and municipalities	13	13	-	-
Departmental agencies and accounts	532 574	532 574	-	-
Public corporations and private enterprises	324 104	324 104	-	-
Foreign govern and international organisations	25 394	24 629	765	3
Households	729	729	-	-

Payments for capital assets

Machinery and equipment	4 128	3 425	703	17
Software and other intangible assets	3 222	2 056	1 166	36

Payments for financial assets	447	447	-	-
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TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2016

The underspending under compensation of employees is due to vacant positions that could not be filled on time as a result of vacant posts in the Department being prioritised and the timeframe of the recruitment processes. Under goods and services the underspending is mainly due to the South Africa Connect Broadband project that could not be implemented during the year under review due to the delay of the appointment of the service provider. A rollover request for funds has been submitted to National Treasury for various projects in this Branch. The saving under transfer payments to foreign governments and international organisations is due an over estimation. These transfers are paid in foreign currencies. The Underspending on capital assets is mainly due to orders placed before 31 March 2016 but the assets has not been delivered and in some instances delivered after 31 March 2016.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2016

		2015/16	2014/15
	<i>Note</i>	R'000	R'000
REVENUE			
Annual appropriation	1	1 405 253	2 236 657
Departmental revenue	2	26 804 435	1 672 004
TOTAL REVENUE		28 209 688	3 908 661
EXPENDITURE			
Current expenditure			
Compensation of employees	4	181 693	183 930
Goods and services	5	230 427	234 385
Interest and rent on land	6	-	-
Total current expenditure		412 120	418 315
Transfers and subsidies			
Transfers and subsidies	8	882 049	1 752 580
Total transfers and subsidies		882 049	1 752 580
Expenditure for capital assets			
Tangible assets	9	3 425	10 213
Intangible assets	9	2 056	205
Total expenditure for capital assets		5 481	10 418
Payments for financial assets	7	447	363
TOTAL EXPENDITURE		1 300 097	2 181 676
SURPLUS/(DEFICIT) FOR THE YEAR		26 909 591	1 726 985
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		105 156	54 981
Annual appropriation	17	105 156	54 981
Departmental revenue and NRF Receipts	18	26 804 435	1 672 004
SURPLUS/(DEFICIT) FOR THE YEAR		26 909 591	1 726 985

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2016

	<i>Note</i>	2015/16 R'000	2014/15 R'000
ASSETS			
Current Assets		101 139	55 817
Unauthorised expenditure	10	4 741	4 741
Cash an cash equivalents	11	92 358	48 780
Prepayments and advances	13	3 725	1 719
Receivables	14	315	577
Non-Current Assets		2 774 059	14 479 289
Investments	15	2 767 241	14 445 160
Receivables	14	6 718	6 499
Loans	16	-	27 391
Other financial assets	12	100	239
TOTAL ASSETS		2 875 198	14 535 106
LIABILITIES			
Current Liabilities		105 390	60 365
Voted funds to be surrendered to the Revenue Fund	17	105 156	54 981
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	18	50	136
Payables	19	184	5 248
TOTAL LIABILITIES		105 390	60 365
NET ASSETS		2 769 808	14 474 741
Represented by:			
Capitalisation reserve		2 767 241	14 472 551
Recoverable revenue		2 567	2 190
TOTAL		2 769 808	14 474 741

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2016

	<i>Note</i>	2015/16 R'000	2014/15 R'000
NET ASSETS			
Capitalisation Reserves			
Opening balance		14 472 551	14 472 551
Transfers:			
Movement in Equity		(11 677 919)	-
Other movements		(27 391)	-
Closing balance		<u>2 767 241</u>	<u>14 472 551</u>
Recoverable revenue			
Opening balance		2 190	2 139
Transfers		377	51
Irrecoverable amounts written off	7.2	(42)	(94)
Debts recovered (included in departmental receipts)		(496)	(402)
Debts raised		915	547
Closing balance		<u>2 567</u>	<u>2 190</u>
TOTAL		<u><u>2 769 808</u></u>	<u><u>14 474 741</u></u>

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

CASH FLOW STATEMENT

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		26 874 209	2 241 940
Annual appropriated funds received	1.1	1 405 253	2 236 657
Departmental revenue received	2	25 468 510	2 490
Interest received	2.2	446	2 793
Net (increase)/ decrease in working capital		(7 027)	5 454
Surrendered to Revenue Fund		(26 859 502)	(1 812 013)
Surrendered to RDP Fund/Donor		-	-
Current payments		(412 120)	(418 315)
Interest paid	6	-	-
Payments for financial assets		(447)	(363)
Transfers and subsidies paid		(882 049)	(1 752 580)
Net cash flow available from operating activities	20	(1 286 936)	(1 735 877)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(5 481)	(10 418)
(Increase)/decrease in loans		27 391	-
(Increase)/decrease in investments		11 677 919	-
(Increase)/ decrease in other financial assets		139	32
Net cash flows from investing activities		11 699 968	(10 386)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		1 335 479	1 666 721
Increase/ (decrease) in net assets		(11 704 933)	51
Net cash flows from financing activities		(10 369 454)	1 666 772
Net increase/ (decrease) in cash and cash equivalents		43 578	(79 491)
Cash and cash equivalents at beginning of period		48 780	128 271
Cash and cash equivalents at end of period	21	92 358	48 780

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

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):

Programmes	2015/16			2014/15	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation Received
	R'000	R'000	R'000	R'000	R'000
Administration	223 030	223 030	-	237 525	237 525
International Affairs and Trade	43 310	43 310	-	45 667	45 667
Policy, Research and Capacity Development	97 132	97 132	-	111 347	111 347
*ICT Enterprise Development and SOE Oversight	490 231	490 231	-	786 602	786 602
ICT Infrastructure Support	551 550	551 550	-	1 055 516	1 055 516
Total	1 405 253	1 405 253	-	2 236 657	2 236 657

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

- South African Post Office: New delivery model for universal service obligations – R 115 092 million

2 Departmental Revenue

	Note	2015/16 R'000	2014/15 R'000
Sales of goods and services other than capital assets	2.1	52	57
Interest, dividends and rent on land	2.2	1 335 925	1 669 514
Transactions in financial assets and liabilities	2.3	25 468 458	1 705
Transfer received	2.4	-	728
Total revenue collected		26 804 435	1 672 004
Departmental revenue collected		26 804 435	1 672 004

2.1 Sales of goods and services other than capital assets

2

Sales of goods and services produced by the department

Administrative fees

52

57

Other sales

5

6

47

51

Total

52

57

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

		2015/16	2014/15
	Note	R'000	R'000
2.2 Interest, dividends and rent on land	2		
Interest		446	2 793
Dividends		1 335 479	1 666 721
Total		1 335 925	1 669 514

The decrease is mainly due to a decrease in Vodacom dividends received and the sale of shares.

2.3 Transactions in financial assets and liabilities	2		
Receivables		405	293
Forex gain		-	10
*Sale of Equity		25 467 557	-
Other Receipts including Recoverable Revenue		496	1 402
Total		25 468 458	1 705

*The increase is in respect of the sale of Vodacom shares.

2.4 Transfers received	2		
Public corporations and private enterprises		-	728
Total		-	728

Public corporations and private enterprises: The decrease is due to an insurance claim payment of R728 thousand on vehicle written off in the 2014/15 financial year.

3 Cash received not recognised (not included in note 2) 2015/16

Name of Entity	Opening balance R'000	Amount paid to Revenue Fund R'000	Balance R'000
ICASA	4 959	4 959	-
Total	4 959	4 959	-

Cash received not recognised (not included in note 2) 2014/15

Name of Entity	Amount received R'000	Amount paid to Revenue Fund R'000	Balance R'000
ICASA	986 208	981 249	4 959
Total	986 208	981 249	4 959

ICASA revenue received in the 2014/15 financial year not recognised as departmental revenue and paid to the National Revenue Fund in the 2015/16 financial year (Not included is an amount of R176 648 million received in the 2014/15 financial year from ICASA and paid to SARS as per National Treasury directive of which R39 thousand was paid to SARS in the 2015/16 financial year.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
4 Compensation of Employees			
4.1 Salaries and wages			
Basic salary		118 216	119 962
Performance award		2 594	1 961
Service Based		115	107
Compensative/circumstantial		3 490	2 522
Periodic payments		-	360
Other non-pensionable allowances		36 473	39 039
Total		160 888	163 951
4.2 Social Contributions			
Employer contributions			
Pension		15 881	15 334
Medical		4 903	4 626
Bargaining council		21	19
Total		20 805	19 979
Total compensation of employees		181 693	183 930
Average number of employees		278	310
<i>The decrease in compensation of employees is due to vacant positions that could not be filled on time as a result of vacant posts in the Department being prioritised and the timeframe of the recruitment processes.</i>			
5 Goods and services			
Administrative fees		1 627	1 521
Advertising		3 198	1 468
Minor assets	5.1	479	265
Bursaries (employees)		513	687
Catering		1 969	1 120
Communication		5 182	5 297
Computer services	5.2	5 117	9 466
Consultants: Business and advisory services		75 146	49 056
Legal services		6 155	9 020
Contractors		2 060	2 336
Agency and support / outsourced services		144	23 233
Entertainment		494	298

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

		2015/16	2014/15
	Note	R'000	R'000
Audit cost – external	5.3	28 067	14 591
Fleet services		999	1 471
Inventory	5.4	12	8 686
Consumables	5.5	5 394	5 770
Operating leases		43 180	46 738
Property payments	5.6	10 152	11 703
Rental and hiring		1 364	740
Travel and subsistence	5.7	33 140	29 187
Venues and facilities		2 277	2 402
Training and development		2 433	6 905
Other operating expenditure	5.8	1 325	2 425
Total		230 427	234 385

Advertising: The increase is due to the advertisements of critical vacant positions within the Department, notices placed in Government Gazettes, advertisements of bids in the Government Tender Bulletin and the national media and advertisements to request public comments on draft policies and legislation amendments.

Consultants: Business and advisory services: Advisory Consultant Services on Cyber Security, National Roaming, SA Connect National Broadband Policy Strategy, the review and evaluation of the Electronic Communications Transactions Policy and the review of the ICT Policy. **Agency and support/outsourced services:** The decrease is due to payments to Telkom and Sentech of R4.575 million and R18,654 million respectively for the funeral of Nelson Mandela.

5.1	Minor assets	5		
	Tangible assets		479	265
	Machinery and equipment		479	265
	Intangible assets		-	-
	Software		-	-
	Total		479	265
5.2	Computer services	5		
	SITA computer services		4 017	8 962
	External computer service providers		1 100	504
	Total		5 117	9 466

The decrease is mainly due to contracts entered into with SITA in the 2014/15 financial year for the upgrading of the department's existing IT infrastructure.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

		2015/16	2014/15
	Note	R'000	R'000
5.3	Audit cost – external		
	5		
	Regularity audits	4 523	5 131
	Investigations	23 544	9 460
	Total	28 067	14 591

Investigations: R23, 544 million is for forensic audits conducted at the department by SIU.

5.4	Inventory	5		
	Clothing material and accessories		-	119
	Fuel, oil and gas		-	5
	Materials and supplies		12	10
	Other supplies		-	8 552
	Total		12	8 686

5.4.1 Other supplies

Assets for distribution		-	8 552
Machinery and equipment		-	8 552

The decrease is due to a tender completed for community radio stations broadcasting equipment used by radio stations. The function was also transferred to the new Department of Communications.

5.5	Consumables	5		
	Consumable supplies		209	137
	Uniform and clothing		17	-
	Household supplies		67	24
	IT consumables		91	96
	Other consumables		34	17
	Stationery, printing and office supplies		5 185	5 633
	Total		5 394	5 770

5.6	Property payments	5		
	Municipal services		3 012	2 852
	Property management fees		15	14
	Other		7 125	8 837
	Total		10 152	11 703

The cleaning and security services for property are included under other.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

		2015/16	2014/15
	Note	R'000	R'000
5.7	Travel and subsistence		
	Local	19 875	18 800
	Foreign	13 265	10 387
	Total	33 140	29 187

The increase and expenditure was to attend various international events and conferences as well as domestic travelling. The weakening of the Rand against the major foreign currencies also attributed to the increase in expenditure.

5.8	Other operating expenditure	5	
	Professional bodies, membership and subscription fees	270	601
	Resettlement costs	97	127
	Other (Includes printing and publication services)	958	1 697
	Total	1 325	2 425

Other includes printing and publication services

6 Interest and Rent on Land

	Interest paid	-	-
	Total	-	-

7 Payments for financial assets

	Material losses through criminal conduct		16
	Theft	7.3	16
	Other material losses written off	7.1	129
	Debts written off	7.2	211
	Forex losses	7.4	7
	Total	447	363

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

		2015/16	2014/15
	Note	R'000	R'000
7.1 Other material losses written off	7		
Nature of losses			
Income tax		-	27
No shows		3	8
Standing advance		-	2
Interest		319	10
Duplicated service		-	21
Penalties car licences		-	1
Damaged rented vehicles		58	60
Total		380	129
<i>Interest: The increase is due to interest of R316 263.11 charged by Amex due to late payments as a result of late certification and returning of invoices for payment. A process is in place to recover the losses were negligence is proved.</i>			
7.2 Debts written off	7		
Nature of debts written off			
Recoverable revenue written off			
Supplier overpayments		37	-
Ex-employee debts		5	42
Leave without pay		-	36
Laptops		-	16
		42	94
Other debts written off			
Advances outstanding		7	-
Ex-employee debts		11	109
Leave without pay		-	7
Impound of state vehicle		-	1
Total		18	117
Total debt written off		60	211
<i>Supplier overpayments: Supplier charged vat but is not a VAT vendor.</i>			
7.3 Details of theft	7		
Nature of theft			
Laptops		-	16
Total		-	16

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

		2015/16	2014/15
	Note	R'000	R'000
7.4	Forex losses		
	Nature of losses		
	Foreign exchange - travel and subsistence	7	7
	Total	7	7

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

8 Transfers and Subsidies

Provinces and municipalities	37	13	9
Departmental agencies and accounts	ANNEX 1A	532 574	1 321 643
Foreign governments and international organisations	ANNEX 1C	24 629	23 724
Public corporations and private enterprises	ANNEX 1B	324 104	406 627
Non-profit institutions	ANNEX 1D	-	110
Households	ANNEX 1E	729	467
Total		882 049	1 752 580

Departmental agencies and accounts and Public Corporations and private enterprises: The decrease is mainly due to the transfer of functions to the newly established Department of Communications.

9 Expenditure for capital assets

Tangible assets		3 425	10 213
Machinery and equipment	31	3 425	10 213
Intangible assets		2 056	205
Software	32	2 056	205
Total		5 481	10 418

The decrease is due to budget constraints.

9.1 Analysis of funds utilised to acquire capital assets - 2015/16

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	3 425	-	3 425
Machinery and equipment	3 425	-	3 425
Intangible assets	2 056	-	2 056
Software	2 056	-	2 056
Total	5 481	-	5 481

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

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

	Voted Funds R'000	Aid assistance R'000	TOTAL 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

	Note	2015/16 R'000	2014/15 R'000
10 Unauthorised Expenditure			
10.1 Reconciliation of unauthorised expenditure			
Opening balance		4 741	4 741
Unauthorised expenditure - discovered in the current year (as restated)		-	-
Closing balance		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
11 Cash and Cash Equivalents			
Consolidated Paymaster General Account		92 323	48 713
Cash on hand		35	35
Investments (Domestic)		-	32
Total		92 358	48 780

The increase is mainly due to unspent funds at 31 March 2016.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
12 Other Financial Assets			
Non-Current			
Local			
Deposit Municipality		100	199
Total		100	199
Security deposit Gaborone		-	40
Total		-	40
Total Non-Current other financial assets		100	239

Foreign: Security deposit - Gaborone R19 496.50 transferred to the newly established Department of Communications in terms of section 42 of PFMA - See also note 45 transfer of functions.

	Note	2015/16 R'000	2014/15 R'000
13 Prepayments and Advances			
Travel and subsistence		-	135
Advances paid	13.1	3 725	1 584
Total		3 725	1 719

13.1 Advances paid

	Note	2015/16 R'000	2014/15 R'000
National departments	Annex 6	3 725	1 584
Total		3 725	1 584

Advances paid National departments: Outstanding invoices/claims from Department of International Relations and Cooperation as well as invoices that could not be processed before 31 March 2016.

	Note	2015/16			2014/15		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
14 Receivables							
Claims recoverable	14.1 - Annex 4	58	-	58	154	-	154
Recoverable expenditure	14.2	-	1 649	1 649	-	1 649	1 649
Staff debt	14.3	192	87	279	174	142	316
Other debtors	14.4	65	4 982	5 047	249	4 708	4 957
Total		315	6 718	7 033	577	6 499	7 076

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for the year ended 31 March 2016

		2015/16	2014/15
	Note	R'000	R'000
14.1 Claims recoverable	14		
National departments		58	154
Total		58	154
<i>Claims for Department of Health. See also annexure 4.</i>			
14.2 Recoverable expenditure (disallowance accounts)	14		
Disallowance payments - fraud		1 649	1 649
Total		1 649	1 649
<i>Fraudulent orders and invoices to the amount of R1 649 120</i>			
14.3 Staff debt	14		
Debt accounts		279	316
Total		279	316
<i>Various employee debts.</i>			
14.4 Other debtors	14		
Ex-employees		392	348
Suppliers		4 637	4 593
Clearing accounts		4	4
Non-employees		14	12
Total		5 047	4 957
<i>Suppliers: Legal case in process.</i>			
14.5 Fruitless and wasteful expenditure	14		
Opening balance		-	-
Less amounts recovered		2	11
Less amounts written off		355	96
Transfers from note 28 Fruitless and Wasteful expenditure		(357)	(107)
Total		-	-
<i>All losses are written off in accordance with the losses and debt policies and chapters 9, 11 and 12 of the Treasury Regulations.</i>			

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for the year ended 31 March 2016

	2015/16	2014/15
Note	R'000	R'000
14.6 Impairment of receivables		
Estimate of impairment of receivables	6 524	6 085
Total	6 524	6 085
15 Investments		
Non-Current		
Shares and other equity		
Telkom SA Limited	2 070 381	2 070 380
South African Post Office Limited	693 116	200 940
Sentech (Pty) (Ltd)	1	1
Vodacom Group Limited	3 743	12 173 839
Total	2 767 241	14 445 160
Total non-current	2 767 241	14 445 160
Analysis of non-current investments		
Opening balance	14 445 160	14 445 160
Disposals for cash	(12 170 095)	-
Non-cash movements	492 176	-
Closing balance	2 767 241	14 445 160
<i>Disposals for cash: Sold Vodacom shares.</i>		
<i>Non cash movements: South African Post Office Ltd issued 287 176 058 shares for the TBVC loan converted to equity and 205 000 000 shares for 2013/14 MTEF allocation as approved by the Minister of Finance on 7 April 2014.</i>		
16 Loans		
Public corporations	-	27 391
Total	-	27 391
Analysis of Balance		
Opening balance	27 391	27 391
Transferred	(27 391)	-
Closing balance	-	27 391
<i>Transferred to the newly established Department of Communications in terms of section 42 of PFMA - See also note 36 transfer of functions.</i>		

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
17 Voted Funds to be Surrendered to the Revenue Fund			
Opening balance		54 981	14 072
Transfer from statement of financial performance		105 156	54 981
Add: Unauthorised expenditure for current year		-	-
Paid during the year		(54 981)	(14 072)
Closing balance		105 156	54 981

The increase is mainly due to underspending of voted funds in the 2015/2016 financial year.

18 Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund			
Opening balance		136	126 073
Transfer from Statement of Financial Performance		26 804 435	1 672 004
Paid during the year		(26 804 521)	(1 797 941)
Closing balance		50	136

The decrease is mainly due to fewer funds paid into the department's account on 31 March 2016 that could not be transferred to the NRF and the transfer of functions to the newly established Department of Communications.

19 Payables - current			
Clearing accounts	19.1	165	231
Other payables	19.2	19	5 017
Total		184	5 248

19.1 Clearing accounts	19		
Salary deductions		129	182
Leave days to be utilised for departmental debt		-	21
Travel and subsistence		8	-
State guarantee		28	28
Total		165	231

19.2 Other payables	19		
SARS - USF license fees		-	4 998
Supplier invoices - legal dispute		19	19
Total		19	5 017

The decrease is mainly due to fewer funds paid into the department's account on 31 March 2016 that could not be transferred to the NRF and the transfer of functions to the newly established Department of Communications.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

	2015/16	2014/15
Note	R'000	R'000
20 Net cash flow available from operating activities		
Net surplus/(deficit) as per Statement of Financial Performance	26 909 591	1 726 985
Add back non cash/cash movements not deemed operating activities	(28 196 527)	(3 462 862)
(Increase)/decrease in receivables – current	43	341
(Increase)/decrease in prepayments and advances	(2 006)	(23)
Increase/(decrease) in payables – current	(5 064)	5 136
Proceeds from sale of investments	(1 335 479)	(1 666 721)
Expenditure on capital assets	5 481	10 418
Surrenders to Revenue Fund	(26 859 502)	(1 812 013)
Surrenders to RDP Fund/Donor	-	-
Net cash flow generated by operating activities	(1 286 936)	(1 735 877)

21 Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated Paymaster General account	92 323	48 713
Cash on hand	35	35
Cash with commercial banks (Local)	-	32
Total	92 358	48 780

The increase is mainly due to unspent funds at 31 March 2016.

22 Contingent liabilities and contingent assets

22.1 Contingent liabilities

Liable to	Nature			
Housing loan guarantees	Employees	Annex 3A	142	142
Other guarantees		Annex 3A	1 397 647	369 751
Claims against the department		Annex 3B	79 753	813 086
Total			1 477 542	1 182 979

Contingent liabilities: The decrease is due to R 755,756 million transferred to the new Department of Communications in the 2015/16 financial year. See also note 46 transfer of functions.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

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for the year ended 31 March 2016

	2015/16	2014/15
Note	R'000	R'000
22.2 Contingent assets		
Nature of contingent asset		
Counter claim submitted	5 299	4 853
Payment of legal costs	1 000	266
SAPO TBVC States loan conversion	-	287 176
Total	6 299	292 295

SAPO has a loan stemming from the Former TBVC States Posts and Telecommunications Reorganisation Act. SAPO applied to convert this loan into share capital. It was approved in 2014 by Minister of Finance and shares were issued on 15 March 2016.

23 Commitments

	2015/16	2014/15
Current expenditure	19 015	18 365
Approved and contracted	17 931	16 427
Approved but not yet contracted	1 084	1 933
Capital Expenditure	457	4 903
Approved and contracted	457	4 903
Total Commitments	19 472	23 268

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.

	30 days	30+ days	2015/16 R'000 Total	2014/15 R'000 Total
24 Accruals and payables not recognised				
24.1 Accruals				
Listed by economic classification				
Goods and services	65	130	195	-
Capital assets	-	-	-	-
Total	65	130	195	-
Listed by programme level				
Administration			107	-
ICT International Affairs and Trade			43	-
Policy, Research and Capacity Development			27	-
ICT Enterprise Development and SOE Oversight			-	-
ICT Infrastructure Support			18	-
Total			195	-

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	30 days	30+ days	2015/16 R'000 Total	2014/15 R'000 Total
24.2 Payables not recognised				
Listed by economic classification				
Goods and services	8 662	1 114	9 776	17 552
Capital assets	1 635	-	1 635	620
Total	10 297	1 114	11 411	18 172
Listed by programme level				
Administration			6 688	16 645
ICT International Affairs and Trade			413	290
Policy, Research and Capacity Development			911	404
ICT Enterprise Development and SOE Oversight			413	259
ICT Infrastructure Support			2 986	574
Total			11 411	18 172

Both the Accruals and Payables not recognised were previously combined and have been split into sub note for the current year and beyond.

The decrease in Accruals and Payables not recognised is due to less invoices being submitted to the Department after 31 March 2016

25 Employee benefits

Leave entitlement			7 885	7 588
Service bonus (Thirteenth cheque)			3 845	4 126
Performance awards			2 594	1 961
Capped leave commitments			2 604	3 088
Long service awards			121	98
Total			17 049	16 861

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 92.78 days with a monetary value of R149 658.33. 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. Other is Long service awards provisions.

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for the year ended 31 March 2016

26 Lease commitments

26.1 Operating leases expenditure

	Machinery and equipment	Total
	R'000	R'000
For the 2015/16 financial year		
Not later than 1 year	1 241	1 241
Later than 1 year and not later than 5 years	1 004	1 004
Total lease commitments	2 245	2 245

	Machinery and equipment	Total
	R'000	R'000
For the 2014/15 financial year		
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

Leases in respect of photo copy machines.

	2015/16	2014/15
Note	R'000	R'000

27 Irregular expenditure

27.1 Reconciliation of irregular expenditure

Opening balance	196 025	194 843
Prior period error	-	-
As restated	196 025	194 843
Add: Irregular expenditure - relating to prior year	-	-
Add: Irregular expenditure - relating to current year	27 352	1 182
Less: Amounts condoned	-	-
Irregular expenditure awaiting condonation	223 377	196 025

Analysis of awaiting condonation per age classification

Current year	27 352	1 182
Prior years	196 025	194 843
Total	223 377	196 025

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

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

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		2015/16
		R'000
27.2 Details of irregular expenditure - current year		
Incident	Disciplinary steps taken/criminal proceedings	
Procurement procedures not followed	In process	5
Procurement procedures not followed	In process	20
Procurement procedures not followed	In process	75
Procurement procedures not followed	In process	60
Procurement procedures not followed	In process	29
Procurement procedures not followed	In process	32
Procurement procedures not followed	In process	57
Procurement procedures not followed	In process	12
Procurement procedures not followed	In process	9
Veriment of a saving under Programme 5 exceeded 8% as required by Section 43 of the PFMA	In process	26 200
Preferential points not calculated correctly	In process	49
Reasons and motivation for deviations from normal SCM process not reasonable as required by practice note	In process	804
Total		27 352

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

		2015/16	2014/15
	Note	R'000	R'000
28	Fruitless and wasteful expenditure		
28.1	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	12 294	12 380
	Prior period error	-	-
	As restated	12 294	12 380
	Fruitless and wasteful expenditure – relating to current year	46	21
	Less: Amounts transferred to receivables for recovery	14.5 (357)	(107)
	Closing balance	11 983	12 294
28.2	Analysis of awaiting resolution per economic classification		
	Current	11 983	12 294
	Total	11 983	12 294
			2015/16
			R'000
28.3	Analysis of Current Year's Fruitless and wasteful expenditure		
	Incident	Disciplinary steps taken/criminal proceedings	
	Traffic fines	In process – R1 371.64 recovered from officials	1
	No Shows	In process – R679. 99 recovered from official	45
	Total		46

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

	No. of Individuals	2015/16 R'000	2014/15 R'000
29	Key management personnel		
	Political office bearers	2 4 385	3 952
	Officials:		
	Level 15 to 16	15 12 793	12 947
	Level 14	7 5 568	5 077
	Total	22 746	21 976

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

30 Impairment: other

Other	-	-
Total	-	-

31 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	71 548	3 652	4 344	70 856
Transport assets	4 732	-	-	4 732
Computer equipment	35 890	1 875	4 096	33 669
Furniture and office equipment	11 466	1 541	87	12 920
Other machinery and equipment	19 460	236	161	19 535
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	71 548	3 652	4 344	70 856

31.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Cash R'000	Non-cash R'000	Total R'000
MACHINERY AND EQUIPMENT	3 425	227	3 652
Transport assets	-	-	-
Computer equipment	1 709	166	1 875
Furniture and office equipment	1 480	61	1 541
Other machinery and equipment	236	-	236
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	3 425	227	3 652

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

31.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Non-cash disposals	Total disposals	Cash received Actual
	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	4 344	4 344	-
Transport assets	-	-	-
Computer equipment	4 096	4 096	-
Furniture and office equipment	87	87	-
Other machinery and equipment	161	161	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	4 344	4 344	-

31.3 Movement for 2014/15

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

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	62 683	-	10 213	1 384	71 548
Transport assets	3 279	-	2 384	931	4 732
Computer equipment	30 095	-	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	62 683	-	10 213	1 384	71 548

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

31.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	2	11 347	11 349
Additions	5	450	455
Disposals	-	412	412
TOTAL MINOR ASSETS	7	12 209	12 216

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	142	142
Number of minor assets at cost	3	4 592	4 595
TOTAL NUMBER MINOR ASSETS	3	4 734	4 737

Minor assets

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

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	2	11 158	11 160
Prior period error	-	-	-
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

31.4.1 Prior period error

Relating to 2014/15

1

A minor asset was not included on minor asset register

1

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

31.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2016

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Assets written off	-	82	82
TOTAL MOVABLE ASSETS WRITTEN OFF	-	82	82

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

32 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Software	1 050	2 056	299	2 807
Patent, Licences, Copyright, Brand names, Trademarks	369	-	-	369
TOTAL INTANGIBLE CAPITAL ASSETS	1 419	2 056	299	3 176

32.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Cash	Non-cash	Total
	R'000	R'000	R'000
Software	2 056	-	2 056
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	2 056	-	2 056

32.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Non-cash disposal	Total disposals	Cash received Actual
	R'000	R'000	R'000
Software	299	299	-
TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS	299	299	-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

32.3 Movement for 2014/15

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

33 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	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

33.1 Movement for 2014/15

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

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

34 Related party relationships

34.1 **Investment entities:** Telkom SA Limited; South African Post Office Limited; Vodacom Group Limited; Broadband Infraco; SITA and SENTECH.

34.2 **Other:** Universal Service and Access Agency of South Africa; Universal Service and Access Fund; National Electronic Media Institute of South Africa; .ZA Domain Name Authority and DPW.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

2015/16

R'000

35 Non-adjusting events after the reporting date

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. Most of the assets and liabilities were transferred in the 2015/16 financial year except for the following:

*Transfer of movable assets to the newly established Department of Communications 1 076

Transfer of Broadband Infraco loan from Department of Public Enterprises in terms of Proclamation No 67 of 2014. 1 351 130

**Receipt of assets transferred acknowledge on 1 June 2016 and the disposal of the assets will be disclosed in the 2016/17 financial year.*

36 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 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.

No Vote and budget provisions were made for the newly established Department of Communications and Department of Telecommunication and Postal Services in the 2014/15 financial year. The previous Department of Communications - Vote 27 had to report on what was approved by Parliament for the 2014/15 financial year. Budgetary provisions was only made in the 2015/16 financial year and resources and certain functions were mainly transferred in the 2015/16 financial year.

Status of transfers:

Transfer of staff - 1 April 2015.

Transfer of staff debts - 1 December 2015 - Section 42.

Transfer of SABC loan 14, non-refundable loan - 1 December 2015 - Section 42.

Transfer of rental advance - 1 December 2015 - Section 42.

Transfer of Assets - Outstanding - Section 42 to be finalised in the 2016/17 financial year.

Transfer of employee benefits - 1 April 2015.

Transfer of Contingent liabilities - 1 April 2015.

The annual financial statements were not restated. The following reflects the impact the transfer of functions would have had on the statement of financial position of the previous financial year:

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

		Bal per dept 2014/15 AFS before transfer	Functions per dept transferred	Functions per dept (transferred) / received	Functions per dept (trans- ferred) / received	2014/15 Bal after transfer
	Note	2014/15 R'000	2014/15 R'000	2014/15 R'000	2014/15 R'000	2014/15 R'000
36.1 Statement of Financial Position						
ASSETS						
Current Assets		55 817	(7)	-	-	55 810
Unauthorised expenditure	10	4 741	-	-	-	4 741
Cash and cash equivalents	11	48 780	-	-	-	48 780
Prepayments and advances	13	1 719	-	-	-	1 719
Receivables	14	577	(7)	-	-	570
Non-Current Assets		14 479 289	(27 490)	-	-	14 451 799
Investments	15	14 445 160	-	-	-	14 445 160
Receivables	14	6 499	(80)	-	-	6 419
Loans	16	27 391	(27 391)	-	-	-
Other financial assets	12	239	(19)	-	-	220
TOTAL ASSETS		14 535 106	(27 497)	-	-	14 507 609
LIABILITIES						
Current Liabilities		60 365	-	-	-	60 365
Voted funds to be surrendered to the Revenue Fund	17	54 981	-	-	-	54 981
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	18	136	-	-	-	136
Payables	19	5 248	-	-	-	5 248
TOTAL LIABILITIES		60 365	-	-	-	60 365
NET ASSETS		14 474 741	(27 497)	-	-	14 447 244

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

			Bal per dept 2014/15 AFS before transfer	Functions per dept transferred	Functions per dept (transferred) / received	Functions per dept (trans- ferred) / received	2014/15 Bal after transfer
			2014/15	2014/15	2014/15	2014/15	2014/15
36.2	Disclosure Notes	Note	R'000	R'000	R'000	R'000	R'000
	Contingent liabilities	22.1	1 182 979	(755 576)	-	-	427 403
	Contingent assets	22.2	5 119	-	-	-	5 119
	Commitments	23	23 268	-	-	-	23 268
	Accruals	24	-	-	-	-	-
	Payables not recognised	24	18 172				18 172
	Employee benefits	25	16 861	(1 202)	-	-	15 659
	Lease commitments - operating lease	26	2 270	-	-	-	2 270
	Irregular expenditure	27	195 996	-	-	-	195 996
	Fruitless and wasteful expenditure	28	12 294	-	-	-	12 294
	Impairment	14.6	6 085	-	-	-	6 085
	Movable tangible capital assets	31	71 548	-	-	-	71 548
	Immovable tangible capital assets	33	18	-	-	-	18
	Intangible capital assets	32	1 419	-	-	-	1 419

Provide a reference to the proclamation or declaration giving effect to the transfer or receipt of functions

During the 2014/15 financial year the Department underwent one of the most significant changes in its history through the NMOS – 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.

Indicate whether there was an agreement drawn up, and provide a description of the roles, responsibilities and accountability arrangements

A memorandum of Understanding was entered into between the DOC and the DTPS and between the DPE to provide co-operation between the parties in order to archive a smooth and seamless (i) transfer of staff, functions and shifting of funds from the DPE to the DTPS and from the DTPS to the DOC; (ii) to establish a protocol and governance arrangement for the management of funds other matters and (iii) to provide for interim working arrangements for staff to be transferred and (iv) define the working relationship the Director Generals.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

37. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	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	Re-allocations by National Treasury or National Department R'000
City of Tshwane	-	-	-	-	11	-	-
Cape Town	-	-	-	-	2	-	-
Total	-	-	-	-	13	-	-
Vehicle licence fees							

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

	TRANSFER ALLOCATION					TRANSFER		2014/15 Appropriation Act R'000
	Adjusted appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred		
	R'000	R'000	R'000	R'000	R'000	%		
DEPARTMENT/AGENCY/ACCOUNT								
Universal Service and Access Agency of South Africa: Operations	66 429	-	-	66 429	66 429	100	65 376	
Universal Service and Access Fund: Operations	52 380	-	-	52 380	52 380	100	49 988	
Universal Service and Access Agency of South Africa: Broadcasting digital migration - Set Top Box Subsidies, antennae and installation costs	196 000			196 000	196 000	100	-	
Universal Service and Access Fund: Broadcasting digital migration - Set Top Box Subsidies, antennae and installation costs	181 160	-	-	181 160	181 160	100	791 000	
Independent Communications Authority of South Africa: Operations	-	-	-	-	-	-	376 221	
National Electronic Media Institute of SA: Operations	36 601	-	-	36 601	36 601	100	37 859	
ISETT SETA (Skills development levy)	-	-	-	-	-	-	1 199	
SABC - TV Licenses	-	-	-	-	4	-	-	
Total	532 570	-	-	532 570	532 574		1 321 643	

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

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

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE				2014/15 Appropriation Act R'000
	Adjusted appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds transferred	Capital R'000	Current R'000		
Public corporations										
Transfers	109 000	-	100 000	209 000	209 000	100	209 000	-	-	356 600
SABC: Public Broadcaster	-	-	-	-	-	-	-	-	-	97 199
SABC: Channel Africa	-	-	-	-	-	-	-	-	-	47 413
SABC: Programme Production	-	-	-	-	-	-	-	-	-	11 183
SABC: Broadcasting digital migration project	-	-	-	-	-	-	-	-	-	62 000
*Sentech: Digitisation - Capital	109 000	-	100 000	209 000	209 000	100	209 000	-	-	138 805
Subsidies	64 852	-	50 240	115 092	115 092	100	115 092	-	-	50 000
*SA Post Office Ltd	64 852	-	50 240	115 092	115 092	100	115 092	-	-	50 000
Subtotal: Public corporations	173 852	-	150 240	324 092	324 092	100	324 092	-	-	406 600
Private enterprises										
Transfers	-	-	12	12	12	100	-	-	12	27
Claims against the state - various	-	-	12	12	12	100	-	-	12	27
Subtotal: Private enterprises	-	-	12	12	12	100	-	-	12	27
Total	173 852	-	150 252	324 104	324 104	100	324 092	12	12	406 627

* National Treasury approval obtained to increase transfer payments to international organisations in terms of section 43(1) of the Public Finance Management Act and 6.3.1(a) of the Treasury Regulations.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1C

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

	TRANSFER ALLOCATION					EXPENDITURE		2014/15 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)	986	-	-	986	940	95		927
*Universal Postal Union (UPU)	4 723	-	723	5 446	5 445	100		5 314
*Pan African Postal Union (PAPU)	908	-	163	1 071	1 071	100		861
*International Telecommunications Union (ITU)	14 764	-	2 247	17 011	16 545	97		16 204
*Commonwealth Telecommunication Organization (CTO)	376	-	67	443	442	100		418
Organisation for Economic and Cultural Development	437	-	-	437	186	43		-
Total	22 194	-	3 200	25 394	24 629			23 724

* National Treasury approval obtained to increase transfer payments to international organisations in terms of section 43(1) of the Public Finance Management Act and 6.3.1(a) of the Treasury Regulations.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1D
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE		2014/15
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
NON-PROFIT INSTITUTIONS							
Transfers							
Donation of computers by Minister at Harare library	-	-	-	-	-	-	99
Corporate gifts for ministry at the GSMA Barcelona conference	-	-	-	-	-	-	11
Total	-	-	-	-	-	-	110

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION					EXPENDITURE		2014/15 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	-	-	-	-	672			401
H/H:PMT/REFUND&REM-ACT/GRCE	-	-	-	-	30			46
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	-	-	-	-	26			1
Cash donation for Elim Full Gospel for hosting the late Lazarus Mokoena's memorial service.	-	-	-	-	1			-
Gifts for Europe and Asia study tours	-	-	-	-	-			2
Total	-	-	-	-	729			467

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

ANNEXURE 1F
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2015/16		2014/15	
		R'000		R'000	
Received in cash					
None		-	-	-	-
Subtotal		-	-	-	-
Received in kind					
2014/15 Financial year					
Spacecom	Sponsorship in the form of hosting the SADC - ITSO Satellite Training Workshop closing dinner on 21 Feb 2015.	-	-	-	17
GSMVA	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.	-	-	-	-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1F (Continued)

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2015/16	2014/15
		R'000	R'000
<u>2015/16 Financial year</u>			
Broadband Infraco	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor 120 bags.	-	-
MTN	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor the welcome networking dinner on 17 June 2015.	80	-
Sentech	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor 120 cups.	-	-
SITA	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor a heavy duty copier loaned from SITA, Durban for the duration of the meeting.	-	-
Telkom SA SOC Ltd	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor 100 memory sticks.	-	-
USAASA	Hosting of the 16th ordinary session of the ATU administrative council meeting - sponsor Wi-Fi installation at the conference venue.	25	-
ICASA	UPU Council Meeting, 08 - 26 February 2016, Bern, Switzerland - SA Reception.	304	-
Organizers of the 3rd Africa School on Internet Governance held in Ethiopia, 02 - 05 September 2015	Mr. Lesetja Motlala was sponsored for Economy Flight Ticket (R26 000) & Daily Allowance (R1 919) at this Meeting.	28	-
Organizers of the Course on Cyber Safety and Information Security in Malaysia, 27 - 30 October 2015	Ms. Norma-efese Mhutsanto was sponsored for Training Package and Module Fee & Accommodation & Transportation (Airport-Hotel-Airport) to the amount of 2300 Malaysian Ringgit (R7 213.90) for this Meeting.	7	-
Subtotal		444	25
Total		444	25

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2016

ANNEXURE 1 G
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2015/16	2014/15
	R'000	R'000
Made in kind		
During the 2014/15 financial year:		
None	-	-
During the 2015/16 financial year:		
None	-	-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

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)	% of Share Hold		Number of shares held		Cost of investment R'000		Net Asset Value of investment R'000		Profit/(Loss) for the year R'000		Losses guaran- feed
		2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
National/Provincial Public Entity												
Universal Service and Access Agency of South Africa	3A	100%	100%	-	-	-	-	-	-	190 750	1 090	No
Universal Service and Access Fund	3A	100%	100%	-	-	-	-	-	-	273 628	818 979	No
¹ Telkom SA Limited	2	39.80%	39.80%	207 038 058	207 038 058	2 070 380	2 070 380	Not available	10 207 514	Not available	3 256 000	No
² South African Post Office Ltd	2	100%	100%	693 115 879	200 939 821	693 116	200 940	693 116	200 940	(1 165 000)	(1 520 253)	No
National Electronic Media Institute of South Africa	3A	100%	100%	-	-	-	-	-	-	468	3 023	No
³ Sentech (Pty) Ltd	3B	100%	100%	998	998	1	1	1	1	154 104	174 564	No
⁴ Vodacom Group Limited	2	0.03%	13.90%	63 658	207 038 059	3 743	12 173 839	-	-	Not available	12 510 000	No
TOTAL				900 218 593	615 016 936	2 767 240	14 445 160	693 117	10 408 455	(546 050)	15 243 403	

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

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)	% of Share Hold		Number of shares held		Cost of investment R'000		Net Asset Value of investment R'000		Profit/(Loss) for the year R'000		Losses guaran- feed
		2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	
												Yes/No

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

² Comprised of 693 115 879 shares @ R1 per share. (The South African Post Office Ltd issued 287 176 058 shares for the TBVC loan converted to equity and 205 000 000 shares for 2013/14 MTEF fund allocation for the corporatisation of the Postbank as approved by the Minister of Finance on 7 April 2014).

³ Comprised of 998 shares @ R1 per share.

⁴ Comprised of 63 658 shares @ R58.80 per share.

SITA - 1 share not included as Section 42 of PFMA not adhered to yet - transfer of assets and liabilities between departments.
 Broadband Infraco - 74 Shares not included as Section 42 of PFMA not adhered to yet - transfer of assets and liabilities between departments.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2016– LOCAL AND FOREIGN

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2015	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2016	Guaranteed interest for year ended 31 March 2016	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
LOCAL	Housing								
Standard Bank		142	142	-	-	-	142	-	-
Sub-Total		142	142	-	-	-	142		
	Other								
Investec/ ABSA / Standard Bank	South African Post Office Ltd	1 940 000	270 000	1 200 000	200 000	-	1 270 000	-	-
Sub-Total		1 940 000	270 000	1 200 000	200 000	-	1 270 000	-	-
Total Local		1 940 142	270 142	1 200 000	200 000	-	1 270 142	-	-
FOREIGN	Other								
Telkom SA Ltd	NatexisBanque	290 431	99 749	-	-	27 895	127 644	3	-
Total		290 431	99 749	-	-	27 895	127 644	3	-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2016

Nature of liability	Opening balance 1 April 2015	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2016	
					R'000	R'000
Claims against the department						
Possible legal claim	26	-	-	-		26
Possible legal claim	600	-	-	-		600
Possible legal claim	31 421	2 817	-	-		34 238
Possible legal claim	87	7	44	-		50
Possible legal claim	4 432	428	-	-		4 860
Possible legal claim	280	-	-	-		280
Possible legal claim	8 283	1 006	-	-		9 289
Possible legal claim	2 608	-	2 608	-		-
Possible legal claim	24	-	24	-		-
Possible legal claim	20	-	-	-		20
Possible legal claim	20	-	-	-		20
Possible legal claim	9 639	20 361	-	-		30 000
Possible legal claim	20	-	-	-		20

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 3B (Continued)

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2016

Nature of liability	Opening balance 1 April 2015	Liabilities incurred during the year			Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2016
		R'000	R'000	R'000			
Possible legal claim	20	-	-	-	-	20	
Possible legal claim	30	-	-	-	-	30	
Possible legal claim	-	300	-	-	-	300	
Total	57 510	24 919	2 676	2 676	-	79 753	

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 4

CLAIMS RECOVERABLE

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2015/16*	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
GOVERNMENT ENTITY								
DEPARTMENTS								
Public Service and Administration	-	-	-	2	-	-	-	-
Cooperative Governance and Traditional Affairs	-	-	-	138	-	-	-	-
Economic Development	-	-	-	14	-	-	-	-
Health	-	-	58	-	-	58	-	-
Total	-	-	58	154	58	154		

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 5

INVENTORY

	2015/16		2014/15	
	Quantity	R'000	Quantity	R'000
Inventory				
Opening balance	12 233	1 177	5 572	631
Add/(Less): Adjustments to prior year balances	-	-	-	-
Add: Additions/Purchases - Cash	4 800	421	34 913	4 265
Add: Additions - Non-cash	-	-	-	-
(Less): Disposals	-	-	(613)	(238)
(Less): Issues	(2 437)	(571)	(27 639)	(3 481)
Add/(Less): Adjustments	(14 358)	(1 013)	-	-
Closing balance	238	14	12 233	1 177

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 6

INTER-ENTITY ADVANCES PAID (note 13.1)

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
International Relations and Co-operations	-	-	3 725	1 25	3 725	1 254
Communications - Previous GCIS	-	-	-	330	-	330
Total	-	-	3 725	1 584	3 725	1 584

**iParioli Office Park
1166 Park Street
Hatfield, Pretoria
South Africa**

**Private Bag X860
Pretoria, 0001
South Africa**

Telephone: +27 12 427 8000

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