



telecommunications
& postal services

Department:
Telecommunications and Postal Services
REPUBLIC OF SOUTH AFRICA



2016 / 17 Annual Report



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

I have the honour of submitting the
2016/17 Annual Report of the Department
in terms of the Public Finance Management Act, 1999

A handwritten signature in black ink, appearing to read 'R. Nkuna', with a long horizontal stroke extending to the right.

MR ROBERT NKUNA

Director General

31 August 2017

Contents

PART A: GENERAL INFORMATION	1
1. DEPARTMENT GENERAL INFORMATION	2
2. LIST OF ABBREVIATIONS/ACRONYMS	3
3. FOREWORD BY THE MINISTER	7
4. STATEMENT BY THE DEPUTY MINISTER	9
5. REPORT OF THE ACCOUNTING OFFICER	11
6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT	18
7. STRATEGIC OVERVIEW	19
7.1 Vision	19
7.2 Mission	19
7.3 Values	19
8. LEGISLATIVE AND OTHER MANDATES	19
9. ORGANISATIONAL STRUCTURE	22
10. ENTITIES REPORTING TO THE MINISTER	23
PART B: PERFORMANCE INFORMATION	25
1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES	26
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE	26
2.1 Service Delivery Environment	26
2.2 Service Delivery Improvement Plan	28
2.3 Organisational Environment	28
2.4 Key Policy Developments and Legislative Changes	29
3. STRATEGIC OUTCOME ORIENTED GOALS	29
4. PERFORMANCE INFORMATION BY PROGRAMME	30
4.1 Programme 1: Administration	30
4.2 Programme 2: ICT International Affairs	34
4.3 Programme 3: ICT Policy, Research and Capacity Development	39
4.4 Programme 4: ICT Enterprise Development and SOE Oversight	45
4.5 Programme 5: ICT Infrastructure Support	47
5. TRANSFER PAYMENTS	51
5.1 Transfer Payments to Public Entities	51
5.2 Transfer Payments to all Organisations other than Public Entities	52
6. CONDITIONAL GRANTS	53
6.1 Conditional Grants and Earmarked Funds Paid	53

6.2	Conditional Grants and Earmarked Funds Received	53
7.	DONOR FUNDS	54
7.1	Donor Funds Received	54
8.	CAPITAL INVESTMENT	55
8.1	Capital Investment, Maintenance and Asset Management Plan	55

PART C: GOVERNANCE **57**

1.	INTRODUCTION	58
2.	RISK MANAGEMENT	58
3.	FRAUD AND CORRUPTION	61
4.	MINIMISING CONFLICT OF INTEREST	61
5.	CODE OF CONDUCT	62
6.	HEALTH, SAFETY AND ENVIRONMENTAL ISSUES	62
7.	PORTFOLIO COMMITTEES	62
8.	SCOPA RESOLUTIONS	65
9.	PRIOR MODIFICATIONS TO AUDIT REPORTS	65
10.	INTERNAL CONTROL UNIT	68
11.	INTERNAL AUDIT AND AUDIT COMMITTEES	69
12.	AUDIT COMMITTEE REPORT	72

PART D: HUMAN RESOURCE MANAGEMENT **74**

1.	INTRODUCTION	75
2.	OVERVIEW OF HUMAN RESOURCES	75
3.	HUMAN RESOURCES OVERSIGHT STATISTICS	77

PART E: FINANCIAL INFORMATION **106**

	REPORT OF THE AUDITOR GENERAL	107
	ANNUAL FINANCIAL STATEMENTS	120

PART A

GENERAL

INFORMATION



1. DEPARTMENT GENERAL INFORMATION

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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
BAS	Basic Accounting System
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
DEC	Departmental Executive Committee
DG	Director-General
DoC	Department of Communications
DPISA	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	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
HCT	HIV/AIDS Counseling and Testing
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
INeSI	Ikamva National eSkills Institute
ISSA	Information Systems Security Association
IT	Information Technology
ITU	International Telecommunications Union
KIM	Knowledge and Information Management
KZN	KwaZulu-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
PERSAL	Personnel and Salary Administration System
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
SDM	Service Delivery Model
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
SMS	Senior Management Service
SOC	State Owned Company
SOE	State Owned Enterprise
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 an honour to present this foreword to a year in which the Department achieved some significant milestones towards meeting the ICT goals of the NDP, which is Government's plan to build an inclusive and prosperous society by 2030.

In the period under review, Cabinet approved the *National Integrated ICT Policy White Paper* ('the White Paper'). The White Paper seeks to advance the Constitutional principle that precludes the State from unfairly discriminating against any citizen. It further sets out how Government will use ICT to realise radical socio-economic transformation and facilitates services-based competition.

Following the Cabinet approval of the White Paper, the Department has held numerous engagements with all stakeholders to finalise the implementation plan. The Department will continue to rely on partnerships with all stakeholders as we modernise our society.

The Department got Cabinet approval to consult the public on the National e-Strategy, the E-Government

Strategy and the ICT SMME Strategy. These strategies are aimed at amongst others, modernising the delivery of Government services and broadening the participation of African Black people and small and medium sized entities in the ICT sector. Following this process, the Department finalised the strategies through standard Cabinet and Parliament processes.

The Department is further prioritising legislation and other non-legislative actions that will give effect to the White Paper to accelerate its implementation.

In order to implement the first phase of South Africa Connect in the eight identified pilot districts, the Department requested the State Information Technology Agency (SITA) to embark on an open tender process. Unfortunately, there was no successful bidder among those who participated after repeated extensions, resulting in its cancellation in November 2016. We have since decided to utilise our state entities in line with their mandates to implement this critical project.

We have continued to provide basic internet to underserved areas by partnering with six Metropolitan Municipalities to extend Wi-Fi networks to townships and sites with high population density. Our partners include The City of Ekurhuleni; Tshwane; Johannesburg; Nelson Mandela Bay; Mangaung and Cape Town.

The corporatisation of the Postbank is a key priority of Government. We view the Postbank as an essential and critical financial institution which aims to transform rural South Africa by providing affordable financial services to majority of our people who remain marginalised from meaningful economic participation.

Guided by our foreign policy, we continue to transform multinational institutions to reflect the aspirations of African Union. Over the past year, South Africa has recorded some success at the United Nations' Universal Postal Union. SA successfully led the adoption of a four-year strategy and business plan that emphasises e-commerce as an area of growth for postal areas in developing countries as mail volumes decline. In light of this reality, SA was re-elected to co-chair the development of the 2020 strategy.

The cost of communication in SA and in the region is relatively high. On the domestic front, we have requested the regulator, ICASA, to determine if there is effective competition in the broadband market. We have further requested the Minister of Economic Development to ask the Competition Commission to look at the competition in the sector and explore additional ways to bring down the cost of communication.

Regionally, we launched the SADC Regional Internet Exchange Point to lower internet costs by having internet traffic circulating within the region.

We continue to stabilise the senior management of the Department to focus on the Department's mandate. We appointed a Director-General and filled other critical positions such as the Chief Audit Executive.

We have noted and accepted the recommendations of the Auditor-General and the Audit Committee. Furthermore, we have directed the Department to prioritise the full implementation of the recommendations.



DR SIYABONGA CWELE
MINISTER

4. STATEMENT BY THE DEPUTY MINISTER



It is with greatest appreciation and honour that I present this statement as we table the Department's annual achievements for the period 2016/17 and also in the process give an overview of what we intend to do in the forthcoming financial year.

The Department has maintained admirable levels of ethics and adherence to high standards of governance. The independent Audit Committee has throughout the year maintained vigilant eye on the effectiveness of risk management in the Department and where necessary, have provided valuable contribution to our risk management efforts.

We have finalised the draft National e-Government Strategy and Roadmap which aims to guide the digital transformation of public service in South Africa into an inclusive digital society where all citizens can benefit from the opportunities offered by digital technologies to improve their quality of life. We anticipate that the National e-Government Strategy and Roadmap will be approved by Cabinet in the 2017/18 financial year. After the approval, the Department will prioritise implementation of the e-Government programme to accelerate efforts by other government departments to digitize government services.

SA Connect is a vital project of the Department that seeks to roll out critical internet infrastructure to our Public institutions. SA Connect also is a policy that gives expression to the vision of the NDP of a seamless information society by 2030. In particular the Policy aims to provide affordable broadband infrastructure nationally in order to meet the needs of public and private users. Among others, the policy provides guiding principles of efficiency within this very competitive environment, and seeks to encourage the sharing of infrastructure to avoid unnecessary duplication in the deployment of broadband services throughout the country.

The Department is also mindful of its mandated role in improving the overall Cybersecurity posture of the country and also the need to build confidence for our citizens when interacting in cyberspace. This we hope will lead to greater utilisation of e-government and e-commerce services. We have developed a National Awareness strategy and will soon be in a position to launch specific initiatives that address our Cybersecurity Awareness objectives.

We are cognisant of the need for industry to take collective responsibility in improving capacity and awareness when dealing with cyber threats and incidents. We are, therefore, actively engaging with stakeholders in the sector to urge for the advancement of this collective capacity. We are inspired by the enormous progress made by organisations such as South African Banking Risk Information Centre (SABRIC), and indeed the broader financial sector including the likes of the Reserve Bank.

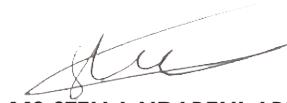
On Black Economic Empowerment in the ICT Sector, the department launched the B-BBEE ICT Sector Council whose mandate includes overseeing the implementation of the ICT Sector Code and compiling reports on the status of BEE in the ICT Sector. Thus far the Council has finalised the B-BBEE ICT Sector Code which has been gazetted for implementation. This will go a long way in ensuring that there is transformation in the ICT sector, not only in terms of Black ownership, but also in terms of skills and enterprises development. All these three areas support entrepreneurship among Black people, young and old as well as women and people with disabilities.

The iKamva National e-Skills Institute (iNeSI) is in the process of being established as a legal entity. The iNeSI concept is an integration of the e-skills related components of the Department, e-Skills Institute (e-SI – entailing

ISSA) and NEMISA in order to eliminate duplications in the mandates of these entities. Thus far work completed include the development of the iNeSI Business Case, the development of a draft iNeSI Bill (with the assistance of the Office of the State Law Advisor (OSLA)) and the finalization and vetting of "The Socio-Economic Impact Assessment System (SEIAS)" information by SEIAS Unit at the Presidency.

The preliminary opinion has been issued by the OSLA that the iNeSI Draft Bill is in line with the Constitution. In this financial year the draft Bill will be submitted to Cabinet to approve for public consultation. It is further expected that the submission for the tabling of Bill to Parliament in order to allow enactment of enabling legislation for iNeSI establishment will be done in the fourth quarter of this financial year.

We further invite all citizens to familiarize themselves with the plans and reports of the department for ease of making inputs and proposals that will help the department realise its goals.



MS STELLA NDABENI-ABRAHAMS
DEPUTY MINISTER

5. REPORT OF THE ACCOUNTING OFFICER

OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT



This Annual Report provides a platform for the Department of Telecommunications and Postal Services to account for its service delivery and financial performance against its 2016/17 Annual Performance Plan.

During the 2016/17 financial year, the Department focused on the implementation of its key strategic priorities in line with its revised mandate. The implementation of such priorities contributed towards the achievement of our medium term strategic goals and objectives, as set out in our 2015-2020 Strategic Plan; these are purposefully aligned to the National Development Plan, the Medium Term Strategic Framework and the 9-Point Plan, in accordance with Government's broader outcomes approach.

During the reporting period, the work of the Department largely related to the finalisation, approval and implementation of the National Integrated ICT White Paper, which is a strategic instrument to implement the ICT related vision of the National Development Plan. Attention was also given to developing the ICT SMME Strategy, the National e-Strategy and the e-Government Strategy, all of which were drafted and underwent an extensive stakeholder consultation process. Through implementation of these strategies - in the future, we will make great strides towards attaining our strategic goals and objectives to advance socio-economic development through ICTs. Another key focus of the Department was the beginning of the Rationalisation of the key State Owned Companies, to streamline their mandates as well as address duplication amongst them leading to inefficiencies and waste of scarce resources. Although the implementation of SA Connect did not commence as planned, the Department continued to support USAASA in rolling out infrastructure and services in some of the priority districts.

With regard to the Department itself, although we did not revise our organisational structure, as planned, the Department developed a Service Delivery Model (SDM), which is in line with the revised DTSPS mandate. The SDM will inform the revision of our organisational structure, which will ensure that the structure and the related functions, processes and systems are fully aligned with the organisation's strategy and mandate. Furthermore, we undertook an extensive Climate and Culture Survey with all staff members in the third quarter of the 2016/17 financial year. The survey resulted in an Action Plan that identified specific interventions to improve the organisational climate and culture, which will positively impact on organisational performance and service delivery as a whole. The Department has already commenced with the implementation of this Action Plan and intends to continue doing so in the upcoming financial year.

The Department committed to achieving 21 annual targets in its 2016/17 Annual Performance Plan. At the end of the reporting period, the Department had achieved 81% of its commitments, while spending 86% of its budget allocation.

OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

Departmental receipts

Departmental receipts	2016/2017			2015/2016		
	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
Sale of goods and services other than capital assets	58	51	7	55	52	3
Interest, dividends and rent on land	507 383	831 077	(323 694)	2 165,531	1 335 925	829 606
Financial transactions in assets and liabilities	652	283	369	25 196 171	25 468 458	(272 287)
Total	508 093	831 411	(323 318)	27 361 757	26 804 435	557 322

The Departmental revenue comprised mainly dividends received from Telkom. The sale of goods and services, other than capital assets, was mainly commission received on the deduction of insurance and other premiums from employees' salaries, and administration fees. The decrease in Interest, dividends and rent on land was a result of the sale of Vodacom shares by the Department. The over-collection of dividends was a result of an under-estimation by the Department.

Programme Expenditure

Programme Name	2016/2017			2015/2016		
	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	217 322	211 582	5 740	223 030	221 864	1 166
International Affairs and Trade	48 430	46 944	1 486	43 310	41 542	1 768
Policy, Research and Capacity Development	88 775	78 494	10 281	97 132	73 979	23 153
ICT Enterprise Development and SOE Oversight	886 608	882 353	4 255	490 231	488 959	1 272
ICT Infrastructure Development	1 176 277	856 319	319 958	551 550	473 753	77 797
Total	2 417 412	2 075 692	341 720	1 405 253	1 300 097	105 156

The Department of Telecommunications and Postal Services had a total adjusted appropriation baseline allocation of R2.417 billion for the 2016/17 financial year. Of the total allocation, transfers and subsidies amounts to R1.057 billion or 44% of the total budget. These transfers were mainly to departmental agencies and accounts, as well as allocations for digital broadcasting migration. Payment for Financial Assets amounted to R650 million or 27% of the available budget and it was allocated for the purposes of recapitalisation of the South African Post Office (SAPO).

The allocation for goods and services amounted to R481.5 million or 20% of the total budget; R213.7 million or 9% was allocated as compensation of employees; and R14.6 or 1% was allocated as payment of capital assets.

The spending for the 2016/17 financial year amounted to R2.075 billion (85.9%) of the adjusted budget of R2.417 billion and under-spending was R341.7 million or 14.1 per cent. The under-spending was mainly on goods and services - R327.9 million. This was largely caused by the delay in implementing the SA Connect Broadband project.

THE SPENDING TRENDS PER PROGRAMME ARE OUTLINED BELOW:

Programme 1: Administration

The programme had a final budget of R217.3 million and expenditure amounted to R211.6 million (97%) in the current year, compared to R221.9 million expenditure in the 2015/16 financial year. Spending on compensation of employees was R8.7 million higher than the previous financial year due to inflationary salary adjustments and filling of critical positions. Other cost drivers were security and cleaning services, rentals and travel. Funds were transferred (virement) from other programmes to defray excess expenditure in this programme.

Programme 2: ICT International Affairs

The programme had a final budget of R48.4 million and expenditure amounted to R46.9 million (97%) in the current year, compared to R41.5 million expenditure in the 2015/16 financial year. 54% of the adjusted budget of the programme was transfer payments for membership fees to international organisations. The allocation for these fees increased by R2,7 million in the year under review to cater for depreciation in the rand, as payments are made in foreign currency.

Programme 3: ICT Policy, Research and Capacity Development

Spending in this programme totalled R78.5 million in the current financial year, i.e. 88% of the final budget of R88.8 million. This was an increase of R4.515 million or 6% on spending in the 2015/16 financial year. The increase was mainly on goods and services, and compensation of employees.

Programme 4: ICT Enterprise Development and SOE Oversight

Spending in this programme totalled R882.3 million in the current financial year, i.e. 99.5% of a budget of R886.6 million; this is an increase of R393.4 million on spending from the 2015/16 financial year. This was mainly due to a decline of R265.2 million in transfer payments and an allocation of R650 million for recapitalisation of the South African Post Office. Goods and services expenditure increased by R1.117 million or 28% in current financial year, from R4 million in 2015/16.

Programme 5: ICT Infrastructure Support

Spending in this programme totalled R856.3 million in the current financial year, i.e. 72.8% of the budget of R1.176 billion. This was an increase of R382.6 million (80,8%) on spending in the 2015/16 financial year. The increase was mainly on transfer payments for the broadcasting digital migration project. Goods and services expenditure decreased by R58,9 million from the 2015/16 financial year, to R6,4 million in the current year.

Virements / Roll-overs

Virements as reflected on the Appropriation Statement were applied in terms of section 43(1) of the Public Finance Management Act, 1999 (Act 1 of 1999). R2.7 million was transferred from Programme 5 to Programme 2 to

compensate for excess expenditure in transfer payments for membership of international organisations. The funds viremented from programmes 3 and 5 to programmes 1 and 2 were used mainly to fund the shortfall in legal fees, travel and accommodation.

The request for roll-overs was for the Cybersecurity Awareness Programme made to be implemented with GCIS. This included the development of youth, community and executive booklets; advertisements on in Taxi-TV and Digital screens at taxi ranks. Other roll-overs were for: audit and risk management software; Detecon to conduct a study on National Roaming in South Africa; and for South Africa Connect, which focuses on procuring broadband services. The requests were not approved by National Treasury.

Unauthorised, Fruitless and Wasteful Expenditure

The Department did not incur any unauthorised expenditure during the period under review. The amount incurred for fruitless expenditure this year totals R16 thousand, comprising R8 thousand for traffic fines and R8 thousand for no shows. The investigation process is underway to establish the facts before any action can be taken to seek recourse. R1 thousand was written off from expenditure incurred in the year under review. The amount recovered totalled R25 thousand, of which R3 thousand is from the financial year under review and R22 thousand is from previous financial years. The Department maintains a register of fruitless and wasteful expenditure and the policies on losses and debt were reviewed in the year under review. Losses are written off in accordance with the losses, 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 Connectivity

To promote universal access to high speed and affordable broadband services, especially in rural areas, the Department will prioritise the delegation of State Owned Companies (SOCs), to lead the roll-out broadband over the medium term which will also lead into the second phase of the programme. Despite the initial challenges experienced in the 2017/18 financial year, the Department will focus on the implementation of phase 1 in the 8 identified priority districts, while planning for phase 2 through engagement with the private sector, funding institutions and development partners.

National Integrated ICT Policy White Paper

The White Paper is a strategic instrument that will guide us in contributing to the implementation of the National Development Plan, as it introduces a range of interventions to ensure all South Africans irrespective of where they live or their socio-economic status, can access the benefits of a digital society.

Following Cabinet approval of the National Integrated ICT Policy White Paper in September 2016, the Department plans to focus on the phased implementation of the White Paper over the medium term, Therefore, priority will be given to drafting identified Bills stemming from the National Integrated ICT Policy White Paper in the 2017/18 financial year.

National e-Strategy

The NDP identified the need for a National e-Strategy, which cuts across government departments and sectors of the economy and social spheres such as energy, transport, agriculture, education and health. The National e-Strategy should stimulate demand by promoting uptake and usage across the economy, e-Literacy; stimulate sector growth and innovation by driving public and private ICT investment especially in network upgrades and

expansion (particularly in broadband); and development of local content and applications. In the 2017/18 financial year the Department will finalise and approve the National e-Strategy.

e-Government Strategy

The e-Government initiative provides a significant opportunity to deliver efficient and effective Government services with limited costs. This has prompted the government to develop a coherent draft National e-Government Strategy and Roadmap (e-Services Programme), which will provide direction for the implementation of e-Government throughout the three spheres of government. In the 2017/18 financial year, the Department will prioritise the finalisation and approval of the e-Government Strategy.

ICT SMME Strategy

One of the priorities of the 9-Point Plan is the need to unlock the potential of SMMEs, cooperatives and other black enterprises, enabling them to contribute into the South African economy. To this end, the Department developed a draft ICT SMME Strategy with a vision to create a substantial number of internationally competitive, dynamic, innovative, technologically driven and sustainable ICT SMMEs that significantly contribute to the country's developmental priorities. In the 2017/18 financial year, the Department will prioritise the finalisation and approval of the ICT SMME Strategy.

SOC Rationalisation

In line with the Presidential Review Committee (PRC) recommendations to strengthen the role of SOCs to ensure that they respond to the public mandate and support the developmental goals of Government, the DTPS undertook an extensive assessment of the alignment of various ICT SOCs with a view to identify linkages and overlaps. The project was aimed at addressing duplications across mandates which lead to inefficiencies and the waste of scarce resources. The ICT SOC rationalisation process resulted in the development of a Consolidated Assessment Report on SOC Rationalisation. Going forward, the Department will over the short to medium term focus on SOC Rationalisation with a view to establishing a State IT Company and a State ICT Infrastructure Company SOC.

Postbank Corporatisation

A critical element of economic development and financial inclusion is availability and access to financial services to the under-served areas and the unbanked population in the country. Therefore the corporatisation of the Postbank is a key priority for Government. The Department will continue to facilitate the corporatisation of the Postbank as a strategic priority in the 2017/18 financial year.

Public Private Partnerships

None.

Discontinued activities / activities to be discontinued

The Department has not identified activities to be discontinued.

New or proposed activities

None.

Supply Chain Management

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

Gifts and donations received in kind from non-related parties

The Department received sponsorships as listed in the table below during the 2016/17 financial year.

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	R'000
HUAWEI Technologies SA	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - Networking Cocktail dinner.	211
HUAWEI Technologies SA	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 – Wi-Fi 3G Router & Power Banks.	112
GOOGLE SA	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - sponsored equipment for Internet Café.	300
ZACR	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - sponsored delegate transportation.	165
eThekweni Municipality	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - sponsored Opening/Gala Dinner.	500
ZACR & .zaDNA	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - sponsored Closing Dinner.	100
Innovation Africa Ministerial Summit 2016 - Africa Brains	Sponsored an economy flight ticket (\$1108/R14 736.40) & hotel accommodation in Nairobi (\$1040/R13 832) for the meeting.	29
International Centre for Trade and Sustainable Development	E-Commerce Conference in Cape Town, flights and accommodation, 22-23 March 2017.	5
The Internet Society	Internet Engineering Task Force Meeting, 26 to 31 March 2017, Chicago, Illinois - 3 officials - sponsorship of economy class flight ticket, hotel accommodation and a per diem of \$300 (\$75 per day).	-
African Union Commission (AUC)	Main sponsor for full day conference package during the hosting of the AU-SADC Validation Workshop, 23-24 March 2017.	23
ICASA	Hosted the AU-SADC Validation Workshop, 23-24 March 2017 - 40 gift bags with ICASA promotional items sponsored.	5
Total		1 450

Exemptions and deviations received from the National Treasury

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

Events after the reporting date

The following non-adjusting events after the reporting date are still outstanding:

- Transfer of 74 shares @ R1 per share in respect of Broadband Infracore from Department of Public Enterprise in terms of Proclamation No. 67 of 2014; and
- Transfer of SITA shares (1 @ R1.00 per share) from Department of Public Service and Administration in terms of Proclamation No. 67 of 2014.

Acknowledgement / Conclusion

I would like to sincerely thank the former Acting Director-General, Mr Joe Mjwara, for his leadership while he held the fort for a significant part of the 2016/17 financial year, before my appointment. I would also like to acknowledge the dedication and commitment of the management and staff of the Department who, through their hard work, have ensured that the Department achieved 81% of its set targets, which is a far better result than the previous years.

Appreciation also goes to our Parliamentary Oversight Committees as well our State Owned Companies (SOCs), for their support and contribution to the performance of the Department over the past financial year. I continue to value the partnership with industry as we collectively work together to increase the contribution of the sector to the GDP and also advance socio-economic development.

I conclude by thanking the Minister and the Deputy Minister for their strategic leadership and guidance.

Approval and sign off



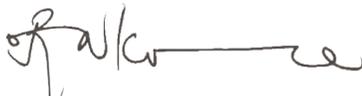
Mr Robert Nkuna
Accounting Officer
Department of Telecommunications and Postal Services
31 August 2017

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF 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 free from any omissions.
- The annual report has been prepared in accordance with the guidelines on annual reports 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 National Treasury.
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in these statements.
- 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 2017.

Yours faithfully



Accounting Officer
Mr Robert Nkuna
17 August 2017

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 technology environment.

7.3 VALUES

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

8. LEGISLATIVE AND OTHER MANDATES

8.1 Constitutional Mandates

The Legislative mandate of the Department of Telecommunications and Postal Services is embedded in the following pieces of legislation:

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.
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; the transfer of the postal and telecommunications enterprises 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.

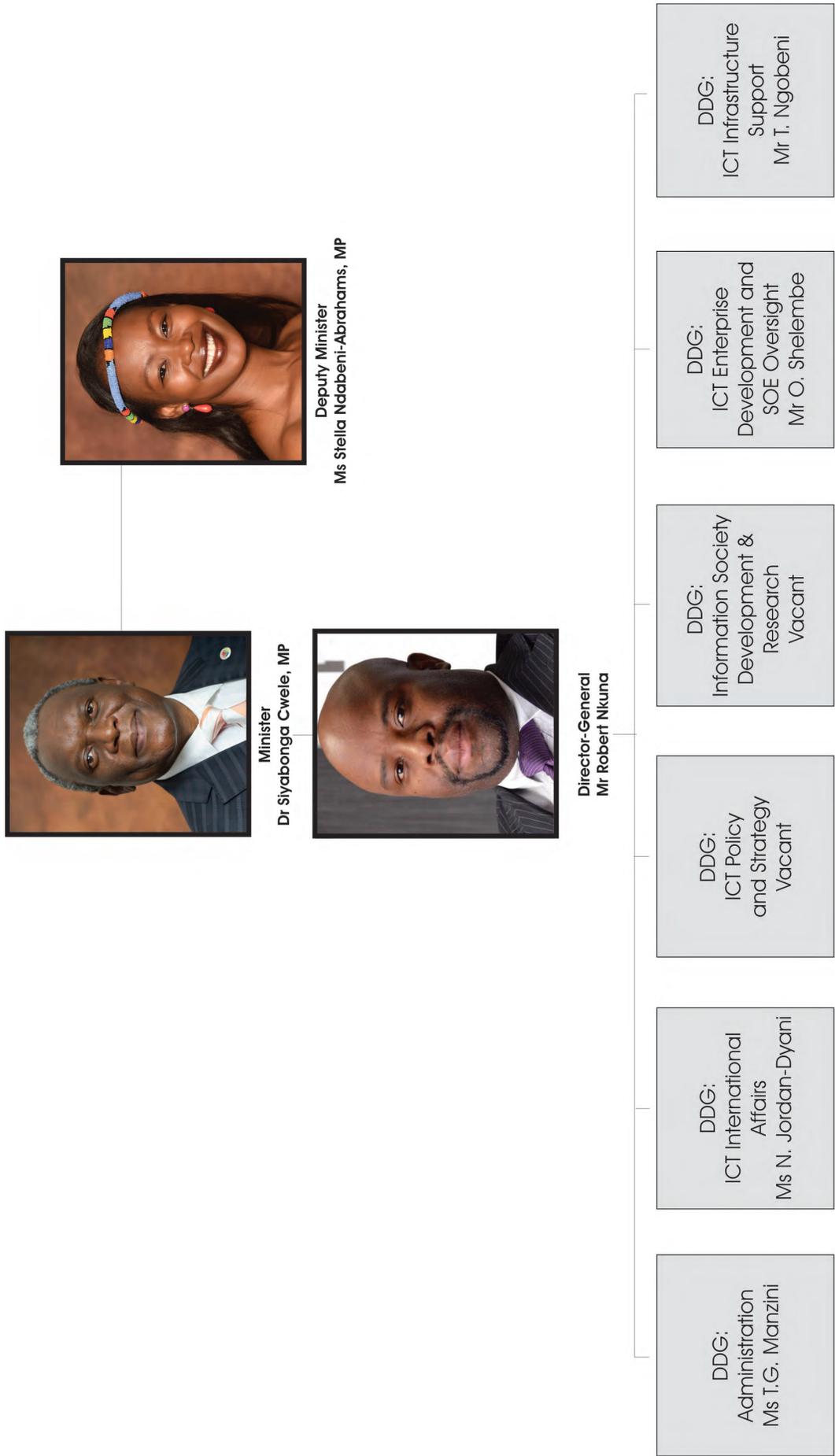
Name of Act	Purpose
Former States Broadcasting Reorganisation Act, 1996 (Act No. 91 of 1996)	To provide for the integration of the Departments of Posts and Telecommunications of the former Republics of Transkei, Bophuthatswana, Venda and Ciskei with Telkom SA Limited and the South African Post Office Limited; the transfer of the postal and telecommunications enterprises 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; the operational functions of the postal company, including its universal service obligations 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 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; 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>
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 objectives 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, the Electronic Communications Act, No 36 of 2005 and any other applicable law.

Name of Act	Purpose
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 objectives 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 MoU between the Minister of Telecommunications and Postal Services and the Minister of Communications comes into effect. The MoU was entered into 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 regarding implementation of certain matters relating to the assignment of powers and functions, 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 by the following legislation, amongst others:

- 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.

9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MINISTER

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
NEMISA	The National Electronic Media Institute of South Africa was established as a non-profit institute of education by the Department of Communications in terms of the Companies Act (1973). It is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999).	Transfer of funds	Offers national certificates and short courses in the areas of television production, animation and radio production. The institute's programmes are structured to enhance the market readiness of students in a wide range of broadcasting disciplines.
USAASA	The Universal Service and Access Agency of South was established in terms of section 80 of the Electronic Communications Act (ECA) No. 36 of 2005 as statutory body. It is listed as a Schedule 3A public entity in terms of the Public Finance Management Act 1 of 1999.	Transfer of funds	To promote universal service and access in under-serviced areas.
USAF	The Universal Service and Access Fund was established in terms of section 89 (1) of the Electronic Communications Act (2005).	Transfer of funds	To make payments for subsidies towards the provision of ICT services, as well as the construction or extension of electronic communications for needy person in under-serviced areas.
ZADNA	ZADNA is a statutory, not-for-profit entity established in terms of Chapter Ten of the Electronic Communications and Transactions (ECT) Act 25 of 2002.	Self-funded	To administer, manage and regulate the .ZA namespace.
SAPO	The South African Post Office is a government business enterprise that is required to provide postal and related services to the public. It derives its mandate from the South African Post Office SOC Ltd Act (2011) and the South African Postbank Limited Act (2010).	Transfer of funds	It has an exclusive mandate to conduct postal services, and makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations and the financial services activities of Postbank.
SITA	The State Information Technology Agency is governed by the State Information Technology Agency Act (1998), as amended. The Agency is responsible for the provision of IT services to Government. The Act separates the Agency's services into mandatory services and non-mandatory.	Self-funded	Provisioning and procurement of ICT goods and services on behalf of Government departments and public entities.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
BBI	<p>Broadband Infraco’s legislative mandate is set out in the Broadband Infraco Act no. 33 of 2007. The main objectives as set out in the Broadband Infraco Act are to expand the availability and affordability of access to electronic communications:</p> <ul style="list-style-type: none"> • Including but not limited to under-developed and under-serviced areas; • In support of projects of national interests; • In accordance with the Electronic Communications Act and commensurate with international best practice and pricing; and • Through the provision of electronic communications network services and electronic communications services. 	Self-funded	Ensures that the high capacity connectivity and bandwidth requirements for specific projects of national interests are met.
SENTECH	Sentech was licensed through the Telecommunications Amendment Act (2001) as a state owned enterprise to provide common carrier broadcasting signal distribution services to licensed broadcasters in South Africa.	Transfer of funds	Provides signal distribution services in the broadcasting industry.

PART B

PERFORMANCE INFORMATION



1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on 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 pages 108 - 109 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

During the reporting period, the Department of Telecommunications and Postal Services focused on specific projects as outlined in its 2016/17 Annual Performance Plan, in line with relevant Government priorities, and taking into consideration its available resources - both financial and human.

National Integrated ICT Policy White Paper

In order to address the anomaly of distinct and separate policy frameworks focused on the various ICT sub-sectors, the Department embarked on a comprehensive ICT policy review programme, with a view to developing a single integrated ICT Policy. The policy review resulted in the development of the National Integrated ICT Policy White Paper, which outlines the over-arching policy framework for the transformation of South Africa into an inclusive and innovative digital and knowledge society. The White Paper outlines Government's approach to: providing cross-government leadership and facilitating multi-stakeholder participation; interventions to reinforce fair competition and facilitate innovation in the converged environment; policies to protect the open Internet; policies to address the digital divide; and new approaches to addressing supply-side issues and infrastructure rollout, including managing scarce resources.

During the reporting period, a major achievement of the Department and for the ICT sector, was finalisation and Cabinet approval of the National Integrated ICT Policy White Paper on 28 September 2016. Cabinet's approval marked a significant milestone in the journey towards using technology to build "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" - as envisaged in the National Development Plan (NDP). Following Cabinet approval of the White Paper, the Department identified priority Bills and began the process of promulgating legislation that will enable the implementation of the White Paper in the short to medium-term. The draft Bills that were developed include the Electronic Communications Amendment Bill, the ICT Sector Regulator and Tribunal Bill, the Digital Development Fund Bill, the SAPO SOC Ltd Amendment Bill and the Postal Services Amendment Bill.

National e-Strategy

The National Development Plan calls for "A single cohesive strategy to ensure the diffusion of ICTs in all areas of society and the economy". During the reporting period, the Department has therefore developed the National e-Strategy, which gives expression to the national policies and priorities that have been adopted, so as to create a conducive environment for the realisation of the country's developmental goals. The National e-Strategy is not a new venture aimed at redefining the problems and making decisions on new priorities; instead provide it critical thinking on how all sectors of society and the economy can collaborate in society-wide use of ICT resources to fast-track implementation of priorities and decisions already taken. The National e-Strategy underwent an extensive stakeholder consultation process which

included participation from national departments, provinces and municipalities as well as academia. Furthermore, the National e-Strategy was presented to the Government Cluster System for further input, following which it was approved by Cabinet for gazetting for public comment.

e-Government Strategy

Cabinet approved the National Integrated ICT Policy White paper in September 2016 and it advocates the development of the national e-Government Framework to transform South Africa into an inclusive digital society, in which all citizens can benefit from the opportunities offered by ICTs across all spheres of Government to improve their quality of life. The strategic focusing of Government efforts through the National Development Plan 2030 (NDP 2030) is paramount in dealing with e-Government and the fact that the existing e-Government Policy and Strategies have played a lip-service over time which lead to outdated approaches as well as the fact that South Africa has not moved forward in achieving the strategic objectives as set in the 2001 e-Government policy. Furthermore, the socio-economic situation of South Africa requires the South African Government to look for efficient and cost effective means to provide service delivery to its citizens through the use of electronic government services. The e-Government initiative provides an enormous opportunity to deliver Government services without having to rely on manual processes that require human intervention. This has prompted the DTPS to develop a coherent draft National e-Government Strategy and Roadmap (e-Services Programme) that will provide direction for the implementation of e-Government services. The adoption of this e-Government Strategy and Roadmap is essential for the transformation and modernisation of public service delivery. The draft e-Government Strategy underwent an extensive stakeholder consultation process which included presentations being made to the Government Cluster System for further input, following which it was approved by Cabinet for gazetting for public comment.

ICT SMME Strategy

According to the National Development Plan, getting SA into a high-growth trajectory demands that the country fundamentally changes its game plan and places small businesses and cooperatives at the centre of the war against poverty, inequality and unemployment. Furthermore, the NDP envisages that the small business sector will create 90% of the expected 11 million jobs by 2030. Incorporated as one of the priorities of the 9 Point Plan is the need to unlock the potential of SMMEs, cooperatives and other rural enterprises, to contribute to the South African economy. To this end, the Department developed the ICT SMME Strategy with a vision of creating a substantial number of internationally competitive, dynamic, innovative, technologically driven and sustainable ICT SMMEs that can contribute significantly to the country's developmental priorities. The ICT SMME Strategy therefore focuses on unlocking business opportunities and creating an enabling business and administrative environment for SMMEs in the ICT sector to thrive and advance into successful and sustainable entities. Following the development of the draft ICT SMME Strategy, an extensive stakeholder consultation process was undertaken, including presentations to the Government Cluster System for further input, following which the Strategy was approved by Cabinet for gazetting for public comment. It was subsequently gazetted on 31 March 2017.

SOC Rationalisation

The Presidential Review Commission (PRC) on SOEs and the National Development Plan noted several existing challenges, relating to the extensive duplications within the Government Portfolio of SOEs which have led to inefficiencies and wastage of scarce financial resources, coupled with poor governance and a lack of clear understanding of mandates in the context of a developmental state. In response to the identified challenges, the Department embarked on a SOC Rationalisation programme. During the reporting period, the Department developed Assessment Reports on the rationalisation of BBI, SITA, Sentech and SAPO, which resulted in the development of a Consolidated Assessment Report

on SOC Rationalisation. Going forward, the rationalisation of SOCs will be undertaken in line with the recommendations of the Consolidated Assessment Report on SOC Rationalisation, which will ensure that our SOCs move away from the current fragmented mode of service delivery to a more consolidated approach.

Broadband Connectivity

In order to address the gaps in the current broadband infrastructure roll-out, which is mainly duplicated and concentrated in urban areas, the Department embarked on the implementation of phase 1 of the Digital Development Plan of SA Connect which is aimed at providing broadband connectivity to under-serviced areas, and which prioritise schools, health facilities and other government institutions. In the 2016/17 financial year, the Department was allocated R336 million to provide connectivity in the eight identified districts. During the reporting period, and in collaboration with SITA, the Department issued a tender to procure broadband services. However, the tender was cancelled, due to bidders not meeting the technical specifications. The Department is currently reviewing different procurement options, including utilisation of the capacity of ICT SOCs to expedite the implementation of broadband connectivity in line with the provisions of the law.

2.2 Service Delivery Improvement Plan

The Department has in place a draft Service Delivery Improvement Plan (SDIP), which 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), with the assistance of the DPSA.

The SDIP, which focuses on the main services offered by the Department to the identified beneficiaries as well as the actual and the desired standards of such services, is undergoing review, following the revision of the mandate of the Department of Telecommunications and Postal Services. Following the revision of the SDIP and its subsequent approval, the Department will commence with its implementation and the monitoring and evaluation of the implementation process.

Furthermore, as part of the process of further improving service delivery, in the 2016/17 financial year, the Department concluded the process identifying, documenting, mapping and optimising identified core business processes, so as to enable process automation through an electronic document management system, which was also sourced in the 2016/17 financial year.

2.3 Organisational environment

Following a period in which the Department was plagued with challenges related to instability at the leadership level, and which was largely created by poor management of disciplinary processes, great strides were made to bring stability to the Department, in the 2016/17 financial year. A key milestone was the appointment of the Director-General in the third quarter of the 2016/17 financial year, which brought additional solidity and strategic direction at the leadership level.

In terms of optimising the functioning of the Department to improve service delivery, specific focus was given to revision of the organisational structure that was intended to be concluded in the 2016/17 financial year. Although the revision of the organisations structure was not finalised as planned, a significant achievement was the finalisation of the Department's Service Delivery Model, which will inform the revision of the organisation, so as to ensure that the structure, related functions, processes and systems are fully aligned to the organisation's strategy and mandate.

Given the historical challenges of the Department, which negatively impacted on the organisation's climate and staff morale, the Department conducted an Organisational Culture and Climate Survey with all its staff members during the reporting period. The survey results, which have been shared with all

staff members, informed the development of an Action Plan to improve the organisational climate and culture, so as to positively impact on organisational performance and service delivery. The Department commenced with implementation of the Action Plan during the reporting period and will continue with the implementation of identified interventions in the 2017/18 financial year.

2.4 Key policy developments and legislative changes

On 28 September 2016, Cabinet approved the National Integrated ICT Policy White Paper which "outlines the over-arching 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.

Following Cabinet approval of the National Integrated ICT Policy White Paper, the Department identified priority Bills and has begun the process of promulgating legislation that will enable the implementation of the White Paper in the short to medium-term.

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.

In line with the Department's objective of coordinating broadband connectivity to achieve 100% population coverage, the National Radio Frequency Plan was reviewed and updated taking during the reporting period into consideration the outcomes of WRC-15. The Department incorporated the Government services spectrum into the draft NRFP that was subsequently gazetted for public comments. Furthermore, the NRFP was submitted to the Executive Authority for approval for publication in the Gazette. With regard to Broadband connectivity, which contributes to Outcome 6 (*"An efficient, competitive and responsive economic infrastructure network"*), the Department did not achieve its set targets, however extensive effort went into sourcing the connectivity service provider. The Department is currently reviewing different procurement options, which would include utilisation of the capacity of ICT State-Owned Companies to expedite connectivity in the 2017/18 financial year, in line with the provisions of the law.

To address the challenges identified in the Presidential Review Commission (PRC) on SOEs and in the National Development Plan related to the functioning of SOCs, the Department undertook an extensive SOC Rationalisation project, which resulted in the development of a Consolidated Assessment Report on SOC Rationalisation. Going forward, rationalisation of SOCs will be undertaken in line with the recommendations of the Consolidated Assessment Report on SOC Rationalisation, which will ensure that our SOCs move away from the current fragmented mode of service delivery to a more consolidated approach.

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

As part of its contribution to Outcome 6 (*"An efficient, competitive and responsive economic infrastructure network"*), which requires the Department to *"Develop a new policy framework or strategy or plan for ICT, including an assessment of the role of state ICT infrastructure agencies and interventions"*, the Department finalised and obtained Cabinet approval of the National Integrated ICT Policy White Paper in September 2016. Following Cabinet approval of the White Paper, the Department identified priority Bills and began the process of promulgating legislation that will enable implementation of the White Paper in the short to medium-term.

In promoting transformation of the ICT sector through the development of the ICT SMME strategy, the Department has also developed a draft ICT SMME Strategy in line with the ICT B-BBEE Sector Code. The

strategy underwent extensive cluster consultation including the ESEID Cabinet Committee and Cabinet, and was subsequently gazetted for public comment.

An inclusive Information Society and Knowledge Economy driven through a comprehensive e-Strategy and access to Government services.

The National Development Plans calls for "A single cohesive strategy to ensure the diffusion of ICTs in all areas of society and the economy". As part of its contribution to the NDP commitment and to Outcome 6 of the MTSF, the Department developed the draft National e-Strategy, which gives expression to the national policies and priorities that have been adopted so as to create a conducive environment for the realisation of the country's developmental goals. In alignment with the e-Strategy, the Department developed the draft e-Government Strategy, which provides an enormous opportunity to optimise the delivery of Government services without having to rely on manual processes that require human intervention. Both the e-Strategy and the e-Government strategy underwent extensive stakeholder consultation, after which they were approved by Cabinet for gazetting for public consultation.

Optimally functional Department and SOCs that effectively deliver on their respective mandate.

In an effort to ensure the improved performance of SOCs through pro-active and stringent oversight, the Department undertook monitoring and evaluation of performance and compliance of SOCs against strategic plans and relevant prescripts.

In order to create a high performing organisation to enable achievement of the Department's mandate, a Service Delivery Model (SDM) that is aligned to the Department's mandate was developed in consultation with DPSA. Furthermore, the Department conducted a Climate and Culture Survey and commenced with the implementation of identified initiatives to improve the current climate and culture within the Department.

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 2016/17 Financial Year was:

- Create a high performing organisation to enable achievement of the Department's mandate.

Strategic objectives, performance indicators, planned targets and actual achievement

Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Create a high performing organisation to enable achievement of the Department's Mandate.	Approved organisational structure that supports organisational strategy	-	Organisational Structure revised and implemented in line with Strategy	<ul style="list-style-type: none"> The planned target was not fully achieved. A needs assessment was conducted with all the Branches of the Department. A Service Delivery Model (SDM) aligned to the Department's mandate was developed in consultation with DPSA and submitted for approval. 	The Department was not able to revise and implement the revised organisational structure, conduct an analysis of employee qualifications and experience and conduct job evaluations as well migrate staff to the revised structure as planned.	Delays in the finalisation of the Service Delivery Model (SDM), which would inform the revision of the organisational structure, had a negative effect on the achievement of the planned annual target.
Create a high performing organisation to enable achievement of the Department's Mandate.	Approved action plan addresses the recommendations of the Culture and Climate survey report	-	Climate and Culture survey conducted and Action Plan developed	<ul style="list-style-type: none"> The Department fully achieved the target. During the reporting period the Department conducted an extensive Climate and Culture survey in which all staff members were invited to participate. An Action Plan to prioritise the implementation of the recommendations of the Culture and Climate Survey was developed and identified intervention were implemented. 	None	None

Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Create a high performing organisation to enable achievement of the Department's Mandate.	Mapped and automated business process	-	Core business processes identified, documented and optimised and mapped, so as to enable process automation	<ul style="list-style-type: none"> The Department fully achieved the target. Following extensive engagements with relevant Branches, fourteen core business processes were identified, documented, mapped and optimised where applicable. 	None	None
Create a high performing organisation to enable achievement of the Department's Mandate.	Mapped and automated business process	The Department developed and executed a revised Information Technology & Knowledge and Information Management Strategy.	Enterprise Document Management and workflow system designed and developed	<ul style="list-style-type: none"> The Department fully achieved the planned target. A Smart Gov. Solution was sourced, installed, configured, and customised as an Electronic Document Management and workflow system for the Department. 	None	None

Strategy to overcome areas of under-performance

The Department acknowledges its under-performance in the revision and implementation of the organisational structure. This was largely a result of the delays in finalisation of the Service Delivery Model (SDM). Considering that the SDM has been approved by the Minister, the Department plans to prioritise and expedite the revision and implementation of the organisational structure in the 2017/18 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

Underspending was R5.7 million as at 31 March 2017. Spending on goods and services declined from R131 million in 2015/16 to 109.2 million in the 2016/17 financial year. Spending on external audit costs declined from R28 million in the 2015/16 financial year to R6.5 million in the year under review. The spending rate under this programme is at 97.4%.

Sub-programme expenditure

Sub- Programme Name	2016/2017			2015/2016		
	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	4 358	4 211	147	4 211	4 211	-
Departmental Management	52 802	52 052	750	73 332	73 332	-
Internal Audit	7 162	3 939	3 223	5 245	5 245	-
Corporate Services	71 577	70 486	1 091	63 756	62 590	1 166
Financial Management	76 210	75 681	529	70 357	70 357	-
Office Accommodation	5 213	5 213	-	6 129	6 129	-
Total	217 322	211 582	5 740	223 030	221 864	1 166

4.2 Programme 2: ICT International Affairs

The purpose of Programme 2 is to ensure alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy. The 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 the 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 objective for the 2016/17 Financial Year is listed below:

- Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs.

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs	5 Positions advancing ICT developmental agenda aimed increasing presence and influence in the international forum	<ul style="list-style-type: none"> 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. 	RSA position for UPU developed towards regulations of ETOEs, promoting postal services as a driver for socio-economic inclusion.	<ul style="list-style-type: none"> The planned target was fully achieved. RSA position paper for the International Postal programme was developed which focused on developing the postal sector for enhanced service delivery; regulations of ETOEs; reform of the UPU, e-commerce and financial services in the postal sector for financial inclusion. The RSA Position and Cabinet mandate was advanced at the UPU Congress. 	None	None
Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs	5 Positions advancing ICT developmental agenda aimed increasing presence and influence in the international forum	-	RSA position for WTSAs developed to promote access to technology, manufacturing, conformance and interoperability for ICT SMME development	<ul style="list-style-type: none"> The target was fully achieved. The RSA Position paper for WTSAs 16 was developed as planned. The RSA Position focused on Internet of Things, Digital Object Architecture, Conformance and Interoperation as well as regional Testing Centres for Africa so as to boost local manufacturing and promote SMME development. 	None	None

Strategic objective	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<p>Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs</p>	<p>5 Positions advancing ICT developmental agenda aimed increasing presence and influence in the international forum</p>	<ul style="list-style-type: none"> 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 finalised following consultation with key stakeholders including the DoC and ICASA. 	<p>RSA position for SADC ICT Ministerial meeting promoting access to affordable ICT infrastructure, services and regional integration.</p>	<ul style="list-style-type: none"> The target was fully achieved. The RSA Position for SADC was developed and advanced at the SADC SCOM and SADC Ministerial meeting and focused on regional integration and infrastructure development. SADC adopted Regional Internet Exchange Points as well as adopted policies to ensure that traffic is rooted local to reduce costs. 	<p>None</p>	<p>None</p>

Strategic objective	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<p>Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs</p>	<p>5 Positions advancing ICT developmental agenda aimed increasing presence and influence in the international forum</p>	<ul style="list-style-type: none"> The Department held three bilateral engagements with Russia, India and China. Department facilitated a bilateral meeting between SITA and INSPUR on the e-Government programme. 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. 	<p>RSA Position for BRICS developed focusing on skills, development, R&D for innovation and internet governance programmes.</p>	<ul style="list-style-type: none"> The target was not fully achieved. The RSA Position for BRICS was developed and approved which focused on skills development. The RSA Programme of Action outlining priority areas of cooperation was developed and submitted to the BRICS IMC. The Department also held bilateral meetings with the Indian and Chinese Embassies to present RSA's plans for the BRICS ICT Agenda. A draft partnership agreement was developed with input from external stakeholders through BRICS Embassies as well as NEMISA as the coordinating body for e-Skills development. 	<p>Albeit that the Partnership Agreement was developed, it was not signed by SAPO and Russian Post by end of the reporting period hence negatively impacting on the achievement of the set target.</p>	<p>SAPO could not sign the Partnership Agreement by March 31, 2017 due to a need for further engagement. SAPO however signed the Letter of Intent on 6 April 2017.</p>
<p>Implement the Policy and legislative programme aligned to the ICT Policy White Paper</p>	<p>5 Positions advancing ICT developmental agenda aimed increasing presence and influence in the international forum</p>	<p>-</p>	<p>Country Position for International Internet Public Policy developed</p>	<ul style="list-style-type: none"> The target was fully achieved. The RSA position paper for International IGF was developed and advanced at the IGF in December 2016. 	<p>None</p>	<p>None</p>

Strategic objective	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<p>Implement the Policy and legislative programme aligned to the ICT Policy White Paper</p>	<p>Number of post(s) and seats in identified influential Multilateral Institutions where SA is represented, filled</p>	<p>-</p>	<p>1 South African placement in an identified Global ICT Governance Institution to influence the system of global governance</p>	<ul style="list-style-type: none"> • The target was fully achieved. • Final approval for placement of the identified official in Geneva was obtained in February 2017 following which the official took up post on 20 February 2017. 	<p>None</p>	<p>None</p>
		<p>-</p>	<p>1 seat in Global ICT Governance Institution maintained</p>	<ul style="list-style-type: none"> • The target was fully achieved. • SA was elected into the Council of Administration (CA) of UPU. • SA also engaged all counterparts through diplomatic channels on support for re-election. 	<p>None</p>	<p>None</p>

Strategy to overcome areas of under-performance

The Department acknowledges its under-performance on the target related to the RSA position for BRICS. The Department has prioritised the signing of the Partnership Agreement with relevant stakeholders. However, going forward, during the setting of targets for the ICT International Affairs Branch, the Department will take into consideration the extended duration needed for extensive stakeholder engagement, especially when international partners are involved.

Changes to planned targets

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

Linking performance with budgets

Spending was R46.9 million in the 2016/17 financial year and R41.5 million in the 2015/16 financial year. The variance was mainly due to: under-spending on Compensation of Employees; overspending on Travel and Subsistence. Under-spending on Compensation of employees (CoE) was due to the vacant DDG positions not being filled. Transfer payments increased from R25.4 million in the 2015/16 financial year to R26.3 in the year under review.

Sub-programme expenditure

Sub-Programme Name	2016/2017			2015/2016		
	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	14 751	13 434	1 317	11 514	10 511	1 003
ICT Trade/Partnership	33 679	33 510	169	31 796	31 031	765
Total	48 430	46 944	1 486	43 310	41 542	1 768

4.3 Programme 3: ICT Policy, Research and Capacity Development

The purpose of Programme 3 is to:

- Develop a 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 consists 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 2016/17 financial year are listed below:

- Develop and implement an ICT Policy and legislation aimed at improving access and affordability;
- Promote transformation of the ICT sector through the development of the ICT SMME Strategy; and
- Develop a National e-Strategy that will give priority to e-Government Services.

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs	ICT Legislation	<ul style="list-style-type: none"> The National Integrated ICT Policy White Paper was approved by the Minister for tabling at Cabinet (ESED Cabinet Committee). The White Paper was deferred for additional input and was re-submitted to Cabinet in the first quarter of the 2016/17 financial year. 	Draft ICT Legislation developed	<ul style="list-style-type: none"> The Department fully achieved the target. The Department developed the draft ICT Legislation which was submitted and approved by the Accounting Officer. 	None	None
Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs	Amended Postal Services Act (Act No 124 of 1998	-	Postal Services Amendment Bill developed	<ul style="list-style-type: none"> The Department fully achieved the planned target. The Postal Services Amendment Bill was developed and approved by the Accounting Officer. During the reporting period, the inclusion of the Postal Services Amendment Bill as part of the Legislative Programme stemming from the White Paper was approved by the Minister. 	None	None

Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
	Amended South African Post Office Act (Act No 22 of 2011)	-	South African Post Office Amendment Bill developed	<ul style="list-style-type: none"> The Department fully achieved the planned target. The South African Post Office Amendment Bill was developed and approved by the Accounting Officer. During the reporting period, the inclusion of the South African Post Office Amendment Bill as part of the Legislative Programme stemming from the White Paper was approved by the Minister. 	None	None
Promote transformation of the ICT Sector through the development of the ICT SMME Strategy	Strategy focused at the growth and sustainability of ICT SMMEs	-	ICT SMME Strategy developed in line with ICT B-BBEE Sector Code	<ul style="list-style-type: none"> The Department fully achieved the target. The Department developed the ICT SMME Strategy. 	None	None
Develop a National e-Strategy that will give priority to e-Government Services	e-Services programme aimed at providing citizens with access to Government services through ICTs	-	3 year e-Services programme developed	<ul style="list-style-type: none"> The Department fully achieved the planned target. The National e-Government Strategy and Roadmap (3 year e-services programme) was developed. 	None	None

Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<p>Develop a National e-Strategy that will give priority to e-Government Services</p>	<p>National e-Strategy aimed at increasing socio-economic growth</p>	<ul style="list-style-type: none"> During the reporting period the Department undertook consultation with Provinces on the National e-Strategy Framework. The consultations were conducted through the Provincial Broadband Steering Committee in North West, Limpopo and Northern Cape Province. 	<p>National e-Strategy developed</p>	<ul style="list-style-type: none"> The Department did not fully achieve the planned target. The draft National e-Strategy was presented to the Government Cluster System for further input following which it was approved by the Cabinet for gazetting for public comments. 	<p>The draft National e-Strategy, inclusive of public comments, could not be developed as planned as the Strategy was not gazetted for public comments within the reporting period.</p>	<p>Due to the need for extensive stakeholder consultation, the e-Strategy was not gazetted within the reporting period as planned. However, the e-Strategy has since been gazetted for public consultation in April 2017 and will be finalised and approved in the 2017/18 financial year.</p>

Strategy to overcome areas of under-performance

The Department acknowledges its under-performance with regard to the target related to the development of the National e-Strategy. The under-performance will be addressed in the 2017/18 financial year as the National e-Strategy was gazetted on 7 April 2017, following which stakeholder consultation commenced. Finalisation and approval of the National e-Strategy has been prioritised for the 2017/18 financial year.

Changes to planned targets

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

Linking performance with budgets

Underspending was R10.3 million for the financial year ended 31 March 2017. The variance was due to under-spending on Consultants Business and Advisory Services, Travel and Subsistence and Compensation of Employees. Under-spending of R3 million on compensation of employees was due to the 2 vacant post for DDGs not yet filled. Spending on goods and services totalled R25.2 million in the year under review; it was R23.9 million in the 2015/16 financial year.

Sub-programme expenditure

Sub-Programme Name	2016/2017			2015/2016		
	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	15 326	12 491	2 835	20 561	14 397	6 164
Economic And Market Analysis	4 901	3 468	1 433	5 855	4 392	1 463
Research	6 998	6 912	86	5 279	4 183	1 096
Information Society Development	51 673	46 138	5 535	52 488	41 397	11 091
Capacity Development	9 877	9 485	392	12 949	9 610	3 339
Total	88 775	78 494	10 281	97 132	73 979	23 153

4.4 Programme 4: ICT Enterprise Development and SOE Oversight

The purpose of Programme 4 is to oversee and manage Government's shareholding interest in 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 consists of the following sub-programmes:

- **Public Entity Oversight** provides oversight relating to State Owned Companies by managing Government's shareholder interest 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 2016/17 financial year are listed below:

- Coordinate Broadband connectivity to achieve 100% population coverage by 2020; and
- Improve performance of SOCs through proactive and stringent oversight.

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
Coordinate the Broadband connectivity to achieve 100% population coverage by 2020	Rationalised SOCs delivering on Government priorities	The Department facilitated the evaluation of SOCs assets value to inform the rationalisation process and engagements as part of rationalisation.	SOC Rationalisation assessment conducted and consolidated report developed (BBI, SITA, SENTECH and SAPO)	<ul style="list-style-type: none"> The Department fully achieved the target. During the reporting period the Department developed Assessment Reports on rationalisation of BBI, SITA, Sentech and SAPO. The Department consolidated all SOC rationalisation assessment reports to develop the Consolidated Assessment Report on SOC rationalisation. 	None	None
Improve performance of SOCs through pro-active and stringent oversight	State of SOC reports on their level of Performance and compliance	<ul style="list-style-type: none"> Furthermore, the Department developed and finalised a report on alignment of USAASA projects with SA Connect Specification. SAPO's Strategic Turnaround Plan was finalised and approved by Cabinet on 10 June 2015. Quarterly progress reports against the SAPO's Strategic Turnaround Plan were analysed and submitted to the Minister. 	Performance and compliance of SOC against strategic plans and relevant prescripts monitored and evaluated	<ul style="list-style-type: none"> The Department fully achieved the target. Performance and compliance of SOCs against strategic plans and relevant prescripts were monitored and evaluated through the development of consolidated State of SOCs reports which were developed for quarter four of the 2015/16 financial year as well as for quarters one, two and three of the 2016/17 financial year. 	None	None

Strategy to overcome areas of under-performance

The Department achieved all the planned targets for the reporting period and therefore there are no issues to address with regard to under-performance.

Changes to planned targets

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

Linking performance to budgets

Spending under Compensation of Employees increased by R7.4 million (from R17.8 million to R25.2 million) in the 2016/17 financial year. The increase was due to critical positions being filled. Transfer payments decreased from R466.6 million in 2015/16 to R201.4 million in the year under review. The decline is mainly due to subsidies to the South African Post Office. R650 million was paid to the SA Post office for recapitalisation.

Sub-programme expenditure

Sub-Programme Name	2016/17			2015/16		
	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	872 547	869 830	2 717	481 355	480 088	1 267
Small, Medium and Micro Enterprise Development	5 797	4 427	1 370	2 545	2 545	-
ICT Support	8 264	8 096	168	6 331	6 326	5
Total	886 608	882 353	4 255	490 231	488 959	1 272

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 Objective for the 2016/17 Financial Year is listed below:

- Coordinate broadband connectivity to achieve 100% population coverage by 2020.

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<p>Coordinate the Broadband connectivity to achieve 100% population coverage by 2020</p>	<p>Connectivity of identified Government institutions in line with Broadband connectivity Implementation Plan</p>	<ul style="list-style-type: none"> The Department established the Project Management Office to manage the SA Connect project. The draft Programme Implementation Plan was developed. 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. 	<p>Project Manage the roll-out of the Broadband connectivity Implementation Plan (Phase 1) towards connecting 2700 sites</p>	<p>Not Achieved</p>	<p>The Department was unable to finalise the Broadband connectivity implementation plan or connect any of the identified sites.</p>	<p>The challenge was largely due to the Department not being able to appoint the Broadband connectivity service provider. However the Department is currently reviewing different procurement options which would include utilisation of the capacity of ICT State-Owned Companies to expedite the connectivity in the 2017/18 financial year in line with the provisions of the law.</p>

Strategic objectives	Performance Indicator	Actual Achievement 2015/2016	Planned Target 2016/2017	Actual Achievement 2016/2017	Deviation from planned target to Actual Achievement for 2016/2017	Comment on deviations
<p>Coordinate the Broadband connectivity to achieve 100% population coverage by 2020</p>	<p>Updated National Radio Frequency Plan to implement the outcomes of WRC-15</p>	<ul style="list-style-type: none"> 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. The Final conference report to inform implementation of the relevant outcomes of WRC-15 was developed and issued to ICASA. 	<p>National Radio Frequency Plan (NRFP) reviewed and updated taking into consideration the outcomes of WRC-15 & national policies</p>	<ul style="list-style-type: none"> The Department fully achieved the target. The Department together with ICASA reviewed and updated the NRFP taking into consideration the outcomes of WRC-15. In developing the plan, the Department took into consideration the ICT White Paper, SA Connect, DTT Policy and other relevant policies. 	<p>None</p>	<p>None</p>

Strategy to overcome areas of under performance

The Department acknowledges its under-performance with regard to the target related to broadband connectivity. The challenge was largely due to delays in the appointment of the broadband connectivity service provider. However, as a strategy to overcome the area of under-performance, the Department is reviewing different procurement options, including utilisation of the capacity of ICT State-Owned Companies to expedite connectivity in the 2017/18 financial year, in line with the provisions of the law.

Changes to planned targets

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

Linking performance with budgets

Under spending was R319.9 million or 27.2% lower compared to R77.7 million or 14% in the 2015/16 financial year. The variance mainly comprises of under-spending on Consultants: Business and Advisory Services, and Agency and Support. The under-spending is due to the delay in appointing a service provider for the SA Connect Broadband project. Transfer payments increased from R390.2 million in 2015/16 to R829.4 million in the 2016/17 financial year. These transfers are for the Digital Terrestrial Television Migration project.

Sub-programme expenditure

Sub-Programme	2016/2017			2015/2016		
	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	346 893	26 935	319 958	161 254	83 540	77 714
Digital Terrestrial Television	829 384	829 384	-	390 296	390 213	83
Total	1 176 277	856 319	319 958	551 550	473 753	77 797

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 	R77 200 000	R51 200 000	<ul style="list-style-type: none"> 1166 e-literacy leaders trained 521 ICT practitioners trained 789 sector users trained 219 e-learners trained 2 non-degree research and post-graduate research studies conducted and funded
* SAPO	<ul style="list-style-type: none"> Postal and financial services 	R240 000 000	R679 473 684	<ul style="list-style-type: none"> SAPO utilised R650 million to pay creditors and R29.47 million was utilised to pay VAT on the DTT project
USAASA	<ul style="list-style-type: none"> USAASA was established in terms of section 80 of the ECA to promote the goal of universal service and access 	R69 045 000	R146 627 000	<ul style="list-style-type: none"> The SAP System supported for Divisional Quality Assurance (QA), & Production, Functional Go-Live was achieved for Payroll on 1 March 2017 and all other modules on 31 March 2017. The Integrated Communications Policy was approved by the Board on 26 October 2016.

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
USAF	<ul style="list-style-type: none"> USAF was established in terms of section 88 of the ECA and is financed by contributions from electronic communications licensees. USAF utilises the funds exclusively for payment of subsidies to needy persons, undeserved areas and schools. To provide incentives to network licensees to construct and maintain networks in under-served areas. 	R644 540 000	R94 040 000	<ul style="list-style-type: none"> Developed a report on closure of the Broadband Network Project in Mhlontlo and King Sabata Dalindyebo local municipalities. The report confirmed that 295 access points were installed at clinics and schools. Backhaul towers were erected at: <ul style="list-style-type: none"> - Zimbane; - Qumbu; - Mthatha South; - Africa Weather Services; and - Walter Sisulu University. 18 721 Set-Top-Boxes & antennas were installed for qualifying needy TV-owning households during the quarter under review. The target was 14 615.

* To allow the organisation to attract funding and improve revenue, R650 million was also allocated and paid to SAPO in 2016/17 for the recapitalisation of the Post Office for which shares had to be issued. The amount was made available by National Treasury under **Payment for financial assets** - Extension of loans for policy purposes.

5.2 Transfer payments to all organisations other than public entities

The Department pays membership fees to International communications organisations; these are classified as transfer payments under foreign governments and international organisations. Membership fees were paid in full to the organisations in the table below. The table reflects transfer payments made for the period 1 April 2016 to 31 March 2017.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with s38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
African Telecommunications Union (ATU)	Continental ICT Organisation	Membership fees	yes	1 044	1 044	-
Universal Postal Union (UPU)	Global Postal Organisation	Membership fees	yes	5 960	5 960	-
Pan African Postal Union (PAPU)	UN Specialised Organisation (Postal)	Membership fees	yes	1 033	1 033	-

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the Dept. comply with s38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
International Telecommunications Union (ITU)	UN Specialised Organisation (ICT)	Membership fees	yes	17 581	17 581	-
Commonwealth Telecommunication Organisation (CTO)	International ICT Organisation for Commonwealth members	Membership fees	yes	352	352	-
Organisation for Economic Cooperation and Development	International Organisation	Membership fees	yes	166	166	-
Total				26 136	26 136	-

The table below reflects transfer payments that were budgeted for in the period 1 April 2016 to 31 March 2017, but where no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
None	-	-	-	-

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

The Department did not pay any conditional grants.

6.2 Conditional grants and earmarked funds received

The Department did not receive any conditional grants.

7. DONOR FUNDS

7.1 Donor Funds Received

The Department received donations as per the table below in the 2016/17 financial year.

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	AMOUNT R'000
.zaDNA	Main sponsor for conference package during the Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - R735 211.02	735
Broadband Infraco	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - sponsored 300 bags	-
HUAWEI Technologies SA	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - Networking Cocktail Dinner - R211 903.00	211
HUAWEI Technologies SA	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - WiFi 3G Router & Power Banks - R112 582.98	112
GOOGLE SA	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - sponsored equipment for Internet Café - R300 515.58	300
ZACR	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - sponsored delegate transportation - R165 000.00	165
eThekweni Municipality	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - sponsored Opening /Gala Dinner - R500 000.00	500
ZACR & .zaDNA	Hosting of the 5th African Internet Governance Forum, 16-18 October 2016 - sponsored Closing Dinner - R100 000,00	100
Innovation Africa Ministerial Summit 2016 - Africa Brains	An official was sponsored for an economy flight ticket (\$1 108/R14 736.40) & hotel accommodation in Nairobi (\$1 040/R13 832) at this meeting	29
International Centre for Trade and Sustainable Development	e-Commerce Conference in Cape Town, est. Valued R5 500.00 (flights and accommodation), 22-23 March 2017	5
The Internet Society	Internet Engineering Task Force Meeting, 26 to 31 March 2017 Chicago, Illinois - 3 officials - sponsorship of economy class flight ticket, hotel accommodation and a per diem of \$300 (\$75 per day)	-
African Union Commission (AUC)	Main sponsor for a full day conference package during the hosting of the AU-SADC Validation Workshop, 23-24 March 2017 - R22 500.00	23
Broadband Infraco	Hosting of the AU-SADC Validation Workshop, 23-24 March 2017 - sponsored 50 bags in kind	-
ICASA	Hosting of the AU-SADC Validation Workshop, 23-24 March 2017 - 40 gift bags with ICASA promotional items sponsored in kind, valued at R4500.00	5
Sub-total		2 185

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 that adheres to the requirements of National Treasury. The Departmental Asset Acquisition, Maintenance and Disposal Plan were also updated and revised.

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

Assets that could not be cost effectively repaired or refurbished were disposed of by means of scraping in an environmentally healthy manner, while assets that no longer support service delivery have been earmarked for disposal in the next financial year.

All asset theft and losses 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 to either 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 authorisation was obtained.

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

Annual asset verification was undertaken to ensure that all changes in the asset register were updated and that the responsible officials signed for their inventories as asset owners. During the year an ad hoc stock take was undertaken when the need arose.

Asset reconciliation was done on a monthly and as quarterly basis for the interim financial statement to ensure that all asset acquisitions and disposals were accounted for. All asset classifications were checked to ensure correctness.

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

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

- Good condition: 77%
- Fair condition: 14%
- Bad condition 9%

No major maintenance projects were undertaken during the financial year under review. The maintenance and repairs done were due to normal wear and tear of assets, and maintenance cost was mainly due to the aging fleet. Three-year service warranties are included when acquiring new assets from suppliers.

Infrastructure projects	2016/2017			2015/2016		
	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	0.00	0.00	0.00	0.00	0.00	0.00
Existing infrastructure assets	0.00	0.00	0.00	0.00	0.00	0.00
- Upgrades and additions	0.00	0.00	0.00	0.00	0.00	0.00
- Rehabilitation, renovations and refurbishments	0.00	0.00	0.00	0.00	0.00	0.00
- Maintenance and repairs	0.00	0.00	0.00	0.00	0.00	0.00
Infrastructure transfer	0.00	0.00	0.00	0.00	0.00	0.00
- Current	0.00	0.00	0.00	0.00	0.00	0.00
- Capital	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00

PART C

GOVERNANCE



1. INTRODUCTION

The Department is committed to maintaining 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 duplication and resource wastage.
- 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 detailed in the Strategic Plan and Annual Performance Plan of the Department.

The Department has the following governance structures in place:

- **Executive Committee (EXCO).** EXCO meetings are attended by the Minister (Chairperson), Deputy Minister, Director-General and Deputy Directors-General (DDGs). 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.
- **Departmental Executive Committee (DEC).** DEC meetings are 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. Seventeen (17) DEC meetings were held during the 2016/17 financial year.
- **The Top Management Committee (TMC).** TMC meetings are attended by the Director-General (Chairperson), DDGs, Chief Directors and Directors. The TMC monitors implementation and reporting on the Department's Annual Performance Plan and identifies constraints that require decisions and resolution by the DEC. Four (4) TMC meetings were held during the 2016/17 financial year.
- **Operations Committee (OPSCOM).** OPSCOM meetings are attended by DDG: Administration (Chairperson), Chief Director: HRM, Chief Financial Officer, Chief Director: Communications, Compliance Officer and representatives from each line Branch. The Chief Audit Executive and Director: Risk Management attend meetings as *ex officio* members. OPSCOM is responsible for the management of the Department's internal Policy Register, ensuring that all internal operations policies are reviewed annually and that 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 eight (8) meetings in the 2016/17 financial year.

2. RISK MANAGEMENT

2.1 Risk Management Approach

The Department has adopted a robust and comprehensive 'top down' risk management approach in which the Department assesses, manages and reports on all significant risks and related mitigation plans. This is in accordance with its defined risk management and reporting protocols. The top down approach followed 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.

The approach further requires proactive and responsive management of risks. This led to the development of a Risk Appetite and Tolerance Framework, Risk Appetite and Tolerance Levels and Key Risks Indicators (KRIs) for all key risks, so as to enhance the process of review and monitoring of key trends in relation to the Department's risk exposure.

2.2 Risk Management Policy and Strategy

The Risk Management Directorate has revised and updated the Risk Management Framework (Policy, Strategy, Risk Identification & Assessment Methodology and Implementation Plan). These documents were presented to and approved by the Operations, Departmental Executive 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 determining the point at which risks are considered significant and require mitigation to be implemented to manage the risk exposure to acceptable levels. A risk strategy that ensures effective implementation of risk management systems and processes.

2.3 Risk Aware Culture

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

2.4 Risk Management Structure

The Risk Management Directorate comprises two positions; Director and Deputy Director. These are currently filled.

2.5 Risk Assessment

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

The 2016/17 strategic risks assessments were completed on time and with relevant reports presented to: Operations, Departmental Executive and Risk Management Committees for consideration and approval; to the Audit Committee for noting; and to 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 established an RMC to assist the Accounting Officer with overseeing the effectiveness of the Department's risk management systems, practices and procedures, and to provide recommendations for improvement.

The Committee is constituted of ten (10) members, consisting of two (2) independent non-executive members and eight (8) internal senior management members formally appointed by the Accounting Officer to ensure a blend of skills and knowledge required to address all Departmental risk exposure. 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 four (4) times during the year under review and continued to provide objective oversight so as to assist the Accounting Officer in embedding a risk management culture throughout the Department.

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

Name(s)	Designation	Meetings attended	Notes
Adv. C. Weapond	Independent Chairperson	4 of 4	-
Ms M. Mokoka	Independent member	4 of 4	-
Ms A. Mokgabudi	Internal member	2 of 4	-
Ms P. Sigudhla	Internal member	2 of 4	Her appointment has since been terminated, as her appointment was by virtue of the Acting GITO, following the resignation of the GITO in March 2016. The new appointment of the new GITO will be effective 1 st April 2017.
Mr L. Petzer	Internal member	3 of 4	-
Mr F. Osman	Internal member	2 of 4	-
Mr A. Mmoto	Internal member	1 of 1	Mr Mmoto was transferred to Policy Branch in August 2016. As his membership was by virtue of the position held as Chief Director DGO which was vital to ensure that matters discussed that required an Accounting Officer decision or approval were prioritised. His membership was therefore terminated as a transfer termination as per the RMC Charter.
Mr M. Ntshingila	Internal member	3 of 4	-
Mr R. Soldaat	Internal member	3 of 4	-
Mr E. Adom	Internal member	4 of 4	-
Mr M. Sebola	Internal member	2 of 4	-

2.7 Audit Committee

During the year under review, the Audit Committee of the Department has, independently monitored the effectiveness of risk management throughout the Department and made a valuable contribution to the Department's system of risk management.

The Audit Committee provided oversight responsibility through a number of mechanisms including direct reporting by the Risk Management Directorate to the Audit Committee on progress made with 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 enhanced and harmonised the Audit Committee's oversight responsibilities.

2.8 Value Add

Risk Management systems and processes assisted the Department in achieving its 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 when developing the 2017/18 annual performance plan and updating the mid-term strategic objectives; and

- b. Key root causes or challenges were also considered when determining the 2017/18 annual performance plans and updating the mid-term strategic objectives, e.g. availability of resources (financial, human and other relevant resources), etc.

Plans to improve the value add include the following:

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

3. FRAUD AND CORRUPTION

3.1 Fraud Prevention Plan and Implementation

The revised Fraud Prevention Framework (Strategy, Policy, Investigation Procedure, Implementation Plan and Whistle Blowing Policy) was considered and approved by the Operations, Departmental Executive and Risk Management Committees and implemented throughout the year.

3.2 Mechanisms to report fraud and corruption

A fraud prevention awareness programme 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, fraud prevention posters being displayed at all the Department's premises, induction of new employees, etc.

The Department used the National Anti-Corruption Hotline for whistle blowing purposes, which 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 in the Department.

Cases were reported to these structures on a regular basis for advice and recommendations on action 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 these were warranted.

4. MINIMISING CONFLICT OF INTEREST

The Department has systems and processes in place to ensure that all SMS members in the Department completed Financial Disclosures statements electronically, in terms of Chapter 3 of the Public Service Regulations, 2001. In terms of the aforementioned regulation, completed disclosure statements must be submitted to DPSA by the 31st of May each year. The Department managed to complete and submit financial disclosures through the e-disclosures system within the set timeframe (31 May 2016).

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 a code of conduct and declaration of interest
 - Departmental Bid Adjudication Committee members signed a declaration of interest at all meetings. Where a conflict of interest was declared regarding a matter to be considered, the affected Member were requested to recuse themselves from discussions, considerations and decisions taken on the matter at hand; and
 - SBD 4 Documents were signed by all prospective bidders to ensure they declared 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 was disclosed, the affected Members were asked to recuse themselves from the deliberations; and
 - The appointment of members into governance structures was made after 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 considered necessary, DPSA's guidelines were taken into account in addressing the conflict of interest.

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 so as 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 it is therefore addressed through the normal disciplinary procedures of the Department.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Department has appointed First Aiders, Fire Marshalls and Safety Representatives for each office block to ensure a reasonably practicable working environment that is safe and without risk to the health of its employees. The Safety Representatives are assigned to take such steps as to eliminate or mitigate any hazard or potential hazard to the safety or health of employees. A cleaning service provider has been appointed to ensure that the work environment is kept clean at all times, whilst the office is fumigated periodically. A security provision services provider ensures that safety and security is upheld. Procedures and processes are in place to address work related incidents in line with the COID Act.

7. PORTFOLIO COMMITTEES

7.1 Date and subject of briefing to the Portfolio Committee

Portfolio Committee Briefing	Date
Briefing by Department on its Strategic Plan and Annual Performance Plan (APP)	05 April 2016
Briefing by Department on its First Quarter 2016/17 performance	23 August 2016
Briefing by Department and ICASA on Spectrum	30 August 2016

Portfolio Committee Briefing	Date
Briefing by Department on broadband roll-out (update)	13 September 2016
Cost to Communicate – public hearings	20 - 21 September 2016
Briefing by Department on its 2015/16 Annual Report	11 October 2016
Briefing by the Department on the Ratification of the World Radio Communication Conference 2015 (WRC-15) Final Acts	15 November 2016
Briefing by the Department on the Ratification of the ITU 2010 Final Acts	15 November 2016
<ul style="list-style-type: none"> ▪ Briefing by the Department on the ATU Convention (1999) ▪ Briefing by the Department on the B-BBEE ICT Council's Role 	24 January 2017
South African Post Office (SAPO) on implementation on Turnaround Strategy and future prospects	31 January 2017
Briefing by the Department on 2nd Quarter Performance	21 February 2017
Briefing by the Department on Cybersecurity	28 February 2017
Briefing by the Department on the draft iNesi Bill	14 March 2017

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

Vacancies

The Committee recommended that the Department ensures that the filling of all vacant Board positions in affected entities is expedited.

All non-executive Board member vacancies at National Electronic Media Institute of South Africa (NEMISA), Universal Service and Access Agency of South Africa (USAASA), SENTECH and the State Information Technology Agency (SITA) have been filled. The filling of three non-executive board member vacancies at SAPO is being finalised.

The Committee also raised a concern regarding the vacant Deputy Director-General (DDG) positions at the Department.

The Department has since advertised the three vacant Deputy Director-General positions and the recruitment processes is underway.

Cost-to-Communicate

In the context of the cost-to-communicate public hearings, the Committee requested the Department to furnish a report on markets and competition; improving the country's rankings on: affordability; mainstreaming gender, disability, youth and children; improving universal service and access; rapid deployment of electronic communications infrastructure; radio frequency spectrum; and rollout of Wi-Fi services. The Department submitted a written report to the Portfolio Committee, which addresses these issues.

Furthermore, the Minister issued a Policy Direction to ICASA to review the Broadband Market, with a view to imposing pro-competitive measures, including price reduction in anti-competitive markets and market segments

Finalisation of new policy directives on National Spectrum Policy

The Committee recommended that the Department ensures finalisation of new policy directives on the National Spectrum Policy that will support the digital dividend.

The Department subsequently finalised and published the Spectrum Policy as part of the National Integrated

ICT Policy White Paper. The Department has engaged industry on the implementation of this and other aspects of the White Paper.

Broadband Infraco

The Committee recommended that the Department, National Treasury and Broadband Infraco (BBI) urgently intervene to avoid unintended consequences while the BBI's future is being finalised.

To address this concern, monthly meetings were convened with the Department, Industrial Development Corporation, National Treasury and BBI, to analyse BBI's financial performance, including monitoring of quarterly and monthly performance.

Rationalisation of SOCs

The Committee recommended that the Department ensures that clear timeframes are made available in respect of completion of rationalisation of State-Owned Companies (SOCs).

The Department subsequently worked with the Chief Executive Officers (CEOs) from all SOCs reporting to the Department, to develop a consolidated rationalisation assessment report.

Spending Pattern of Departmental Programmes

The Committee recommended that the Department ensures that the spending pattern of departmental programmes is consistent with National Treasury recommendations. The Department has undertaken a process to ensure that the budget allocated is aligned to the Annual Performance Plan targets, including the procurement and demand management plan. The drawing schedule submitted before the beginning of the financial year will be adhered to. Spending is monitored on a monthly basis with various branches and National Treasury instruction notes are adhered to.

Consultancy Fees

The Committee recommended that the Department reduces the amount allocated for Professional Consultancy Fees to reflect the approved amount as per discussions led by the Minister of only allowing 5% expenditure on consultants. The amount budgeted for consultants for the 2016/17 financial year was R4,7 million. The total budget of the Department is R2,4 billion, resulting in a budget item that is less than 5% of the total budget.

Consequence Management

The Committee recommended that senior management, political leadership and oversight structures should continue to pay close attention to supply chain management transgressions. They should investigate incidents of non-compliance, take appropriate corrective steps and implement consequence management. In response thereto. The Department is currently implementing a Performance Management and Development System (PMDS) policy for both SMS and non-SMS, which include consequences for non-compliance. DDGs are to develop a consequence management strategy to deal with non-compliance within their respective branches. In addition, a Reward and Recognition Policy has been developed but will not be implemented yet due to current financial constraints. The Reward and Recognition policy was approved and workshops will be conducted in the 2017/18 financial year. The Department is in the process of implementing a compliance and consequence management register, where incidents, action and outcomes will be recorded. Further, the Department is developing a DTIPS and SOC Risk Engagement Framework that will also consider the Portfolio's measures implemented to manage the causes of irregular,

wasteful and fruitless expenditure and advise on consequence management action to be taken to prevent recurrence of these transgressions.

8. SCOPA RESOLUTIONS

None.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Department has an institutionalised process named Integrated Action Plan, which is under the leadership of the Chief Financial Officer. It entails consolidating findings from all assurance providers including Auditor General South Africa, and ensuring that a robust process is followed to identify the root causes. Subsequent to the robust root cause analysis an action plan was developed, with emphasis on integrated systematic resolution of the matters raised. The Integrated Action Plan Committee has been put in place to provide strategic support to line managers in terms of tracking progress and addressing thorny issues. The Integrated Action Plan team has responsibility of reporting the progress made on the implementation of the Integrated Action Plan to OPSCOM and the Departments Executive Committee. Additionally progress is reported quarterly to the Audit Committee.

The process outlined above has resulted in significant progress being made on the resolution of matters.

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 Payments to suppliers not made in 30 days.	2010/11	<p>The process to monitor 30 days payment has been strengthened as follows:</p> <ul style="list-style-type: none"> • Central point to received invoices has been established and staff equipped with clear procedures of receiving the invoice • The central point has been communicated to all Line Managers who might be dealing with invoices • Turnaround times has been set as per each milestone of processing the invoice and its supported by the tracking register where each official sign off for receipt and release of the invoice at the milestone • Overarching monitoring procedure has been implemented which entail that centrally an official is assigned to ensure that the turnaround times are adhered to, and in instances where impediments are identified proactively and timely intervention is ensured. • The process of communicating with supplier in an event the challenge to pay the invoice emanate from the supplier has been formalised – formal letter will be send and such invoices will be discarded until suppliers rectify the issue

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
1.2 Human Resources Plan not submitted to the DPSA timeously.	2014/15	<ul style="list-style-type: none"> • Human Resource Plan was developed and finalised during September 2015, and signed off by the Executive Authority on the 10th of February 2016. The Human Resource Plan was presented and submitted to DPSA on the 3rd of March 2016, which covers the period 2015 to 2018. • The Implementation of the Human Resource Plan is monitored and implementation report was submitted for the 2015/2016 financial year. • Human Resource Management has implemented a process where the review of the current HRP will commence 6 months prior to the lapse date, cognisant of the availability and required engagement of key stakeholders such as Director General and the Executive Authority
1.3 Leave not captured on time on PERSAL.	2015/16	<ul style="list-style-type: none"> • Human Resource Leave Planning process has been institutionalised across the Department, every beginning of the leave cycle all officials are required to complete a leave plan and the process is monitored • Accountability on late submission of leave has been strengthened – Line Managers are required to submit reasons in instances where leave is not timely submitted for capturing and where there is a need for escalation to Senior Management, it is pursued • It is envisaged that the process of leave management will be automated within the current financial year and this will address all the control deficiencies in the process
1.4 Eight percent (8%) of virement exceeded.	2015/16	<ul style="list-style-type: none"> • The virement tracking tool has been implemented • Monitoring process has been strengthened to ensure that virement are executed in line with the prescripts • Expenditure Management Report is presented to the Departmental Executive Committee which entails oversight is provided at the highest level on adherence to the virement rule. • The Department reports to the National Treasury (NT) on virement as prescribed by prescripts and NT also monitors and track compliance

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 Preferential points not calculated correctly, that led to incorrect supplier being awarded the quotation.	2015/16	<ul style="list-style-type: none"> • The point scoring system tool has been enhanced to ensure that the calculations are correct • The supervisory controls has been strengthened, with two levels of review subsequent to the capturing of the transactions in the tool by the primary officials
2.2 Movable assets not recorded in the asset register. 2.3 Assets on the asset register could not be physically verified.	2015/16 2015/16	<p>Management of Assets has been enhanced as follows:</p> <ul style="list-style-type: none"> • All assets including minor assets are approved by the Assets Acquisition Committee which ensures that they are recorded in the assets register • Assets verifications are conducted on a regular basis and all anomalies are corrected timely • Procedures where Petty Cash is utilised to purchase assets has been strengthened by implementing a detective control – which entails that Petty Cash Office must not approve purchase of an assets without the attached form approved by the Assets Acquisition Committee.
2.3 Three quotations not obtained.	2015/16	Supply Chain Processes are centralised to ensure that there is adherence to the correct process when goods or services are procured

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
3. Employee Costs		
3.1 Performance agreements not submitted within the required timeframes.	2011/12	<ul style="list-style-type: none"> • HR prepares a Circular requesting staff to submit performance agreements as follows: To the DDGs' Offices on 15 May 2017 and DDG's Offices to HR on 31 May 2017, and posters are pasted on all entrances and lifts. • HR send reminders on a daily basis a week before the closing date. • Subsequent to receipt of the documents, HR prepare letters together with status report and forward it to the DDGs for them take disciplinary action. • HR forward the list of employees who did not comply to Employee Relations to inform DDGs about the need to take disciplinary action against non-compliance. • The DDG: Administration is a signatory of all the letters and status reports mentioned above. • HRD present a report to the Departmental Executive Committee, highlighting instances of none – compliance and soliciting intervention per Branch.

10. INTERNAL CONTROL UNIT

The Department does not have an Internal Control Unit. The various branches/programmes in the Department take full responsibility for ensuring that internal control measures are institutionalised in each business processes and integrated across the Department. Specifically, Administration plays a pivotal enabling role in ensuring that compliance with relevant processes and policies is achieved. Branch: Administration has implemented monitoring and quality assurance assessments that ensure that key processes are adhered to; management structures, such as the Operations Committee Meeting (OPSCOM), provides oversight and manages the policy development process through a register of policies and ensuring that policies are vetted prior to presentation to the Department's Executive Committee for final consideration and approval. The Department's Executive Committee provides monitoring and oversight on the system of internal control of the Department, with independent assurance provided by the Internal Audit. The risk management process assist with the process of ensuring that management implements internal control measures for the risks that impact on achieving strategic objectives.

11. INTERNAL AUDIT AND AUDIT COMMITTEE

11.1 Internal Audit

The Internal Audit's mandate is to provide independent and objective assurance and consulting services designed to add value and to continuously improve the operations of the Department. It should assist the Department to accomplish its objectives by ensuring a systematic and disciplined approach to evaluating and improving the effectiveness of Governance, Risk Management and Control processes.

The Internal Audit unit was established in the Department of Telecommunications and Postal Services to comply with the PFMA and Treasury Regulations as a key component or structure of Good Corporate Governance. The Internal Audit unit reports functional to the Audit Committee and administratively to the Director General. Its activities are governed by an approved Internal Audit Charter and services are delivered in line with Institute of Internal Auditors' International Professional Practice Framework. The following key activities are performed which contribute to ensuring that there is Good Corporate Governance and which results in the Department's effective delivery of its services as articulated in the strategic goals and objectives:

- Assess and make appropriate recommendations for improving governance processes by:
 - Making strategic and operational decisions.
 - Overseeing risk management and control.
 - Promoting appropriate ethics and values within the Department.
 - Ensuring effective Department performance management and accountability.
 - Communicating risk and control information to appropriate areas of the Department.
 - Coordinating the activities of, and communicating information among, the oversight structures, external and internal auditors, other assurance providers, and management.
- Evaluate the effectiveness and contribute to the improvement of risk management processes.
- Evaluate the adequacy and effectiveness of controls in responding to risks within the Department's governance, operations and information systems regarding the:
 - Achievement of the Department's strategic objectives.
 - Reliability and integrity of financial and operational information.
 - Effectiveness and efficiency of operations and programs.
 - Safeguarding of assets.
 - Compliance with laws, regulations, policies, procedures, and contracts.

The Internal Audit unit has conducted the following nineteen (19) assurance engagements:

	Name of Report	Issued	Date Issued
1	Inventory and Consumables Management Report	√	03/02/2017
2	Q3 Performance Information Audit Report	√	30/01/2017
3	Domain Controller Audit Report	√	19/07/2016
4	Encryption Review	√	28/11/2016
5	EPM Audit Report	√	29/07/2016
6	Leave Management Audit Report	√	05/10/2016
7	MPAT 2016 Report	√	30/09/2016

	Name of Report	Issued	Date Issued
8	Network Review Audit Report	√	08/09/2016
9	Review of Physical and Information Security	√	27/10/2016
10	Q1 IFS Audit Report	√	10/08/2016
11	Q1 Performance Information Audit Report	√	02/08/2016
12	Q2 IFS Audit Report	√	28/10/2016
13	Q2 Performance Information Audit Report	√	27/10/2016
14	SCM Process Report	√	03/02/2017
15	Budget Process Report	√	10/05/2017
16	Wireless Network Security	√	10/05/2017
17	S&T Allowance IA report	√	18/05/2016
18	Q4 Performance Information Audit Report	√	10/05/2017
19	Q3 IFS Audit Report	√	02/02/2017

11.2 Audit Committee

The Audit Committee is an independent governance structure established in terms of section 76 and 77 of the PFMA, read in conjunction with the Treasury Regulations. Its key function is to provide oversight over the Department with regard to the following:

- Functional responsibility to the Internal Audit Function as it relate to its effectiveness
- External Audit function – Auditor General of South Africa (AGSA)
- Departmental financial management processes including: Accounting and Reporting (AFS); Accounting Policies; Expenditure Management
- Management discharge of its responsibility pertaining to AGSA management and audit report
- Departmental Risk Management
- Internal Controls
- Performance Information (PDO)
- Human Resource Management Governance
- Ethics and Forensic/ Other Investigations

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

The Audit Committee held four (4) ordinary meetings and Five (5) special meetings during the 2016/2017 financial year and the table below discloses relevant information on the Audit Committee members:

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date resigned	No. of meetings attended
Adv. W. E Huma (Chairperson)	B.Proc, Bachelor of Law (LLB), Master of Laws (LLM), Fellow Institute of Directors and Post Graduate Diploma: Company Direction (Governance)	External	N/A	09/09/2011	N/A	09
Adv. Collen Weapond (Member)	LLB, MTech (forensic investigation) B.comm honours (IT) UCT Bluvis. UNISA LLB. UNISA B.TECH (Policing) TUT Diploma in Compliance Management (UJ) Certificate in Fraud Examination (UP) Diploma in Education (Rand College of Education) M.Tech (Forensic Investigation) (Course work completed at UNISA) Master's in Business System (Course work Completed at Wismar Germany) Certificate in Policing (TUT) Diploma in Business Management (SABMT)	External	N/A	01/07/2011	N/A	07
Ms. K Selane (Member)	CA (SA)	External	N/A	01/12/2014	N/A	07
Ms. P Mvulane (Member)	CA (SA)	External	N/A	01/12/2014	N/A	07

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control was not entirely effective for the year under review. This is evident from the internal control deficiencies highlighted by the Internal Audit and Auditor General South Africa. The areas requiring attention from management relate to the following:

- Effective implementation of robust processes to ensure quality of submitted financial statements.
- Monitoring compliance with applicable legislation, specifically within the Human Resource Management as it pertains to staff performance management systems
- Monitoring compliance with the Supply Chain Management applicable legislations and policies

The Department has made progress in ensuring that policy frameworks are in place for Risk Management, hence significant focus will be on ensuring its effective implementation such that the envisaged value is realised. Special attention is, however, needed for risk management to function optimally. The Department need to improve their Risk Management Process focusing on ensuring that robust internal control measures are implemented to ensure that the risks impacting on strategic objectives are managed and are within the set appetite levels.

The Audit Committee has noted the sustained effective implementation of the internal controls within the area of Performance Information. The Committee will continue to monitor progress against the corrective action plans implemented by management of Department of Telecommunications and Postal Services to address all findings by AGSA and Internal Audit and ensure effective implementation of consequence management.

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 audited annual financial statements submitted to AGSA by 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.

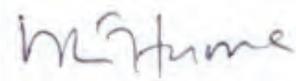
AUDITOR GENERAL - SOUTH AFRICA

The Audit Committee did meet with the Auditor General - South Africa during the 2016/2017 financial year to ensure that there were no unresolved issues.

CONCLUSION

The Audit Committee wishes to thank the Director-General and the Senior Management of Department of Telecommunications and Postal Services for their continued commitment to good governance within the Department.

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



Mr William Huma
Chairperson of the Audit Committee
Department of Telecommunications and Postal Services
16 August 2017

PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

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

2. OVERVIEW OF HUMAN RESOURCES

Status of Human Resources in the Department

The Department has an approved Service Delivery Model (SDM) and a structure will be compiled during the 2017/2018 financial year aligned to the SDM. In the meantime the Department uses an interim structure and as at 31 March 2017, the total establishment for the Department was three hundred and four (304) **funded** positions which were captured on the Persal System. Of these three hundred and four (304) **funded** positions, two hundred and ninety five (295) positions were filled and nine (9) positions were vacant. Of the nine (9) vacant positions, it is envisaged that four (4) positions will be filled by 31 October 2017.

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

- Filling of critical funded vacant positions, especially SMS positions to keep the vacancy rate of the Department low.
- Finalisation and approval of a Service Delivery Model to create an organisational structure for the Department.
- Conducting a Culture and Climate Survey and implementing recommendations emanating from the survey.
- Training and development of employees in line with the approved Workplace Skills Plan.
- Alignment of individual performance agreements with the strategic priorities of the Department.
- Appointment and skilling of interns in line with the Internship Programme of the Department.

Workforce Planning and Key Strategies to attract and recruit a skilled and capable workforce.

- The Department has an approved HR Plan for the MTEF period 2015 to 2018.
- Vacancies were filled according to funds available and priority needs determined at a Departmental Executive Committee Meeting in 2015.
- The Workplace Skills Plan was successfully implemented to ensure a skilled workforce.

Employee Performance Management

- The Department has a Performance Management System that is implemented. Quality Assurance was done by the Human Resource Development Unit to ensure alignment of performance agreements to the Annual Performance Plan and Business Plan of the Department. This included quality assurance workshops on the compilation of performance agreements and alignment thereof to the strategic objectives of the Department.
- Performance review documents, bi-annual and annual, were also quality assured for alignment with the performance agreements.
- Annual PMDS workshops were conducted with all the branches.
- 2015/16 annual assessments for SMS and non-SMS were finalised and the decision of the Executive Authority was implemented.

- In cases of non-compliance, letters were issued to Branch Heads to take disciplinary action against members who did not compile and submit performance agreements and/or performance assessments.

Employee Wellness Programme

The Department has engaged the services of service providers to provide employee assistance programmes. The Department subscribes to the National Calendar of Events. During this period, there was an 8% (23 employees) level of utilisation of the Programme. For the new Financial Year the Department will embark on initiatives to increase employee participation.

ACHIEVEMENTS AND CHALLENGES

Achievements

- Forty-three (43) priority positions were filled.
- The appointment of the Director-General, GITO, Chief Audit Executive, and Chief Director: Legal Services is highlighted.
- A project to verify qualifications and update the personal information of employees was completed.
- Eleven (11) HR policies were reviewed and approved.
- The Employment Equity Plan was filed with the Department of Labour and reporting took place on 13 January 2017, in terms of Section 21 of the Employment Equity Act, Act 55 of 1998.
- As at the 31st of March 2017 the Department had a sixty-five percent (65%) female representation.
- A Human Resource Plan (HR Plan) was compiled and submitted and the Department reports annually to the Department of Public Service and Administration on implementation of the HR Plan. Priorities and challenges were also reported on.
- The Department developed a Service Delivery Model (SDM) in the 2016/17 financial year which was subsequently approved by the Executive Authority.
- A Climate and Culture Survey was conducted in the Department and more than sixty-five percent (65%) participation was achieved. The identified climate and culture interventions are currently being implemented.
- Provision of Employee Wellness interventions, i.e. counselling services, health and wellness checks and Voluntary Counselling and Testing.
- Workplace Skills Plan and Annual Training Report submitted to MICT SETA and PSETA.
- Quarterly reports submitted to PSETA.
- Internship Programme implemented in line with DPSA determination.
- DTPS Induction Programme implemented.

Challenges

- Difficulty in attracting and retaining critical, scarce skills with the required competencies in the Broadband and Spectrum environments. The Department is unable to compete with market related salaries for employees in these specific fields.
- Inadequate budget for Compensation of Employees, which leads to capacity constraints at all branches and which is having an impact on service delivery requirements.

- Filling of posts affected by external stakeholders, e.g. SSA pre-screening processes which are resulting in long turnaround times and which affects the filling of posts within the required timeframes.
- Designing and approving of the organisational structure of the Department, which affects other processes such as recruitment.
- Finalisation of disciplinary matters within the legislative time-frames. Disciplinary cases in general are not finalised within the prescribed timeframes.
- Reaching the target of fifty-percent (50%) female representation on senior management level.

Future Plans/Goals

- To finalise the process of designing an organisational structure.
- To identify and implement further interventions to improve the climate and culture in the Department.
- To analyse trends on disciplinary cases and implement corrective measures to ensure finalisation of disciplinary matters within the legislative time-frames.
- Empowerment of management by means of management training interventions, including leadership development.
- Performance Management – alignment of individual performance with organisational performance.
- Internship programme – trained graduates in the core business of the Department.
- Prioritisation of the appointment of female employees in vacant and funded senior management positions in the Department to reach the 50% target.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

The following tables summarise the final audited personnel related expenditure by programme and by salary band. 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 2016 to 31 March 2017

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	211 582	94 822	1 468	0.00	45	654
Programme 2: International Affairs and Trade	46 944	12 728	131	0.00	27	707
Programme 3: Policy Research and Capacity Development	78 494	52 642	7 777	0.00	67	702

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 4: ICT Enterprise Development and SOE Oversight	882 353	25 182	196	0.00	3	763
Programme 5: ICT Infrastructure Support	856 319	19 873	385	0.00	2	828
Total	2 075 692	205 248	9 957	0.00	10	696

PLEASE NOTE: Figures stated above were extracted from the BAS Financial System.

Table 3.1.2 Personnel cost by salary band for the period 1 April 2016 to 31 March 2017

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)	0.00	0.00	0.00	0
Skilled (level 3-5)	2 495	1.23	13	192
Highly skilled production (levels 6-8)	29 185	14.37	83	352
Highly skilled supervision (levels 9-12)	59 652	29.38	98	609
Senior and Top management (levels 13-16)	93 116	45.86	97	960
Contract (Levels 1-2)	829	0.41	13	64
Contract (Levels 3-5)	385	0.19	2	193
Contract (Levels 6-8)	1 068	0.53	3	356
Contract (Levels 9-12)	2 812	1.38	5	562
Contract (Levels 13-16)	12 985	6.40	11	1 180
Periodical appointments	500	0.25	1	500
Total	203 028	100	326	623

PLEASE NOTE: Figures stated above were extracted from the PERSAL System. The difference in relation to the BAS figure is due to additional benefits including medical subsidies and overtime to SAPS employees who are not on the department's Persal system, amongst others.

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2016 and 31 March 2017

Programme	Salaries		Overtime		Home Owner's 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	63 473	67	815	0.86	1 446	1.52	2 848	3
Programme 2: International Affairs and Trade	8 120	64	19	0.15	357	2.8	413	3.24
Programme 3: Policy Research and Capacity Development	34 214	65	12	0.02	767	1.46	1 331	2.53
Programme 4: ICT Enterprise Development and SOE Oversight	16 828	67	3	0.01	198	0.79	449	1.78
Programme 5: ICT Infrastructure Support	13 455	68	7	0.04	163	0.82	355	1.79
Total	136 090	66	857	0.42	2 932	1.43	5 395	2.63

PLEASE NOTE: Figures stated above were extracted from the BAS Financial System.

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Salaries		Overtime		Home Owner's 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)	1 605	64.32	7	0.27	149	5.96	260	10.43
Highly skilled production (levels 6-8)	20 677	70.84	168	0.58	1 041	3.57	1 785	6.11
Highly skilled supervision (levels 9-12)	42 238	70.8	125	0.21	701	1.18	1 491	2.50

Salary band	Salaries		Overtime		Home Owner's 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
Senior management (level 13-16)	58 858	63.20	0	0	946	1,02	1 260	1.35
Contract (Levels 1-2)	827	99,75	2	0.25	0	0	0	0
Contract (Levels 3-5)	271	70.36	0	0	14	3.74	12	3.21
Contract (Levels 6-8)	723	67.70	0	0	29	2.70	68	6.39
Contract (Levels 9-12)	1 848	65.74	0.3	0.01	0	0	2	0.08
Contract (Levels 13-16)	8 247	63.52	0	0	53	0.41	32	0.25
Abnormal appointment	0	0	0	0	0	0	0	0
Total	135 295	66.64	303	0.15	2 934	1.45	4 910	2.42

PLEASE NOTE: Figures stated above were extracted from the PERSAL System. The difference in relation to the BAS figure is due to additional benefits including medical subsidies and overtime to SAPS employees who are not on the department's Persal system, amongst others.

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

Table 3.2.1 Employment and vacancies by programme as at 31 March 2017

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Programme 1: Administration	149	145	2.68	14
Programme 2: International Affairs and Trade	19	18	5.26	0
Programme 3: Policy Research and Capacity Development	78	75	3.85	0
Programme 4: ICT Enterprise Development and SOE Oversight	33	33	0	0
Programme 5: ICT Infrastructure Support	25	24	4	0
Total	304	295	2.96	14

PLEASE NOTE: Additional posts are not included in the column named "number of posts on approved establishment" and the column "number of posts filled". Additional appointments included 13 Interns and 1 appointment on DDG level – Total 14.

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2017

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)	10	9	10	0
Highly skilled production (6-8)	84	83	1.19	0
Highly skilled supervision (9-12)	96	94	2.08	0
Senior management (13-16)	100	95	5	0
Contract (Levels 1-2)	0	0	0	13
Contract (Levels 3-5)	2	2	0	0
Contract (Levels 6-8)	2	2	0	0
Contract (Levels 9-12)	4	4	0	0
Contract (Levels 13-16)	6	6	0	1
Total	304	295	2.96	14

PLEASE NOTE: Additional posts are not included in the column named "Number of posts on approved establishment" and the column "Number of posts filled".

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2017

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Administrative Related	61	61	0	0
Communication and Information Related	4	4	0	0
Finance and Economics Related	2	2	0	0
Finance and Related Professionals	13	12	7.69	0
Head of Department	1	1	0	0
Human Resources and Organisational Development	5	5	0	0
Human Resource Related	6	6	0	0
Information Technology Related	5	5	0	0
Language Practitioners, Interpreters and Other Communication Related	4	4	0	0
Library Mail and Related Clerks	8	8	0	0
Logistical Support Personnel	15	15	0	0
Messengers, Porters and Deliverers	3	3	0	0
Other Administrative and Related Clerks and Organisers	50	47	6	13
Other Information Technology Personnel	7	7	0	0
Other Occupations	2	2	0	0
Risk Management and Security Services	1	1	0	0
Secretaries and Other Keyboard Clerks	26	26	0	0
Senior Management	91	86	5.5	1
Total	304	295	2.96	14

PLEASE NOTE: Additional posts are not included in the column named "Number of posts on approved establishment" and the column "Number of posts filled".

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 at 31 March 2017

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 (Including DG, Minister, Deputy Minister and Special Advisors)	5	4	80	1	20
Salary Level 15	6	3	50	3	50
Salary Level 14	30	29	97	1	3
Salary Level 13	65	65	0	0	0
Total	106	101	95.3	5	4.7

Table 3.3.2 SMS post information as at 30 September 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 (Including DG, Minister, Deputy Minister and Special Advisors)	5	4	80	1	20
Salary Level 15	6	3	50	3	50
Salary Level 14	30	27	0	0	0
Salary Level 13	65	65	0	0	0
Total	106	99	93.4	4	3.7

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2016 to 31 March 2017

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Salary Level 16 (Including DG, Minister, Deputy Minister and Special Advisors)	1	1	0
Salary Level 15	0	0	0
Salary Level 14	2	2	0
Salary Level 13	0	1	0
Total	3	4	0

Table 3.3.4 Reasons for not having complied with the requirements for filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2016 to 31 March 2017

Reasons for vacancies not advertised within six months
Vacancies were not funded and posts had to be re-prioritised to ensure the Department remained within allocated compensation of employees' budget over the MTEF period.

Reasons for vacancies not filled within twelve months
Vacancies were not funded and posts had to be re-prioritised to ensure the Department remained within allocated compensation of employees' budget over the MTEF period.

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 2016 and 31 March 2017

Reasons for vacancies not advertised within six months
Funds to fill all vacant positions are not available. All vacant posts could not have been advertised due to a lack of funds. Vacant posts had to be reprioritised during a Departmental Executive Committee Meeting where after identified posts were advertised and filled. This was no fault of an individual.

Reasons for vacancies not filled within six months
Funds to fill all vacant positions were not available. All vacant posts could not be advertised due to a lack of funds. Vacant posts had to be reprioritised during a Departmental Executive Committee Meeting where after identified posts were advertised and filled. This was no fault of an individual.

3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in an organisation. In terms of the Regulations all vacancies at 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 2016 to 31 March 2017

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	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	86	5	5.8	0	0	0	0
Highly skilled supervision (Levels 9-12)	100	1	1	1	100	0	0

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
Senior Management Service Band A	65	11	16.9	0	0	0	0
Senior Management Service Band B	30	6	20	0	0	0	0
Senior Management Service Band C	6	0	0	0	0	0	0
Senior Management Service Band D	5	0	0	0	0	0	0
Total	304	23	7.6	1	4.3	0	0

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 and 31 March 2017

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability	0
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Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2016 to 31 March 2017

Total number of employees whose salaries exceeded the level determined by job evaluation	0
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Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2016 to 31 March 2017

Total number of employees whose salaries exceeded the level determined by job evaluation	0
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3.5 Employment Changes

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2016 to 31 March 2017

Salary band	Number of employees at beginning of period 1 April 2016	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	12	0	2	16.7
Highly skilled production (Levels 6-8)	73	8	0	0
Highly skilled supervision (Levels 9-12)	95	10	6	6.3
Senior Management Service Bands A	50	6	0	0
Senior Management Service Bands B	25	6	2	8
Senior Management Service Bands C	3	0	0	0
Senior Management Service Bands D (include DG, Minister, Deputy Minister and Special Advisors)	2	0	1	50
Contract (Levels 3-5)	1	1	0	0
Contract (Levels 6-8)	3	0	1	33.3
Contract (Levels 9-12)	4	1	1	25
Contract (Band A)	4	1	1	25
Contract (Band D) (including DG, Minister, Deputy Minister and Special Advisors)	3	1	0	0
Total	275	34	14	5.1
Interns	0	13		

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2016 to 31 March 2017

Critical occupation	Number of employees at beginning of period April 2016	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative Related	57	10	2	3.5
Communication and Information Related	4	0	0	0
Finance and Economics Related	2	0	0	0
Finance and Related Professionals	8	4	1	12.5
Head of Department	0	1	0	0
Human Resources and Organisational Development	7	0	0	0

Critical occupation	Number of employees at beginning of period April 2016	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Human Resource Related	7	0	1	14.9
Information Technology Related	4	1	0	0
Language Practitioners, Interpreters and Other Communication Related	5	0	1	20
Library Mail and Related Clerks	8	0	0	0
Logistical Support Personnel	13	3	0	0
Messengers, Porters and Deliverers	3	0	1	33.3
Other Administrative and Related Clerks and Organisers	50	2	4	8
Other Information Technology Personnel	6	0	0	0
Other Occupations	2	0	0	0
Risk Management and Security Services	1	0	0	0
Secretaries and Other Keyboard Clerks	22	3	0	0
Senior Management	76	10	4	5.3
TOTAL	275	34	14	5.1

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

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2016 to 31 March 2017

Termination Type	Number	% of Total Resignations
Death	1	7.1
Resignation	4	28.6
Expiry of contract	3	21.4
Dismissal – operational changes	0	0
Dismissal – misconduct	1	7.1
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	7.1
Retirement	1	7.1
Transfer to other Public Service Departments	3	21.4
Other	0	0
Total	14	100
Total number of employees who left as a % of total employment	5.1	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2016 to 31 March 2017

Occupation	Number of employees on 1 April 2016	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	57	5	8.8	27	47.4
Communication and Information Related	4	0	0	2	50
Finance and Economics Related	2	0	0	2	100
Finance and Related Professionals	8	0	0	6	75
Human Resources and Organisational Development	7	0	0	4	57.1
Human Resource Related	7	0	0	4	57.1
Information Technology Related	4	0	0	0	0
Language Practitioners, Interpreters and Other Communication Related	5	0	0	2	40
Library Mail and Related Clerks	8	0	0	6	75
Logistical Support Personnel	13	3	23.1	7	53.8
Messengers, Porters and Deliverers	3	0	0	2	66.7
Other Administrative and Related Clerks and Organisers	50	0	0	32	64
Other Information Technology Personnel	6	0	0	5	83.3
Other Occupations	2	0	0	0	0
Risk Management and Security Services	1	0	0	1	100
Secretaries and Other Keyboard Clerks	22	1	4.5	18	81.8
Senior Management	76	0	0	43	56.6
TOTAL	275	9	3.3	161	58.5

Table 3.5.5 Promotions by salary band for the period 1 April 2016 to 31 March 2017

Salary Band	Employees 1 April 2016	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 (Levels 3-5)	12	1	8.3	9	75
Highly skilled production (Levels 6-8)	73	1	1.4	55	75.3
Highly skilled supervision (Levels 9-12)	95	7	7.4	44	46.3
Senior Management (Level 13-16)	80	0	0	53	66.3
Contract (Levels 3-5)	1	0	0	0	0
Contract (Levels 6-8)	3	0	0	0	0
Contract (Levels 9-12)	4	0	0	0	0
Contract (Levels 13-16)	7	0	0	0	0
Total	275	9	3.3	161	58.5

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	51	3	4	5	32	2	4	1	102
Professionals	34	0	0	5	46	3	2	7	97
Technicians and associate professionals	17	6	1	0	52	2	1	6	85
Clerks	6	0	0	0	5	0	0	0	11
Elementary occupations	0	0	0	0	0	0	0	0	
Total	108	9	5	10	135	7	7	14	295
Employees with disabilities	4	0	0	0	1	1	0	0	6
Interns (Appointed additional to the establishment)	7	0	0	0	6	0	0	0	13

PLEASE NOTE: Total number of posts does not include the persons appointed additional to the establishment of the Department.

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	1	0	0	2	0	0	0	7
Senior Management	47	2	4	5	30	2	4	1	95
Professionally qualified and experienced specialists and mid-management	34	0	0	5	46	3	2	7	97
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	17	6	1	0	52	2	1	6	85
Semi-skilled and discretionary decision making	6	0	0	0	5	0	0	0	11
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	108	9	5	10	135	7	7	14	295
Interns (Appointed additional to the establishment)	7	0	0	0	6	0	0	0	13

PLEASE NOTE: Total number of posts does not include the persons appointed additional to the establishment of the Department.

Table 3.6.3 Recruitment for the period 1 April 2016 to 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	8	0	1	0	2	1	1	0	13
Professionally qualified and experienced specialists and mid-management	5	0	0	0	6	0	0	0	11

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	2	0	0	0	6	0	0	0	8
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	17	0	1	0	14	1	1	0	34
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2016 to 31 March 2017

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	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	4	0	0	2	1	0	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	5	0	0	2	2	0	0	0	9
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2016 to 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	2	0	0	0	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	4	0	0	0	2	1	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	2	0	0	0	0	0	0	0	2
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	9	0	0	0	4	1	0	0	14
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2016 to 31 March 2017

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

Table 3.6.7 Skills development for the period 1 April 2016 to 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	32	0	1	2	25	1	0	2	63
Professionals	11	0	0	0	13	0	3	2	29
Technicians and associate professionals	3	0	0	0	5	1	0	0	9
Clerks	7	0	0	0	32	3	0	1	43
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	53	0	1	2	75	5	3	5	144
Employees with disabilities	2	0	0	0	1	1	0	0	4

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 at 31 May 2016

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 (Acting at the level)	0	0
Salary Level 15	6	6 (3 Acting at level)	6	100
Salary Level 14	30	22	21	95
Salary Level 13	65	59	53	90
Total	106	88	80	91

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as at 31 March 2017

Reasons
<ul style="list-style-type: none"> Unavailability of supervisors or SMS members due to leave taken or work related travel.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as at 31 March 2017

Reasons
<ul style="list-style-type: none"> Letters were issued to Deputy Directors-General to take disciplinary action against members in cases of non-compliance. No other disciplinary steps were taken.

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.

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2016 to 31 March 2017

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	108	27.8	648	21 588
Female	53	135	39.3	1 119	21 115
Asian					
Male	1	5	20	23	23 121
Female	2	7	28.6	46	23 160
Coloured					
Male	0	9	0	0	0
Female	8	7	114.3	179	22 341
White					
Male	5	10	50	202	40 450
Female	11	14	78.6	302	27 419
Total	110	295	37.3	2 519	22 898

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2016 to 31 March 2017

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)	11	11	100	104	9 433	4.16
Highly skilled production (level 6-8)	53	85	62.4	993	18 737	3.4
Highly skilled supervision (level 9-12)	46	98	47	1 422	30 911	2.38
Total	110	194	57	2 519	22 898	1.24

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2016 to 31 March 2017

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
Administrative Related	24	61	39.3	586	24 435
Communication and Information Related	5	4	125	188	37 583
Finance and Economics Related	0	2	0	0	0
Finance and Related Professionals	7	12	58.3	285	40 720
Head of Department	0	1	0	0	0
Human Resources and Organisational Development	3	5	60	88	29 235
Human Resource Related	2	6	33.3	55	27 725
Information Technology Related	2	5	40	67	33 295
Language Practitioners, Interpreters and Other Communication Related	0	4	0	0	0
Library Mail and Related Clerks	5	8	62.5	68	13 645
Logistical Support Personnel	12	15	80	393	32 753
Messengers, Porters and Deliverers	3	3	100	28	9 467
Other Administrative and Related Clerks and Organisers	26	47	55.3	371	14 254
Other Information Technology Personnel	0	7	0	0	0
Other Occupations	0	2	0	0	0
Risk Management and Security Services	3	1	300	59	19 596
Secretaries and Other Keyboard Clerks	18	26	69.2	331	18 365
Senior Management	0	86	0	0	0
Total	110	295	37.3	2 915	22 898

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2016 to 31 March 2017

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	65	0	0	0	0
Band B	0	29	0	0	0	0
Band C	0	3	0	0	0	0
Band D (include DG, Minister, Deputy Minister and Special Advisors)	0	4	0	0	0	0
Total	0	101	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 2016 to 31 March 2017

Salary band	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2016 to 31 March 2017

Major occupation	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
	0	0	0	0	0	0

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 2016 to 31 December 2016

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)	78	60.26	8	3.08	9.75	62
Highly skilled production (levels 6-8)	735	48.44	75	28.85	9.8	973
Highly skilled supervision (levels 9 -12)	684	42.4	97	37.31	7.05	1 620
Top and Senior management (levels 13-16)	500	49	69	26.54	7.25	1 875
Contract (Levels 1-2)	3	66.67	1	0.38	3	1
Contract (Levels 6-8)	28	35.71	3	1.15	9.33	39
Contract (Levels 9-12)	17	70.59	4	1.54	4.25	37
Contract (Levels 13-16)	21	57.14	3	1.15	7	77
Total	2066	47.14	260	100	7.95	4 683

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2016 to 31 December 2016

Salary band	Total days	% days with Medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	43	100	2	50	21.5	64
Highly skilled supervision (Levels 9-12)	108	100	1	25	108	274
Senior management (Levels 13-16)	44	100	1	25	44	171
Total	195	100	4	100	48.75	509

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 2016 to 31 December 2016

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)	244	12	20.33
Highly skilled production (Levels 6-8)	2 009	85	23.64
Highly skilled supervision (Levels 9-12)	2 501	118	21.19
Senior management (Levels 13-16)	2 002	94	21.3
Contract (Levels 1-2)	82	13	6.31
Contract (Levels 3-5)	16	2	8
Contract (Levels 6-8)	57	3	19
Contract (Levels 9-12)	52	5	10.4
Contract (Levels 13-16)	93	7	13.29
Total	7 056	339	20.81

Table 3.10.4 Capped leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as at 31 December 2016
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)	5	1	5	5
Total	5	1	5	5

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 2016 to 31 March 2017

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2016/17 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2016/17	28	1	28
Current leave pay-out on termination of service for 2016/17	215	6	36
Total	243	7	35

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
No categories identified	

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

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	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 counselling services.

Question	Yes	No	Details, if yes
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		<u>First Aider, Fire Marshall and Safety Representatives:</u> Mr T Masinge: ISAD Branch Ms P Molefe: ISAD Branch Ms M Rathokolo: ICT Policy Mr T Shakwane: Administration Mr J Masango: SOE Oversight Mr S Makgoale: Administration Mr MJ Leeuw: SOE Oversight Mr B Ngceza: Administration Ms R Pelser: International Ms H Letsoalo: ICT Policy Ms J Hlongoane: Infrastructure
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	
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 and adhered to within 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 you achieved.	X		<ul style="list-style-type: none"> Two Wellness events were held 2016/2017. 16 Employees participated in HCT and 4 employees tested positive.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2016 to 31 March 2017

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 2016 to 31 March 2017

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

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2016 to 31 March 2017

Type of misconduct	Number	% of total
Breach of trust, gross negligence and prejudice the administration, discipline or efficiency of the Department.	2	100
Total	2	100

Table 3.12.4 Grievances lodged for the period 1 April 2016 to 31 March 2017

Grievances	Number	% of total
Number of grievances resolved	5	62.5
Number of grievances not resolved	3	38.5
Total number of grievances lodged	8	100

Table 3.12.5 Disputes lodged with Councils for the period 1 April 2016 to 31 March 2017

Disputes	Number	% of total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes lodged	2	100

Table 3.12.6 Strike actions for the period 1 April 2016 to 31 March 2017

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 2016 to 31 March 2017

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

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 2016 to 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2016	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	30	0	33	24	57
	Male	47	0	49	28	77
Professionals	Female	30	0	43	18	61
	Male	14	0	24	11	35
Technicians and associate professionals	Female	35	0	16	7	23
	Male	35	0	1	0	1
Clerks	Female	62	0	69	19	88
	Male	19	0	14	4	18
Elementary occupations	Female	0	0	0	0	0
	Male	3	0	0	0	0
Sub-total	Female	157	0	161	68	229
	Male	118	0	88	43	131
Total		275	0	249	111	360

Table 3.13.2 Training provided for the period 1 April 2016 to 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	30	0	28	15	43
	Male	47	0	31	19	50
Professionals	Female	30	0	34	15	49
	Male	14	0	27	7	34
Technicians and associate professionals	Female	35	0	9	2	11
	Male	35	0	12	0	12
Clerks	Female	62	0	77	13	90
	Male	19	0	12	4	16
Elementary occupations	Female	0	0	0	0	0
	Male	3	0	0	0	0
Sub Total	Female	157	0	148	45	193
	Male	118	0	82	30	112
Total		275	0	230	75	305

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 2016 to 31 March 2017

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	1	100

3.15 Utilisation of Consultants

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

- a) The rendering of expert advice;
- b) The drafting of proposals for the execution of specific tasks; and
- c) The execution of a specific task that is of a technical or intellectual nature, but excluding employees of a Department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2016 to 31 March 2017

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Womensnet	1	30	116 184.50
GTAC	1	120	756 472.00
Wits	1	60	114 000.00
Organisational Climate and Culture Survey	1	365	1 084 000.00
Study on the state of information society and development in South Africa	1	275	499 995.00
Information Ethics (UP)	1	365	4 000 000.00
ICT Security vulnerability management and penetration test	1	30	205 200.00
Study on National Roaming	1	30	775 200.00

Total number of projects	Total individual consultants	Total duration work days	Total contract value in Rand
8	8	1275	7 551 051.50

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 to 31 March 2017

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
Organisational climate and culture survey	25	25	1
Study on the state of information society and development in South Africa	100	100	1

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2016 to 31 March 2017

Project title	Total Number of consultants that worked on project	Duration (work days)	Donor and contract value in Rand
None	0	0	0

Total number of projects	Total individual consultants	Total duration work days	Total contract value in Rand
None	0	0	0

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 to 31 March 2017

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None	0	0	0

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2016 to 31 March 2017

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

PART E

FINANCIAL

INFORMATION



Report of the Auditor-General to Parliament on Vote no. 32: Department of Telecommunications and Postal Services

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Department of Telecommunications and Postal Services set out on pages 120 to 190, which comprise the appropriation statement, the statement of financial position as at 31 March 2017, 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 to the financial statements, including a summary of significant accounting policies.
2. 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 2017, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion on the financial statements

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Material underspending of the vote

7. As disclosed in the appropriation statement, the department materially underspent the budget on ICT infrastructure support by R319 958 000 due to the delay in appointing a service provider for the SA connect broadband project.

Other matter

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

Unaudited supplementary schedules

9. The supplementary information set out on pages 191 to 206 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intension either to liquidate the department or to cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

14. 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 material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 3 – ICT policy, research and capacity development	39 – 44
Programme 4 – ICT enterprise development and SOC oversight	45 – 47
Programme 5 – ICT infrastructure support	47 – 50

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

Programme 3 – ICT policy, research and capacity development
Programme 4 – ICT enterprise development and SOC oversight
Programme 5 – ICT infrastructure support

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. Refer to the annual performance report on pages 25 to 43 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a significant number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Annual financial statements, performance and annual reports

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (b) of the PFMA. Material misstatements of contingent liabilities and contingent assets identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

23. Some goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations as required by Treasury Regulation 16A6.1.
24. A contract was awarded to a bidder who submitted a false declaration on whether the bidder is employed by the state or connected to any person employed by the state, which is prescribed to comply with treasury regulation 16A8.3.
25. A contract was awarded to a bidder based on evaluation criteria that differed from those stipulated in the original invitation for bidding, in contravention of Treasury Regulation 16A6.3(a) and the Preferential Procurement Regulations.

Expenditure management

26. Effective steps were not taken to prevent irregular expenditure amounting to R2 615 000 as disclosed in note 27 to the financial statements, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The majority of the irregular expenditure incurred, resulted from unjustifiable deviations from competitive bidding processes.

Consequence management

27. Disciplinary steps were not taken against some of the officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA.

Other information

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
29. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
30. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
31. I have not yet received the other information that will be included in the annual report with the audited financial statements and have thus not been able to establish whether there are any inconsistencies between other information and the audited financial statements and the reported performance against predetermined objectives. When I do receive this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor's report amended as appropriate.

Internal control deficiencies

32. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

33. The leadership did not exercise oversight responsibility to ensure that consequence management was actively implemented in the department.

34. Repeat findings on non-compliance with laws and regulations and internal control deficiencies that existed in the prior year were again identified, indicating that the action plan to address audit recommendations was not timeously implemented and adequately monitored.

Financial and performance management

35. The financial statements contained material misstatements due to a lack of review of supporting schedules submitted to the finance section for the preparation of the financial statements. As a result, material adjustments were made to the financial statements submitted for auditing.

Other reports

36. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
37. An investigation by the Special Investigating Unit was initiated in terms of Presidential Proclamation No. R.10 of 2014 as published in Government Gazette No. 37369 dated 24 February 2014 into the broadcasting digital migration process project. The investigation was still in progress at the end of the financial year.

Auditor-General



Pretoria

31 July 2017

Annexure A – Auditor-General’s Responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit 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 department’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause the department to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

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 (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 the actual amounts for each programme and economic classification is included in the appropriation statement.

7 Revenue

7.1 Appropriated funds

Appropriated funds comprises Departmental allocations as well as direct charges against the 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.

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

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 Accruals and payables not recognised

Accruals and payables not recognised are 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.

Accruals and payables not recognised are 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 it 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 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 Pre-payments and advances

Pre-payments and advances are recognised in the statement of financial position when the Department receives or disburses the cash.

Pre-payments and advances are initially and subsequently measured at cost.

Pre-payments 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 the 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 are 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 fair value for recording in the asset register.

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 are 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) may be 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) maybe 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 that embody 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 where its 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 improbable 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 when its existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events that are not within the control of the Department.

17.4 Commitments

Commitments (other than for transfers and subsidies) 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 it 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 recovered 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 this, in which case the reasons therefore are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recovered 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 re-state the opening balance 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 re-state the opening

balance of assets, liabilities and net assets for the earliest period for which retrospective re-statement 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. Events occurring 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 of 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 who have 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 a description of the 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.

27 Employee benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2017

Voted funds and Direct charges	Appropriation per programme									
	2016/17					2015/16				
	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	
Programme										
1. Administration	207 904	-	9 418	217 322	211 582	5 740	97,4	223 030	221 864	
2. International Affairs and Trade	45 651	-	2 779	48 430	46 944	1 486	96,9	43 310	41 542	
3. Policy, Research and Capacity Development	88 781	-	(6)	88 775	78 494	10 281	88,4	97 132	73 979	
4. ICT Enterprise Development and SOE Oversight	886 608	-	-	886 608	882 353	4 255	99,5	490 231	488 959	
5. ICT Infrastructure Support	1 188 468	-	(12 191)	1 176 277	856 319	319 958	72,8	551 550	473 753	
TOTAL	2 417 412	-	-	2 417 412	2 075 692	341 720	85,9	1 405 253	1 300 097	

Appropriation per programme										
Voted funds and Direct charges	2016/17					2015/16				
	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
Reconciliation with Statement of Financial Performance										
Add:										
				831 411				26 804 485		
				-				-		
				-				-		
				3 248 823				28 209 688		
Actual amounts per Statement of Financial Performance (Total Revenue)										
Add: Aid assistance										
				-				-		
Prior year unauthorised expenditure approved without funding										
				-				-		
				2 075 692				1 300 097		
Actual amounts per Statement of Financial Performance Expenditure										

Appropriation per economic classification												
	2016/17						2015/16					
	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	698 464	(460)	(2 932)	695 254	358 853	336 401	51,6	514 642	412 120			
Compensation of employees	213 713	-	-	213 713	205 248	8 465	96	196 447	181 693			
Salaries and wages	189 167	(1 384)	-	187 783	182 407	5 376	97,1	173 865	160 890			
Social contributions	24 546	1 384	-	25 930	22 841	3 089	88,1	22 582	20 803			
Goods and services	484 933	(460)	(2 932)	481 541	153 605	327 936	31,9	318 195	230 427			
Administrative fees	2 094	(417)	-	1 677	1 445	232	86,2	2 104	1 627			
Advertising	2 594	1 366	-	3 960	3 312	648	83,6	3 298	3 198			
Minor assets	2 779	(1 734)	-	1 045	114	931	10,9	562	479			
Audit costs: External	5 335	1 164	-	6 499	6 499	-	100	28 067	28 067			
Bursaries: Employees	845	178	-	1 023	817	206	79,9	930	513			
Catering: Departmental activities	2 084	82	-	2 166	1 794	372	82,8	2 584	1 969			
Communication (G&S)	6 158	193	-	6 351	5 714	637	90	5 671	5 182			
Computer services	2 525	3 906	-	6 431	5 726	705	89	5 154	5 117			
Consultants: Business and advisory services	21 784	(2 934)	(7 191)	11 659	8 872	2 787	76,1	152 687	75 146			
Infrastructure and planning services	128	(128)	-	-	-	-	-	500	-			
Legal services	2 998	2 911	2 376	8 285	7 454	831	90	6 255	6 155			
Contractors	4 017	(910)	-	3 107	2 803	304	90,2	2 131	2 060			
Agency and support / outsourced services	317 037	(340)	(5 000)	311 697	24	311 673	-	144	144			
Entertainment	500	(291)	-	209	23	186	11	615	494			

Appropriation per economic classification	2016/17							2015/16	
	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
Fleet services (includes government motor transport)	777	433	-	1 210	1 194	16	98,7	1 108	999
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	20	(20)	-	-	-	-	-	-	-
Inventory: Materials and supplies	25	2	-	27	20	7	74,1	16	12
Inventory: Medical supplies	27	(27)	-	-	-	-	-	-	-
Inventory: Other supplies	234	(173)	-	61	-	61	-	-	-
Consumable supplies	203	60	-	263	226	37	85,9	261	208
Consumable: Stationery, print and office supplies	6 160	813	-	6 973	6 281	692	90,1	5 358	5 186
Operating leases	44 119	(1 356)	-	42 763	41 837	926	97,8	43 551	43 180
Property payments	10 725	1 348	-	12 073	12 064	9	99,9	10 152	10 152
Transport provided: Departmental activity	590	(590)	-	-	-	-	-	200	-
Travel and subsistence	25 342	899	6 883	33 124	31 547	1 577	95,2	33 642	33 140
Training and development	15 708	(2 906)	-	12 802	9 955	2 847	77,8	5 120	2 433
Operating payments	4 580	(2 210)	-	2 370	912	1 458	38,5	1 838	1 325
Venues and facilities	5 035	242	-	5 277	4 483	794	85	4 597	2 277
Rental and hiring	510	(21)	-	489	489	-	100	1 650	1 364
Transfers and subsidies	1 054 148	413	2 932	1 057 493	1 057 493	-	100	882 814	882 049
Provinces and municipalities	-	17	-	17	17	-	100	13	13

Appropriation per economic classification									
	2016/17						2015/16		
	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
Provinces	-	4	-	4	4	-	100	-	-
Provincial agencies and funds	-	4	-	4	4	-	100	-	-
Municipalities	-	13	-	13	13	-	100	13	13
Municipal agencies and funds	-	13	-	13	13	-	100	13	13
Departmental agencies and accounts	790 785	4	-	790 789	790 789	-	100	532 574	532 574
Departmental agencies (non-business entities)	790 785	4	-	790 789	790 789	-	100	532 574	532 574
Foreign government and international organisations	23 363	-	2 773	26 136	26 136	-	100	25 394	24 629
Public corporations and private enterprises	240 000	10	40	240 050	240 050	-	100	324 104	324 104
Public corporations	240 000	-	-	240 000	240 000	-	100	324 092	324 092
Other transfers to public corporations	240 000	-	-	240 000	240 000	-	100	324 092	324 092
Private enterprises	-	10	40	50	50	-	100	12	12
Other transfers to private enterprises	-	10	40	50	50	-	100	12	12
Non-profit institutions	-	25	-	25	25	-	100	-	-
Households	-	357	119	476	476	-	100	729	729
Social benefits	-	229	89	318	318	-	100	671	671
Other transfers to households	-	128	30	158	158	-	100	58	58

Appropriation per economic classification												
2016/17											2015/16	
	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	
Payments for capital assets	14 618	-	-	14 618	9 299	5 319	63,6	7 350	5 481			
Machinery and equipment	7 718	(565)	-	7 153	5 098	2 055	71,3	4 128	3 425			
Transport equipment	200	-	-	200	-	200	-	-	-			
Other machinery and equipment	7 518	(565)	-	6 953	5 098	1 855	73,3	4 128	3 425			
Software and other intangible assets	6 900	565	-	7 465	4 201	3 264	56,3	3 222	2 056			
Payment for financial assets	650 000	47	-	650 047	650 047	-	100	447	447			
	2 417 412	-	-	2 417 412	2 075 692	341 720	85,9	1 405 253	1 300 097			

Programme 1: ADMINISTRATION	2016/17							2015/16	
	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	4 358	-	-	4 358	4 211	147	96,6	4 211	4 211
2. Departmental Management	45 822	-	6 980	52 802	52 052	750	98,6	73 332	73 332
3. Internal Audit	8 121	(959)	-	7 162	3 939	3 223	55	5 245	5 245
4. Corporate Services	69 192	(53)	2 438	71 577	70 486	1 091	98,5	63 756	62 590
5. Financial Management	70 794	5 416	-	76 210	75 681	529	99,3	70 357	70 357
6. Office Accommodation	9 617	(4 404)	-	5 213	5 213	-	100	6 129	6 129
	207 904	-	9 418	217 322	211 582	5 740	97,4	223 030	221 864
Economic classification									
Current payments	196 624	(234)	9 259	205 649	204 106	1 543	99,2	217 226	217 226
Compensation of employees	96 366	-	-	96 366	94 823	1 543	98,4	86 179	86 179
Salaries and wages	85 452	(13)	-	85 439	83 989	1 450	98,3	75 734	75 734
Social contributions	10 914	13	-	10 927	10 834	93	99,1	10 445	10 445
Goods and services	100 258	(234)	9 259	109 283	109 283	-	100	131 047	131 047
Administrative fees	1 295	(576)	-	719	719	-	100	897	897
Advertising	1 663	(584)	-	1 079	1 079	-	100	1 911	1 911
Minor assets	1 626	(1 546)	-	80	80	-	100	114	114
Audit costs: External	5 335	1 164	-	6 499	6 499	-	100	28 067	28 067
Bursaries: Employees	263	48	-	311	311	-	100	277	277
Catering: Departmental activities	1 143	127	-	1 270	1 270	-	100	1 303	1 303
Communication (G&S)	2 410	686	-	3 096	3 096	-	100	2 733	2 733

Programme 1: ADMINISTRATION	2016/17							2015/16	
	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
Computer services	1 595	3 917	-	5 512	5 512	-	100	5 015	5 015
Consultants: Business and advisory services	4 344	(2 179)	-	2 165	2 165	-	100	4 286	4 286
Infrastructure and planning services	128	(128)	-	-	-	-	-	-	-
Legal services	2 167	2 911	2 376	7 454	7 454	-	100	6 155	6 155
Contractors	2 943	(311)	-	2 632	2 632	-	100	1 984	1 984
Agency and support / outsourced services	288	(264)	-	24	24	-	100	105	105
Entertainment	219	(209)	-	10	10	-	100	322	322
Fleet services (includes government motor transport)	701	159	-	860	860	-	100	901	901
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	20	(20)	-	-	-	-	-	-	-
Inventory: Materials and supplies	11	7	-	18	18	-	100	12	12
Inventory: Medical supplies	27	(27)	-	-	-	-	-	-	-
Inventory: Other supplies	169	(169)	-	-	-	-	-	-	-
Consumable supplies	129	56	-	185	185	-	100	178	178
Consumable: Stationery, printing and office supplies	4 205	(13)	-	4 192	4 192	-	100	4 161	4 161
Operating leases	41 186	(139)	-	41 047	41 047	-	100	42 390	42 390
Property payments	10 705	994	-	11 699	11 699	-	100	10 142	10 142
Transport provided: Departmental activity	590	(590)	-	-	-	-	-	-	-

Programme 1: ADMINISTRATION	2016/17							2015/16	
	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	10 828	(531)	6 883	17 180	17 180	-	100	16 853	16 853
Training and development	2 851	(1 384)	-	1 467	1 467	-	100	1 010	1 010
Operating payments	830	10	-	820	820	-	100	1 050	1 050
Venues and facilities	2 077	(1 572)	-	505	505	-	100	540	540
Rental and hiring	510	(51)	-	459	459	-	100	641	641
Transfers and subsidies	-	187	159	346	346	-	100	278	278
Provinces and municipalities	-	17	-	17	17	-	100	13	13
Provinces	-	4	-	4	4	-	100	-	-
Provincial agencies and funds	-	4	-	4	4	-	100	-	-
Municipalities	-	13	-	13	13	-	100	13	13
Municipal agencies and funds	-	13	-	13	13	-	100	13	13
Departmental agencies and accounts	-	4	-	4	4	-	100	4	4
Departmental agencies (non-business entities)	-	4	-	4	4	-	100	4	4
Public corporations and private enterprises	-	-	40	40	40	-	100	12	12
Private enterprises	-	-	40	40	40	-	100	12	12
Other transfers to private enterprises	-	-	40	40	40	-	100	12	12

Programme 1: ADMINISTRATION	2016/17							2015/16	
	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
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	166	119	285	285	-	100	249	249
Social benefits	-	162	89	251	251	-	100	209	209
Other transfers to households	-	4	30	34	34	-	100	40	40
Payments for capital assets	11 280	-	-	11 280	7 083	4 197	62,8	5 084	3 918
Machinery and equipment	4 380	(185)	-	4 195	3 262	933	77,8	1 862	1 862
Transport equipment	200	-	-	200	-	200	-	-	-
Other machinery and equipment	4 180	(185)	-	3 995	3 262	733	81,7	1 862	1 862
Software and other intangible assets	6 900	185	-	7 085	3 821	3 264	53,9	3 222	2 056
Payment for financial assets	-	47	-	47	47	-	100	442	442
	207 904	-	9 418	217 322	211 582	5 740	97,4	223 030	221 864

Sub-programme: 1.1: MINISTRY	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	4 358	-	-	4 358	4 211	147	96.6	4 211	4 211
Compensation of employees	4 358	-	-	4 358	4 211	147	96.6	4 211	4 211

Sub-programme: 1.2: DEPARTMENTAL MANAGEMENT	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	45 025	-	6 883	51 908	51 688	220	99,6	72 926	72 926
Compensation of employees	25 354	-	-	25 354	25 134	220	99,1	23 983	23 983
Goods and services	19 671	-	6 883	26 554	26 554	-	100	48 943	48 943
Transfers and subsidies	-	-	97	97	97	-	100	54	54
Public corporations and private enterprises	-	-	34	34	34	-	100	11	11
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	63	63	63	-	100	43	43
Payments for capital assets	797	-	-	797	267	530	33,5	335	335
Machinery and equipment	797	-	-	797	267	530	33,5	335	335
Payment for financial assets	-	-	-	-	-	-	-	17	17

Sub-programme: 1.3: INTERNAL AUDIT	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	5 656	(1 035)	-	4 621	3 787	834	82	5 221	5 221
Compensation of employees	4 302	-	-	4 302	3 468	834	80,6	4 794	4 794
Goods and services	1 354	(1 035)	-	319	319	-	100	427	427
Transfers and subsidies	-	76	-	76	76	-	100	-	-
Households	-	76	-	76	76	-	-	-	-
Payments for capital assets	2 465	-	-	2 465	76	2 389	3,1	24	24
Machinery and equipment	65	-	-	65	76	(11)	116,9	24	24
Software and other intangible assets	2 400	-	-	2 400	-	2 400	-	-	-

Sub-programme: 1.4: CORPORATE SERVICES	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	63 440	-	2 376	65 816	65 589	227	99,7	59 299	59 299
Compensation of employees	42 481	-	-	42 481	42 254	227	99,5	37 579	37 579
Goods and services	20 959	-	2 376	23 335	23 335	-	100	21 720	21 720
Transfers and subsidies	-	(53)	62	9	9	-	100	178	178
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	6	6	6	-	100	-	-
Households	-	(53)	56	3	3	-	100	178	178
Payments for capital assets	5 752	-	-	5 752	4 888	864	85	4 279	3 113
Machinery and equipment	1 252	104	-	1 356	1 356	-	-	1 057	1 057
Software and other intangible assets	4 500	(104)	-	4 396	3 532	864	80,3	3 222	2 056

Sub-programme: 1.5: FINANCIAL MANAGEMENT	2016/17							2015/16	
	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
Economic classification									
Current payments	68 528	5 205	-	73 733	73 618	115	99,8	69 440	69 440
Compensation of employees	19 871	-	-	19 871	19 756	115	99,4	15 612	15 612
Goods and services	48 657	5 205	-	53 862	53 862	-	100	53 828	53 828
Transfers and subsidies	-	164	-	164	164	-	100	46	46
Provinces and municipalities	-	17	-	17	17	-	100	13	13
Departmental agencies and accounts	-	4	-	4	4	-	100	4	4
Public corporations and private enterprises	-	-	-	-	-	-	-	1	1
Households	-	143	-	143	143	-	100	28	28
Payments for capital assets	2 266	-	-	2 266	1 852	414	81,7	446	446
Machinery and equipment	2 266	(289)	-	1 977	1 563	414	79,1	446	446
Software and other intangible assets	-	289	-	289	289	-	100	-	-
Payment for financial assets	-	47	-	47	47	-	100	425	425

Sub-programme: 1.6: OFFICE ACCOMMODATION	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	9 617	(4 404)	-	5 213	5 213	-	100	6 129	6 129
Goods and services	9 617	(4 404)	-	5 213	5 213	-	100	6 129	6 129

Programme 2: INTERNATIONAL AFFAIRS AND TRADE	2016/17						2015/16		
	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	14 485	260	6	14 751	13 434	1 317	91,1	11 514	10 511
2. ICT Trade/Partnership	31 166	(260)	2 773	33 679	33 510	169	99,5	31 796	31 031
	45 651	-	2 779	48 430	46 944	1 486	96,9	43 310	41 542
Economic classification									
Current payments	21 590	(127)	6	21 469	20 256	1 213	94,3	17 493	16 490
Compensation of employees	13 941	-	-	13 941	12 728	1 213	91,3	11 284	10 557
Salaries and wages	11 187	63	-	11 250	11 250	-	100	9 853	9 404
Social contributions	2 754	(63)	-	2 691	1 478	1 213	54,9	1 431	1 153
Goods and services	7 649	(127)	6	7 528	7 528	-	100	6 209	5 933
Administrative fees	112	113	-	225	225	-	100	117	117
Advertising	165	99	-	264	264	-	100	-	-
Minor assets	140	(137)	-	3	3	-	100	103	103
Bursaries: Employees	80	(80)	-	-	-	-	-	-	-
Catering: Departmental activities	147	(72)	-	75	75	-	100	10	10
Communication (G&S)	801	(460)	-	341	341	-	100	298	298
Computer services	-	-	-	-	-	-	-	8	8
Consultants: Business and advisory services	501	(269)	-	232	232	-	100	41	41
Contractors	472	(362)	-	110	110	-	100	-	-
Entertainment	57	(53)	-	4	4	-	100	16	16

Programme 2: INTERNATIONAL AFFAIRS AND TRADE	2016/17							2015/16	
	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
Fleet services (includes government motor transport)	20	(4)	-	16	16	-	100	1	1
Inventory: Materials and supplies	1	(1)	-	-	-	-	-	-	-
Inventory: Other supplies	2	(2)	-	-	-	-	-	-	-
Consumable supplies	10	(4)	-	6	6	-	100	5	5
Consumable: Stationery, print and office supplies	135	126	-	261	261	-	100	48	48
Operating leases	325	(267)	-	58	58	-	100	84	84
Property payments	-	12	-	12	12	-	100	-	-
Travel and subsistence	2 532	1 795	6	4 333	4 333	-	100	5 243	4 967
Training and development	101	30	-	131	131	-	100	6	6
Operating payments	1 621	(1 594)	-	27	27	-	100	-	-
Venues and facilities	427	1 003	-	1 430	1 430	-	100	194	194
Rental and hiring	-	-	-	-	-	-	-	35	35
Transfers and subsidies	23 363	127	2 773	26 263	26 263	-	100	25 434	24 669
Foreign government and international organisations	23 363	-	2 773	26 136	26 136	-	100	25 394	24 629
Non-profit institutions	-	25	-	25	25	-	100	-	-
Households	-	102	-	102	102	-	100	40	40
Social benefits	-	-	-	-	-	-	-	38	38
Other transfers to households	-	102	-	102	102	-	100	2	2

Programme 2: INTERNATIONAL AFFAIRS AND TRADE	2016/17							2015/16	
	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
Payments for capital assets	698	-	-	698	425	273	60,9	383	383
Machinery and equipment	698	-	-	698	425	273	60,9	383	383
Other machinery and equipment	698	-	-	698	425	273	60,9	383	383
	45 651	-	2 779	48 430	46 944	1 486	96,9	43 310	41 542

Sub-programme: 2.1 : INTERNATIONAL AFFAIRS	2016/17							2015/16	
	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
Economic classification									
Current payments	13 978	258	6	14 242	13 029	1 213	91,5	11 347	10 344
Compensation of employees	9 973	(33)	-	9 940	8 727	1 213	87,8	7 530	6 803
Goods and services	4 005	291	6	4 302	4 302	-	100	3 817	3 541
Transfers and subsidies	-	2	-	2	2	-	100	40	40
Households	-	2	-	2	2	-	100	40	40
Payments for capital assets	507	-	-	507	403	104	79,5	127	127
Machinery and equipment	507	-	-	507	403	104	79,5	127	127

Sub-programme: 2.2: ICT TRADE/ PARTNERSHIP	2016/17							2015/16	
	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
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	7 612	(385)	-	7 227	7 227	-	100	6 146	6 146
Compensation of employees	3 968	33	-	4 001	4 001	-	100	3 754	3 754
Goods and services	3 644	(418)	-	3 226	3 226	-	100	2 392	2 392
Transfers and subsidies	23 363	125	2 773	26 261	26 261	-	100	25 394	24 629
Foreign government and international organisations	23 363	-	2 773	26 136	26 136	-	100	25 394	24 629
Non-profit institutions	-	25	-	25	25	-	100	-	-
Households	-	100	-	100	100	-	100	-	-
Payments for capital assets	191	-	-	191	22	169	11,5	256	256
Machinery and equipment	191	-	-	191	22	169	11,5	256	256

Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT	2016/17							2015/16	
	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	15 507	(181)	-	15 326	12 491	2 835	81,5	20 561	14 397
2. Economic and Market Analysis	4 861	40	-	4 901	3 468	1 433	70,8	5 855	4 392
3. Research	6 886	112	-	6 998	6 912	86	98,8	5 279	4 183
4. Information Society Development	51 650	29	(6)	51 673	46 138	5 535	89,3	52 488	41 397
5. Capacity Development	9 877	-	-	9 877	9 485	392	96	12 949	9 610
	88 781	-	(6)	88 775	78 494	10 281	88,4	97 132	73 979
Economic classification									
Current payments	88 127	(28)	(6)	88 093	77 838	10 255	88,4	96 559	73 406
Compensation of employees	55 691	-	-	55 691	52 642	3 049	94,5	60 804	49 422
Salaries and wages	48 189	75	-	48 264	46 858	1 406	97,1	54 076	44 054
Social contributions	7 502	(75)	-	7 427	5 784	1 643	77,9	6 728	5 368
Goods and services	32 436	(28)	(6)	32 402	25 196	7 206	77,8	35 755	23 984
Administrative fees	346	47	-	393	249	144	63,4	505	334
Advertising	475	92	-	567	172	395	30,3	689	589
Minor assets	296	(48)	-	248	16	232	6,5	118	35
Bursaries: Employees	191	43	-	234	234	-	100	200	105
Catering: Departmental activities	336	26	-	362	324	38	89,5	709	548
Communication (G&S)	1 699	(91)	-	1 608	1 397	211	86,9	1 594	1 335
Computer services	22	40	-	62	62	-	100	37	-

Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT	2016/17							2015/16	
	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
Consultants: Business and advisory services	5 426	502	-	5 928	5 499	429	92,8	15 766	10 122
Legal services	-	-	-	-	-	-	-	100	-
Contractors	396	(236)	-	160	46	114	28,8	141	70
Agency and support / outsourced services	124	(76)	-	48	-	48	-	39	39
Entertainment	131	(29)	-	102	7	95	6,9	174	56
Fleet services (includes government motor transport)	46	233	-	279	263	16	94,3	100	87
Inventory: Clothing, materials and accessories	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	10	(4)	-	6	1	5	16,7	2	-
Inventory: Other supplies	7	(2)	-	5	-	5	-	-	-
Consumable supplies	24	7	-	31	19	12	61,3	43	14
Consumable: Stationery, print and office support	781	734	-	1 515	1 370	145	90,4	785	613
Operating leases	1 539	(1 018)	-	521	487	34	93,5	573	511
Property payments	20	222	-	242	233	9	96,3	10	10
Transport provided: Departmental activity	-	-	-	-	-	-	-	200	-
Travel and subsistence	5 855	122	(6)	5 971	4 578	1 393	76,7	6 177	6 172
Training and development	11 899	(1 440)	-	10 459	7 777	2 682	74,4	3 638	1 274
Operating payments	1 516	(606)	-	910	45	865	4,9	763	250

Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT	2016/17							2015/16	
	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
Venues and facilities	1 297	1 424	-	2 721	2 387	334	87,7	2 424	1 138
Rental and hiring	-	30	-	30	30	-	100	968	682
Transfers and subsidies	-	28	-	28	28	-	100	293	293
Public corporations and private enterprises	-	5	-	5	5	-	100	-	-
Private enterprises	-	5	-	5	5	-	100	-	-
Other transfers to private enterprises	-	5	-	5	5	-	100	-	-
Households	-	23	-	23	23	-	100	293	293
Social benefits	-	9	-	9	9	-	100	287	287
Other transfers to households	-	14	-	14	14	-	100	6	6
Payments for capital assets	654	-	-	654	628	26	96	280	280
Machinery and equipment	654	-	-	654	628	26	96	280	280
Other machinery and equipment	654	-	-	654	628	26	96	280	280
	88 781	-	(6)	88 775	78 494	10 281	88,4	97 132	73 979

Sub-programme: 3.1: ICT POLICY DEVELOPMENT	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	15 423	(217)	-	15 206	12 371	2 835	81,4	20 486	14 322
Compensation of employees	10 829	-	-	10 829	9 926	903	91,7	11 160	10 411
Goods and services	4 594	(217)	-	4 377	2 445	1 932	55,9	9 326	3 911
Transfers and subsidies	-	2	-	2	2	-	100	65	65
Households	-	2	-	2	2	-	100	65	65
Payments for capital assets	84	34	-	118	118	-	100	10	10
Machinery and equipment	84	34	-	118	118	-	100	10	10

Sub-programme: 3.2: ECONOMIC AND MARKET ANALYSIS	2016/17							2015/16	
	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
Economic classification									
Current payments	4 861	-	-	4 861	3 428	1 433	70,5	5 855	4 392
Compensation of employees	2 981	-	-	2 981	2 570	411	86,2	5 409	4 041
Goods and services	1 880	-	-	1 880	858	1 022	45,6	446	351
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	40	-	40	40	-	100	-	-
Machinery and equipment	-	40	-	40	40	-	100	-	-

Sub-programme: 3.3: RESEARCH	2016/17							2015/16	
	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
Economic classification									
Current payments	6 724	215	-	6 939	6 879	60	99,1	5 279	4 183
Compensation of employees	4 295	-	-	4 295	4 235	60	98,6	3 812	3 651
Goods and services	2 429	215	-	2 644	2 644	-	-	1 467	532
Payments for capital assets	162	(103)	-	59	33	26	55,9	-	-
Machinery and equipment	162	(103)	-	59	33	26	55,9	-	-

Sub-programme: 3.4: INFORMATION SOCIETY DEVELOPMENT	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	51 242	(26)	(6)	51 210	45 675	5 535	89,2	52 035	40 944
Compensation of employees	34 614	-	-	34 614	33 331	1 283	96,3	34 454	28 689
Goods and services	16 628	(26)	(6)	16 596	12 344	4 252	74,4	17 581	12 255
Transfers and subsidies	-	26	-	26	26	-	100	209	209
Public corporations and private enterprises	-	5	-	5	5	-	100	-	-
Households	-	21	-	21	21	-	100	209	209
Payments for capital assets	408	29	-	437	437	-	100	244	244
Machinery and equipment	408	29	-	437	437	-	-	244	244

Sub-programme: 3.5: CAPACITY DEVELOPMENT	2016/17							2015/16	
	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
Economic classification									
Current payments	9 877	-	-	9 877	9 485	392	96	12 904	9 565
Compensation of employees	2 972	-	-	2 972	2 580	392	86,8	5 969	2 630
Goods and services	6 905	-	-	6 905	6 905	-	100	6 935	6 935
Transfers and subsidies	-	-	-	-	-	-	-	19	19
Households	-	-	-	-	-	-	-	19	19
Payments for capital assets	-	-	-	-	-	-	-	26	26
Machinery and equipment	-	-	-	-	-	-	-	26	26

Programme 4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT	2016/17							2015/16	
	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	873 028	(481)	-	872 547	869 830	2 717	99,7	481 355	480 088
2. Small, Medium and Micro Enterprise Development	5 759	38	-	5 797	4 427	1 370	76,4	2 545	2 545
3. ICT Support	7 821	443	-	8 264	8 096	168	98	6 331	6 326
	886 608	-	-	886 608	882 353	4 255	99,5	490 231	488 959
Economic classification									
Current payments	34 072	(2)	-	34 070	30 345	3 725	89,1	23 159	21 887
Compensation of employees	26 076	-	-	26 076	25 182	894	96,6	19 108	17 841
Salaries and wages	23 891	(594)	-	23 297	22 543	754	96,8	17 143	15 939
Social contributions	2 185	594	-	2 779	2 639	140	95	1 965	1 902
Goods and services	7 996	(2)	-	7 994	5 163	2 831	64,6	4 051	4 046
Administrative fees	142	(1)	-	141	66	75	46,8	106	106
Advertising	199	1 759	-	1 958	1 797	161	91,8	321	321
Minor assets	107	(3)	-	104	6	98	5,8	54	54
Bursaries: Employees	-	167	-	167	167	-	100	123	123
Catering: Departmental activities	223	1	-	224	60	164	26,8	-	-
Communication (G&S)	432	58	-	490	478	12	97,6	431	431
Computer services	51	(51)	-	-	-	-	-	-	-
Consultants: Business and advisory services	2 251	(988)	-	1 263	213	1 050	16,9	806	806

Programme 4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT	2016/17							2015/16	
	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	(1)	-	16	15	1	93,8	4	4
Agency and support / outsourced services	25	-	-	25	-	25	-	-	-
Entertainment	56	-	-	56	1	55	1,8	27	24
Fleet services (includes government motor transport)	-	-	-	-	-	-	-	6	6
Inventory: Materials and supplies	-	-	-	-	-	-	-	2	-
Inventory: Other supplies	32	-	-	32	-	32	-	-	-
Consumable supplies	20	1	-	21	5	16	23,8	8	8
Consumable: Stationery, print and office supplies	521	(34)	-	487	261	226	53,6	185	185
Operating leases	153	68	-	221	164	57	74,2	112	112
Property payments	-	-	-	-	-	-	-	-	-
Travel and subsistence	2 493	(623)	-	1 870	1 686	184	90,2	1 459	1 459
Training and development	369	(112)	-	257	195	62	75,9	36	36
Operating payments	497	-	-	497	3	494	,6	-	-
Venues and facilities	408	(243)	-	165	46	119	27,9	371	371
Transfers and subsidies	201 401	2	-	201 403	201 403	-	100	466 643	466 643
Departmental agencies and accounts	201 401	-	-	201 401	201 401	-	100	351 410	351 410
Departmental agencies (non-business entities)	201 401	-	-	201 401	201 401	-	100	351 410	351 410
Public corporations and private enterprises	-	-	-	-	-	-	-	115 092	115 092

Programme 4: ICT ENTERPRISE DEVELOPMENT AND SOE OVERSIGHT	2016/17							2015/16	
	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	-	-	-	-	-	-	-	115 092	115 092
Other transfers to public corporations	-	-	-	-	-	-	-	115 092	115 092
Households	-	2	-	2	2	-	100	141	141
Social benefits	-	-	-	-	-	-	-	137	137
Other transfers to households	-	2	-	2	2	-	100	4	4
Payments for capital assets	1 135	-	-	1 135	605	530	53,3	424	424
Machinery and equipment	1 135	-	-	1 135	605	530	53,3	424	424
Other machinery and equipment	1 135	-	-	1 135	605	530	53,3	424	424
Payment for financial assets	650 000	-	-	650 000	650 000	-	100	5	5
	886 608	-	-	886 608	882 353	4 255	99,5	490 231	488 959

Sub-programme: 4.1 : PUBLIC ENTITY OVERSIGHT	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	20 925	(481)	-	20 444	18 098	2 346	88,5	14 335	13 068
Compensation of employees	16 929	-	-	16 929	16 184	745	95,6	12 269	11 002
Goods and services	3 996	(481)	-	3 515	1 914	1 601	54,5	2 066	2 066
Transfers and subsidies	201 401	-	-	201 401	201 401	-	100	466 641	466 641
Departmental agencies and accounts	201 401	-	-	201 401	201 401	-	100	351 410	351 410
Public corporations and private enterprises	-	-	-	-	-	-	-	115 092	115 092
Households	-	-	-	-	-	-	-	139	139
Payments for capital assets	702	-	-	702	331	371	47,2	379	379
Machinery and equipment	702	-	-	702	331	371	47,2	379	379
Payment for financial assets	650 000	-	-	650 000	650 000	-	100	-	-

Sub-programme: 4.2: SMALL, MEDIUM AND MICRO ENTERPRISE DEVELOPMENT	2016/17							2015/16	
	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
Economic classification									
Current payments	5 545	-	-	5 545	4 175	1 370	75,3	2 536	2 536
Compensation of employees	3 722	-	-	3 722	3 582	140	96,2	1 838	1 838
Goods and services	1 823	-	-	1 823	593	1 230	32,5	698	698
Payments for capital assets	214	38	-	252	252	-	100	9	9
Machinery and equipment	214	38	-	252	252	-	100	9	9

Sub-programme: 4.3: ICT SUPPORT	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	7 602	479	-	8 081	8 072	9	99,9	6 288	6 283
Compensation of employees	5 425	-	-	5 425	5 416	9	99,8	5 001	5 001
Goods and services	2 177	479	-	2 656	2 656	-	100	1 287	1 282
Transfers and subsidies	-	2	-	2	2	-	100	2	2
Households	-	2	-	2	2	-	100	2	2
Payments for capital assets	219	(38)	-	181	22	159	12,2	36	36
Machinery and equipment	219	(38)	-	181	22	159	12,2	36	36
Payment for financial assets	-	-	-	-	-	-	-	5	5

Programme 5: ICT INFRASTRUCTURE SUPPORT	2016/17						2015/16		
	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	359 084	-	(12 191)	346 893	26 935	319 958	7,8	161 254	83 540
2. Digital Terrestrial Television	829 384	-	-	829 384	829 384	-	100	390 296	390 213
	1 188 468	-	(12 191)	1 176 277	856 319	319 958	72,8	551 550	473 753
Economic classification									
Current payments	358 233	(69)	(12 191)	345 973	26 308	319 665	7,6	160 205	83 111
Compensation of employees	21 639	-	-	21 639	19 873	1 766	91,8	19 072	17 694
Salaries and wages	20 448	(915)	-	19 533	17 767	1 766	91	17 059	15 759
Social contributions	1 191	915	-	2 106	2 106	-	100	2 013	1 935
Goods and services	336 594	(69)	(12 191)	324 334	6 435	317 899	2	141 133	65 417
Administrative fees	199	-	-	199	186	13	93,5	479	173
Advertising	92	-	-	92	-	92	-	377	377
Minor assets	610	-	-	610	9	601	1,5	173	173
Bursaries: Employees	311	-	-	311	105	206	33,8	330	8
Catering: Departmental activities	235	-	-	235	65	170	27,7	562	108
Communication (G&S)	816	-	-	816	402	414	49,3	615	385
Computer services	857	-	-	857	152	705	17,7	94	94
Consultants: Business and advisory services	9 262	-	(7 191)	2 071	763	1 308	36,8	131 788	59 891
Infrastructure and planning services	-	-	-	-	-	-	-	500	-
Legal services	831	-	-	831	-	831	-	-	-

Programme 5: ICT INFRASTRUCTURE SUPPORT	2016/17						2015/16		
	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	189	-	-	189	-	189	-	2	2
Agency and support / outsourced services	316 600	-	(5 000)	311 600	-	311 600	-	-	-
Entertainment	37	-	-	37	1	36	2,7	76	76
Fleet services (includes government motor transport)	10	45	-	55	55	-	100	100	4
Inventory: Materials and supplies	3	-	-	3	1	2	33,3	-	-
Inventory: Other supplies	24	-	-	24	-	24	-	-	-
Consumable supplies	20	-	-	20	11	9	55	27	3
Consumable: Stationery, print and office supplies	518	-	-	518	197	321	38	179	179
Operating leases	916	-	-	916	81	835	8,8	392	83
Property payments	-	120	-	120	120	-	100	-	-
Travel and subsistence	3 634	136	-	3 770	3 770	-	100	3 910	3 689
Training and development	488	-	-	488	385	103	78,9	430	107
Operating payments	116	-	-	116	17	99	14,7	25	25
Venues and facilities	826	(370)	-	456	115	341	25,2	1 068	34
Rental and hiring	-	-	-	-	-	-	-	6	6

Programme 5: ICT INFRASTRUCTURE SUPPORT	2016/17						2015/16		
	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	829 384	69	-	829 453	829 453	-	100	390 166	390 166
Departmental agencies and accounts	589 384	-	-	589 384	589 384	-	100	181 160	181 160
Departmental agencies (non-business entities)	589 384	-	-	589 384	589 384	-	100	181 160	181 160
Public corporations and private enterprises	240 000	5	-	240 005	240 005	-	100	209 000	209 000
Public corporations	240 000	-	-	240 000	240 000	-	100	209 000	209 000
Other transfers to public corporations	240 000	-	-	240 000	240 000	-	100	209 000	209 000
Private enterprises	-	5	-	5	5	-	100	-	-
Other transfers to private enterprises	-	5	-	5	5	-	100	-	-
Households	-	64	-	64	64	-	100	6	6
Social benefits	-	58	-	58	58	-	100	-	-
Other transfers to households	-	6	-	6	6	-	100	6	6
Payments for capital assets	851	-	-	851	558	293	65,6	1 179	476
Machinery and equipment	851	(380)	-	471	178	293	37,8	1 179	476
Other machinery and equipment	851	(380)	-	471	178	293	37,8	1 179	476
Software and other intangible assets	-	380	-	380	380	-	100	-	-
	1 188 468	-	(12 191)	1 176 277	856 319	319 958	72,8	551 550	473 753

Sub-programme: 5.1: BROADBAND	2016/17							2015/16	
	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	358 233	(69)	(12 191)	345 973	26 308	319 665	7,6	160 069	83 058
Compensation of employees	21 639	-	-	21 639	19 873	1 766	91,8	19 072	17 694
Goods and services	336 594	(69)	(12 191)	324 334	6 435	317 899	2	140 997	65 364
Transfers and subsidies	-	69	-	69	69	-	100	6	6
Public corporations and private enterprises	-	5	-	5	5	-	100	-	-
Households	-	64	-	64	64	-	100	6	6
Payments for capital assets	851	-	-	851	558	293	65,6	1 179	476
Machinery and equipment	851	(380)	-	471	178	293	37,8	1 179	476
Software and other intangible assets	-	380	-	380	380	-	100	-	-

Sub-programme: 5.2: DIGITAL TERRESTRIAL TELEVISION	2016/17							2015/16	
	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
Economic classification									
Current payments	-	-	-	-	-	-	-	136	53
Goods and services	-	-	-	-	-	-	-	136	53
Transfers and subsidies	829 384	-	-	829 384	829 384	-	100	390 160	390 160
Departmental agencies and accounts	589 384	-	-	589 384	589 384	-	100	181 160	181 160
Public corporations and private enterprises	240 000	-	-	240 000	240 000	-	100	209 000	209 000
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2017

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

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

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

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

3 Detail on payments for financial assets

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

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

4.1 Per programme:

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

Administration **217 275** **211 535** **5 740** **3**

Current payments	205 649	204 106	1 543	1
Transfers and subsidies	346	346	-	-
Payment for capital assets	11 280	7 083	4 197	37

The underspending under compensation of employees is due to vacant positions that could not be filled. Under capital assets variance due delay in procuring vehicles and the integrated risk and audit software.

International Affairs and Trade

48 430 **46 944** **1 486** **3**

Current payments	21 469	20 256	1 213	6
Transfers and subsidies	26 263	26 263	-	-
Payment for capital assets	698	425	273	39

The underspending under compensation of employees is due to vacant positions that could not be filled. The underspending under Capital assets due to over estimation.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2017

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

Policy, Research and Capacity Development

88 775 78 494 10 281 12

Current payments	88 093	77 838	10 255	12
Transfers and subsidies	28	28	-	-
Payment for capital assets	654	628	26	4

The underspending under compensation of employees is due to vacant positions that could not be filled.

ICT Infrastructure Support

1 176 277 856 319 319 958 27

Current payments	345 973	26 308	319 665	92
Transfers and subsidies	829 453	829 453	-	-
Payment for capital assets	851	558	293	34

The underspending under compensation of employees is due to vacant positions that could not be filled. The underspending under goods and services is due to the delay in appointing a service provider for the SA Connect Broadband project.

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	213 713	205 248	8 465	4
Goods and services	481 541	153 605	327 936	68

Transfers and subsidies

Provinces and municipalities	17	17	-	-
Departmental agencies and accounts	790 789	790 789	-	-
Public corporations and private enterprises	240 050	240 050	-	-
Foreign govern and international organisations	26 136	26 136	-	-
Non-profit institutions	25	25	-	-
Households	476	476	-	-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2017

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

Payments for capital assets

Machinery and equipment
Software and other intangible assets

7 153	5 098	2 055	29
7 465	4 201	3 264	44
650 047	650 047	-	-

Payments for financial assets

The underspending under compensation of employees is due to vacant positions that could not be filled. Under goods and services the underspending is mainly due to the delay in appointing a service provider for the SA Connect broadband project. The underspending under capital assets is due to delay in procuring the integrated audit and risk software and vehicles.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2017

		2016/17	2015/16
	<i>Note</i>	R'000	R'000
REVENUE			
Annual appropriation	1	2 417 412	1 405 253
Departmental revenue	2	831 411	26 804 435
TOTAL REVENUE		3 248 823	28 209 688
EXPENDITURE			
Current expenditure			
Compensation of employees	4	205 248	181 693
Goods and services	5	153 605	230 427
Interest and rent on land	6	-	-
Total current expenditure		358 853	412 120
Transfers and subsidies			
Transfers and subsidies	8	1 057 493	882 049
Total transfers and subsidies		1 057 493	882 049
Expenditure for capital assets			
Tangible assets	9	5 098	3 425
Intangible assets	9	4 201	2 056
Total expenditure for capital assets		9 299	5 481
Payments for financial assets	7	650 047	447
TOTAL EXPENDITURE		2 075 692	1 300 097
SURPLUS/(DEFICIT) FOR THE YEAR		1 173 131	26 909 591
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		341 720	105 156
Annual appropriation	17	341 720	105 156
Departmental revenue and NRF Receipts	18	831 411	26 804 435
SURPLUS/(DEFICIT) FOR THE YEAR		1 173 131	26 909 591

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
ASSETS			
Current Assets		337 435	101 139
Unauthorised expenditure	10	4 741	4 741
Cash and cash equivalents	11	329 339	92 358
Prepayments and advances	13	3 132	3 725
Receivables	14	223	315
Non-Current Assets		4 125 435	2 774 059
Investments	15	2 767 241	2 767 241
Receivables	14	6 964	6 718
Loans	16	1 351 130	-
Other financial assets	12	100	100
TOTAL ASSETS		4 462 870	2 875 198
LIABILITIES			
Current Liabilities		341 744	105 390
Voted funds to be surrendered to the Revenue Fund	17	341 720	105 156
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	18	4	50
Payables	19	20	184
TOTAL LIABILITIES		341 744	105 390
NET ASSETS		4 121 126	2 769 808
Represented by:			
Capitalisation reserve		4 118 371	2 767 241
Recoverable revenue		2 755	2 567
TOTAL		4 121 126	2 769 808

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2017

NET ASSETS	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Capitalisation Reserves			
Opening balance		2 767 241	14 472 551
Transfers:			
Movement in Equity		-	(11 677 919)
Other movements		1 351 130	(27 391)
Closing balance		4 118 371	2 767 241
Recoverable revenue			
Opening balance		2 567	2 190
Transfers		188	377
Irrecoverable amounts written off	7.2	(14)	(42)
Debts recovered (included in departmental receipts)		(307)	(496)
Debts raised		509	915
Closing balance		2 755	2 567
TOTAL		4 121 126	2 769 808

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
CASH FLOW STATEMENT
for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 418 010	26 874 209
Annual appropriated funds received	1.1	2 417 412	1 405 253
Departmental revenue received	2.1&2.3	334	25 468 510
Interest received	2.2	264	446
Net (increase)/ decrease in working capital		275	(7 027)
Surrendered to Revenue Fund		(936 613)	(26 859 502)
Surrendered to RDP Fund/Donor		-	-
Current payments		(358 853)	(412 120)
Interest paid	6	-	-
Payments for financial assets		(650 047)	(447)
Transfers and subsidies paid		(1 057 493)	(882 049)
Net cash flow available from operating activities	20	(584 721)	(1 286 936)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(9 299)	(5 481)
(Increase)/decrease in loans		(1 351 130)	27 391
(Increase)/decrease in investments		-	11 677 919
(Increase)/ decrease in other financial assets		-	139
Net cash flows from investing activities		(1 360 429)	11 699 968
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		830 813	1 335 479
Increase/ (decrease) in net assets		1 351 318	(11 704 933)
Net cash flows from financing activities		2 182 131	(10 369 454)
Net increase/ (decrease) in cash and cash equivalents		236 981	43 578
Cash and cash equivalents at beginning of period		92 358	48 780
Cash and cash equivalents at end of period	21	329 339	92 358

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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	2016/17			2015/16	
	Final Approp- riation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation Received
	R'000	R'000	R'000	R'000	R'000
Administration	217 322	217 322	-	223 030	223 030
International Affairs and Trade	48 430	48 430	-	43 310	43 310
Policy, Research and Capacity Development	88 775	88 775	-	97 132	97 132
*ICT Enterprise Development and Oversight	886 608	886 608	-	490 231	490 231
*ICT Infrastructure Support	1 176 277	1 176 277	-	551 550	551 550
Total	2 417 412	2 417 412	-	1 405 253	1 405 253

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

- South African Post Office: Recapitalisation – R650 000 million
- South African Post Office: Broadcasting digital migration – Set top box and antennae distribution R240 000 million

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
2 Departmental Revenue			
Sales of goods and services other than capital assets	2.1	51	52
Interest, dividends and rent on land	2.2	831 077	1 335 925
Transactions in financial assets and liabilities	2.3	283	25 468 458
Total revenue collected		<u>831 411</u>	<u>26 804 435</u>
Departmental revenue collected		<u><u>831 411</u></u>	<u><u>26 804 435</u></u>
2.1 Sales of goods and services other than capital assets	2		
Sales of goods and services produced by the Department		51	52
Administrative fees		4	5
Other sales		47	47
Total		<u><u>51</u></u>	<u><u>52</u></u>
2.2 Interest, dividends and rent on land	2		
Interest		264	446
Dividends		830 813	1 335 479
Total		<u><u>831 077</u></u>	<u><u>1 335 925</u></u>

The decrease is due to a decrease in Vodacom shares.

	<i>Note</i>	2016/17 R'000	2015/16 R'000
2.3 Transactions in financial assets and liabilities	2		
Receivables		251	405
Forex gain		-	-
*Sale of Equity		-	25 467 557
Other Receipts including Recoverable Revenue		32	496
Total		<u><u>283</u></u>	<u><u>25 468 458</u></u>

**The decrease is in respect of the sale of Vodacom shares in the 2015/16 financial year.*

3 Cash received not recognised (not included in note 2) 2016/17

Name of Entity	Opening balance R'000	Amount paid to Revenue		Balance R'000
		Fund R'000		
ICASA	-	-		-
Total	<u><u>-</u></u>	<u><u>-</u></u>		<u><u>-</u></u>

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

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

Name of Entity	Amount	Amount paid	Balance
	received	to Revenue	
	R'000	Fund	R'000
ICASA	-	4 959	(4 959)
Total	-	4 959	(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. ICASA revenue is now paid to the Department of Communications.

	Note	2016/17	2015/16
		R'000	R'000
4 Compensation of Employees			
4.1 Salaries and wages			
Basic salary		136 090	118 216
Performance award		2 734	2 594
Service Based		121	115
Compensative/circumstantial		3 143	3 490
Periodic payments		-	-
Other non-pensionable allowances		40 319	36 473
Total		182 407	160 888
4.2 Social Contributions			
Employer contributions			
Pension		17 424	15 881
Medical		5 395	4 903
Bargaining council		22	21
Total		22 841	20 805
Total compensation of employees		205 248	181 693
Average number of employees		300	278

The increase in compensation of employees is due to vacant positions filled and general salary adjustments in the Public Service.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
5 Goods and services			
Administrative fees		1 444	1 627
Advertising		3 315	3 198
Minor assets	5.1	113	479
Bursaries (employees)		816	513
Catering		1 793	1 969
Communication		5 717	5 182
Computer services	5.2	5 726	5 117
Consultants: Business and advisory services		8 873	75 146
Legal services		7 454	6 155
Contractors		2 804	2 060
Agency and support / outsourced services		24	144
Entertainment		23	494
Audit cost – external	5.3	6 499	28 067
Fleet services		1 193	999
Inventory	5.4	21	12
Consumables	5.5	6 505	5 394
Operating leases		41 837	43 180
Property payments	5.6	12 065	10 152
Rental and hiring		488	1 364
Travel and subsistence	5.7	31 546	33 140
Venues and facilities		4 483	2 277
Training and development		9 955	2 433
Other operating expenditure	5.8	911	1 325
Total		153 605	230 427

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 were used in the previous year and less services were used in 2016/17 financial year. Training: The increase is mainly due to NEMISA been mandated by the Department to roll out e-skills programmes in the country. Entertainment: the decrease is due to cost containment measures. Agency and support/outsourced services: Less security services at events/venues were required.

5.1 Minor assets	5		
Tangible assets		113	479
Machinery and equipment		113	479
Intangible assets		-	-
Software		-	-
Total		113	479

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

		2016/17	2015/16
	Note	R'000	R'000
5.2 Computer services	5		
SITA computer services		4 204	4 017
External computer service providers		1 522	1 100
Total		5 726	5 117
5.3 Audit cost – external	5		
Regularity audits		3 588	4 523
Investigations		2 911	23 544
Total		6 499	28 067
<i>Investigations: The decrease is due to cost incurred in the previous financial year R23,544 million was for forensic audits conducted at the department by SIU.</i>			
5.4 Inventory	5		
Clothing material and accessories		-	-
Fuel, oil and gas		-	-
Materials and supplies		21	12
Other supplies		-	-
Total		21	12
5.5 Consumables	5		
Consumable supplies		225	209
Uniform and clothing		23	17
Household supplies		13	67
IT consumables		132	91
Other consumables		57	34
Stationery, printing and office supplies		6 280	5 185
Total		6 505	5 394
5.6 Property payments	5		
Municipal services		3 336	3 012
Property management fees		18	15
Other		8 711	7 125
Total		12 065	10 152
<i>The cleaning and security services for property are included under other.</i>			
5.7 Travel and subsistence	5		
Local		18 741	19 875
Foreign		12 805	13 265
Total		31 546	33 140
<i>The expenditure was to attend various international events and conferences as well domestic travelling.</i>			

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
5.8 Other operating expenditure	5		
Professional bodies, membership and subscription fees		90	270
Resettlement costs		125	97
Other		696	958
Total		911	1 325
<i>Other includes printing and publication services</i>			
6 Interest and Rent on Land			
Interest paid		-	-
Total		-	-
7 Payments for financial assets			
Material losses through criminal conduct		-	-
Theft		-	-
Extension of loans for policy purposes		650 000	-
Other material losses written off	7.1	18	380
Debts written off	7.2	22	60
Forex losses	7.3	7	7
Total		650 047	447
<i>Extension of loans for policy purposes: To allow the organisation to attract funding and improve revenue, R650 million is allocated in 2016/17 for the recapitalisation of the Post Office for which shares has to be issued. All losses are written off in accordance with the losses and debt policies and chapters 9, 11 and 12 of the Treasury Regulations.</i>			
7.1 Other material losses written off	7		
Nature of losses			
No shows		-	3
Interest		-	319
Damaged rented vehicles		18	58
Total		18	380
<i>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		13	5
Non-employee		1	-
Total		14	42

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	2016/17	2015/16
Note	R'000	R'000
Other debts written off		
Advances outstanding	-	7
Ex-employee debts	8	11
Total	<u>8</u>	<u>18</u>
Total debt written off	<u><u>22</u></u>	<u><u>60</u></u>

Supplier overpayments: Supplier charged vat but is not a VAT vendor.

7.3 Forex losses	7		
Nature of losses			
Foreign exchange - travel and subsistence		7	7
Total		<u>7</u>	<u>7</u>

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	17	13
Departmental agencies and accounts	ANNEX 1A	790 789	532 574
Foreign governments and international organisations	ANNEX 1C	26 136	24 629
Public corporations and private enterprises	ANNEX 1B	240 051	324 104
Non-profit institutions	ANNEX 1D	25	-
Households	ANNEX 1E	475	729
Total		<u><u>1 057 493</u></u>	<u><u>882 049</u></u>

Departmental agencies and accounts: Increase mainly due to appropriated funds to the Universal Service and Access Agency of South Africa for Broadcasting digital migration - Set Top Box Subsidies, antennae and installation costs.

9 Expenditure for capital assets

Tangible assets		5 098	3 425
Machinery and equipment	31	5 098	3 425
Intangible assets		4 201	2 056
Software	32	4 201	2 056
Total		<u><u>9 299</u></u>	<u><u>5 481</u></u>

Tangible assets: The increase is mainly due to the replacement of outdated computers.

Intangible assets: The increase is mainly due to Microsoft applications software licence fees paid for 300 users for three years.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

9.1 Analysis of funds utilised to acquire capital assets - 2016/17

	Voted Funds R'000	Aid assistance R'000	TOTAL R'000
Tangible assets	5 098	-	5 098
Machinery and equipment	5 098	-	5 098
Intangible assets	4 201	-	4 201
Software	4 201	-	4 201
Total	9 299	-	9 299

9.2 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

	2016/17 R'000	2015/16 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

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
11 Cash and Cash Equivalents			
Consolidated Paymaster General Account		329 193	92 323
Cash on hand		35	35
Investments (Domestic)		111	-
Total		<u>329 339</u>	<u>92 358</u>
<i>The increase is mainly due to the underspending of voted funds in the 2016/2017 financial year.</i>			
12 Other Financial Assets			
Non-Current			
Local			
Deposit Municipality		100	100
Total		<u>100</u>	<u>100</u>
13 Prepayments and Advances (not expensed)			
Travel and subsistence		204	-
Advances paid	13.1	2 928	3 725
Total		<u>3 132</u>	<u>3 725</u>
13.1 Advances paid (not expensed)			
National departments	Annex 6	2 928	3 725
Total		<u>2 928</u>	<u>3 725</u>

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 2017.

	<i>Note</i>	2016/17			2015/16		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
14 Receivables							
	14.1 - Annex						
Claims recoverable	4	16	-	16	58	-	58
Recoverable expenditure	14.2	-	1 621	1 621	-	1 649	1 649
Staff debt	14.3	191	29	220	192	87	279
Other debtors	14.4	16	5 314	5 330	65	4 982	5 047
Total		<u>223</u>	<u>6 964</u>	<u>7 187</u>	<u>315</u>	<u>6 718</u>	<u>7 033</u>

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

		2016/17	2015/16
	<i>Note</i>	R'000	R'000
14.1 Claims recoverable	14		
National departments		16	58
Total		16	58
<i>Claims for various Departments. See also annexure 4.</i>			
14.2 Recoverable expenditure (disallowance accounts)	14		
Disallowance payments - fraud		1 621	1 649
Total		1 621	1 649
<i>Fraudulent orders and invoices to the amount of R1 649 120 and payment of R28 000 withheld.</i>			
14.3 Staff debt	14		
Debt accounts		220	279
Total		220	279
<i>Various employee debts.</i>			
14.4 Other debtors	14		
Ex-employees		416	392
Suppliers		4 903	4 637
Clearing accounts		11	4
Non-employees		-	14
Total		5 330	5 047
<i>Suppliers: Legal case in process.</i>			
14.5 Fruitless and wasteful expenditure			
Opening balance		-	-
Less amounts recovered		25	2
Less amounts written off		-	355
Transfers from note 28 Fruitless and Wasteful expenditure		(25)	(357)
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>			
14.6 Impairment of receivables			
Estimate of impairment of receivables		6 794	6 524
Total		6 794	6 524

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
15 Investments			
Non-Current			
Shares and other equity			
Telkom SA Limited		2 070 381	2 070 381
South African Post Office Limited		693 116	693 116
Sentech (Pty) (Ltd)		1	1
Vodacom Group Limited		3 743	3 743
Total		<u>2 767 241</u>	<u>2 767 241</u>
Total non-current		<u>2 767 241</u>	<u>2 767 241</u>
Analysis of non-current investments			
Opening balance		2 767 241	14 445 160
Disposals for cash		-	(12 170 095)
Non-cash movements		-	492 176
Closing balance		<u>2 767 241</u>	<u>2 767 241</u>
<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		1 351 130	-
Total		<u>1 351 130</u>	<u>-</u>
Analysis of Balance			
Opening balance		-	27 391
Transferred		1 351 130	(27 391)
Closing balance		<u>1 351 130</u>	<u>-</u>
<i>Transferred from Public Enterprise to the newly established Department of Telecommunications and Postal Services in terms of section 42 of PFMA.</i>			
17 Voted Funds to be Surrendered to the Revenue Fund			
Opening balance		105 156	54 981
Transfer from statement of financial performance		341 720	105 156
Add: Unauthorised expenditure for current year		-	-
Paid during the year		(105 156)	(54 981)
Closing balance		<u>341 720</u>	<u>105 156</u>

The increase is mainly due to underspending of voted funds in the 2016/2017 financial year.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
18 Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund			
Opening balance		50	136
Transfer from Statement of Financial Performance		831 411	26 804 435
Paid during the year		(831 457)	(26 804 521)
Closing balance		<u>4</u>	<u>50</u>
<i>The decrease is mainly due to fewer funds paid into the department's account on 31 March 2017 that could not be transferred to the NRF and the sale of Vodacom shares in the 2015/16 financial year.</i>			
19 Payables - current			
Clearing accounts	19.1	1	165
Other payables	19.2	19	19
Total		<u>20</u>	<u>184</u>
19.1 Clearing accounts	19		
Salary deductions		1	129
Travel and subsistence		-	8
State guarantee		-	28
Total		<u>1</u>	<u>165</u>
19.2 Other payables	19		
Supplier invoices - legal dispute		19	19
Total		<u>19</u>	<u>19</u>
20 Net cash flow available from operating activities			
Net surplus/(deficit) as per Statement of Financial Performance		1 173 131	26 909 591
Add back non cash/cash movements not deemed operating activities		(1 757 852)	(28 196 527)
(Increase)/decrease in receivables – current		(154)	43
(Increase)/decrease in prepayments and advances		593	(2 006)
Increase/(decrease) in payables – current		(164)	(5 064)
Proceeds from sale of investments		(830 813)	(1 335 479)
Expenditure on capital assets		9 299	5 481
Surrenders to Revenue Fund		(936 613)	(26 859 502)
Surrenders to RDP Fund/Donor		-	-
Net cash flow generated by operating activities		<u>(584 721)</u>	<u>(1 286 936)</u>

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
21 Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		329 193	92 323
Cash on hand		35	35
Cash with commercial banks (Local)		111	-
Total		<u>329 339</u>	<u>92 358</u>

The increase is mainly due to underspending of voted funds in the 2016/2017 financial year.

22 Contingent liabilities and contingent assets

22.1 Contingent liabilities

Liable to	Nature				
Housing loan guarantees	Employees	<i>Annex 3A</i>	104		142
Other guarantees		<i>Annex 3A</i>	4 077 867		1 397 647
Claims against the department		<i>Annex 3B</i>	89 467		79 753
Intergovernmental Payables		<i>Annex 5</i>	43		-
Total			<u>4 167 481</u>		<u>1 477 542</u>

Contingent liabilities – Other guarantees: The increase is mainly due to loan guarantees in respect of the South African Post Office.

22.2 Contingent assets

Nature of contingent asset		
Counter claim submitted	5 743	5 299
Payment of legal costs	1 000	1 000
SA Post Office: Recapitalization	650 000	-
Total	<u>656 743</u>	<u>6 299</u>

An amount of R650 million allocated in the 2016/17 financial year for the recapitalization of the South African Post Office to implement the Strategic turnaround plan (STP). The allocation is made as payment for financial assets, and will thus require that SAPO issue shares to Government.

23 Commitments

Current expenditure	24 290	19 015
Approved and contracted	24 290	17 931
Approved but not yet contracted	-	1 084
Capital Expenditure	189	457
Approved and contracted	189	457
Total Commitments	<u>24 479</u>	<u>19 472</u>

The commitments for cleaning, security, newspapers, health care and pest control services are for more than a year. Also included for longer than one year are Advisory consultants and SITA for the ERP system.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

24 Accruals and payables not recognised

			2016/17 R'000	2015/16 R'000
24.1 Accruals	30 days	30+ days	Total	Total
Listed by economic classification				
Goods and services	25	78	103	195
Capital assets	-	-	-	-
Total	25	78	103	195
Listed by programme level				
Administration			39	107
ICT International Affairs and Trade			7	43
Policy, Research and Capacity Development			49	27
ICT Enterprise Development and Oversight			-	-
ICT Infrastructure Support			8	18
Total			103	195
			2016/17 R'000	2015/16 R'000
24.2 Payables not recognised	30 days	30+ days	Total	Total
Listed by economic classification				
Goods and services	4 644	117	4 794	9 776
Capital assets	1 285	-	1 285	1 635
Total	5 962	117	6 079	11 411
Listed by programme level				
Administration			4 519	6 688
ICT International Affairs and Trade			244	413
Policy, Research and Capacity Development			993	911
ICT Enterprise Development and Oversight			104	413
ICT Infrastructure Support			219	2 986
Total			6 079	11 411

The decrease in Accruals and Payables not recognised is due to less invoices being submitted to the Department after 31 March 2017

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	<i>Note</i>	2016/17 R'000	2015/16 R'000
25 Employee benefits			
Leave entitlement		8 835	7 885
Service bonus (Thirteenth cheque)		4 311	3 845
Performance awards		2 734	2 594
Capped leave commitments		2 724	2 604
Long service awards		165	121
Total		18 769	17 049

Leave entitlement: The leave cycle is from January to December whilst the financial reporting period is from April to June 2016. Officials are entitled to leave as and when required and not as accrued. Debit leave days (exceeding accruals allowed) included above is 53,99 days with a monetary value of R112 431,90. Officials are entitled to leave as and when required and not as accrued. Other is Long service awards provisions.

26 Lease commitments

26.1 Operating leases expenditure

For the 2016/17 financial year	Machinery and equipment R'000	Total R'000
Not later than 1 year	1 382	1 382
Later than 1 year and not later than 5 years	792	792
Total lease commitments	2 174	2 174

For the 2015/16 financial year	Machinery and equipment R'000	Total R'000
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

Leases in respect of photo copy machines.

27 Irregular expenditure

27.1 Reconciliation of irregular expenditure

Opening balance	223 377	196 025
Prior period error	-	-
As restated	223 377	196 025
Add: Irregular expenditure - relating to prior year	2 615	-
Less: Amounts condoned	-	-
Irregular expenditure awaiting condonation	225 992	223 377

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	2016/17	2015/16
Note	R'000	R'000
Analysis of awaiting condonation per age classification		
Current year	2 615	27 352
Prior years	<u>223 377</u>	<u>196 025</u>
Total	<u>225 992</u>	<u>223 377</u>

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

27.2 Details of irregular expenditure - current year		2016/17
Incident	Disciplinary steps taken/criminal proceedings	R'000
Contract expanded which was not regarded as an emergency case.	In process	2 412
Procurement procedures not followed	In process	36
Irregular appointment 1 May 2016 to 8 June 2016	In process	62
Payment of salary 13 to 31 March 2017 beyond contract period	Written warnings to 3 officials	97
Procurement procedure not followed	In process	8
Total		<u>2 615</u>

28 Fruitless and wasteful expenditure

28.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		11 983	12 294
Prior period error		-	-
As restated		<u>11 983</u>	<u>12 294</u>
Fruitless and wasteful expenditure – relating to current year		16	46
Less: Amounts resolved		(1)	-
Less: Amounts transferred to receivables for recovery	14.5	<u>(25)</u>	<u>(357)</u>
Closing balance		<u>11 973</u>	<u>11 983</u>

28.2 Analysis of awaiting resolution per economic classification

Current	<u>11 973</u>	<u>11 983</u>
Total	<u>11 973</u>	<u>11 983</u>

28.3 Analysis of Current Year's Fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	Note	2016/17
			R'000
Traffic fines	In process		8
No Shows	In process		<u>8</u>
Total			<u>16</u>

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

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	<i>No. of Individuals</i>	2016/17 R'000	2015/16 R'000
29 Key management personnel			
Political office bearers (provide detail below)	2	4 970	4 385
Officials:			
Level 15 to 16	10	14 081	12 793
Level 14	6	7 349	5 568
Total		<u>26 400</u>	<u>22 746</u>
30 Impairment: other			
Other		-	-
Total		<u>-</u>	<u>-</u>

31 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	70 856	1	5 098	5 083	70 872
Transport assets	4 732	-	-	-	4 732
Computer equipment	33 669	1	3 769	4 325	33 114
Furniture and office equipment	12 920	-	976	454	13 442
Other machinery and equipment	19 535	-	353	304	19 584
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	<u>70 856</u>	<u>1</u>	<u>5 098</u>	<u>5 083</u>	<u>70 872</u>

Assets to the value of R1 076 million was transferred to the Department of Communications during the 2016/17 financial year.

31.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash R'000	Non-cash R'000	Total R'000
MACHINERY AND EQUIPMENT	5 098	-	5 098
Transport assets	-	-	-
Computer equipment	3 769	-	3 769
Furniture and office equipment	976	-	976
Other machinery and equipment	353	-	353
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	<u>5 098</u>	<u>-</u>	<u>5 098</u>

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

31.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Non-cash disposals R'000	Total disposals R'000	Cash received Actual R'000
MACHINERY AND EQUIPMENT	5 083	5 083	-
Transport assets	-	-	-
Computer equipment	4 325	4 325	-
Furniture and office equipment	454	454	-
Other machinery and equipment	304	304	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	5 083	5 083	-

31.3 Movement for 2015/16

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

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance 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

31.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	7	11 385	11 392
Additions	-	72	72
Disposals	-	607	607
TOTAL MINOR ASSETS	7	10 850	10 857

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	142	142
Number of minor assets at cost	3	4 371	4 374
TOTAL NUMBER MINOR ASSETS	3	4 513	4 516

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

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	2	11 347	11 349
Prior period error	-	-	-
Additions	5	450	455
Disposals	-	412	412
TOTAL MINOR ASSETS	7	11 385	11 392

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	142	142
Number of minor assets at cost	3	4 591	4 594
TOTAL NUMBER MINOR ASSETS	3	4 733	4 736

31.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2017

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Assets written off	-	79	79
TOTAL MOVABLE ASSETS WRITTEN OFF	-	79	79

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2016

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

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

32 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	2 807	4 201	286	6 722
Patent, Licences, Copyright, Brand names, Trademarks	369	-	-	369
TOTAL INTANGIBLE CAPITAL ASSETS	3 176	4 201	286	7 091

32.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash R'000	Non-cash R'000	Total R'000
Software	4 201	-	4 201
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	4 201	-	4 201

32.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Non-cash disposal R'000	Total disposals R'000	Cash received Actual R'000
Software	286	286	-
TOTAL DISPOSAL OF INTANGIBLE CAPITAL ASSETS	286	286	-

32.3 Movement for 2015/16

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

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Software	1 050	2 056	299	2 807
Patents, licences, copyright, brand names, trademarks	369	-	-	369
TOTAL INTANGIBLE CAPITAL ASSETS	1 419	2 056	299	3 176

33 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

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

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

33.1 Movement for 2015/16

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

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

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; South African Broadcasting Corporation; National Electronic Media Institute of South Africa; .ZA Domain Name Authority and DPW.

2016/17
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 and 2016/17 financial years except for the following:

- Transfer of 74 shares @ R1 per share in respect of Broad Band Infraco from Department of Public Enterprise in terms of Proclamation No. 67 of 2014.
- Transfer of SITA shares (1 @ R1.00 per share) from Department of Public Service and Administration in terms of Proclamation No. 67 of 2014

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

36 TRANSFER OF FUNCTIONS

None

		Bal per dept 2015/16 AFS before transfer	Functions per dept transferred	Functions per dept (trans- ferred) / received	Functions per dept (trans- ferred) / received	2015/16 Bal after transfer
		2015/16	2015/16	2015/16	2015/16	2015/16
	Note	R'000	R'000	R'000	R'000	R'000
36.1 Statement of Financial Position						
ASSETS						
Current Assets		101 139	-	-	-	101 139
Unauthorised expenditure	10	4 741	-	-	-	4 741
Cash and cash equivalents	11	92 358	-	-	-	92 358
Prepayments and advances	13	3 725	-	-	-	3 725
Receivables	14	315	-	-	-	315
Non-Current Assets		2 774 059	-	-	-	2 774 059
Investments	15	2 767 241	-	-	-	2 767 241
Receivables	14	6 718	-	-	-	6 718
Loans	16	-	-	-	-	-
Other financial assets	12	100	-	-	-	100
TOTAL ASSETS		2 875 198	-	-	-	2 875 198
LIABILITIES						
Current Liabilities		105 390	-	-	-	105 390
Voted funds to be surrendered to the Revenue Fund	17	105 156	-	-	-	105 156
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	18	50	-	-	-	50
Payables	19	184	-	-	-	184
TOTAL LIABILITIES		105 390	-	-	-	105 390
NET ASSETS		2 769 808	-	-	-	2 769 808

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2017

		Bal per dept 2015/16 AFS before transfer	Functions per dept transferred	Functions per dept (trans- ferred) / received	Functions per dept (trans- ferred) / received	2015/16 Bal after transfer
		2015/16	2015/16	2015/16	2015/16	2015/16
	<i>Note</i>	R'000	R'000	R'000	R'000	R'000
36.2 Disclosure Notes						
Contingent liabilities	22.1	1 477 542	-	-	-	1 477 542
Contingent assets	22.2	6 299	-	-	-	6 299
Commitments	23	19 472	-	-	-	19 472
Accruals	24	195	-	-	-	195
Payables not recognised	24	11 411	-	-	-	11 411
Employee benefits	25	17 049	-	-	-	17 049
Lease commitments - operating lease	26	2 245	-	-	-	2 245
Irregular expenditure	27	223 377	-	-	-	223 377
Fruitless and wasteful expenditure	28	11 983	-	-	-	11 983
Impairment	14.6	6 524	-	-	-	6 524
Movable tangible capital assets	31	70 856	-	-	-	70 856
Immovable tangible capital assets	33	18	-	-	-	18
Intangible capital assets	32	3 176	-	-	-	3 176

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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	-	-	-	-	15	-	-
*Cape Town	-	-	-	-	2	-	-
Total	-	-	-	-	17	-	-

* Vehicle licence fees, fines and penalties.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

	TRANSFER ALLOCATION				TRANSFER		2015/16 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	69 045	-	-	69 045	69 045	100	66 429
Universal Service and Access Fund: Operations	55 156	-	-	55 156	55 156	100	52 380
Universal Service and Access Agency of South Africa: Broadcasting digital migration - Set Top Box Subsidies, antennae and installation costs	589 384	-	-	589 384	589 384	100	196 000
Universal Service and Access Fund: Broadcasting digital migration - Set Top Box Subsidies, antennae and installation costs	-	-	-	-	-	-	181 160
National Electronic Media Institute of SA: Operations	77 200	-	-	77 200	77 200	100	36 601
SABC - TV Licenses	-	-	-	-	4	-	4
Total	790 785	-	-	790 785	790 789		532 574

**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

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

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION					EXPENDITURE				2015/16
	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	Appropriation Act R'000	
Public corporations										
Transfers	-	-	-	-	-	-	-	-	-	209 000
Sentech: Digitisation - Capital	-	-	-	-	-	-	-	-	-	209 000
Subsidies	240 000	-	-	240 000	240 000	100	-	240 000	-	115 092
SA Post Office Ltd	240 000	-	-	240 000	240 000	100	-	240 000	-	115 092
Sub-total: Public corporations	240 000	-	-	240 000	240 000	100	-	240 000	-	324 092
Private enterprises										
Transfers	-	-	-	-	51	-	-	51	-	12
Claims against the state - various	-	-	-	-	51	-	-	51	-	12
Sub-total: Private enterprises	-	-	-	-	51	-	-	51	-	12
Total	240 000	-	-	240 000	240 051	-	-	240 051	-	324 104

**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

ANNEXURE 1C

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

	TRANSFER ALLOCATION				EXPENDITURE		2015/16 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 %	
	R'000	R'000	R'000	R'000	R'000	%	
FOREIGN GOVERNMENT/INTERNATIONAL ORGANISATION							
Transfers							
*African Telecommunication Union (ATU)	1 039	-	5	1 044	1 044	100	940
*Universal Postal Union (UPU)	4 979	-	981	5 960	5 960	100	5 445
*Pan African Postal Union (PAPU)	955	-	78	1 033	1 033	100	1 071
*International Telecommunications Union (ITU)	15 535	-	2 046	17 581	17 581	100	16 545
Commonwealth Telecommunication Organization (CTO)	396	-	(44)	352	352	100	442
Organisation for Economic and Cultural Development	459	-	(293)	166	166	100	186
Total	23 363	-	2 773	26 136	26 136		24 629

* 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(c) of the Treasury Regulations.

**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

**ANNEXURE 1D
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

	TRANSFER ALLOCATION				EXPENDITURE		2015/16 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 %	
	NON-PROFIT INSTITUTIONS						
Transfers							
Universal Postal Union	-	-	-	-	25		-
Total	-	-	-	-	25		-

**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

**ANNEXURE 1E
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

	TRANSFER ALLOCATION				EXPENDITURE		2015/16 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	-	-	-	-	317		672
H/H:PMT/REFUND&REM-ACT/GRCE	-	-	-	-	36		30
* H/H: DONATIONS, GIFTS AND SPONSORSHIPS	-	-	-	-	122		26
Cash donation for Elim Full Gospel for hosting the late Lazarus Mokoena's memorial service.	-	-	-	-	-		1
Total	-	-	-	-	475		729

*Sponsorship of R100 000.00 for the 8th Digital Broadcasting switch-over forum hosted by the Department in co-operation of the Commonwealth Organisations Holiday Inn Sandton.

*Various other small gifts to delegates/high level officials from other countries by the Minister and Deputy Minister during the year.

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2016/17	2015/16
		R'000	R'000
Received in cash			
None		-	-
Sub-total		-	-
Received in kind			
2015/16 Financial year			
Broadband Infraco	Hosting of the 16 th ordinary session of the ATU administrative council meeting - sponsor 120 bags	-	-
MTN	Hosting of the 16 th ordinary session of the ATU administrative council meeting - sponsor the welcome networking dinner on 17 June 2015	-	80
Sentech	Hosting of the 16 th ordinary session of the ATU administrative council meeting - sponsor 120 cups	-	-
SITA	Hosting of the 16 th 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 16 th ordinary session of the ATU administrative council meeting - sponsor 100 memory sticks	-	-
USAASA	Hosting of the 16 th 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 was sponsored an economy flight ticket (R26 000) & daily allowance (R1 919) at this Meeting	-	28

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2016/17	2015/16
		R'000	R'000
Organizers of the Course on Cyber Safety and Information Security in Malaysia, 27 - 30 October 2015	An official was sponsored a training package and module fee & accommodation & transportation (Airport-Hotel-Airport) to the amount of 2300 Malaysian Ring it (R7 213.90) for this Meeting	-	7
2016/17 Financial year			
.zadna	Main sponsor for conference package during the Hosting of the 5 th African Internet Governance Forum, 16-18 October 2016 - R735 211.02	735	-
Broadband Infraco	Hosting of the 5 th African Internet Governance Forum, 16-18 October 2016 - sponsored 300 bags	-	-
HUAWEI Technologies SA	Hosting of the 5 th African Internet Governance Forum, 16-18 October 2016 - Networking Cocktail dinner - R211 903.00	211	-
HUAWEI Technologies SA	Hosting of the 5 th African Internet Governance Forum, 16-18 October 2016 – Wi-Fi 3G Router & Power Banks = R112 582.98	112	-
GOOGLE SA	Hosting of the 5 th African Internet Governance Forum, 16-18 October 2016 - sponsored Equipment for Internet Café = R300 515.58	300	-
ZACR	Hosting of the 5 th African Internet Governance Forum, 16-18 October 2016 - sponsored Delegate transportation = R165 000.00	165	-
eThekweni Municipality	Hosting of the 5 th African Internet Governance Forum, 16-18 October 2016 - sponsored Opening /Gala Dinner = R500 000.00	500	-
ZACR & .zadna	Hosting of the 5 th African Internet Governance Forum, 16-18 October 2016 - sponsored Closing Dinner = R100 000.00	100	-
Innovation Africa Ministerial Summit 2016 - Africa Brains	One official was sponsored an economy flight ticket (\$1 108/R14 736.40) & hotel accommodation in Nairobi (\$1040/R13 832) for this meeting.	29	-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2016/17	2015/16
		R'000	R'000
International Centre for Trade and Sustainable Development	E-commerce Conference in Cape Town, estimated value R5 500.00 (flights and accommodation), 22-23 March 2017	5	-
The Internet Society	Internet Engineering Task Force Meeting 26 to 31 March 2017 Chicago, Illinois - sponsorship of economy class flight ticket, hotel accommodation and a per diem of \$300 (\$75 per day)	-	-
African Union Commission (AUC)	Main sponsor for a full day conference package during the hosting of the AU-SADC Validation Workshop, 23-24 March 2017 = R22 500.00	23	-
Broadband Infraeco	Hosting of the AU-SADC Validation Workshop, 23-24 March 2017 sponsored 50 bags in kind	-	-
ICASA	Hosting of the AU-SADC Validation Workshop, 23-24 March 2017 - 40 gift bags with ICASA promotional items sponsored kind, valued at R4500.00	5	-
Sub-total		2 185	444
Total		2 185	444

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2016/17	2015/16
	R'000	R'000
Made in kind		
During the 2015/16 financial year:		
None.	-	-
During the 2016/17 financial year:		
None.	-	-

**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

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 shares held		Number of shares held		Cost of investment '000		Net Asset Value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
		2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	
National/Provincial Public Entity												
Universal Service and Access Agency of South Africa	3A	100%	100%	-	-	-	-	-	-	(37 152)	191 314	No
Universal Service and Access Fund	3A	100%	100%	-	-	-	-	-	-	508 387	270 558	No
¹ Telkom SA Limited	2	39.29%	39.29%	207 038 058	207 038 058	2 070 381	2 070 381	Not available	Not available	2 376 000	2 376 000	No
² South African Post Office Ltd	2	100%	100%	693 115 879	693 115 879	693 116	693 116	693 116	693 116	(1 047 370)	(1 135 260)	No
National Electronic Media Institute of South Africa	3A	100%	100%	-	-	-	-	-	-	15 866	2 051	No
³ Sentech (Pty) Ltd	3B	100%	100%	998	998	1	1	1	1	123 542	199 803	No
⁴ Vodacom Group Limited	2	0.03%	13.90%	63 658	63 658	3 743	3 743	-	-	6 275	12 910 000	No
TOTAL				900 218 593	900 218 593	2 767 241	2 767 241	693 117	693 117	(430 452)	14 814 466	

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 MIEF 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 @ R1.00 per share not included as Section 42 of PFMA not adhered to yet - transfer of assets and liabilities between departments.
Broadband InfraCo - 74 Shares @ R1.00 per share 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 2017**

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2017 – LOCAL AND FOREIGN

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2016 R'000	Guarantees drawdowns during the year R'000	Guaranteed repayments/ cancelled/ reduced/ released during the year R'000	Revaluations R'000	Closing balance 31 March 2017 R'000	Guaranteed interest for year ended 31 March 2017 R'000	Realised losses not recoverable i.e. claims paid out R'000
LOCAL	Housing								
Standard Bank		142	142	-	38	-	104	-	-
Total		142	142	-	-	-	104	-	-
	Other								
Standard Bank	South African Post Office Ltd	270 000	270 000	-	-	-	270 000	9 698	-
ABSA	South African Post Office Ltd	800 000	400 000	400 000	-	-	800 000	65 290	-
Investec	South African Post Office Ltd	700 000	600 000	100 000	-	-	700 000	64 051	-
Nedbank	South African Post Office Ltd	800 000	-	800 000	-	-	800 000	51 863	-
Standard Bank	South African Post Office Ltd	900 000	-	900 000	-	-	900 000	61 918	-
First National Bank	South African Post Office Ltd	500 000	-	500 000	-	-	500 000	36 085	-
Total		3 970 000	1 270 000	2 700 000	-	-	3 970 000	288 905	-
Total Local		3 970 142	1 270 142	2 700 000	38	-	3 970 104	288 905	-
FOREIGN	Other								
Telkom SA Ltd	Natexis Banque	10 560 236	127 644	-	-	(19 779)	107 865	2	-
Total		10 560 236	127 644	-	-	(19 779)	107 865	2	-

**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

**ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2017**

Nature of liability	Opening balance April 2016	R'000			Closing balance 31 March 2017 R'000
		Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	
Claims against the department					
Possible legal claim	26	-	26	-	-
Possible legal claim	600	-	-	-	600
Possible legal claim	34 238	2 801	-	-	37 039
Possible legal claim	50	7	57	-	-
Possible legal claim	4 860	426	-	-	5 286
Possible legal claim	280	-	280	-	-
Possible legal claim	9 289	1 000	-	-	10 289
Possible legal claim	20	-	-	-	20
Possible legal claim	20	-	-	-	20
Possible legal claim	30 000	-	-	-	30 000
Possible legal claim	20	-	-	-	20
Possible legal claim	20	-	-	-	20
Possible legal claim	30	-	-	-	30
Possible legal claim	300	-	-	-	300
Possible legal claim	-	5 843	-	-	5 843
Total	79 753	10 077	363	-	89 467

**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

**ANNEXURE 4
CLAIMS RECOVERABLE**

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17*	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	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								
Rural Development	-	-	7	-	7	-	-	-
Health	-	-	-	58	-	58	-	-
Office of the Chief land claims	-	-	9	-	9	-	-	-
Total	-	-	16	58	16	58		-

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

ANNEXURE 5

INVENTORY	Note	2016/17		2015/16	
		Quantity	R'000	Quantity	R'000
Inventory					
Opening balance		238	15	12 233	1 177
Add/(Less): Adjustments to prior year balances		-	-	-	-
Add: Additions/Purchases - Cash		10	9	4 800	422
Add: Additions - Non-cash		-	-	-	-
(Less): Disposals		-	-	-	-
(Less): Issues		(23)	(9)	(2 437)	(571)
Add/(Less): Adjustments		(214)	(14)	(14 358)	(1 013)
Closing balance		11	1	238	15

**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017**

**ANNEXURE 6
INTER-ENTITY ADVANCES PAID (note 13.1)**

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000
NATIONAL DEPARTMENTS						
International Relations and Co-operations	-	-	2 928	3 725	2 928	3 725
Total	-	-	2 928	3 725	2 928	3 725

TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

ANNEXURE 7

INTER-GOVERNMENT PAYABLES

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17*	
	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000	Payment date up to six (6) working days after year end	Amount R'000
GOVERNMENT ENTITY								
DEPARTMENTS								
Independent Police Investigative Directorate (PID)	-	-	43	-	43	-	-	-
Total	-	-	43	-	43	-		-

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