



ANNUAL REPORT

2016/17

Vibrant and sustainable communication services for an informed citizenry and positive image of South Africa.



the doc
Department:
Communications
REPUBLIC OF SOUTH AFRICA



ANNUAL REPORT

2016/17





ANNUAL REPORT 2016/17

Submission of the Department of Communications (DoC) 2016/17 Annual Report

To the Minister of Communications, **Ms Ayanda Dlodlo, MP.**

I have the honour of submitting to you, in accordance with the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), the Annual Report of the DoC for the period 1 April 2016 to 31 March 2017.

Ms Qinisile Delwa
Acting Accounting Officer: DoC

Date of submission: **31 August 2017**



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PART A: GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

Physical address:

Tshedimosetso House
1035 Frances Baard Street
Hatfield, Pretoria

Postal address:

Private Bag X745
Pretoria
0001

Switchboard: +27 12 473 0000/1

Website: www.doc.gov.za

2. LIST OF ABBREVIATIONS/ACRONYMS

ADG	Acting Director-General
AENE	Adjusted Estimates of National Expenditure
AFS	Annual Financial Statements
AG	Auditor-General
AGSA	Auditor-General of South Africa
ARC	Audit and Risk Committee
ASD	Assistant Director
APP	Annual Performance Plan
BDM	Broadcasting Digital Migration
BRICS	Brazil, Russia, India, China and South Africa
CCC	Compliance and Complaints Committee
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DAC	Department of Arts and Culture
DD	Deputy Director
DG	Director-General
DoC	Department of Communications
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DPW	Department of Public Works
DTH	Direct-to-Home
DTPS	Department of Telecommunications and Postal Services
DTT	Digital Terrestrial Television
DTT PMO	Digital Terrestrial Television Programme Management Office
ECA	Electronic Communications Act
EE	Employment Equity
ESEID	Economic Sectors, Employment and Infrastructure Development
EWD	Employees with disabilities

FPB	Film and Publication Board
GCIS	Government Communication and Information System
HCT	HIV Counselling and Testing
HDI	Historically disadvantaged individual
HIV	Human Immunodeficiency Virus
HoD	Head of Department
HR	Human Resources
HRD	Human Resource Development
HRM&D	Human Resource Management and Development
HRP	Human Resource Plan
IARC	Internal Audit and Risk Committee
ICAS	Independent Counselling and Advisory Services
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communications Technology
IDTSOT	Interdepartmental Technical Senior Officials' Team
IT	Information Technology
JCC	Joint Commission for Cooperation
Manco	Management Committee
MDDA	Media Development and Diversity Agency
MoU	Memorandum of Understanding
MPAT	Management Performance Assessment Tool
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
PFMA	Public Finance Management Act
PPCC	Parliamentary Portfolio Committee on Communications
PSCBC	Public Service Coordinating Bargaining Council
PSETA	Public Service Sector Education and Training Authority
QPR	Quarterly Performance Report

SABC	South African Broadcasting Corporation
SABPAB	South African Broadcast Production Advisory Body
SADC	Southern African Development Community
SAPO	South African Post Office
SARS	South African Revenue Service
SCCR	Standing Committee on Copyright and Related Rights
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SKA	Square Kilometre Array
SMME	small, medium and micro enterprise
SMS	Senior Management Service
SOE	State-Owned Entity
STB	Set-Top Box
STC	Specialised Technical Committee
WIPO	World Intellectual Property Organisation
WRC	World Radio Conference
WSP	Workplace Skills Plan







FOREWORD BY THE MINISTER

I have the privilege to present the DoC's 2016/17 Annual Report in terms of the PFMA of 1999. This Annual Report records the strides that have been made in the two years since the department was established to, primarily, develop overarching communications and broadcasting policies, roll-out the digital migration programme, and promote an informed citizenry and social cohesion. Government has already identified the communications sector as a critical growth sector. The National Development Plan (NDP) recognises that the ongoing development of quality communications infrastructure, services, content and applications is key to the rapid economic, social and cultural development of the country.

The Information and Communications Technologies (ICTs) environment is dynamic, and rapid technological development is changing how we communicate and access information and services. The ongoing technological changes and innovations that are envisaged in the future, coupled with the fact that most of the communication-related policies were developed in the beginning phases of the country's

democracy, necessitate a review of frameworks and the development of a new policy. These commitments impose obligations on government and have implications for the sector and all stakeholders. We have a shared responsibility to address the socio-economic challenges before us.

The 2017/18 Budget Speech highlighted that in order to boost investment in the short term, there are several specific imperatives and one of them is to implement the transition from analogue to digital television (TV), which will release spectrum for broadband services. Effective implementation of these and other programmes and initiatives will set our country on a higher growth trajectory than currently projected. Progress in engagements between government, the business sector and social stakeholders is imperative. Transformation must result in an economy that belongs to all South Africans, where the legacy of race domination is no longer visible. This is not a transformation to be achieved through conquest, conflict or extortion, as in our past. Our transformation will be built through economic

participation, partnerships and mobilisation of all our capacities. It is a transformation that must unite, not divide South Africans. Transformation must reshape our cities and build linkages across the rural and urban landscapes, where fragmentation and separation characterised past patterns. Transformation must achieve a more balanced structure of ownership and control in our economy.

In terms of the media environment, a number of constitutional guarantees were introduced that transformed this landscape from one that was severely restricted and state controlled to one in which freedom of expression and by extension, freedom of the press and other media, was guaranteed. Section 16 of the Constitution of the Republic of South Africa of 1996 reflects these freedoms: "Everyone has a right to freedom of expression. Diversity and plurality of the media space was seen as a key principle guiding a democratic order. Much consideration was therefore given to developing policy that would open up access to the media for all South Africans, promote a range of voices (especially from the most

vulnerable groups in society), discourage political control and encourage citizen participation. The DoC/ Government Communication and Information System (GCIS) held a two-day Print Media Transformation, Accountability and Diversity Colloquium. The purpose of the colloquium was to bring together a broad range of stakeholders to contribute positively to a debate on media transformation and diversity, interrogate issues within the media environment to effect positive change, inform the media transformation and diversity policy process, and secure diversity and plurality of content and media ownership in a free and democratic constitutional state.

Print media also plays an important role in the attainment of the goals set out in the NDP. On its own, this sector (despite the negative economic climate) still plays a significant role in facilitating democratic discourse. It should be acknowledged, however, that this is often constrained by skewed patterns of ownership and control. In addition, there is a need for diversity of local content across different platforms and to fast-track realisation of a diverse media environment.

Our commitment to freedom of expression and a free media remains steadfast. As is our commitment to a free and flourishing media, I can further assure you that government will continue to engage with the media and the industry in a spirit of partnership. The support for the community broadcasting sector was initiated as part of an effort by the government to build the fledgling sector as a new phenomenon in the new democratic dispensation. The support was limited to infrastructural assistance, for community radio in the beginning, it later grew to include content production, signal distribution subsidies and capacity-building.

Despite the growth of the community broadcasting support over the years, it had its own limitations as it was not informed by a comprehensive policy. We will be finalising the Community Broadcasting Support Strategy that captures the issues, problems

and future challenges identified by stakeholders and determines the activities to be supported for community broadcasting. The department also facilitated the provision of broadcasting infrastructure to community radio stations in the rural areas.

Globally, the audio-visual market structure will be dominated by large vertically integrated companies. During the period under review, the DoC developed the *White Paper on Audio-Visual and Digital Content Policy for South Africa*, which provides enabling mechanisms to facilitate ownership of the new audio-visual digital content value chain by previously disadvantaged communities and small, medium and micro enterprises (SMMEs). It also encourages public and private partnerships' investment to fund the production of unique South African audio-visual digital content. Government encourages industry to promote transformation and equitable ownership of the new audio-visual digital value chain. The South African audio-visual content sector must fulfil the democratic, cultural, social and economic needs of its citizens.

During the period under review, the DoC accelerated implementation of the digital migration programme to provide South Africans with new platforms and content as well as to free up much-needed radio frequency spectrum for high-speed broadband and Internet networks. The 2016/17 financial year saw the commencement of extensive distributions and installations of Digital Terrestrial TV (DTT) set-top boxes (STBs) and related devices. In total 136 364 registrations of qualifying household have been recorded across the country.

Of the total registrations recorded, 38 520 installations were completed. A number of digital migration awareness campaigns were coordinated in the provinces. Due to the multi-channel environment brought about by the implementation of digital migration, there is a need to support the growth and development of the local content industry. Whilst in

the recent past significant progress in the increase of local content has been recorded, there is an urgent need to implement a coherent strategy for localising content as an economic and cultural industry. It is clear that South Africa cannot move into the new digital broadcasting environment while being wholly dependent on foreign-produced and sourced content.

Government will continue to promote the efforts that address the challenges of digital exclusion through education and training on essential digital skills and initiatives to facilitate use of media. We have proved that we can change course through negotiation, participation and partnership. We have the resilience needed to move forward confidently even in uncertain times. Decisive steps have been taken to stabilise the leadership of the DoC and that of our public entities. We are in the process of filling vacancies that exists at the top-management structure of the department.

Allow me to thank the former Minister and Deputy Minister of Communications for the progress made within the past two years. I would also like to thank board members of our entities for their cooperation and support, as well as the Portfolio Committee of Communications. I am also grateful to the DoC staff and management, who have the responsibility for implementing the departmental goals and objectives.

We are committed to implementing the NDP by pursuing policies that seek to create a dynamic and connected information society and a vibrant knowledge economy that is more inclusive and prosperous.



Ms Ayanda Dlodlo, MP

Minister of Communications



DEPUTY MINISTER'S STATEMENT

According to the NDP, by 2030 ICT will underpin the development of a dynamic and knowledge economy that is inclusive and prosperous information society. In addition, it is envisioned to be the vehicle within which South Africa will be a leading regional and African digital content hub by 2030. Cabinet-approved the National Communication Strategy Framework's five-year theme: "Together we move South Africa forward", this is a rallying theme which promotes partnership and galvanizes active citizenship.

The media has become an important voice in our democratic dispensation after having been censored to a large extent in the years preceding our democracy. Our constitutional commitment to freedom of expression has contributed to a robust and independent media. However, community media platforms still struggle to enter the frame of this picture despite them being the heartbeat of our communities. Community media is a platform

to provide feedback to communities and stakeholders on progress made in implementing the Programme of Action of government.

Our nation is in desperate need for plurality in the voices, which represents a broad spectrum of society. Sadly, many mainstream publications still fall short in representing the country's diversity in their newsrooms and boards. As a result critical issues in certain demographics never make it into the newspapers or are relegated to the back pages. These are the stories community media are currently telling.

This government expects the media to be fearless in their reporting and to continue facilitating public discourse. However, we hope that this fearlessness extends to also driving a narrative that inspires hope to our people. Our country has made remarkable progress in 23 years and our continued development is unstoppable. I believe that

there is room for deeper and more meaningful coverage of our exciting developmental journey. Such coverage would of course not be at the expense of your watchdog and checking function, but will rather live alongside it.

The DoC will continue to support all initiatives that enhance media freedom and a greater diversity. They truly provide a diverse voice from urban areas to the smallest settlements.

This willingness to give voice to all communities is undoubtedly a reason for the burgeoning popularity and continued growth of community media. Media in their different forms are a powerful force.

The DoC will continue to support all initiatives that enhance media freedom and a greater plurality of voice. Together we can ensure a vibrant community publishing and media space.

One of the key pillars of the Nine-Point Plan is the economic empowerment of women and youth, whose participation in our economy is critical if we are to achieve real and inclusive economic development and growth.

While government acknowledges that times are tough economically, we remain confident that we are on track to faster economic growth and job creation. We therefore encourage the active involvement and participation of all South Africans. We have a collective responsibility to help grow South Africa and make our country a better place for all. All South Africans must become involved in implementing the Nine-Point Plan. It is clear that both private-sector investment and citizen engagement are critical to the successful implementation of the Nine-Point Plan. The media can also play a greater and more meaningful role in ensuring that citizens have greater access to information. If we allow an information deficit to arise we risk creating a new divide between those with access to resources and those who have none. It also has a greater role to play in ensuring that people make informed choices rather than acting out of ignorance or misinformation. It is our joint responsibility as government and media to contribute to the development of this country.

The DoC is executing its mandate of developing appropriate policies that will help to improve government communications and drive the communication sector in the right direction. During the 2016/17 reporting period, the DoC continued to pay a special responsiveness to providing leadership to the broadcasting sector. It continued to contribute towards the realisation of

Outcome 14: Nation-Building and Social Cohesion. This is being realised through the combined efforts of the department's entities.

The pride of South Africans and their pride in national identity has improved through our public broadcaster and Brand South Africa in positively branding the country so that not only South Africans continue to be proud but also generate trust of the international investor community.

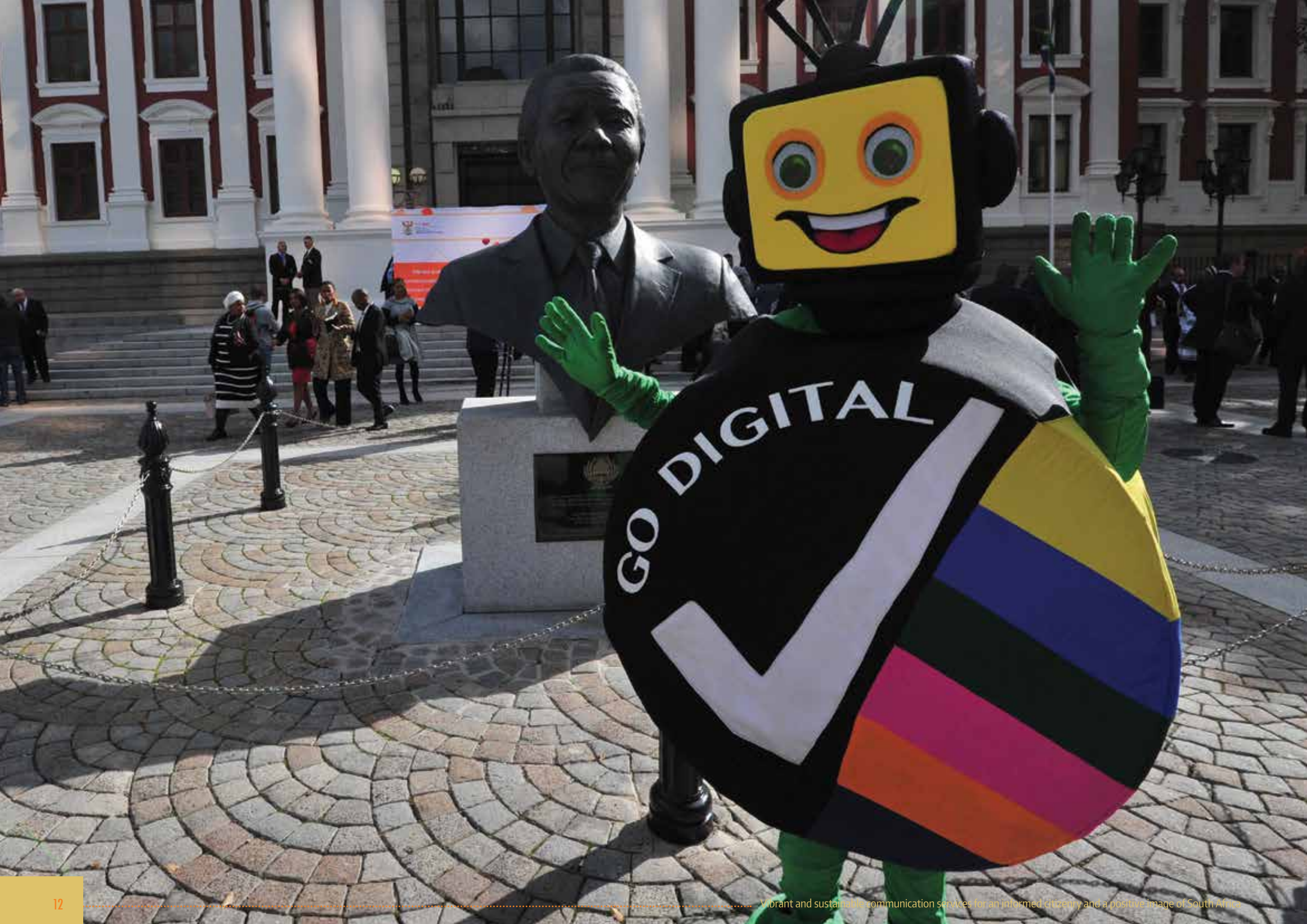
We are a government of the people and remain committed to communicating with communities about developments in their areas.



Ms Tandi Mahambehlala, MP

Deputy Minister of Communications







3. REPORT OF THE ACCOUNTING OFFICER

3.1 Overview of the operations of the DoC:

I have the honour to present the second Annual Report of the DoC, which was established in 2015. For the year under review, the DoC's commitment to its mandate of providing universal access to information and transforming the communication sector saw the department delivering a well-organised Print Media Transformation, Accountability and Diversity Colloquium during 2016/17. This initiative was in line with the commitment of identifying media transformation as the flagship project for the 2016/17 financial year.

The purpose of the colloquium was to bring together a broad range of stakeholders to contribute positively to a debate on media transformation and diversity, interrogate issues within the media environment to effect positive change, inform the media transformation and diversity policy process, and secure diversity and plurality of content and media ownership in a free and democratic constitutional

state. For the transformation process to work it must be all-encompassing, and should address issues of media and print ownership, measurements of circulation, distribution channels and assessment of regulations that govern the affairs of media practitioners. It is within this context that the DoC will be developing during this Medium Term Expenditure Framework (MTEF) period a Media Transformation and Diversity Policy.

The communications landscape is ever evolving due to competition and convergence between broadcasting, telecommunications, new media and the anticipation of DTT. Radio remains a critical source of information for a large majority of those who have little access to Information Technology and other platforms. The DoC continued to support the community media sector by providing broadcasting infrastructure to five community radio stations. This support resulted in the creation of 47 permanent and 99 temporary jobs. Community radio stations provide information and cater for the needs and tastes of their community. They are acknowledged

by their listeners as their primary source of news and information. Communities are given a platform to share knowledge and expertise across a range of subjects and issues in their own preferred languages. In addition, the DoC successfully submitted the the *White Paper on Audio-Visual and Digital Content Policy for South Africa* to Cabinet for approval towards the development of the Audio-Visual and Digital Content Policy for South Africa.

The policy will provide enabling mechanisms to facilitate ownership of the new audio-visual digital content value chain by previously disadvantaged communities and SMMEs. It also encourages public and private partnerships investment to fund the production of unique South African audio-visual digital content. The DoC continued to support the parliamentary processes on the Films and Publications Amendment Bill to ensure it is finalised for implementation. The department also made a concerted effort to fast-track the finalisation of the Broadcasting Act, 1999 (Act 4 of 1999).

At the end of 2015, South Africans started receiving DTT transmissions. Over the 2016/17 financial year, the DoC continued with the roll-out of DTT to essentially transform the nature of TV broadcasting. South African viewers in the Square Kilometre Array (SKA) and borderline towns now have more choice and enjoy a greater diversity of programming than they have ever enjoyed before. During the 2016/17 financial year, 18 analogue transmitters were switched-off in the SKA areas.

The DoC was successful in sourcing additional funding from National Treasury for the DTT awareness campaigns and communication strategy. This great effort resulted in an increase in the registration of qualifying households who received free STBs. To date, over 1 089 898 STBs have been produced by manufacturers and delivered to the South African Post Office (SAPO) warehouses, representing a total of over 1.6 million DTT kits produced and delivered to the SAPO warehouses since October 2015.

A total of 136 364 registrations of qualifying households have been recorded across the country and 38 520 STBs installed. Furthermore, the department signed a Memorandum of Understanding (MoU) with the Department of Public Works (DPW) for the training of installers of STBs in all municipalities, with a budget of R4 million. We are immensely proud of the achievements since it was established in 2015 and we look forward to continued resurgence in the coming financial year fundamentally reshaped by digital technology.

At the end of the financial year, the department can proudly look back on a very productive and successful year with many milestones having been achieved. The DoC also acknowledges challenges that have been experienced during the year. Interventions have been put in place to address these challenges. The success in delivering on its ambitious goals is dependent on the continued commitment of its

employees and key stakeholders. The department managed to successfully receive a clean audit on its first year of operation and will continue to ensure that it maintains an improved audit outcome in this financial year. The DoC continued to show a healthy growth in implementing the revised 2015/16 Strategic Plan. The department achieved 63% of its 2015/16 Annual Performance Plan (APP) and has now increased to 76% of its 2016/17 APP.

I would like to take this opportunity to thank “Team DoC”, members of various committees and our state-owned entities (SOEs) for their unwavering support, guidance and input in shaping the DoC’s strategy and vision, contributing to the performance of the department over the past financial year. As the DoC we welcome and appreciate the newly appointed Minister and Deputy Minister of Communications, with their continued assistance we have no doubt that the DoC will contribute to building a free and democratic South Africa in which all its people are able to play a role.

3.2 Overview of the financial results of the department:

The DoC was originally allocated R1,345 billion for the 2016/17 financial year. The departmental budget baseline allocation was increased with R4,3 million during the Adjusted Estimates of National Expenditure (AENE) and funds to the amount of R41,4 million was shifted from the Independent Communications Authority of South Africa (ICASA) to the department to fund the DTT Project while R3,1 million was allocated for the GCIS and R1,2 million was a rollover request from the 2015/16 financial year.

Of the final budget allocation of R1,35 billion, an amount of R1,232 billion (91.3%) was allocated and transferred to the departmental agencies and GCIS, leaving the organisation with a total operational





budget of R117,828 million (8.7%). From this budget, an amount of R68,025 million (57.7%) was allocated towards the Compensation of Employees, R45,802 million (38.9%) was allocated to Goods and Services whilst R3,8 million (3.3%) was for the Payment of Capital Assets. An amount of R201 000 was budgeted for Transfers and Subsidies in respect of leave gratuity that was paid to employees who have left the employ of the department during the 2016/17 financial year.

The DoC recorded a total saving of R13,978 million during the 2016/17 financial year, which represent a total saving of 1.04% of the total budget allocation of R1,35 billion. The underspending is attributed to the fact that R41,410 million for the DTT Project was only

made available with the Adjustments Appropriation Act, 2016 (Act 12 of 2016), as gazetted on 19 January 2017. Procurement processes could, therefore, only be finalised in the last quarter and it was impossible to conclude payment for goods and services by 31 March 2017.

The DoC obtained a clean audit outcome during in its inaugural year, the 2015/16 financial year, and maintained sound financial management as stipulated in the PFMA of 1999, Treasury Regulations and good governance into and throughout the 2016/17 financial year. The DoC continues to promote financial discipline across all levels in order to ensure responsible use of financial resources.



Departmental receipts

Departmental receipts	2016/17			2015/16		
	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	74	61	13	8	12	(4)
Interest, dividends and rent on land	2 168	2239	-71	4 000	3 406	594
Financial transactions in assets and liabilities	401	279	122	32	67	(35)
TOTAL	2 643	2 579	63	4 040	3 485	555

The departmental revenue mainly consists of interest received on the commercial bank account as well as interest on Loan 14 that is being received from the SABC in terms of Section 30(1) of the Exchequer Act, 1975 (Act 66 of 1975). In terms of Section 30(2) of the same Act, interest is payable six monthly in arrears on 31 January and 31 July every year at a rate of 6.5% per year.

The DoC has received approximately R1,4 billion from ICASA in respect of administrative fees. The department is deemed to be a “conduit” as it mainly transfer the administrative fees to the National Revenue Fund and South African Revenue Service respectively. Therefore, the department does not realise this revenue in the Statement of Financial Performance.

Programme Expenditure

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
1. Administration	57 730	57 255	475	48 207	48 206	1
2. Communications, Policy Research and Development	7 161	6 324	837	7 266	4 896	2 370
3. Industry Research and Capacity Development	47 775	35 166	12 609	20 843	20 385	458
4. Entity Oversight	1 237 054	1 236 997	57	1 214 572	1 214 555	17
TOTAL	1 349 720	1 335 742	13 978	1 290 888	1 288 042	2 846

The DoC spent 98.96% of its allocated budget and realised a nett underspending of R13,979 million (1.04%). Apart from the fact that R1,232 billion was allocated to Programme 4: Entity Oversight, expenditure mainly took place under Programme 1 and Programme 3. The saving in Programme 3 is attributed to the fact that the AENE was passed in January 2017, which left the programme little time to commit and spend towards the DTT Project. The final appropriation amount reflected in Programme 3 include R41,410 million that was shifted from ICASA to the DoC to fund the DTT Project.

Rollovers/Additional Funding

Approval had been obtained to rollover an amount of R1,214 million from the 2015/16 financial year to the 2016/17 financial year. These funds were exclusively used to fund commitments towards DTT awareness in Programme 3.

The GCIS was allocated an additional R3,1 million based of the self-funding strategy that was formulated and approved by National Treasury in respect of the Vuk'uzenzele newspaper. The ultimate goal is to use the advertising revenue to steadily increase the print run and also double the frequency of the newspaper without compromising its primary aim. The additional funds enabled the GCIS to increase the print run, covering both printing and distribution, from 850 000 to 1 040 000 copies per edition from November 2016 edition to March 2017. The original budget was thus increased with a total of R4,314 million from R1,345 billion to R1,35 billion.

Virements

Approval was granted to shift an amount of R41,410 million from Programme 4: Entity Oversight (ICASA) to Programme 3 to fund the DTT Project during the AENE. The Adjustments Appropriation Act of 2016 was gazetted on 19 January 2017, which left the DTT Project Management Office (PMO) with only two months to commit and commission the funds.

The DoC did not require to effect major virements between programmes after the AENE. The virements effected after the AENE are reflected in the table below:

Main division	AENE	Virement	Final appropriation
	(R'000)	(R'000)	(R'000)
1. Administration	57 103	627	57 730
2. Communications, Policy Research and Development	7 728	(567)	7 161
3. Industry Research and Capacity Development	47 692	83	47 775
4. Entity Oversight	1 237 197	(143)	1 237 054
TOTAL	1 349 720	0	1 349 720



Future plans of the department

The department's future plans have been captured in the Strategic Plan 2015-2020 and the APP 2016-2019, and aligned to the priorities and outcomes of government over the 2014-2019 electoral period.

Public-Private Partnership (PPP)

The department did not enter into any PPP.

Discontinued activities/activities to be discontinued

The DoC will continue with its activities into the 2017/18 financial year. Although the department remains totally underfunded, it will have to find creative ways to fund its operations in the 2017/18 financial year.

New or proposed activities

No new activities will be introduced in the 2017/18 financial year.

Supply Chain Management (SCM)

The department does not have unsolicited bid proposals concluded for the year under review. A policy on irregular and wasteful expenditure has been developed and approved. Internal controls and policies are in place and reviewed annually to avoid any form of irregular and wasteful expenditure. During the 2016/17 financial year, the GCIS was providing support in the procurement of goods and services.

The department has started with the capacitation of DoC SCM in the last quarter of the 2016/17 financial year.

Gifts and donations received in kind from non-related parties

During the 2016/17 financial year, the DoC received in-kind gifts, donations and sponsorships to the value of approximately R2 000.

Exemptions and deviations received from National Treasury

The department did not apply for or receive any exemption from National Treasury in respect of the PFMA of 1999, Treasury Regulations or deviation from the financial reporting requirements in respect of the current financial year.

Events after the reporting date

No events occurred after the reporting date and the date of approval of the Annual Financial Statements (AFS)

Investigations

Three investigations have been finalised into the governance matters of the Media Development and Diversity Agency (MDDA), the procurement processes of STBs by the Universal Service and Access Agency of South Africa and governance and administration at ICASA. The investigation reports have been compiled.

Acknowledgement/s or Appreciation

The DoC expresses appreciation to Ministers Muthambi and Dlodlo as well as Deputy Ministers Ndabeni-Abrahams and Mahambehlala for their leadership and support during the 2016/17 financial year.

Approval and sign-off

The 2016/17 draft AFS are approved by the Acting Accounting Officer.

Yours faithfully

Ms Qinisile Delwa

Acting Director-General (ADG)

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

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

All information and amounts disclosed throughout the Annual Report are consistent. The Annual Report is complete, accurate and is free from any omissions. The Annual Report has been prepared in accordance with the guidelines issued by National Treasury.

The AFS (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 AFS and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource (HR) information and the AFS. The external auditors are engaged to express an independent opinion on the AFS.

In my opinion, the Annual Report fairly reflects the operations, performance information, HR information and the financial affairs of the department for the financial year ended 31 March 2017.

Yours faithfully



Acting Accounting Officer

Ms Qinisile Delwa



5. STRATEGIC OVERVIEW

5.1 Vision

Vibrant and sustainable communication services for an informed citizenry and positive image of South Africa.

5.2 Mission

Create an enabling environment for the provision of inclusive communication services to all South Africans in a manner that promotes socio-economic development and investment through broadcasting, new media, print media and other new technologies, and brand the country locally, regionally and internationally.

5.3 Values

- Certainty of the policy environment
- People centred
- Quality standards of products and services
- Integrity
- Responsiveness
- Innovation.

6. LEGISLATIVE AND OTHER MANDATES

6.1 Constitutional mandate

The department's Constitutional mandate is derived from the Bill of Rights in the Constitution of the Republic of South Africa of 1996, in particular the principles of freedom of expression, freedom to receive or impart information or ideas and freedom of artistic creativity. Its main focus is to deepen democracy and sustain nation-building and patriotism by ensuring that the citizenry is informed about government programmes and that they are able to influence and participate in such programmes.

6.2 Legislative and other mandates

The DoC's mandates are derived from the President's proclamation when establishing the department, and these are:

- Develop an overarching communications and broadcasting policy and strategy
- Provide information dissemination and publicity to promote an informed citizenry
- Brand South Africa abroad to assist the country promote investments, economic growth and job creation.

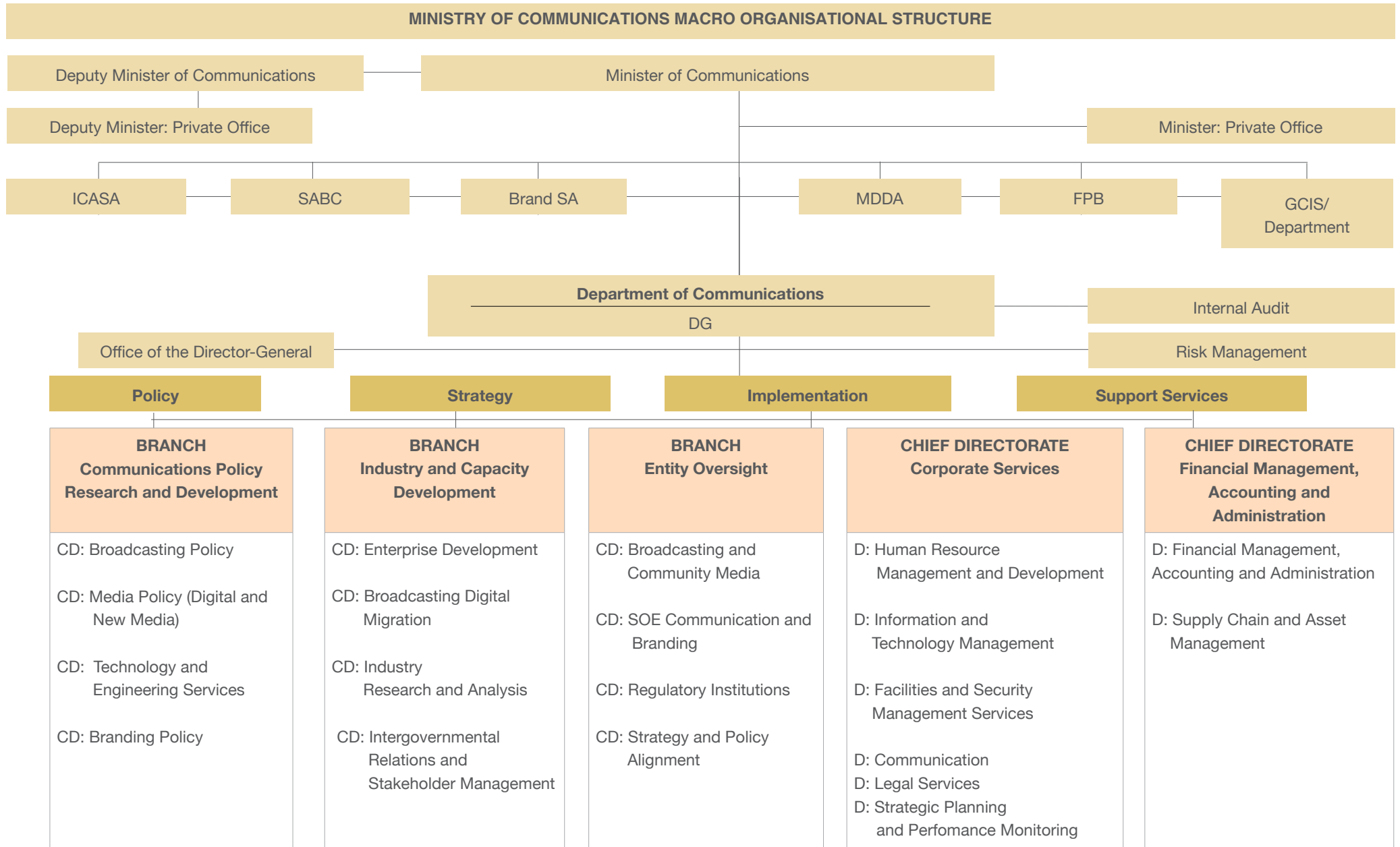
6.3 Furthermore, the legislative framework for the work of the DoC is contained primarily in the following legislation:

- Broadcasting Act of 1999;
- Electronic Communications Act (ECA), 2005 (Act 36 of 2005);
- ICASA Act, 2000 (Act 13 of 2000);
- Films and Publications Act, 1996 (Act 65 of 1996); and
- MDDA Act, 2002 (Act 14 of 2002).

6.4 The department is also guided, amongst others, by the:

- Constitution of the Republic of South Africa of 1996;
- Public Service Act, 1994 (Act 103 of 1994), as amended;
- PFMA of 1999, as amended;
- International Telecommunications Union; and
- World Intellectual Property Organisation (WIPO).

7. ORGANISATIONAL STRUCTURE



8. ENTITIES REPORTING TO THE MINISTER

Name of the entity	Legislative mandate	Financial relationship	Nature of operations
MDDA	The MDDA was set up in terms of the MDDA Act of 2002 to enable historically disadvantaged communities and individuals to gain access to the media. The mandate of the agency is to create an enabling environment for media development and diversity which reflects the needs and aspirations of all South Africans; redress the exclusion and marginalisation of disadvantaged communities and people from access to the media and the media industry; and promote media development and diversity by providing support primarily to community and small commercial media projects. The overall objective of the agency is to ensure that all citizens can access information in a language of their choice, and to transform media access, ownership and control patterns in South Africa.	Transfer payment	<ul style="list-style-type: none"> • Provide technical, non-financial and financial support to diverse media platforms. • Provide support to the increased participation of communities in ownership and control of community and small commercial media. • Provide community media grants. • Promote ownership, control and access to information and content production by communities. • Enhance ownership, participation and control of print and digital media by independent media entrepreneurs. • Create and enhance a body of knowledge of the media landscape. • Build capacity for a diverse media industry.
SABC	The SABC is listed as a schedule 2 public entity in terms of the PFMA of 1999. Its mandate is set out in its charter and in the Broadcasting Act of 1999, as amended, and requires it to provide radio and TV broadcasting services to South Africa.	Transfer payment	<ul style="list-style-type: none"> • Radio broadcasting. • TV broadcasting. • Implement digital terrestrial migration and technology. • Programme and develop local content. • Expand commercial radio stations to increase the organisation's audience share. • Digitise value chain and distribution platforms.
ICASA	ICASA was established by the ICASA Act of 2000, as amended, to regulate the South African communications, broadcasting and postal services sectors. The regulator's mandate is defined in the ECA of 2005 as licensing and regulating electronic communications and broadcasting services, and in the Postal Services Act, 1998 (Act 124 of 1998) as regulating the postal services sector. Enabling legislation also empowers the regulator to monitor licensee compliance with licence terms and conditions, develop regulations for the three sectors, plan and manage the radio frequency spectrum and protect consumers in relation to these services.	Transfer payment	<ul style="list-style-type: none"> • Conduct advocacy and awareness campaigns. • Monitor spectrum interference. • Implement DTT projects. • Implement the activities of postal and broadcasting licensees. • Implement customer relationship management. • Use spectrum management tools to ensure the optimal use of the high demand radio frequency spectrum by licence holders.

Brand South Africa	<p>Brand South Africa was established as a trust in 2002 and gazetted as a schedule 3A public entity in 2006, in accordance with the PFMA of 1999. Its purpose is to develop and implement a proactive and coordinated international marketing and communications strategy for South Africa, to contribute to job creation and poverty reduction, and to attract inward investment, trade and tourism.</p>	Transfer payment	<ul style="list-style-type: none"> • Develop and manage brand strategy. • Render assistance to government and private sector entities in aligning their communications strategies with national messaging. • Improve brand-ranking index. • Host South African Competitiveness Forum. • Roll-out Play Your Part TV series.
Film and Publication Board (FPB)	<p>The FPB regulates and controls the creation, production, possession, exhibition and distribution of films, interactive computer games and certain publications in terms of the Films and Publications Act of 1996. The board is also responsible for monitoring age restricted business premises for compliance with their licence and registration terms.</p>	Transfer payment	<ul style="list-style-type: none"> • Protect children against premature exposure to adult experiences and harmful materials, particularly films, games and publications. • Conduct awareness programmes that inform and educate the public about films, videos and games that are harmful to children. • Conduct research on human trafficking. • Monitor compliance with the Films and Publications Act of 1996. • Develop and implement a content regulation framework that ensures 100% classification and labelling of classifiable content distributed on online, mobile and related platforms. • Implement programmes aimed at cyber safety and child online protection.



PART B: PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S (AG) REPORT: PREDETERMINED OBJECTIVES

1.1 Introduction and scope

In accordance with the Public Audit Act (PAA) of South Africa, 2004 (Act No. 25 of 2004) 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.

My procedures address the reported performance information, which must be based on the approved performance planning documents of the Department of Communications. I have not evaluated the completeness and appropriateness of the performance indicators 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.

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 of Communication for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – Communication Policy, Research and Development	44 – 49
Programme 3 – Industry and Capacity Development	49 – 56
Programme 4 – Entity Oversight	56 – 60

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.

I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 2 – Communication Policy, Research and Development
- Programme 3 – Industry and Capacity Development
- Programme 4 – Entity Oversight.



2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The DoC has made good progress in establishing itself but still requires support and adequate resources, which are core to the performance of any organisation. Policy, planning, budgeting and reporting are aligned to getting better service delivery. Reporting on both financial and non-financial performance is important in measuring the performance of government institutions. Non-financial information is essential for assessing progress towards predetermined service delivery or performance targets. Performance information allows for a results-based management approach, where results or performance can be measured in order to recognise success and failure, and to adjust strategy accordingly.

A MoU that was signed in 2015/16 between the DoC and GCIS to allow the GCIS officials to continue to provide corporate services related support to the DoC in managing and implementing key corporate services functions was extended in the 2016/17 financial year. The extension remained with the SCM, IT and Internal Audit support services, until such time the DoC is able to fully perform these functions. During the period under review, the department managed to submit the Outcome 14 2016/17 Implementation Plan and three quarterly reports to the Department of Arts and Culture (DAC).

The departmental HR Management Plan and Workplace Skills Plan (WSP) were developed, approved and implemented. The Employment Equity (EE) Plan was developed and approved. Financial

statements were compiled and submitted to the Director-General (DG), Ministry, National Treasury and Auditor-General of South Africa (AGSA) in line with Section 40 of the PFMA of 1999 and relevant prescripts. The three-year Audit Strategic Plan and Operational Plan were approved by the Audit and Risk Committee (ARC). The department also conducted performance, asset management compliance and financial audits for 2016/17. Four ARC and eight Internal ARC (IARC) meetings were coordinated for the 2016/17 financial year.

The Directorate: Legal Services worked on contracts, MoU, legal instruments and litigations that the department managed during the period under review. The report highlights the 14 MoUs, two Bills, one country position paper, four court cases and nine legal advices. The department submitted four quarterly performance reports (QPR) to National Treasury and the Department of Planning, Monitoring and Evaluation (DPME) according to the prescribed legislation. The department also presented the 2015/16 Annual Report and the three 2016/17 QPRs to the Parliamentary Portfolio Committee on Communications (PPCC) during the period under review. The 2015/16 Annual Report was submitted to AGSA for performance audit and the DoC in its inaugural year obtained a clean audit. The Annual Report was also submitted to Parliament on 14 September 2016.

The DoC continued to monitor the 2016/17 Service Delivery Improvement Plan (SDIP) and implementation reports were submitted to the Department of Public Service and Administration (DPSA) as required. During the period under review, the department also developed the Service Delivery Charter that was approved by the Executive Authority. The 2017/18 APP was tabled in Parliament on 14 March 2017 and submitted to National Treasury and DPME according to prescribed legislation. In total the department received 1 758 invoices during the 2016/17 financial year and

1 735 of them were processed within 30 days and only 23 were processed outside 30 days. Some 1 551 requests for orders were received and processed during the period under review, 1 507 of these requests were processed within 48 hours and this translates to 98.08% of requisitions that were converted to orders within 48 hours.

Globally, the audio-visual market structure will be dominated by large vertically integrated companies. This market structure allows large companies to lower costs of production, which increases barriers to entry by new and small players. The trend has relevance nationally; emerging audio-visual SMMEs and freelancers are unable to compete fairly, due to lack of access to the value chain. The draft *White Paper on Audio-Visual and Digital Content Policy for South Africa* was presented to the Cabinet Committee on Economic Sectors, Employment and Infrastructure Development (ESEID). Inputs from the committee were incorporated towards the final draft White Paper. The White Paper will be presented to the Cabinet Committee again within the first semester of the 2017/18 financial year.

The department, together with the assistance of the DPME, conducted the Socio-Economic Impact Analysis on the *White Paper on Audio-Visual and Digital Content Policy for South Africa*. The department planned to have the **ICASA Amendment Bill** signed into an Act during the period under review. However, the Act was not submitted to the President for sign-off due to a need for the two departments – Department of Telecommunications and Postal Services (DTPS) and DoC – to work on aspects of economic regulator (*National Integrated ICT White Paper*) and content regulator (*White Paper on Audio-Visual and Digital Content Policy for South Africa*). The DoC will finalise the ICASA Amendment Bill portions related to content after the finalisation of the *White Paper on Audio-Visual and Digital Content Policy for South Africa*.

The media sector still plays a significant role in facilitating democratic discourse. A number of constitutional guarantees were introduced to transform this landscape from one that was severely restricted and state controlled to one in which freedom of expression—and by extension freedom of the press and other media—was guaranteed. The department hosted a Colloquium on Print Media Transformation, Accountability and Diversity. The colloquium focused on the entire value chain in the print media space, from ownership through to printing, distribution, research and advertising. External stakeholder consultations on possible community media support mechanisms were conducted through the media transformation

colloquium and specific recommendations were made through the commission dedicated to the community media support.

The outcomes of the colloquium will inform a concept paper related to the transformation, and reform of traditional and new media in South Africa. The inputs from the colloquium will be integrated into the discussion document to be gazetted. The Community Broadcasting Support Strategy was widely consulted with industry stakeholders. The Strategy will be finalised during the first semester of the 2017/18 financial year and monitored. It captures the issues, problems and future challenges identified

by stakeholders and determines the activities to be supported for community broadcasting. As part of implementing the Community Broadcasting Support Strategy, five community radio stations were provided with broadcasting infrastructure, namely: Mohodi FM and Vhembe FM in Limpopo, Mogale FM in Gauteng, Ermelo FM in Mpumalanga and Elgin FM in the Western Cape. The community radio stations that were supported resulted in the creation of 47 permanent jobs and 99 temporary opportunities.

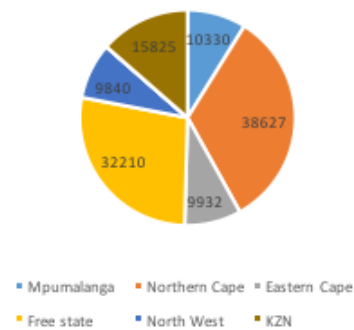


The Broadcasting Digital Migration (BDM) programme remains a flagship of the Ministry and the DoC. Significant progress has also been made in the implementation of the programme. Sentech has since made available and optimized digital network across the country. A critical milestone to switch off the analogue transmitters begun in October 2016. Eighteen analogue transmitters have already been switched off in the core towns of the SKA. This is a reflection of the commitment by government to ensure that migration from analogue to digital platforms is realised in the country in a shortest time in order to release the much-awaited spectrum for broadband and other related services.

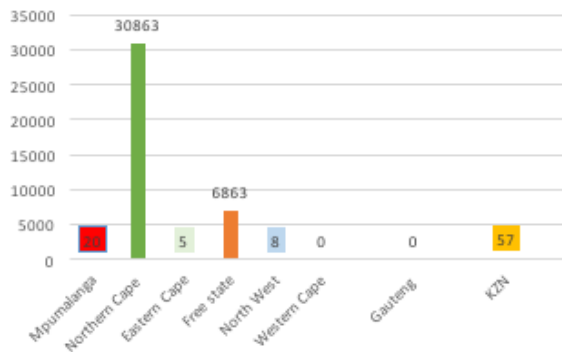


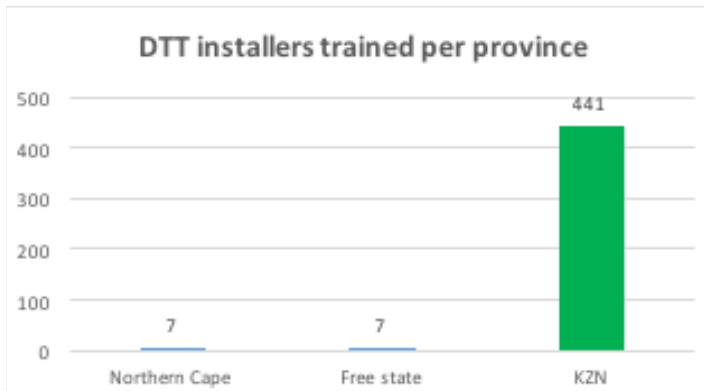
Registrations statistics for qualifying households have improved by **228%** from **52 000** in December 2016 to **136 364** by the end of March 2017. Distribution and installations are also underway. Towns and villages along the borderline provinces with the neighbouring countries of Namibia, Botswana, Zimbabwe, Mozambique, Swaziland and Lesotho have been prioritised. These are Northern Cape, Eastern Cape, Free State, KwaZulu-Natal, Mpumalanga, Limpopo and North West. More qualifying households were expected to be registered and connected by the end of the 2017/18 financial year. The DoC has urged all the stakeholders and communities to join hands with government to assist in the roll-out process of the programme.

Qualifying TV-owning households registered per province



Qualifying households connected per province





As part of implementing the **DoC Stakeholder Engagement Strategy**, 11 international stakeholder engagements were coordinated during the period under review. The engagements focused on some of these structures, Brazil, Russia, India, China and South Africa (BRICS); Southern African Development Community (SADC), Inter-Ministerial Committee Meeting on Intellectual Property (IMCIP); African Union Summit; Zambia Joint Commission for Cooperation (JCC); Standing Committee on Copyrights and Related Rights (SCCR); G20; Ugra VIII International IT Forum, Binational Commission; Ghana Senior Officials’ meeting. During the period under review, the department coordinated one multilateral (WIPO/SCCR) and two bilateral (China, Russia) partnerships. The department also tabled two position papers at the multilateral and bilateral engagements to support the development of the communications sector. The position papers were on: The Status of South Africa’s Implementation of the SADC Roadmap for Digital Broadcasting Migration that was tabled at SADC Communication, ICT and Postal Services Sub-Sector Committee Meeting and also the SADC WRC-19 preparatory meeting. The two communications programmes were implemented and progress reports were compiled and submitted. The progress reports on DTT and Content Hub were presented at a DoC-GCIS SADC joint Ministers meeting of Communications, ICT, Transport and Meteorology and at the Commission on the Operationalization of Specialised Technical Committees (STCs) on the Committee for Communication and ICT.

The Minister appointed the **South African Broadcast Production Advisory Body** (SABPAB) in the 2015/16 financial year. The establishment of SABPAB is

a requirement in line with section 38 of the Broadcasting Act of 1999 to advise the Ministry on how the development, production and display of local TV and radio should be supported. The Chairperson of the SABPAB was appointed in the 2016/17 second quarter. The advisory body identified skills development and funding model as the two focus areas for the 2016/17 financial year. During the period under review, the advisory body convened three meetings and a biannual monitoring report on the Work Programme of the Advisory Body was compiled.

During the period under review, the DoC coordinated the signing of four out of five 2016/17 accountability instruments, one shareholder compact and three accountability instruments in the first quarter. However, the process was not finalised, as it awaits discussions with the new Executive Authority. The accountability instruments will be finalised in the first quarter of the 2017/18 financial year. In terms of implementing the public entities governance protocols, the programme held 10 forums, including: Chief Financial Officer (CFO) forums, Company Secretary Forum, Policy and Regulatory Forum, DG/CEO Forum, and bilateral engagements between the Minister and board members. As part of the oversight role by the department, public entities submitted both the 2015/16 annual reports and 2016/17 QPRs for analysis and feedback. The analysis of both the 2015/16 annual reports and the 2016/17 quarterly reports of public entities were compiled and submitted to the Executive Authority. The analysis reports were also presented at the bilateral meetings held between the Minister, management of entities and members of the boards.

The Framework for Strategic Plans and APPs issued by National Treasury in 2010 requires departments responsible for public entities to exercise oversight of planning, budgeting and reporting processes in these institutions. Oversight departments need to work with the entities to ensure that entities’ plans and budgets feed into the departments’ plans and budgets. Departments remain accountable for the outputs of the entities for which they are responsible, and the key outputs of such entities need to be contained in the department’s strategic plans and APPs. In responding to this requirements, the DoC held a joint planning session with the public entities, where the Minister communicated the departmental priorities. The Entity Oversight Programme also analysed entities’ second draft and final draft APP to ensure alignment to DoC priorities.

2.2 Service Delivery Improvement Plan

The department has completed a SDIP. The tables below highlight the service-delivery plan and the achievements to date.

Main services and standards

Main services	Beneficiaries	Current standard of service	Desired standard of service	Actual achievement
<p>Provide legislative frameworks and guidelines to support nation-building and social cohesion, universal access to broadcasting and media services:</p> <p>Broadcasting Amendment Bill</p> <p>FPB Amendment Bill</p> <p><i>Audio-Visual Green Paper</i></p> <p>ICASA Amendment Bill</p>	<p>South African citizens, Broadcasting and Media Industry, national and provincial government departments, Local Government, Civil society, Cabinet, PPCC, Investors, International delegations</p>	<p>The Broadcasting Amendment Bill was approved by Cabinet and introduced to Parliament for public hearings and enacting into law. The department presented the memorandum and objectives of the Bill to Parliament in February 2016.</p> <p>The department is in the process of supporting the parliamentary processes related to the Bill until it is passed by the National Assembly and presented to the President to enact into law.</p> <p>Draft ICASA Amendment Bill was developed</p> <p>Community Broadcasting Support Strategy was developed and published for public comments. The comments were analysed and the strategy was submitted to Manco for approval.</p> <p>FPB Bill was approved by Cabinet and submitted/ tabled in Parliament for public hearings. The department presented the memorandum and objectives of the Bill to Parliament in February 2016.</p>	<p>Parliament consultations on the Broadcasting Amendment Bill. Broadcasting Amendment Bill: legal opinions on subjudice rule and constitutionality hearings in Parliament:</p> <p>The draft <i>White Paper on Audio-Visual and Digital Content Policy for South Africa</i> has commenced and will be presented to the Economic Cluster.</p> <p>30 and 31 August 2016: Films and Publications Amendment Bill public hearing/participation.</p> <p>20 and 21 September 2016: The DoC responses to public submissions and critical inputs from public hearings.</p> <p>13 October 2016: Deliberations on the Films and Publications Amendment Bill. The Bill is scheduled to be discussed further by the PPCC on 25 October 2016.</p>	<p>Broadcasting Amendment Bill: The Broadcasting Amendment Bill was approved by Cabinet and currently before the PPCC for processing.</p> <p>Audio-Visual Green Paper: The draft <i>White Paper on Audio-Visual and Digital Content Policy for South Africa</i> has been presented to the Economic Cluster, Cabinet committee. The Ministers of Economic Development, Telecommunications and Postal Services and Communications are yet to meet to address issues that are relevant to the mandate of their departments.</p> <p>FPB Amendment Bill: The Films and Publications Bill has now been processed by Parliament and will be finalised during the 2017/18 financial year.</p> <p>ICASA Amendment Bill: The <i>White Paper on ICTs</i> will impact on the ICASA Amendment Bill as the White Paper is calling for an economic regulator. Therefore, the amendment cannot be done until the issue has been dealt with.</p>

		There are ongoing discussions with the stakeholders both within government and the private sector on the finalisation of the White Paper for submission to Cabinet.		
Batho Pele arrangements with beneficiaries				
(Consultation access, etc.)				
Current/actual consultation arrangements		Desired arrangements		Actual achievements
Four consultative meetings with the Department of Justice and Constitutional Development Presentations to Cabinet Two policy and regulatory committee meetings		Nine provincial consultations Publish for public comments in the <i>Government Gazette</i> Four policy and regulatory committee meetings		The department hosted a Community Broadcasting Support Strategy workshop on 22 – 23 February 2017 (Midrand Conference Centre, Midrand) to confirm the inputs received in the earlier consultation after the strategy was gazetted. Community Broadcasting Support Strategy provincial consultations were held to raise awareness and buy-in on the model. Consultations were held in Port Elizabeth (Community Media Dialogue) – Eastern Cape on 16 April 2016, Burgersfort, Limpopo (Knowledge Economy Workshop), Free State on 26 July 2016 (Free State Provincial Government Community Radio Workshop). One departmental entities policy and regulatory forum meeting was held on 13 June 2016.

Service delivery information tool		
Current/actual information arrangements	Desired information arrangements	Actual achievements
<p><i>Government Gazette</i> Departmental website 15 <i>izimbizo</i> Stakeholders' consultations</p>	<p>Departmental website 15 <i>izimbizo</i> Stakeholders' consultations</p>	<p>Some 67 digital migration broadcasting awareness campaigns and <i>izimbizo</i> were conducted during the 2016/17 financial year in towns and villages along the borderline provinces with the neighbouring countries of Namibia, Botswana, Zimbabwe, Mozambique, Swaziland and Lesotho, these are Northern Cape, Eastern Cape, Free State, KwaZulu-Natal, Mpumalanga, Limpopo and North West.</p> <p>Just to name a few: Lephalale Focus Week Imbizo; Tiyani (Magoro) Ministerial Imbizo; Makuleke Ministerial Imbizo; Kwaggafontein Ministerial Imbiz; Kwaggafontein Presidential Imbizo; Ga Mothapo Ministerial Imbizo; Mphambo Ministerial Imbizo and Mtititi Village; Carnarvon; Williston; Vanwyksvlei, Brandvlei, Calvinia, Loeriesfontein; Niewoudtville; Poffader; Witbank; Groblershoop; Sutherland; Frasersburg; Victoria West; Richmond; Kenhart.</p>
Complaints mechanism		
Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
<p>Acknowledge of receipt within two days Full response within 30 working days</p>	<p>Acknowledge of receipt within two days Full response within 20 working days</p>	<p>All the inputs were incorporated into the draft legislations and consultation will continue until the Bill is passed in Parliament. Responses and enquiries to policy issues are acknowledged within 24 hours.</p> <p>Most of the queries arise from the challenges faced by communities related to community broadcasting licensing and funding issues.</p> <p>Community radio stations were provided with broadcasting infrastructure and funds to the community broadcasting sector to address the imbalance in the sector.</p>

Courtesy:

Current/actual courtesy mechanism	Desired courtesy mechanism	Actual achievements
<p>Acknowledgement of public comments on the draft Bill</p> <p>Provide feedback and explain decisions taken</p>	<p>Acknowledgement of public comments on the draft Bill provides feedback and explains decisions taken</p>	<p>The department developed an analysis document that captures the issues, problems and future challenges identified by stakeholders in responses to the published draft FPB Bill and Community Broadcasting Support Scheme.</p> <p>The project team is in the process of consulting stakeholders who submitted the inputs to make presentations on their submission prior to submitting the strategy for approval by Cabinet.</p>

Access:

Current/actual access mechanism	Desired Access mechanism	Actual achievements
<p>Online (Internet and email)</p> <p>Printed copies</p> <p>Stakeholders' consultations</p>	<p>Online (Internet and email)</p> <p>Printed copies</p> <p>Stakeholders' consultations</p>	<p>The Community Broadcasting Support Strategy document was circulated to the stakeholders before and after the workshop. Provisioning of the broadcasting infrastructure enables communities to have access to local news communities are familiar and can relate well with, as well as activities within their area were they can become part of the developmental discussions.</p> <p>[13 October 2016] After the completion of the public hearings before the PPCC, the FPB and the DoC have provided a revised version of the Bill, which has been circulated to interested parties for further comment. The Bill was discussed further by the Portfolio Committee on 25 October 2016.</p> <p>[20 and 21 September 2016] The PPCC met to deliberate on the submissions made on the Films and Publications Amendment Bill of 2015.</p> <p>[August 2016] The public hearings on the Films and Publications Amendment Bill [B37-2015] took place from 30 August 2016 to 1 September 2016 in the Old Assembly Chamber in the Parliamentary precinct after publication on the parliamentary website and after parties made submissions as per the call for submission by Parliament.</p>

Openness and transparency:		
Current/actual openness and transparency mechanism	Desired openness and transparency mechanism	Actual achievements
Publish draft Bills for public comments Coordinate provincial information sharing sessions (<i>Izimbizo</i>) (<i>Izimbizo</i>)	Publish draft bills for public comments Coordinate provincial information sharing sessions (<i>Izimbizo</i>)	The draft Community Broadcasting Support Strategy was developed through consulting the affected and individual that has interests in the community broadcasting sector. Parliament published and gazetted the FPB Bill for public comments in July and August 2015, respectively.
Value for money:		
Current/actual Value-for-Money mechanism	Desired Value-for-Money mechanism	Actual achievements
Public inputs covered in the overall development of departmental legislations	Public inputs covered in the overall development of departmental of legislations	All inputs from the consultations were incorporated into the final draft Community Broadcasting Support Strategy. All the inputs were incorporated into the draft legislations and consultation will continue until the Bill is passed in Parliament.
Human resources:		
Current/actual HR mechanism	Desired HR mechanism	Actual achievements
7	10	No increase of the staff. However, the resources have been moved out of the chief directorate. The chief directorate has five permanent employees and one contract administrative employee whose contract expired on 31 October 2016.

Cost:		
Current/actual Cost mechanism	Desired Cost mechanism	Actual achievements
0 cost to the client R1,5 million	0 cost to the client R2,5 million	R250 000 for Community Broadcasting Support Strategy workshops. R200 000 for hosting of Print Media Colloquium.
Current/actual Cost mechanism	Desired Cost mechanism	Actual achievements
30 to 90 days	30 to 90 days	The DoC could not complete and achieve the targets as they are within the parliamentary process (Broadcasting Amendment Bill and Films and Publications Bill). The <i>White Paper on ICTs</i> will impact on the ICASA Amendment Bill as the White Paper is calling for an economic regulator. Therefore the amendment cannot be done until the issue has been dealt with. The Films and Publications Bill has now been processed by Parliament and will be finalised during the 2017/18 financial year.

2.3 Organisational Environment

The DoC is responsible for overarching communications policy and strategy, information dissemination and publicity as well as branding the country abroad. Improved communications will promote an informed citizenry and will also assist the country to promote investments, economic growth and job creation. The department comprises five public entities namely: Brand South Africa, FPB, ICASA, MDDA and SABC. The department is advancing with building its own capacity and key strategic positions are being filled. The departmental vacancy rate is at 16%, above 10% benchmark target as set by the DPSA. The recruitment process was put on hold due to lack of funding; other appointments will be made during the 2017/18 financial year. The department has 90 funded posts, 76 posts are filled and 14 are vacant. In terms of EE, females at Senior Management Service (SMS) level accounted for 10 (42%) and males 14 (58%). Employees with disabilities (EWD) constitute 2.6% (one employee is a female SMS member and another one is a male at level five).

The department trained 35 officials by the end of Quarter Four and the quarterly monitoring reports were submitted to the Public Service Sector Education and Training Authority (PSETA). An Employee Performance Management and Development System (EPMDS) advocacy session for employees levels 12 and below was conducted in preparation for the 2016/17 assessments. The department participated in wellness programmes, including the Big Walk and National Recreation Day. The DoC is sharing office space with the GCIS. The space is currently inadequate and the department would require additional space. The process of acquiring office space for DoC has been put on hold due to lack of funding.

2.4 Key policy developments and legislative changes

The DoC reviewed the following policies and legislation during the period under review. On the legislative front, the department amended the following legislation:

Name of Act	Purpose
FPB Amendment Bill	The objective of the amendment is to align the Act and strengthen the capacity of the FPB to perform its functions.
Broadcasting Amendment Act	The objective of the amendments is to address the governance matters in relation to the size of the board, appointment procedure for the non-executive board of directors as well as the removal and resignation of non-executive board members.
<i>White Paper on Audio-Visual and Digital Content Policy for South Africa</i>	To review the 1998 <i>White Paper on Broadcasting</i> and related policies.

In the medium term, the DoC anticipates to develop and review policies and legislation in a number of important areas:

Policy name	Purpose
Audio-Visual and Digital Content Policy for South Africa	To review the 1998 <i>White Paper on Broadcasting</i> and related policies.
ICASA Amendment Bill	The objective is to amend the appointment procedures so as to reduce the number of councillors from nine to five to ensure operational efficiency and performance.
MDDA Amendment Bill	The objective of the amendment is to align the Act to the name of the Minister of Communications and the department, and review the entity's 10-year-old mandate in the digital environment.
Media Transformation and Diversity Policy	To address collectively the challenges in respect of transformation and diversity in print and digital media, and seek solutions for immediate implementation.

3. STRATEGIC OUTCOME-ORIENTED GOALS (Key achievements for Outcome 14: Nation-building and Social Cohesion)

The DoC plays a role in implementing Outcome 14: Nation-Building and Social Cohesion. The department has a role in “forging a new overarching identity”. It needs to influence citizens to be proud of being South Africans and it has to improve the target from 66% to 75% of South Africans reflecting pride to be South Africans. It also has a role in improving identity based on self-description, from 52% to 60% target. The department has managed to drive public broadcasting that preserves, informs and reflects the cultural heritage of all South Africans with a view to achieve by 2019, 70% local content that reflects South Africans and the South African Story. The above targets formed part of the Performance Agreement of the Minister of Communications and the President.

A total of 72% of content reflecting South African perspectives and cultural diversity was showcased on SABC1 and 2, and 49% on SABC3. This is in accordance with the Outcome 14 indicator that impacts on the activity of promoting social cohesion across society through increased interaction across race and class. Brand South Africa conducted a national perception study and its key objectives was to identify the trends that are shaping South African society. The results of the study indicate that citizens show a strong devotion to their country – 65% of the population describe themselves as South Africans first and 84% South Africans reflecting pride to be South Africans.

Table 5: Outcome 14 – Impact indicators

Nation-building pillar	Impact indicator	2019 targets	2016/17 targets	Actual Achievement 2016/17
Promoting social cohesion across society	Social Cohesion Index	90%	60%	74%
Promotion of social cohesion across society through increased interaction across race and class	Percentage of local content on SABC1 and 2	70% of content reflects South Africans	65%	72%
	Percentage of local content on SABC3		40%	49%
Active citizenry and leadership	Active Citizenship Index	85%	60%	61%
	Pride in being South African	75% of South African reflecting pride to be South African	75% of South Africans reflecting pride to be South Africans by 2018/19	93%
Forging a new overarching identity	Identity based on self-description	60% of population describing themselves South African first	60% of population describing themselves South African first by 2018/19	42%

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

The purpose of the programme is to provide coordinated strategic and administrative support services to enable the Ministry and the department to deliver on mandates.

The programme's functions are organised into the following directorates and subprogrammes:

1. Ministry:
2. Office of the DG:
 - Outcome 14 Coordination
 - Risk Management: Performs risk management functions.
 - Internal Audit: Provides internal audit functions.
3. Subprogramme: Corporate Services:
 - HR Management and Development (HRM&D): Manages and facilitates the provisioning of HRM&D services.
 - Information and Technology Management: Provides information and technology management services.
 - Facilities and Security Management Services: Manages the provisioning of facilities management and security services.
 - Communications: Provides communication and events management services to the department.
 - Legal Services: Provides legal services.
 - Strategic Planning and Performance Monitoring: Develops, reports and monitor the implementation of the strategic plan and the APP and ensures that planning and performance reporting is coordinated across the department.
4. Sub programme: Financial Management, Accounting and Administration: Manages finances:
 - SCM: Manages supply chain and asset management.

Strategic objectives for the financial year under review

- Ensure compliance with statutory requirements and good governance practices by 2019.



Strategic objectives, performance indicators, planned targets and actual achievements

Key achievements

The DoC has made good progress in establishing itself but still require support and adequate resources which are core to the performance of any organisation. Policy, planning, budgeting and reporting are aligned to getting better service delivery. Reporting on both financial and non-financial performance is important in measuring the performance of government institutions.

Non-financial information is essential for assessing progress towards predetermined service-delivery or performance targets. Performance information allows for a results-based management approach, where results or performance can be measured in order to recognise success and failure, and to adjust strategy accordingly.

A MoU was signed in 2015/16 between the DoC and GCIS to allow GCIS officials to continue providing and supporting the DoC in managing and implementing key corporate services functions. The MoU was extended in the 2016/17 financial year and the extension remained with SCM, IT and Internal Audit support services, until such time the DoC is able to fully perform these functions. During the period under review, the department managed to submit Outcome 14 2016/17 Implementation Plan and the three quarterly reports to the DAC.

The departmental HR Plan (HRP) and WSP were developed, approved and implemented. The EE Plan was developed and approved. Financial statements were compiled and submitted to the DG, Ministry, National Treasury and AGSA in line with Section 40 of the PFMA of 1999 and relevant prescripts. The ARC approved the three-year Audit Strategic Plan and operational plan. The department also conducted performance, compliance, asset management compliance and financial audits for 2016/17. Four Audit Committee and eight IARC were coordinated for the 2016/17 financial year.

The Directorate: Legal Services worked on contracts, MoU, Legal Instruments and Litigations that the department managed during the period under review. The reports highlight the 14 MoUs, two Bills, one country position paper, four court cases and nine legal advices. The department submitted the four QPRs to National Treasury and DPME according to prescribed legislation. The department also presented the 2015/16 Annual Report and the three 2016/17 QPRs to the PPCC during the period under review.

The 2015/16 Annual Report was submitted to AGSA for performance audit and the DoC in its inaugural year obtained a clean audit. The Annual Report was also submitted to Parliament in September 2016. The DoC continued to monitor the 2016/17 SDIP and implementation reports were submitted to the DPSA as required. During the period under review, the department also developed the Service Delivery Charter that was approved by the Executive Authority. The 2017/18 APP was tabled in Parliament on 14 March 2017 and submitted to National Treasury and DPME according to the prescribed legislation.

In total the department received 1 758 invoices during the financial year and 1 735 of them were processed within 30 days and only 23 invoices were processed outside 30 days. Some 1 551 requests for orders were received and processed during the period under review, 1 507 of them were processed within 48 hours and this translates to 98.08% of requisitions that were converted to orders within 48 hours.

Challenges

Although HRM ensured that prioritised and critical positions were discussed with the various units and advertised early in the financial year, a moratorium was placed on all vacant posts due to severe budget constraints. This is continuing to place a heavy workload on the current staff and the GCIS employees who are assisting the DoC in line with the MoU. It is also difficult to address the EE status of the department. The ADG post remains vacant even though it was advertised on numerous occasions. The WSP could not be fully implemented due to insufficient funds being made available as per the legislated 1% of the Compensation Budget. New bursary applications could not be invited due to financial constraints. The department was also unable to participate in youth development programmes such as learnership and internship due to financial constraints, limited office accommodation and working tools.

Strategic objectives and performance indicators per subprogramme

Subprogramme: Human Resource Management and Development

Strategic objectives:

Subprogramme: Human Resource Management and Development					
Strategic objectives	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
Ensure compliance with statutory requirements and good governance practices by 2019	HRM&D policies, plans and procedures were developed, approved and implemented	MTEF HRP approved and submitted to the DPSA	MTEF HRP was approved and submitted to the DPSA	None	None

Performance indicators

Subprogramme: Human Resource Management and Development							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
HRD Strategy implemented	N/A	N/A	Not achieved The WSP was not submitted to the PSETA	The WSP approved and implemented	The WSP was approved and training programmes were conducted. Quarterly training reports were compiled and submitted to the PSETA.	None	None

Subprogramme: Financial Management, Accounting and Administration

Strategic objectives:

Subprogramme: Financial Management, Accounting and Administration: Financial Management, Accounting and Administration					
Strategic objectives	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement 2016/17	Comment on deviations
Ensure compliance with statutory requirements and good governance practices by 2019	Unqualified financial statements were not yet prepared and submitted for audit, however, financial policies, plans and procedures were developed and four quarterly financial reports were also compiled and submitted to the Accounting Officer and the Executive.	Unqualified audit outcome on AFS	Clean audit opinion was achieved on 2015/16 AFS	N/A	N/A

Performance indicators

Subprogramme: Financial Management, Accounting and Administration: Financial Management, Accounting and Administration								
Strategic objectives	Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement 2016/17	Comment on deviations
Ensure compliance with statutory requirements and good governance practices by 2019	AFS submitted to the AGSA and National Treasury	N/A	N/A	Financial policies, plans and procedures were developed and four quarterly financial reports were also compiled and submitted to the Accounting Officer and the Executive	AFS prepared and issued within legislated prescripts	2015/16 AFS were compiled and submitted to National Treasury by 31 May 2016	None	None
	% of invoices paid within 30 days as regulated	N/A	N/A	N/A	100% of all compliant invoices paid within 30 days	98, 69% of all compliant invoices were paid within 30 days. In total the department received 1 758 invoices during the financial year and 1 735 of them were processed within 30 days and only 23 invoices were processed outside 30 days	-1.31%	1 735 of the 1 758 invoices were processed within 30 days due to an error that occurred during the capturing of the invoices in the third and fourth quarters
	% of procurement requisitions processed to orders within 48 hours receipt	N/A	N/A	N/A	70% of requisitions converted to orders within 48 hours.	98.08% of requisitions were converted to orders within 48 hours	+28.08%	Capacitation of the Directorate: SCM

Subprogramme: Internal Audit

Strategic objectives:

Programme name: Internal Audit					
Strategic objectives	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
Ensure compliance with statutory requirements and good governance practices by 2019	Internal Audit policy and plan were developed and four quarterly internal-audit reports were compiled	Three-year rolling Audit Strategic Plan reviewed and implemented	The Three-year rolling Strategic Plan was reviewed and signed off by the ARC for implementation. Four quarterly implementation reports were compiled and submitted to the committee	None	None

Performance indicators

Programme/Subprogramme: Internal Audit							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement 2016/17	Comment on deviations
Risk-based Internal Audit Annual Operational Plan approved	N/A	N/A	N/A	2016/17 risk-based Internal Audit Plan and Operational Plan approved	2016/17 risk-based Internal Audit Plan and Operational Plan were developed and approved by the IARC.	None	None
Number of progress reports on the implementation of the Annual Operational Plan (covering financial, compliance and performance)	N/A	N/A	Four compliance-audit reports were compiled Four performance-audit reports were compiled	Four reports on performance, compliance and financial audits conducted	Four quarterly progress reports on financial, compliance and performance audits against annual operational plan were compiled	None	None

Strategy to overcome areas of under-performance

The DoC manages performance in the following manner:

- Quarterly reports are presented to the Minister and discussed at Manco, ARC and Portfolio Committee meetings for interventions.
- A report on targets that were not achieved is compiled and submitted to Manco for decision-making on corrective measures.

Linking performance with budgets: Subprogramme expenditure

Subprogramme 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
1. Ministry	8 389	8 376	13	12 125	12 032	93
2. Departmental Management	32 040	31 611	429	28 397	28 725	(328)
3. Internal Audit	854	854	-	-	3	(3)
4. Corporate Services	9 916	9 903	134	4 942	4 881	61
5. Financial Management	6 531	6 511	20	2 743	2 568	175
TOTAL	57 730	57 255	475	48 207	48 206	1

4.2 Programme 2: Communication Policy, Research and Development

The purpose of the programme is to conduct research, develop communications and broadcasting policies.

The programme's functions are organised into the following subprogrammes:

- **Broadcasting Policy**, which conducts research and develops broadcasting policies.
- **Technology and Engineering Services**, which conducts research and develops broadcasting spectrum policy and plan, develops standards and manages technology and engineering services.
- **Media Policy**, which conducts research and develops print media, new media and communications policies.
- **Branding Policy**, which conducts research and develops branding and messaging policies.

The strategic objectives for the financial year under review:

- Improve universal access to broadcasting services by 2019.
- Broaden access to information to all citizens by 2019.



Strategic objectives, performance indicators, planned targets and actual achievements

Key achievements

Globally, the audio-visual market structure will be dominated by large vertically integrated companies. This market structure allows large companies to lower costs of production, which increases barriers to entry by new and small players. The trend has relevance nationally; SMMEs and freelancers are unable to compete fairly, due to lack of access to the value chain. The draft **White Paper on Audio-Visual and Digital Content Policy for South Africa** was presented to the Cabinet Committee on ESEID. Inputs from the committee were incorporated towards the final draft White Paper. The White Paper will be presented to Cabinet Committee again within the first semester of the 2017/18 financial year. The department together with the assistance of the DPME conducted the Socio-Economic Impact Analysis on the *White Paper on Audio-Visual and Digital Content Policy for South Africa*. The department planned to have the ICASA Amendment Bill signed into an Act during the period under review. However, the Act was not submitted to the President for sign-off due to a need for the two departments (DTPS and DoC) to work on aspects of economic regulator (ICT Integrated White Paper) and content regulator (*White Paper on Audio-Visual and Digital Content Policy for South Africa*). The department will finalise the ICASA Amendment Bill portions related to content after the finalisation of the *White Paper on Audio-Visual and Digital Content Policy for South Africa*.

The media sector still plays a significant role in facilitating democratic discourse. A number of constitutional guarantees were introduced that

transformed this landscape from one that was severely restricted and state controlled to one in which freedom of expression and by extension freedom of the press and other media was guaranteed. The department hosted a Colloquium on Print Media Transformation, Accountability and Diversity. The colloquium focused on the entire value chain in the print media space, from ownership through to printing, distribution, research and advertising. External stakeholder consultations on possible community media support mechanism were conducted through the media transformation colloquium, specific recommendations were made through the commission dedicated to the community media support.

The outcomes of the colloquium will inform a concept paper related to the transformation and reform of traditional and new media in South Africa. The inputs from the colloquium will be integrated into the discussion document to be gazetted. The Community Broadcasting Support Strategy was widely consulted with industry stakeholders.

The strategy will be finalised during the first semester of the 2017/18 financial year and monitored. The strategy captures the issues, problems and future challenges identified by stakeholders and determines the activities to be supported for community broadcasting. As part of implementing the Community Broadcasting Support Strategy, five community radio stations were provided with broadcasting infrastructure, namely: Mohodi FM, and Vhembe FM in Limpopo, Mogale FM in Gauteng, Ermelo FM in Mpumalanga and Elgin FM in the Western Cape. The community radio stations that were supported resulted in the creation of 47 permanent and 99 temporary job opportunities.

Challenges

The challenges that impacted on the achievement of targets were largely related to external stakeholders over whom the DoC did not have direct control. Going forward, extensive stakeholder engagement will be undertaken with relevant external stakeholders involved during implementation of such projects. There was a delay for consultation between the DoC and Ministers of Telecommunications and Postal Services and Economic Development in relation to the draft *White Paper on Audio-Visual and Digital Content Policy for South Africa*. The delay in finalising the ICASA Amendment Bill is awaiting for action of the ICT White Paper recommendations on splitting ICASA into two regulators (economic and content regulator). The *Green Paper on the MDDA* has been impacted upon by the delays in the draft *White Paper on Audio-Visual and Digital Content Policy for South Africa* as it now forms part of the review.

Strategic objectives and performance indicator per subprogramme

Subprogramme: Broadcasting Policy

Strategic objectives:

Programme name: Broadcasting Policy					
Strategic objectives	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
Improve universal access to broadcasting services by 2019	N/A	Draft <i>White Paper on Audio-Visual and Digital Content Policy for South Africa</i> approved	The draft <i>White Paper on Audio-Visual and Digital Content Policy for South Africa</i> was presented to the Cabinet Committee on ESEID and the inputs from the committee were incorporated towards the final draft White Paper, for approval by Cabinet	The draft <i>White Paper on Audio-Visual and Digital Content Policy for South Africa</i> was not approved.	The Cabinet Committee on ESEID referred the White Paper for further consultations.

Performance indicators

Programme/Subprogramme: Broadcasting Policy							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement 2016/17	Comment on deviations
ICASA Amendment Act implemented	N/A	N/A	Draft ICASA Amendment Bill was developed However, ICASA Amendment Bill was not approved by Cabinet and introduced in Parliament	ICASA Amendment Bill was not signed into an Act	ICASA Amendment Bill was not signed into an Act	ICASA Amendment Bill was not signed into an Act	The proposed establishment of an Economic Regulator by the National Integrated ICT White Paper approved by Cabinet has an impact on the role of ICASA in the long term. The processing of the ICASA Amendment Bill had to be held in abeyance pending the finalisation of the National Integrated ICT White Paper
Community Broadcasting Support Strategy developed, and implemented	N/A	N/A	Community Broadcasting Support Strategy developed and approved	Community Broadcasting Support Strategy approved	Consultation on Community Broadcasting Support Strategy was conducted and the final strategy was produced	The Community Broadcasting Support Strategy was not approved by Cabinet	The stakeholder consultations were held late in the financial year (February) due to financial constraints as a results the strategy could be submitted for approval. The department will finalise the strategy within the 2017/18 financial year

Subprogramme: Media Policy

Strategic objectives:

Programme name: Media Policy					
Strategic objectives	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
Broaden access to information by all citizens by 2019	Five community radio stations were provided with broadcasting infrastructure (Lekoa FM, Kgatleng FM, Maruleng FM, Madibogo FM, Bagaka FM)	Five community radio stations provided with broadcasting infrastructure	Five community radio stations were provided with broadcasting infrastructure	None	None

Performance indicators

Programme/Subprogramme: Media Policy							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement 2016/217	Comment on deviations
Media Development and Diversity mandate amended	N/A	N/A	Not achieved The discussion paper on media transformation was developed However, Cabinet approval of the Media Transformation Policy was not obtained	<i>Green Paper on the MDDA</i> published	<i>Green Paper on the MDDA</i> was not published	<i>Green Paper on the MDDA</i> was not published	The finalisation of the <i>Green Paper on the MDDA</i> was depended on the Broadcasting Act of 1999, which is now referred to as the draft <i>White Paper on Audio-Visual and Digital Content Policy for South Africa</i> .

Community Media Support Strategy implemented	N/A	N/A	Community Media Support Strategy was not developed and adopted	Research report on Community Media Support compiled	Research report on Community Media Support mechanisms was compiled	None	None
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Strategy to overcome areas of underperformance

The DoC manages performance in the following manner:

- Quarterly reports are presented to the Minister and discussed at Manco, ARC and Portfolio Committee meetings for interventions.
- A report on targets that were not achieved is compiled and submitted to Manco for decision-making on corrective measures.

Linking performance with budgets: Subprogramme expenditure

Subprogramme 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
Broadcasting Policy	7 161	6 324	837	6 341	4 883	1 458
Technical and Engineering Services	-	-	-	925	13	912
TOTAL	7 161	6 324	837	7 266	4 896	2 370

4.3 Programme 3: Industry and Capacity Development

The purpose of the programme is to manage enterprise development, BDM and industry research and analysis.

The programme's functions are organised into the following subprogrammes:

- Enterprise Development, which manages enterprise development.
- BDM, which manages digital migration.
- Industry Research and Analysis, which manages industry research and analysis.
- Intergovernmental Relations and Stakeholder Management, which manages intergovernmental relations and stakeholder relations.

Strategic objectives for the financial year under review

- Support the growth and development of the creative industries by 2019.
- Manage digital broadcasting migration by 2018/19.
- Strengthen support and interrelations with stakeholders by 2019.
- Market the country locally and Internationally to provide enabling environment for investment by 2019.

Strategic objectives, performance indicators, planned targets and actual achievements

Key achievements

During the period under review, the department continued with implementing the BDM Programme, which achieved significant milestones. The DTT PMO conducted registration campaigns, door-to-door visits in various provinces to ensure that all households are registered and services activated. The focus for the 2016/17 financial year was to clear the SKA and switch off analogue transmitters in the SKA as well as the borderline areas. All households in the SKA core qualify for the government STB subsidy and have been fully migrated to digital. The analogue signal was switched off in the core of the SKA area thereby reducing harmful interference in the international SKA radio telescope project. The remaining transmitters that fall outside the perimeters of the SKA will be switched off as soon as the communities are migrated to digital upon availability of digital STBs in the retail market.

A total of 69 **public awareness campaigns** on digital broadcasting migration were carried out during the reporting period, in the Northern Cape; KwaZulu-Natal; North West; Mpumalanga; Eastern Cape and Free State. The increase in the number of awareness campaign

was to raise awareness to the communities situated along the borderline areas of the KwaZulu-Natal, Free State, Mpumalanga, Limpopo, Eastern Cape and North West. Quarterly reports showing consumer access to digital broadcasting were compiled. As a result of the extensive awareness campaigns, 136 364 households were registered and 1 089 898 STBs were distributed to SAPO warehouses, 1 091 006 DTT accessories were distributed to SAPO warehouses and 38 520 installations completed.

Following a successful partnership with the DPW for the training of installers STBs, a MoU was signed between the departments in the second quarter. In addition, **the DoC** had an engagement with the Moses Kotane Institute for the training of installers for DTT and related devices. The institution (Moses Kotane Institute) has so far trained over 441 young people as installers for the DTT and DTH devices. Following the seven young people trained in the Northern Cape at Keimoes in December 2015 by the Ellies Installer Training Institute, seven more young people were trained in the Free State.

As part of implementing the **DoC Stakeholder Engagement Strategy**, 11 International stakeholder engagements were coordinated during the period under review. The engagements focused on Conference Preparatory Meeting for WRC-19; Interdepartmental Meeting on Permanent Joint Commission; Interdepartmental meeting on the mid-year summit; BRICS Working Group on e-Commerce and BRICS Interdepartmental Technical Senior Officials' Team (IDTSOT); IMCIP; Intellectual property consultative framework workshop, Preparation for the 33rd session of the WIPO SCCR; JCC between South Africa and Zambia; Stakeholder Meeting in 22nd BRICS IDTSOT; DIRCO and Presidency Stakeholder Meeting of Launch of the South Africa-China High-Level People-to-People

Mechanism; United Nations Educational, Scientific and Cultural Organisation (UNESCO), VIII International IT Forum; SCCR; Group 20 (G20) Consumer Summit and lastly on consultative meeting with stakeholders on the visit of Deputy Minister Alexey Volin and the South Africa-Russia Cooperation on ITEC Communications. The BRICS IDTSOT met to review the BRICS Strategy.

The department also tabled two position papers at the multilateral and bilateral engagements to support the development of the communications sector. The positions papers were on: The Status of South Africa's Implementation of the SADC Roadmap for Digital Broadcasting Migration that was tabled at the SADC Communication, ICT and Postal Services Sub-Sector Committee Meeting and on the SADC Preparatory Meeting for WRC-19, held at Spectrum House in Gaborone, Botswana. Progress on the implementation of International Communications programmes such as Regional Content Hub and DTT were presented at the AU STCs: Committee on Communication and ICT and at the DoC-GCIS SADC Joint Meeting of Ministers of Communications, ICT, Transport and Meteorology.

The Minister appointed the SABPAB in the 2015/16 financial year. The establishment of SABPAB is a requirement in section 38 of the Broadcasting Act of 1999 to advise the Ministry on how the development, production and display of local TV and radio should be supported. To that end, the Chairperson of the SABPAB was appointed in the second quarter of 2016/17. The advisory body identified skills development and funding model as priorities areas to focus in for the 2016/17 financial year. During the period under review, the advisory body convened five meetings and biannual monitoring report on the Work Programme of the advisory body was compiled.

Challenges

The unavailability of DTT STBs in the retail market presents a great potential impact on the objective of migrating people as well as the awareness campaign because the programme does not have anywhere to refer those who do not qualify to receive government-subsidised devices to purchase. To address the challenge, the DoC has engaged potential retailers to introduce the devices on the retail market. Limited stock of DTH STBs continue to be a challenge, and this poses a risk to the distribution and installation process in areas where these devices are required. Due to the multi-channel environment brought about by the implementation of digital migration, there is a need to support the growth and development of the local content industry.

Whilst in the recent past significant progress in the increase of local content has been recorded, there is an urgent need to implement a coherent strategy for localising content as an economic and cultural industry. It is clear that South Africa cannot move into the new digital broadcasting environment while being wholly dependent on foreign-produced and sourced content. The resignation of the SABPAB Chairperson and lack of funding of the advisory body has had an impact on the realisation of the Section 38 of the Broadcasting Act of 1999. The non-attendance of meetings by members of the advisory body is also a challenge.

Strategic objectives and performance indicator reports per subprogramme

Subprogramme: Enterprise Development

Strategic objectives:

Programme name: Enterprise Development					
Strategic objectives	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
Support the growth and development of the creative industries sector by 2019	The SABPAB was established and two meetings were convened during the financial year	Two reports on SABPAB work programme	Two reports on SABPAB work programme were compiled.	None	None

Performance indicators

Programme/Subprogramme: Enterprise Development							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement 2016/17	Comment on deviations
Number of reports on SABPAB work programme compiled	N/A	N/A	The SABPAB was established and two meetings were convened during the financial year	Two reports on SABPAB work programme	Two reports on SABPAB work programme and the Annual Report were compiled	None	None

Subprogramme: Broadcasting Digital Migration

Programme name: Broadcasting Digital Migration					
Strategic objectives	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
Manage ditigital broadcasting migration	During the period under review the department implemented the digital broadcasting migration programme and four progress reports were compiled.	Analogue signal switched-off in SKA areas	Analogue signal was switched-off in the core towns of the SKA areas in the Northern Cape	None	None

Performance indicators

Programme/Subprogramme: Broadcasting Digital Migration							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement 2016/17	Comment on deviations
Number of digital broadcasting awareness campaigns per year	N/A	N/A	The Minister launched a public and consumer awareness campaign on 3 July 2015. A number of awareness campaigns (<i>Izimbizo</i> , Evening news coverage and TV breakfast show) were held and an average of 20 452 879, 44 TV-owning households were reached	10 digital migration broadcasting awareness campaigns	69 digital migration broadcasting awareness campaigns were conducted	+59	Additional funds were allocated to the programme during the budget adjustments
Number of reports showing consumer access to digital broadcasting in particular those with government subsidised STBs	N/A	N/A	Achieved Registrations of qualifying TV-owning households commenced in October 2015 in the Northern Cape. Distribution of the government-subsidised STBs commenced in December 2015 as a result one report on consumer access to digital broadcasting was compiled	Four quarterly reports showing consumer access to digital broadcasting	Four quarterly reports showing consumer access to digital broadcasting were compiled	None	None

Subprogramme: Intergovernmental Relations and Stakeholder Management

Programme name: Intergovernmental Relations and Stakeholder Management					
Strategic objectives	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
Strengthen support, guidance and interrelations with stakeholders by 2019	International stakeholder Engagement Strategy was adopted by Manco and two implementation reports were compiled	10 stakeholder engagements coordinated	11 stakeholder engagements were coordinated	+1	During the third quarter, there was a preparatory meeting of JCC between South Africa and Zambia which took place
Market the country locally and internationally to provide enabling environment for investment by 2019	Stakeholder engagement framework was adopted by Manco and two implementation reports were compiled	Strategic multilateral partnerships coordinated and bilateral agreements negotiated	Multilateral (WIPO/SCCR) and bilateral (China, Russia) partnerships were negotiated	None	None

Performance indicators

Programme/Subprogramme: Intergovernmental Relations and Stakeholder Management							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement 2016/17	Comment on deviations
Number of position papers tabled at multilateral and bilateral engagements which supports the development of the communications	N/A	N/A	N/A	Table two position papers	Two position papers were tabled at the multilateral and bilateral engagements	None	None

Programme/Subprogramme: Intergovernmental Relations and Stakeholder Management							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement 2016/17	Comment on deviations
Number of International Communications programmes implemented and monitored	N/A	N/A	N/A	Implement two communications programmes (DTT and Regional Content hub)	The two communications programmes were implemented and progress reports were compiled and submitted	None	None

Strategy to overcome areas of underperformance

The DoC manages performance in the following manner:

- Quarterly reports are presented to the Minister and discussed at Manco, ARC and Portfolio Committee meetings for interventions.
- A report on targets that were not achieved is compiled and submitted to Manco for decision-making on corrective measures.

Linking performance with budgets: Subprogramme expenditure

Subprogramme 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
1. Enterprise Development	1 610	207	1 403	5 023	2 389	2 634
2. Broadcasting Digital Migration	40 715	27 868	12 847	14 485	15 260	(775)
3. Industry Research and Analysis	5 450	5 394	56	1 135	1 734	(599)
4. Intergovernmental Relations and Stakeholder Management	-	1 697	(1697)	200	1 002	(802)
TOTAL	47 775	35 166	12 609	20 843	20 385	458

4.4 Programme 4: Entity Oversight

The purpose of the programme is to monitor the implementation of policies by state-owned and regulatory institutions and to provide guidance and oversight on their governance matters.

The programme's functions are organised into the following subprogrammes:

1. Broadcasting and Community Media, which monitors the implementation of broadcasting and community media policies and provides guidance and oversight over the governance matters of SOEs.
2. SOE Communication and Branding, which monitors the implementation of communications and branding policies and provides guidance and oversight over the governance matters of SOEs.
3. Regulatory Institutions, which monitors the implementation of policies and provides guidance and oversight over the governance matters of regulatory institutions.
4. Strategy and Policy Alignment, which ensures entity strategy and policy alignment to the departmental mandates and manages entity funding.

Strategic objectives for the financial year under review:

- Improve capacity of the entities to deliver by 2019
- Ensure viability and sustainability of SOEs by 2019.

Strategic objectives, performance indicators, planned targets and actual achievements

Key achievements

During the period under review the department coordinated the signing of one shareholder compact and three accountability instruments for the 2016/17 financial year by SOEs. In terms of implementing the public entities governance protocols, the programme held 10 forums (CFO forums, Company Secretary Forum, Policy and Regulatory Forum, DG/CEO Forum and bilateral engagements between the Minister and board members). As part of the oversight role by the department, public entities submitted both the 2015/16 Annual Report and 2016/17 QPRs for analysis and feedback. The analysis of both the 2015/16 Annual Report and the 2016/17 quarterly reports of public entities were compiled and submitted to the Executive Authority. The analysis reports were also presented at the bilateral meetings held between the Minister, management of entities as well as members of the boards.

The Framework for Strategic Plan and APP issued by National Treasury in 2010, requires departments responsible for public entities to exercise oversight of planning, budgeting and reporting processes in these institutions.

Oversight departments need to work with the entities to ensure that entities' plans and budgets feed into the departments' plans and budgets. Departments remain accountable for the outputs of the entities for which they are responsible, and the key outputs of such entities need to be contained in the departments, strategic plans and APPs. In responding to this requirements, the DoC held a joint planning session with the public entities, where the Minister communicated departmental priorities. The Entity Oversight Programme also analysed entities' second draft and final draft APP to ensure alignment to DoC priorities.

Challenges

Delays in processing documents, resulting in inability to provide timeous feedback to public entities. Prolonged negotiations with the ICASA councillors in signing the performance agreements. The postponement of the governance forum meetings due to unavailability of members. Resignations and vacancies in the boards of various entities affects some of the compliance requirements.



Strategic objectives and performance indicator reports per subprogramme

Subprogramme: Strategy and Policy Alignment

Programme name: Strategy and Policy Alignment					
Strategic objectives	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
Improve capacity of the entities to deliver	All the six shareholder compact/accountability arrangements were reviewed, and implementation reports were compiled	One shareholder compact and four accountability instruments signed	<p>One shareholder compact and three accountability instruments for 2016/17 were signed</p> <p>One shareholder compact and three accountability instruments for 2017/18 were developed</p>	<p>2016/17 performance agreements of ICASA Chairperson and councillors were not signed</p> <p>2017/18 shareholder compact and four accountability instruments were not signed</p>	<p>The ICASA performance agreements were prepared but not signed</p> <p>2017/18 accountability instruments were developed and will be signed after consultation with the new Executive Authority</p> <p>The department will finalise the accountability instruments within the first semester of the 2017/18 financial year</p>
Ensure viability and sustainability of SOEs	N/A	Facilitate the implementation of public entities' governance protocols	Public entities governance policy protocols were developed and 10 governance forums were coordinated	None	None

Performance indicators

Programme/Subprogramme: Strategy and Policy Alignment							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement 2016/17	Comment on deviations
Number of oversight reports submitted to the Executive Authority	N/A	N/A	2015/16 quarterly entity oversight reports were submitted to the Executive Authority	Five annual reports and 20 quarterly entity oversight reports submitted to the Executive Authority	Five annual reports were analysed and submitted to the Executive Authority for tabling Analysis reports and feedback letters for 20 quarterly entity oversight reports were compiled	Analysis of Quarter 2 and 3 entity oversight reports were not approved by the Executive Authority	The department introduced a new approval process in the second quarter
Number of alignment reports submitted to the Executive Authority	N/A	N/A	Two reports on alignment of entities' strategies to departmental priorities were compiled	10 reports (two per entity) on alignment of entities strategies to departmental priorities compiled	10 reports (two per entity) on alignment of entities strategies to departmental priorities were compiled and submitted to the Executive Authority	None	None
Number of reports compiled on entity governance forum coordinated as per governance framework	N/A	N/A	Monitoring report on the performance of regulatory institutions compiled and no policy directions was required	Four reports compiled on entity governance forum coordinated as per governance framework	Four reports were compiled on 10 entity governance forum coordinated as per governance framework	None	None

Strategy to overcome areas of underperformance

The DoC manages performance in the following manner:

- Quarterly reports are presented to the Minister and discussed at Manco, ARC and Portfolio Committee meetings for interventions.
- A report on targets that were not achieved is compiled and submitted to Manco for decision-making on corrective measures.

Changes to planned targets

The department did not make any in-year changes to the planned targets, however, there is a typo on the annual target:

Ten reports (one per entity) on alignment of entities' strategies to departmental priorities compiled. The annual target indicate that there will be one alignment report per entity instead of two alignment reports on second draft APP and final draft APP.

Linking performance with budgets: Subprogramme expenditure

Subprogramme 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
Programme Management for Entity Oversight	4 558	4 142	416	2 105	2 559	(454)
Broadcasting and Community Media	206 511	206 870	(359)	196 048	196 875	(328)
Communication and Branding	566 442	566 442	-	540 441	539 136	1 305
Regulatory Institutions	459 543	459 543	-	200	475 978	-
Strategy and Policy Alignment	-	-	-	-	7	(7)
TOTAL	1 237 054	1 236 997	57	1 214 572	1 214 555	17

5. TRANSFER PAYMENTS

5.1 Transfer of 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
Brand South Africa	Brand South Africa was established as a trust in 2002 and gazette as a schedule 3A public entity in 2006, in accordance with the PFMA of 1999. Its purpose is to develop and implement proactive and coordinated international marketing and communications strategy for South Africa, to contribute to job creation and poverty reduction, and to attract inward investment, trade and tourism.	R181.1 million	R154.5 million	<p>Brand South Africa held a Brand Forum in August 2016. It brought together the three spheres of government, private sector and civil society under one roof with a view to agreeing on a common approach on how to implement the Cabinet approved country positioning “inspiring new ways” in order to achieve a consistent and coherent approach when marketing the country.</p> <p>Brand South Africa continued to implement stakeholder training engagements (on how to brand the country and promoting unified Nation Brand messages).</p> <p>Training was conducted in all nine provinces with communicators and marketers of municipalities and provinces.</p> <p>Brand South Africa continued with the implementation of Play Your Part Programme in all provinces.</p> <p>Implemented an integrated campaign to contribute towards awareness of the Constitution of the Republic of South Africa of 1996.</p> <p>Brand South Africa hosted a Nation Brand University Dialogue with the collaboration of the University of Pretoria.</p> <p>Implemented a comprehensive communications programme to monitor issues impacting the reputation of the country.</p> <p>Brand SA continued to develop and implement key messages to position the nation brand.</p> <p>Hosted quarterly media engagements focusing on the World Economic Forum in Davos, Mining Indaba, Algeria, Japan External Trade Organization and GSA.</p> <p>Implemented market reputation management programmes in the USA, China and Australia.</p>

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
FPB	<p>The FPB regulates and controls the creation, production, possession, exhibition and distribution of films, interactive computer games and certain publications in terms of the Films and Publications Act of 1996. The board is also responsible for monitoring age restricted business premises for compliance with their licence and registration terms.</p>	R86.4 million	R94.5 million	<p>Implemented automated classifying processes 100% (163 titles) all legible content submitted classified. Some 26 games submitted manually for classification were also classified. Reviewed and implemented the Classification Governance Framework.</p> <p>Given the overwhelming technological developments, the FPB ICT embarked on the implementation of the modern programme that involved the automation of business processes, integration of systems and implementation of an online Content Regulation System.</p> <p>The FPB, as a technologically driven institution, continued to participate in the SADC Governance Forum and UNESCO's Communication and Information Commission with the view to harmonize content regulation and Child Online Protection.</p> <p>The FPB confiscated 39 441 CDs and DVDs with a market value of up to R3.9 million.</p> <p>The FPB enrolled 15 staff members on the recently launched UNISA program on the Classification of Media Content in South Africa. This Programme is hosted at UNISA School of Law and attracted 10 enrolments from the Kenyan Film Classification Board. This regional interface will assist in promoting South Africa's first qualification on content classification to other African countries.</p> <p>The FPB embarked on a nation-wide public consultation to review classification guidelines</p>

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
ICASA	<p>ICASA was established by the ICASA Act of 2000, as amended, to regulate the South African communications, broadcasting and postal service sectors. The regulator's mandate is defined in the ECA of 2005 as licensing and regulating electronic communications and broadcasting services, and in the Postal Services Act of 1998 as regulating the postal services sector. Enabling legislation also empowers the regulator to monitor licensee compliance with the licence terms and conditions, develop regulations for the three sectors, plan and manage radio frequency spectrum, and protect consumers in relation to these services.</p>	R414,4 million	R407 million	<p>ICASA published on 11 July 2016 a Notice of Inquiry into subscription broadcasting services. This process seeks to ensure that markets are effectively competitive.</p> <p>An Invitation To Apply (ITA) for a commercial free-to-air TV broadcasting services and Multiplex 3 spectrum licences was on 28 February 2017 in order to diversify the free-to-air broadcasting services in South Africa.</p> <p>The new Content Regulations that were published in March 2016 will be effective in September 2017 (for sound broadcasting) and 28 March 2018 (for TV broadcasting services).</p> <p>Regulations for Code of Conduct for Premium Rated services were published on 4 November 2016 to protect the interests of consumers and to promote transparency.</p> <p>ICASA finalised and published a position paper on dynamic and opportunistic spectrum management as well as Draft Regulations on the use of TV whitespace spectrum.</p> <p>ICASA initiated consultation process to review pro-competitive conditions imposed on licensees through the 2014 Call Termination Regulations.</p> <p>An ITA for International Mobile Telecommunications was published on 15 July 2016 to facilitate nationwide broadband access for all citizens by 2020.</p>

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
MDDA	<p>The MDDA was set up in terms of MDDA Act of 2002 to enable historically disadvantaged communities and individuals to gain access to the media. The mandate of the agency is to create an enabling environment for media development and diversity which reflects the needs and aspirations of all South Africans; redress the exclusion and marginalization of disadvantaged communities and people from access to the media and the media industry; and promote media development and diversity by providing support primarily to community and commercial media projects. The overall objective of the agency is to ensure that all citizens can access information in a language of their choice, and to transform media access, ownership and control patterns in South Africa.</p>	R23.8 million	R23.8 million	<p>The 2016/17 financial year saw the expansion of a very powerful initiative for building social integration and cohesion between communities, with considerable progress made in developing the Khayelitsha/Gugulethu social integration strategy in the Western Cape, based on the existing Radio Zibonele. It is anticipated that the successful implementation of the strategy will yield a model that can be applied in other communities, particularly in rural areas.</p> <p>Ongoing strides were made in the transformation of the media, with the MDDA approving more community media projects than it had in any previous year since it awarded its first project in 2004. In total, the MDDA supported 39 community broadcast projects, resulting in some 198 jobs being created. In line with the MDDA mandate to support projects in historically disadvantaged communities, the support was weighted heavily towards projects in rural areas, with 28 projects being supported in 15 rural based district municipalities. Encouragingly, nine of the funded projects are led by the youth.</p> <p>MDDA's support for the print sector saw 10 small commercial projects and eight community print projects being supported. An important component of the support was funds to enable these projects to go digital. Eleven of the projects supported are located across eight rural based district municipalities and seven of them are led by youth.</p> <p>With skills levels closely linked to sustainability, the MDDA's capacity building initiatives covered both content generation as well as other skills such as governance and small business development. Some 25 interns were placed at community projects in seven provinces through a partnership with the South African Agency for Science and Technology Advancement to promote and develop reporting on science-related matters. In addition, more than 100 community media were trained in reporting on gender-related violence.</p>

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
SABC	The SABC is listed as a Schedule 2 public entity in terms of the PFMA of 1999. Its mandate is set out in its charter and in the Broadcasting Act of 1999, as amended, and requires it to provide radio and TV broadcasting services to South Africans.	R182 million	R182 million	<p>The SABC contracted a number of local production companies, including emerging companies to produce top quality programmes which reflected South African stories.</p> <p>The SABC delivered more programmes with sign languages, procured production from firms owned by people with disabilities as well as procured provincial productions in different languages. SABC Radio currently reaches 28 million listeners and SABC TV has between 21 million and 28 million viewers per week.</p> <p>The most anticipated performance delivery was the coverage of the Local Government Elections. As South Africa's public broadcaster, the SABC's role is important during elections. The expanded presence of SABC News across all platforms, and its network of bureaus and cross media journalists enabled the SABC to provide unrivalled coverage of election and breaking news throughout the country.</p> <p>A series of spectacular sporting events were broadcast on the SABC platforms during the 2016/17 financial year. These events include, amongst others, cricket, Premier Soccer League league matches, South African Football Association and National First Division matches as well as the successful broadcast of the 2016 Rio Olympics and Paralympics, boxing and marathons.</p>

5.2 TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN TO PUBLIC

ENTITIES

Not applicable.

6. CONDITIONAL GRANTS

Not applicable.

7. DONOR FUNDS

Not applicable.

8. CAPITAL INVESTMENT

The department plans to leave the GCIS building and rent its own building.



PART C: GOVERNANCE

1. INTRODUCTION

The DoC managed to establish its processes of managing risks and continued to maintain an effective, efficient and transparent internal control system to ensure proper use of financial and other resources within the Accounting Officer's area of responsibility as required by the PFMA of 1999. Plans have been put in place to address every risk to which the department may be exposed to, ensuring that risks are managed and/or mitigated to an acceptable level. The department will ensure risk is not only seen as a threat, but as an opportunity to enhance its commitment to continuous improvement. The department ensures that efficient and effective controls are in place, followed by the continuous monitoring, reviewing and evaluation of mechanisms aimed at mitigating identified strategic and operational risks.

The fraud-prevention policy has also been developed to ensure employees and the public are encouraged to report any suspicious activities. To further assist and enhance the ethical culture in the department, the implementation of the mandatory financial disclosure requirement of all SMS members is strictly applied and all employees are required to obtain approval to perform any remunerative work outside the Public Service.



2. RISK MANAGEMENT

The risk management process is aligned with the planning and objective-setting process of the department. The ARC has developed and approved a strategic risk register, which contains risks that are considered to impede the achievement of the DoC's strategic objectives. Divisions within the department compiled risk registers aligned with divisional operational plans. The DoC's IARC will monitor the operational plans quarterly. The committee is chaired by the DG and attended by the chief directors in the department. The Risk Management Committee's objective is to assess the effectiveness of risk management processes within the department. Risk registers are updated with emerging risks, and progress of mitigating actions is monitored by the Office of the Chief Director: Corporate Services, and reported to the Risk Management Committee.



3. FRAUD AND CORRUPTION

The DoC is committed to a zero-tolerance approach to fraud and corruption. The fraud-prevention policy, strategy and plan assist in driving initiatives to ensure that employees of the DoC and the public are encouraged to report any suspicious activities. Since the department is still accommodated in the GCIS building, the GCIS Risk Management Unit featured fraud-prevention messages on Did You Know? posters and promoted the toll-free National Anti-Corruption Hotline (0800 701 701) as part of the initiative of encouraging the reporting of any form of fraudulent and/or corrupt activity.

A process of identifying fraud risks was undertaken and a fraud risk register has been developed. The following functional areas have been identified as areas that might be susceptible to fraud and corruption:

- HR on payment of ghost employees;
- Finance on travel claims and misuse of landlines and 3G cards;
- SCM on collusion in relation to tenders.

4. MINIMISING CONFLICT OF INTEREST

The department enforces the mandatory financial disclosure requirement of all SMS members as regulated by the Public Service Regulations (PSR).

Processes outlined in the regulations are implemented by the executing authority in instances of officials failing to adhere to this requirement.

All employees who seek to perform remunerative work outside of their official duties are required to obtain the necessary permission to enable the department to determine any conflict of interest and ensure that the employees' private work is not interfering with their official duties.

All panel members of recruitment interviews are expected to declare their interests to ensure that there is no conflict of interest in the appointment processes of the department.

5. CODE OF CONDUCT

To promote and maintain a high standard of professional ethics in the department, employees are expected to adhere to the Code of Conduct for the Public Service as outlined in the PSR, 2016. New employees are inducted on the Code of Conduct and it is enforced through policies and circulars. The Code of Conduct is also periodically circulated to existing employees.

Non-compliance to the Code of Conduct is handled in terms of the Public Service Coordinating Bargaining Council (PSCBC) Resolution 1 of 2003 and Chapter 7 of the *Senior Management Handbook*, which deal with misconduct.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The DoC is sharing office accommodation with the GCIS and the DoC has appointed its own Occupational Health and Safety (OHS) officers to serve in the OHS Committee comprising officials from the two departments. Functions such as OHS inspections and evacuation drills were conducted during the 2016/17 financial year.

7. PORTFOLIO COMMITTEES

The following table contains the dates and topics for meetings with the PPCC.

Date of meeting	Agenda
12 April 2016	Delegation for the PPCC (The DoC and its entities will be presenting its strategic plans and APPs to the PPCC)
19 April 2016	Adoption of committee report on Budget Vote of the DoC. Briefing by the DoC on two legal opinions (State Law Advisor and Independent Legal Opinion) relating to the Broadcasting Amendment Bill
26 April 2016	Committee discussion on the removal of a member of the MDDA.
3 May 2016	Briefing by the DoC on the progress made in relation to BDM.
17 May 2016	Interviews for the SABC Board candidates.
24 and 25 May 2016	Public hearings on the Films and Publications Amendment Bill [B37 – 2015].

Date of meeting	Agenda
23 August 2016	<p>Briefing by the Minister of Communications on: (i) SABC's editorial policy, the recent changes to the policy and the impact thereof on the broadcaster; (ii) Implementation plan on the ruling of ICASA's Compliance and Complaints Committee (CCC) on the Media Monitoring Project vs SABC case; (iii) SABC cases that are before the Constitutional Court and the Labour Court, and their financial impact on the broadcaster; and (iv) Financial position of the SABC and foreseeable impact on its operations.</p> <p>Briefing by the ICASA on: (i) CCC ruling on the Media Monitoring Project vs SABC case; (ii) broadcasting licence conditions of the SABC; and (iii) the recent industrial action and its impact on the regulator.</p>
30 August 2016	Public hearings on the Films and Publications Amendment Bill [B37 – 2015].
31 August 2016	Public hearings on the Films and Publications Amendment Bill [B37 – 2015].
1 September 2016	Public hearings on the Films and Publications Amendment Bill [B37 – 2015].
6 September 2016	Shortlisting of candidates for the two vacancies in the ICASA Council.
13 September 2016	Interviews of shortlisted candidates for the two vacancies in the ICASA Council.
20 September 2016	Deliberations on the Films and Publications Amendment Bill [B37 – 2015].
21 September 2016	Deliberations on the Films and Publications Amendment Bill [B37 – 2015].
22 September 2016	<p>Final deliberations on the Films and Publications Amendment Bill [B37 – 2015] and adoption of report thereof.</p> <p>Adoption of report recommending candidates for appointment to the ICASA Council.</p> <p>Briefing by the DoC on its 2015/16 4th Quarter Expenditure and Performance Report.</p>
11 October 2016	<p>Briefing by the DoC on its 2015/16 Annual Report and financial statements.</p> <p>Briefing by Committee Content Advisor and Researcher on the content analysis of 2015/16 annual reports and financial statements of the DoC and its reporting entities.</p> <p>Briefing by the AGSA on the audit outcomes of the 2015/16 Annual Report of the DoC and its reporting entities.</p>
12 October 2016	<p>Briefing by the ICASA on its 2015/16 Annual Report and financial statements.</p> <p>Briefing by the FPB on its 2015/16 Annual Report and financial statements.</p>
13 October 2016	Further deliberations on the Films and Publications Amendment Bill [B37 – 2015].
18 October 2016	<p>Briefing by Brand South Africa on its 2015/16 Annual Report and financial statements.</p> <p>Briefing by the MDDA on its 2015/16 Annual Report and financial statements.</p>
19 October 2016	Briefing by the SABC on its 2015/16 Annual Report and financial statements.

Date of meeting	Agenda
25 October 2016	Final deliberations on the Films and Publications Amendment Bill [B37 – 2015]. Interview of ICASA Council candidates (Subcommittee).
1 November 2016	Adoption of report recommending candidates for appointment to the ICASA Council. Briefing by the ICASA on the following: (i) CCC ruling on the Media Monitoring Project vs SABC case; (ii) broadcasting licence conditions of the SABC and compliance with ruling of the CCC ; (iii) the recent industrial action and its impact on the regulator; and (iv) update on court case between the Minister of Telecommunications and Postal Services and the Regulator over invitation to apply for the high-demand radio frequency spectrum.
8 November 2016	Briefing by the SABC Board on the implementation of the AGSA's findings.
15 November 2016	Briefing by the DoC and GCIS on their 2016/17 1st and 2nd Quarter Expenditure and performance reports. Deliberations on the Films and Publications Amendment Bill [B37 – 2015].
18 November 2016	Interviews of shortlisted candidates for the two vacancies in the ICASA Council. (Subcommittee).
22 November 2016	Consideration of the Parliament Constitutional and Legal Services Unit Legal Opinion on the removal of a member from the MDDA Board.
29 November 2016	Briefing by the DoC and GCIS on their 2016/17 1st and 2nd Expenditure and performance reports. Considerations of the Parliament Constitutional and Legal Services Unit Legal Opinion on the removal of a member from MDDA Board.
2 December 2016	Final deliberations on the Films and Publications Amendment Bill [B37 – 2015] and adoption of Bill report.
6 December 2016	Briefing by the MDDA, BSA, FPB and ICASA on their 1st Quarter Expenditure and performance reports.
24 January 2017	Briefing by the Parliamentary Constitutional and Legal Services Office on the removal of a member from the MDDA. Discussion on the appointment process of the SABC Interim Board.
31 January 2017	Briefing by the ICASA on the monitoring of the implementation of CCC ruling on the SABC's ban of violent protests.
14 February 2017	Briefing by the MDDA, BSA, FPB and ICASA on their 1st and 2nd Quarter Expenditure and performance reports.
21 February 2017	Shortlisting of candidates for the ICASA Council. (Subcommittee and Committee). Adoption of the report recommending candidates for appointment to the ICASA Council.
28 February 2017	Further deliberations on the Films and Publications Amendment Bill [B37 – 2015].
7 March 2017	Interviews of shortlisted candidates for the ICASA Council vacancies.
14 March 2017	Briefing by the DoC, GCIS on their 3rd Quarter Expenditure and Performance reports.

8. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA)

During the period under review, the department did not appear before SCOPA and there are no SCOPA resolutions to report.

9. PRIOR MODIFICATION TO AUDIT REPORTS

There has been no modification of the audit report.

10. INTERNAL CONTROL UNIT

The Audit Committee plays an important role in ensuring that an entity functions according to good governance, accounting and audit standards. It also monitors the adoption of appropriate risk management arrangements.

10.1 Internal Audit and Audit committees

The Audit Committee plays an important role in ensuring that an entity functions according to good governance, accounting and audit standards. It also monitors the adoption of appropriate risk management arrangements.

10.2 Objectives of Internal Audit

Provide professional internal audit services for the improvement of governance, risk and control.

10.3 Key activities of Internal Audit

- a. Review of the Internal Audit Risk-based Three-Year Rolling and Annual Operational Plan;
- b. Review the Audit Charters for consideration and approval by those charged with governance responsibilities;
- c. Implement the approved Annual Operational Plan with the primary focus on the adequacy and effectiveness of controls in the following areas:

- i. **Operations and Compliance**
 - a. SCM
 - b. Implementation of the APP (focusing on core business operations)
 - c. IT Governance and Control Environment
 - d. HR
 - e. Asset Management.
- ii. **Financial Discipline**
 - a. Expenditure Management
 - b. Financial Reporting (Interim and AFS).
- iii. **Strategic Management**
 - a. Strategic Planning (review of Strategic Plan and APP;
 - b. Non-financial reporting (Quarterly and Annual Performance Reports/Statements)
 - c. Provide secretariat support and report to the Internal Audit Steering Committee (chaired by the DG), and to the Audit Committee.
 - d. Continue to build and maintain Customer Relations (regular contact with auditee before, during and after audits are concluded including customer surveys to assess quality of service).

10.4 Work done by Internal Audit

- a. Reviewed and obtained approval of the Internal Audit Three-Year Rolling Plan 2016-2019 and the Annual Operational Plan 2016/17 financial year;
- b. Performed the following audits:
 - (i) AFS and Annual Report 2015/16 before submission to the AG on 31 May 2016;
 - (ii) Interim financial statements 2016/17 for Quarter 2 and 3;
 - (iii) Quarterly Performance Information 2016/17 for Quarter 1, 2 and 3;
 - (iv) Organisational APP and Technical Indicator Descriptors 2017-2021
 - (v) Supply Chain and Expenditure Management;
 - (vi) HR and Development;
 - (vii) Operational audits – focusing on Entity Oversight and DTT, including verification of STBs (Digital Migration);

- (viii) IT and Management (General IT controls, governance and transversal systems)
- (ix) Follow-up on management implementation of prior audit recommendations of both Internal Audit and AG.
- (x) Quarterly Dashboard Assessment of the Internal Controls – Towards a clean governance and administration for Q2 and Q3.
- (xi) Management Performance Assessment Tool (MPAT), 2016.

10.5 Annexure B: Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2017. The Audit Committee consists of the members listed hereunder and meets at least four times per year as per its approved Audit Committee Charter. During the year under review, four meetings were held, and below-mentioned are records of the profiles of each member of the committee and their attendance of Audit Committee meetings.



Name of the member	Qualifications	Internal or external member	If internal, position in the department	Date appointed	Date resigned	No. of meetings attended
Ndanduleni Makhari	<ul style="list-style-type: none"> • Independent Review Certification • Advanced Certificate in Auditing • Certificate in the Theory of Accountancy • Honours: Bachelor of Accounting science • Higher Education Diploma (postgraduate) • Bachelor of Commerce • Diploma in State Finance and Auditing 	External member		November 2015		4/4
Thilivali Ramawa	<ul style="list-style-type: none"> • B.Com Accounting • Postgraduate Diploma in Accountancy • Chartered Accountant (CA/SA) 	External member		November 2015		4/4
Massacha Mbonambi	<ul style="list-style-type: none"> • Bachelor of Accounting • B.Com Honours (Accounting) • Certificate in Board Governance • Certificate in Enterprise-wide Risk Management 	External member		November 2015		2/4

10.6 Objectives of the Audit Committee

Provide oversight services to the DoC on the adequacy and effectiveness of governance, risk management, the system of internal control and the audit process.

10.7 Key activities of the Audit Committee

- i. Review the AFS to ensure they are fairly presented, complete and reflect appropriate accounting principles;
- ii. Review other sections of the Annual Report before release and consider the accuracy and completeness of the information;
- iii. the quality of in-year management and quarterly reports submitted in terms of the PFMA of 1999 and Treasury Regulations;
- iv. Review the Internal Audit charter, strategic and operational plans, internal audit activities, staffing and organisational structure of the IAA, progress report against annual operational plan, and compliance with IAA Standards;
- v. Review the risk management framework (including the risk policy, strategic and plan) for identifying, assessing, monitoring and managing significant risks and implementation thereof, including reporting;
- vi. Review the adequacy and effectiveness of governance and management of the ICTs in conformance with the Corporate Governance of ICT Framework of government and related prescripts, including reporting.
- vii. Review the AG's (external auditors') proposed Audit Strategy and Engagement Letter and approach, including audit fees and coordination of audit efforts with Internal Audit.
- viii. Monitor implementation by management of the agreed audit action list with recommendations arising from Internal and External Audit reports.

10.8 Summary of the work done by the Audit Committee

- i. Risk Management – considered and recommended for approval by the DG the risk management strategy, risk assessment report, policy, fraud risk strategy, fraud policy and fraud implementation plan. The committee also received progress reports on the implementation of risk mitigation plans;
- ii. Financial Management and Reporting – received and considered

the expenditure against budget for the year under review including interim financial statements;

- iii. Performance Planning and Reporting – received and considered the APP and related Technical Indicators, as well as Quarterly Performance Information reports, including progress on the implementation of the catch-up plans for missed quarterly targets;
- iv. Internal Audit – received and considered the Internal Audit Charter, revised risk-based Three-Year Rolling Plan 2016-2019 and Annual Operational Plan 2016/17, Audit Committee Charter, Progress Reports against approved Annual Plan, as well as detailed reports on the audit projects performed; The committee also considered Internal Audit assessment of the implementation of previous audit recommendations of Internal Audit and AG by management;
- v. AG – received and considered the Audit Strategy, Engagement Letter and Final Management Letters, including Final Audit Report for 2016/17.

10.9 Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the PFMA of 1999 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.

10.10 The effectiveness of internal control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the department revealed certain weaknesses, which were then raised with the department.

Refer to par 10.4 for the audit work done by Internal Audit.

10.11 The following were areas of concern raised by Internal Audit:

Area covered	Audit concern
AFS 2015/16 and Interim Financial Statements 2016/17 (Q2 and 3)	Misstatement of commitments and accruals. Leave entitlement amount disclosed incorrectly stated.
Annual Report 2015/16 and quarterly reports 2016/16 (Q1, 2 and 3)	Annual Report achievements not agreeing with quarterly reports achievements. Reported quarterly achievements not agreeing with the targets.
HR	Partially effective controls over leave management, performance planning and management.
Supply Chain and Expenditure Management	Partially effective controls over administration of non-automated suppliers' orders, including related payments source documents. Suppliers not paid within 30 days.
Information and Communication Technologies	Controls partially adequate and effective on administration of user access and monitoring of administrators' activities.

10.12 In-Year Management and Monthly/Quarterly Report

The department has reporting monthly and quarterly to National Treasury as is required by the PFMA of 1999.

10.13 Evaluation of financial statements

The Audit Committee:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the AG and the Accounting Office
- reviewed the AG's management report and management's response thereto
- reviewed changes in accounting policies and practices
- reviewed the departments compliance with legal and regulatory provisions
- reviewed the information on predetermined objectives to be included in the annual report
- reviewed significant adjustments resulting from the audit
- is satisfied with the quality and timeliness of the financial information availed to the Audit Committee for oversight purposes during the year such as interim financial statements.

10.14 AG's Report

We have reviewed the department's implementation plan for audit issues raised in the previous year and we are satisfied that the matters have been adequately resolved.

The Audit Committee concurs and accepts the conclusions of the AG on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the AG. The committee further noted AG management report and matters contained therein, including management correction actions, which will be monitored in the 2017/18 financial year.

The AG was independent throughout the financial year under review, and the Audit Committee met with the AG to ensure that there were no unresolved issues.



Ms Ndanduleni Makhari
Chairperson of the Audit Committee
DoC
31 July 2017



PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The information contained in this part of the Annual Report has been prescribed by the Minister of Public Service and Administration for all departments in the Public Service.

2. OVERVIEW OF HUMAN RESOURCES

2.1 The status of HR in the department

The department has an approved structure that is implemented. As at 31 March 2017, the total number of funded posts were 90 of which 76 (84%) positions were filled and 14 positions (16%) were vacant. Females at SMS level accounted for 10 (42%); and males 14 (58%). The number of EWD was two (2.6%).

2.2 HR priorities for the year under review and the impact of these

As per the 2016/17 departmental APP, HRM&D committed to achieve a total of two targets by end of the 2016/17 financial year, namely the 2016-2019 MTEF HRP and the WSP. Both targets (100%) were fully achieved, was approved and submitted to the DPSA, and implemented as per the approved WSP.

The following were the main HR priorities:

- Filling of vacant critical posts was a priority.
- 2016-2019 EE Plan was developed and approved.
- EE Report was approved and timeously uploaded to the Department of Labour web-based system.
- Departmental HRM&D policies were aligned to the PSR, 2016 and approved.
- The HRM&D systems and processes were developed, approved and implemented.
- Compliance with and submission of the MPAT Self-Assessment and relevant evidence to DPME.
- Establishment of an HR Committee to monitor the implementation of all the HRP objectives.
- The department ensured effective management of labour relations matters and reporting thereof.
- An Eight Principle Action Plan as prescribed by the DPSA Strategic Framework for Gender Equality aimed at promoting the advancement of women and gender equity in the workplace was compiled and approved for implementation by Manco.

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

The department has an approved 2016-2019 MTEF HRP. Recruitment and selection processes of the department are aligned to the HRP. At the beginning of the 2016/17 financial year, the departmental vacancy rate was 25% and this vacancy rate was reduced to 16% at the end of the financial year. All vacant positions in the department were advertised to encourage open competition. The newspapers, DPSA Vacancy Circular

and the departmental website are used to advertise vacant positions in line with the approved Departmental Recruitment and Selection Policy. The department also has an approved retention policy in place which is implemented, where applicable, to retain skilled and capable officials in the department. Training and development was implemented in line with the approved WSP.

2.4 Employee performance management

The department has an Employee Performance Management System that is implemented. Awareness on compliance with the EPMDS was launched during the period under review to ensure that officials are up to date and aware of compliance rules and regulations including any new developments in practices and principles. Performance assessment documents Biannual and annual are also quality assured for alignment with the performance agreements. The performance moderation of 2016/17 assessments was also concluded in line with the departmental policy.

2.5 Employee wellness programmes

The department adheres to the National Calendar of Events. The DoC employees participated in the National Sports Day, the Big Walk and other sporting activities arranged by the GCIS such as soccer and aerobics. In line with the MoU between the GCIS and the DoC, which allowed GCIS officials to provide corporate services related support to the DoC, approval was granted for the DoC staff members to use the employee wellness services offered to GCIS employees by the Independent Counselling and Advisory Services (ICAS). Together with the GCIS, the

department implemented health and wellness programmes to encourage healthy lifestyles. E-care, the online wellness service, was also made available to all staff members. ICAS provided DoC employees and their immediate family members 24/7/365 days counselling services. Educational programmes on HIV and AIDS and other chronic illnesses took place. Condoms were distributed as a departmental measure to protect employees from contracting STI-related diseases. The Government Employees Medical Scheme (GEMS) provides the following services: blood pressure checks, blood sugar and cholesterol weight, height and waist circumference as well as HIV counselling and testing (HCT).

2.6 Achievements and challenges faced by the DoC

Achievements

- Departmental HR policies, systems and filling of vacant critical posts were a priority. The vacancy rate was reduced from 25% to 16%. EWD made up 2.6% of the departmental staff compliment.
- Critical posts in SCM were filled. The appointments consisted of one SMS official and three officials on levels eight and six respectively.
- 2016-2019 MTEF HRP was approved and submitted to the DPSA. The MTEF HRP was assessed by the DPSA. The department has received an excellent score of 91% in that it has exceeded the requirements from a perspective of compliance. The quality of content was assessed in line with the guidelines against best practice. In view of the fact that this was the first submission of the MTEF HRP, it is an achievement that the

department meets or generally meets the requirements.

- The WSP was approved and certain training interventions were implemented as per the approved WSP.
- The 2016-2019 EE Plan was developed and approved.
- The 2016 EE Report was approved and timeously uploaded to the Department of Labour web-based system.
- Departmental HRM&D policies were aligned to the PSR, 2016 and approved.
- In addition HRM&D systems and processes were developed, approved and implemented.
- The department participated in the MPAT process for the first time and generally complied with the HR Strategy and Planning Standards.
- Establishment of an HR Committee to monitor the implementation of all the HRP objectives.
- An Eight Principle Action Plan as prescribed by the DPSA Strategic Framework for Gender Equality aimed at promoting the advancement of women and gender equity in the workplace, was compiled and approved for implementation by Manco. This initiative subsequently led to the establishment of a departmental Women's Forum.

Challenges

- Although HRM ensured that prioritised and critical positions were discussed with the various units and advertised early in the financial year, a moratorium was placed on all vacant posts due to severe budget constraints.
- This is continuing to place a heavy workload on the current staff and the GCIS employees who are assisting the DoC in line with the MoU. It is also difficult to address the EE status of the department.
- The WSP could not be fully implemented due to insufficient funds being made available as per the legislated 1% of the Compensation Budget.
- New bursary applications could not be invited due to financial constraints.
- The department was also unable to participate in the youth development programmes such as learnership and internship due to financial constraints, limited office accommodation and working tools.

2.7 Future HR plans (HRPs)/goals

The DoC has received the HRP Assessment Outcomes from the DPSA and the future HRPs are as follows:

- Filling of critical vacant posts, subject to the availability of funds.
- Implementation of the departmental HRP and submit reports as legislated.
- Full implementation of the approved WSP, subject to the availability of funds.
- Ensure strict implementation of the Performance Management System in the department.
- Encourage and support staff to participate in sports activities.

3. HR OVERSIGHT STATISTICS

The department must provide the following key information on its HR. All the financial amounts must agree with the amounts disclosed in the AFS. Provide reasons for any variances.

Please note that it is very important to follow the format and standards prescribed, to enable collation and comparison of information. If subheadings/tables are not applicable to the department, it should be stated that there is nothing to report on. Numbering of tables must not be changed and should be maintained as in the guidelines.

Include any other tables for HR if considered necessary by the department and required by any specific government oversight body. These additional tables must be included at the end of the standardised HR information.

3.1. Personnel-related expenditure

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

- personnel
- salaries, overtime, homeowners' allowance 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)
DoC: Administration	57 255	42 643	106	96	74%	323
DoC: Communication Policy, Research and Development	6 324	4 766	-	-	75%	34
DoC: Industry and Capacity Development	35 166	13 392	-	-	38%	105
DoC: Entity Oversight	1 236 997	4 681	-	-	0.3%	36
TOTAL	1 335 742	65 482	106	96	5%	498

Table 3.1.2 Personnel costs 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)
Contract (levels 13-16)	12 965	19.47	3	432 166
Contract (levels 3-5)	405	0.61	2	202 265
Contract (levels 6-8)	4 467	6.71	17	262 784
Contract (levels 9-12)	5 196	7.80	7	742 316
Highly skilled production (levels 6-8)	5 700	8.56	22	259 096
Highly skilled supervision (levels 9-12)	10 656	16.00	16	665 996
Periodical remunerations	1 282	1.93	7	183 207
Senior management (levels 13-16)	23 201	34.83	21	1 104 823
Skilled (levels 3-5)	783	1.18	4	195 684
TOTAL	64 655	97.07	99	593 167

Table 3.1.3 Salaries, overtime, homeowners' allowance and medical aid by programme for the period 1 April 2016 to 31 March 2017.

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
DoC: Administration	33 103	77.1	252	0.6	430	1	575	1.3
DoC: Communication Policy Research and Development	3 666	80.5	4	0.1	81	1.8	90	2
DoC: Entity Oversight	4 228	85.1					56	1.1
DoC: Industry and Capacity Development	11 513	81.2	32	0.2	29	0.2	168	1.2
TOTAL	52 510	78.8	289	0.4	539	.08	888	1.3

Table 3.1.4 Salaries, overtime, homeowners' allowance and medical aid by salary band for the period 1 April 2016 to 31 March 2017.

Salary band	Salaries		Overtime		Homeowners' 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
Contract (levels 13-16)	11 131	82.4					24	0.2
Contract (levels 3-5)	349	85.7		18	13	3.2	1	0.2
Contract (levels 6-8)	4 160	87		30	42	0.9	51	1.1
Contract (levels 9-12)	4 108	76.4			8	0.1	2	
Highly skilled production (levels 6-8)	4 280	74.6		91	220	3.8	290	5
Highly skilled supervision (levels 9-12)	8 518	79.4		102	122	1.1	228	2.1
Periodical remunerations								
SMS (levels 13-16)	19 417	81.5			92	0.4	258	1.1
Skilled (levels 3-5)	548	65.5		47	42	5	34	4.1
TOTAL	52 510	78.8		289	539	0.8	888	1.3

3.2. Employment and vacancies

The tables in this section summarise the position regarding employment and vacancies.

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

This information is presented in terms of three key variables:

- Programme
- Salary band
- Critical occupations (see definition in notes below).

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

Table 3.2.1 *Employment and vacancies by programme as on 31 March 2017.*

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Programme 1	67	57	15%	7
Programme 2	9	9	0 %	0
Programme 3	9	6	33%	15
Programme 4	5	4	20%	1
TOTAL	90	76	16%	23

Table 3.2.2 *Employment and vacancies by salary band as on 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 (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	5	5	0	1
Highly skilled production (levels 6-8)	30	27	10%	12
Highly skilled supervision (levels 9-12)	27	20	26%	4
SMS (levels 13-16)	28	24	14%	6
TOTAL	90	76	16%	23

Table 3.2.3 Employment and vacancies by critical occupations as on 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, Permanent	6	6	0	2
Client inform clerks (switchboard, receptionist inform clerks), Permanent	1	1	0	0
Communication and information related, Permanent	20	20	0	14
Financial and related professionals, Permanent	5	5	0	0
Financial clerks and credit controllers, Permanent	1	1	0	0
Food services aids and waiters, Permanent	1	1	0	1
HR and organisational developmnet and relate prof, Permanent	4	3	25	0
HR related, Permanent	3	1	67	0
HR clerks, Permanent	1	1	0	0
Library mail and related clerks, Permanent	3	3	0	0
Material-recording and transport clerks, Permanent	8	4	50	0
Secretaries and other keyboard operating clerks, Permanent	9	6	33	0
Senior managers, Permanent	28	24	14	6
TOTAL	90	76	16	23

Notes

- The code of remuneration (CORE) classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation:
 - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

Filling of SMS posts

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

Table 3.3.1 SMS post information as on 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
DG/Head of Department (HoD)	1	0	0	1	100
Salary level 15	1	0	0	1	100
Salary level 14	9	9	100	0	0
Salary level 13	17	15	88	2	12
TOTAL	28	24	86	4	14

Table 3.3.2 SMS post information as on 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
DG/HoD	1	0	0	1	100
Salary level 15	1	0	0	1	100
Salary level 14	9	9	100	0	0
Salary level 13	17	14	82	3	18
TOTAL	28	23	82	5	18

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 vacant posts	
	Number of vacancies per level advertised in six months of becoming vacant	Number of vacancies per level filled within six months of becoming vacant	Number of vacancies per level not filled within six months but filled in 12 months
DG/HoD	0	0	0
Salary level 16	0	0	0
Salary level 15	0	0	0
Salary level 14	0	0	0
Salary level 13	0	0	0
TOTAL	0	0	0

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS posts advertised within six 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
DG – The post was re-advertised several times but no suitable candidate was found.
DDG: Entity Oversight – The post was re-advertised several times but no suitable candidate was found.
Director: IT – The post was filled on a contract basis.
Director: SCM – The post was re-advertised and the official was appointed on 1 March 2017.
Director: Broadcasting Policy – The post was advertised but no suitable candidate was found.

Reasons for vacancies not filled within 12 months
DG – The post was re-advertised several times but no suitable candidate was found.
DDG: Entity Oversight – The post was re-advertised several times but no suitable candidate was found.
Director: IT – The post was filled on a contract basis.
Director: Broadcasting Policy – The post was advertised but no suitable candidate was found.

Notes

- In terms of the PSR Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed time frames.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed time frames for filling SMS posts within 12 months for the period 1 April 2016 to 31 March 2017.

Reasons for vacancies not advertised within six months
None

Reasons for vacancies not filled within six months
None

Notes

In terms of the PSR, 2016, Regulation 65, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed time frames. In the event of non-compliance with this regulation, the relevant executive authority or HoD must take appropriate disciplinary steps in terms of section 16A(1) or (2) of the Public Service Act.

3.4. Job evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisation. In terms of the regulations, all vacancies on salary level nine 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)	5	0	0	0	0	0	0
Highly skilled production (levels 6-8)	30	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	27	0	0	0	0	0	0
SMS Band A	2	0	0	0	0	0	0
SMS Band B	9	0	0	0	0	0	0
SMS Band C	17	0	0	0	0	0	0
SMS Band D	0	0	0	0	0	0	0
TOTAL	90	0	0	0	0	0	0

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 to 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
EWD					0

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

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

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

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

Table 3.4.4 *Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2016 to 31 March 2017.*

- If there were no cases where the salary levels were higher than those determined by job evaluation, keep the heading and replace the table with the following:

Total number of employees whose salaries exceeded the grades determined by job evaluation	None
-------------------------------------------------------------------------------------------	------

3.5. Employment changes

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

Table 3.5.1 *Annual turnover rates by salary band for the period 1 April 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)	5	0	0	0
Highly skilled production (levels 6-8)	20	5	1	5%
Highly skilled supervision (levels 9-12)	21	0	1	5%

SMS Bands A	9	1	0	0
SMS Bands B	13	2	0	0
SMS Bands C	0	0	0	0
SMS Bands D	0	0	0	0
Contracts	23	1	4	17
TOTAL	91	9	6	7%

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, Permanent	9	3	0	0
Client inform clerks (switch board receptionist inform clerks), Permanent	1	0	0	0
Communication and information related, Permanent	13	0	1	8
Financial clerks and credit controllers, Permanent	7	1	0	0
Food services aids and waiters, Permanent	1	0	0	0
HR clerks, Permanent	4	2	0	0
Library mail and related clerks, Permanent	2	0	0	0
Light vehicle drivers, Permanent	1	0	0	0
Messengers, porters and deliverers, Permanent	1	0	0	0
Secretaries and other keyboard operating clerks, Permanent	7	0	1	14
Senior managers, Permanent	22	2	0	0
Contracts	23	1	4	17
TOTAL	91	9	6	7

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation:
 - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

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	0	0
Resignation	3	3
Expiry of contract	3	3
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfer to other Public Service departments	0	0
Other	0	0
TOTAL	6	6
Total number of employees who left as a % of total employment	6	6

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

Occupation	Employees 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
N/A	0	0	0	0	0
TOTAL	0	0	0	0	0

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)	0	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0	0
Highly skilled supervision (levels 9-12)	0	0	0	0	0
SMS (levels 13-16)	0	0	0	0	0
TOTAL	0	0	0	0	0

3.6 Employment Equity

Table 3.6.1 Total number of employees (including EWD) in each of the following occupational categories as on 31 March 2017.

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	13	0	0	1	8	0	2	0	24
Professionals	8	0	0	0	11	0	0	1	20
Technicians and associate professionals	10	0	0	0	16	0	1	0	27
Clerks	3	0	0	0	2	0	0	0	5
TOTAL	34	0	0	1	37	0	3	1	76
EWD	1	0	0	0	0	0	1	0	2

Table 3.6.2 Total number of employees (including EWD) in each of the following occupational bands as on 31 March 2017.

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
SMS	13	0	0	1	8	0	2	0	24
Professionally qualified and experienced specialists and mid-management	8	0	0	0	11	0	0	1	20
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	10	0	0	0	16	0	1	0	27
Semi-skilled and discretionary decision-making	3	0	0	0	2	0	0	0	5
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0
TOTAL	34	0	0	1	37	0	3	1	76

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	0	0	0	0	0	0	0	0	0
Senior Management	3	0	0	0	1	0	0	0	4
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	5	0	0	0	7
Semi-skilled and discretionary decision-making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision-making	0		0	0	0	0	0	0	0
TOTAL	5	0	0	0	6	0	0	0	11
EWD	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	
Top Management	0	0	0	0	0	0	0	0	0
SMS	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision-making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0
EWD	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	0	0	0	0	0
SMS	2	0	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	1	0	0	0	2
Semi-skilled and discretionary decision-making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0
TOTAL	3	0	0	0	2	0	0	0	5
EWD	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	
N/A	0	0	0	0	0	0	0	0	0

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	0	0	0	2	1	0	0	0	0
Professionals	6	0	0	0	9	0	0	0	0
Technicians and associate professionals	3	0	0	0	5	0	0	0	0
Clerks	2	0	0	0	4	0	0	0	0
Service and sales workers	0	0	0	0	1	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	1	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	1	0	0	0	0
TOTAL	12	0	0	2	21	0	0	0	35
EWD	0	0	0	0	0	0	0	0	0

3.7. Signing of performance agreements by SMS members

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

Table 3.7.1 Signing of performance agreements by SMS members as on 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	1	0	0	0
Salary level 15	1	0	0	0
Salary level 14	9	9	9	100

Salary level 13	17	13	13	100
TOTAL	28	22	22	100

Notes

- In the event of a national or provincial election occurring within the first three months of a financial year, all SMS members must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example, if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2016.

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 March 2017.

Reasons
N/A

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 March 2016.

Reasons
N/A

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

3.8. Performance rewards

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

Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 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	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Asian	0	0	0	0	0

Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
White	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
TOTAL	0	0	0	0	0

Table 3.8.2 Performance rewards by salary band for personnel below SMS 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 (levels 3-5)	0	0	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Administrative related, Permanent	0	9	0	0	0
Client inform clerks (switchboard receptionist inform clerks), Permanent	0	1	0	0	0

Communication and information related, Permanent	0	13	0	0	0
Financial clerks and credit controllers, Permanent	0	7	0	0	0
Food services aids and waiters, Permanent	0	1	0	0	0
HR clerks, Permanent	0	4	0	0	0
Library mail and related clerks, Permanent	0	2	0	0	0
Light vehicle drivers, Permanent	0	1	0	0	0
Messengers porters and deliverers, Permanent	0	1	0	0	0
Secretaries and other keyboard operating clerks, Permanent	0	7	0	0	0
Senior managers, Permanent	0	22	0	0	0
Contracts	0	23	0	0	0
TOTAL	0	91	0	0	0

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation:
 - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

Table 3.8.4 Performance related rewards (cash bonus), by salary band for SMS 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	0	0	0	0	0
Band B	0	0	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
TOTAL	0	0	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	1 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	0	0	0	0	0	0
Contract (levels 9-12)	0	0	0	0	0	0
Contract (levels 13-16)	0	0	0	0	0	0
TOTAL	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	1 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
N/A	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 (levels 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	18	44.44	2	3.28	9	15.00
Highly skilled production (levels 6-8)	110	37.27	15	24.59	7.33	130.00
Highly skilled supervision (levels 9 -12)	57	38.6	15	24.59	3.8	132.00
Top and Senior Management (levels 13-16)	48	77.08	11	18.03	4.36	180.00
TOTAL	233	197.39	43	70.49	24.49	457

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)	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	0	0	0	0	0	0
Senior management (levels 13-16)	0	0	1	0	0	0
TOTAL	0	0	1	0	0	0

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)	59	11.8	5
Highly skilled production (levels 6-8)	316	15.8	20
Highly skilled supervision (levels 9-12)	322	16.1	20
Senior management (levels 13-16)	400	22.22	18
TOTAL	1 097	65.9	63

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 on 31 March 2017
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	25
Highly skilled supervision (levels 9-12)	0	0	0	51
Senior management (levels 13-16)	0	0	0	48
TOTAL	0	0	0	124

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

Table 3.10.5 Leave payouts for the period 1 April 2016 to 31 March 2017.

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2016 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2016/17	0	0	0
Current leave pay-out on termination of service for 2016/17	99 907.26	2	49 953.63
TOTAL	99 907.26	2	49 953.63

3.11. HIV and AIDS, and 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 and related diseases (if any)	Key steps taken to reduce the risk
0	0
0	0

Table 3.11.2 Details of health promotion and HIV and AIDS programmes (tick the applicable boxes and provide the required information).

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the PSR, 2001? If so, provide her/his name and position.	Yes		Ms Judy Stephens Director: HRM&D

<p>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.</p>	<p>Yes</p>	<p>Four officials No budget. The MoU between GCIS and the DoC allowed the DoC staff members to utilise the employee wellness services offered to GCIS employees by ICAS.</p>
<p>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.</p>	<p>Yes</p>	<p>HIV and TB Management Health and Productivity Policy Safety Health Environment Risk and Quality Wellness Management Policy</p> <p>ICAS services:</p> <ul style="list-style-type: none"> • Psychosocial counselling • Life management • Managerial support • e/Care • 24 hours confidential service • Musculoskeletal health management • Medical and health support and advice. <p>GEMS services:</p> <ul style="list-style-type: none"> • Blood pressure check • Blood sugar and cholesterol • Weight, height and waist circumference • HCT • Aerobics and soccer.
<p>4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the PSR, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.</p>	<p>Yes</p>	<p>HR Committee:</p> <ol style="list-style-type: none"> 1. Ms M Thusi, CD: CS (Chairperson) 2. Ms M Thindisa, CFO 3. Dr F Mutuvhi, CD: DTT 4. Ms J Stephens, Director: HRM&D 5. Ms N Masakazi, D: ED 6. Mr P Vumazonke D: BCM 7. Ms E Mohapi SDF DD: HRD 8. Ms B Motlhaoleng DD: HRM 9. Mr M Baqwa, DD: SOE 10. Mr I Skhosana, (Organised Labour: PSA) 11. Ms Makgaole, DD: ED 12. Mr T Malapane, ASD: HRD 13. Ms M Frade, ASD: FA 14. Mr S Mata, ASD: DTT.

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.	Yes	HIV and AIDS and TB Policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes	HIV and AIDS and TB Policy Reporting on Stigma quarterly to the DPSA Created awareness on: <ul style="list-style-type: none"> • Voluntary Male Medical Circumcision • HIV and AIDS Stigma and Discrimination at the workplace. Provision of condoms and femidoms in the workplace.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes	Two health-screening sessions were conducted in Quarter 2 (2016/07/08) and Quarter 4 (2017/03/03). Twenty-three officials participated in the departmental health screenings.
8. Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes	Quarterly/annual reports are submitted to the DPSA on Employee Health and Wellness. <ul style="list-style-type: none"> • HIV and TB Management Policy • Health and Productivity Policy • Safety, Health, Environment, Risk and Quality Policy • Wellness Management Policy • ICAS wellness services • GEMS health screenings

3.12. Labour relations

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

Subject matter	Date
Total number of collective agreements	None

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of collective agreements	None
----------------------------------------------	-------------

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2016 and 31 March 2017.

Type of misconduct	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
TOTAL	0	0

Total number of disciplinary hearings finalised	None
--------------------------------------------------------	-------------

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

Type of misconduct	Number	% of total
N/A	0	0

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

Grievances	Number	% of total
Number of grievances resolved	0	0
Number of grievances not resolved	0	0
Total number of grievances lodged	0	0

Table 3.12.5 Disputes logged 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	0	0

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 and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	11	0	18	0	18
	Male	16	0	12	0	12
Professionals	Female	14	0	29	0	29
	Male	10	0	16	0	16
Technicians and associate professionals	Female	21	0	11	0	11
	Male	9	0	1	0	1

Clerks	Female	1	0	5	0	5
	Male	4	0	3	0	3
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	4	0	4
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	1	0	2	0	2
Elementary occupations	Female	2	0	0	0	0
	Male	0	0	0	0	0
Subtotal	Female	49	0	63	0	63
	Male	40	0	38	0	38
TOTAL		89	0	101	0	101

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 and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	11	0	0	1	1
	Male	16	0	1	1	2
Professionals	Female	14	0	8	1	9
	Male	10	0	5	1	6
Technicians and associate professionals	Female	21	0	5	0	5
	Male	9	0	2	1	3
Clerks	Female	1	0	4	0	4
	Male	4	0	2	0	2
Service and sales workers	Female	0	0	1	0	1
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0

Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	1	0	1	0	1
Elementary occupations	Female	2	0	1	0	1
	Male	0	0	0	0	0
Subtotal	Female	49	0	19	2	20
	Male	40	0	11	2	15
TOTAL		89	0	30	5	35

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	0	0
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
TOTAL	0	0

3.15. Utilisation of consultants

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

- (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 which is of a technical or intellectual nature, but excludes an employee of a department.

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

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
N/A	N/A	N/A	N/A

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
N/A	N/A	N/A	N/A

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
N/A	N/A	N/A	N/A

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
N/A	N/A	N/A	N/A

Total number of projects	Total individual consultants	Total duration Work days	Donor and contract value in Rand
N/A	N/A	N/A	N/A

Table 3.15.4 Analysis of consultant appointments using donor funds, in terms of 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
N/A	N/A	N/A	N/A

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 the department
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0

Highly skilled supervision (levels 9-12)	0	0	0	0
Senior management (levels 13-16)	0	0	0	0
TOTAL	0	0	0	0





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PART E: ANNUAL FINANCIAL STATEMENTS

INTRODUCTION

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Report of the Auditor-general to Parliament on vote no. 3: Department of Communications

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Communication on pages 113 to 157, which comprise the appropriation statement, statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net asset 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 Communication as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with 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

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 of Communications 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 audit opinion.

Other matters

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

Unaudited supplementary schedules

7. The supplementary information set out on pages 158 to 165 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon

Accounting Officer's responsibility for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Modified Cash Basis Standard (MCS) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as 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.

9. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Communication'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 intention 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 separate financial statements

10. 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 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.
11. 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

12. 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.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Department of Communications. I have not evaluated the completeness and appropriateness of the performance indicators 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.
14. 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 of Communication for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – Communication Policy, Research and Development	44 – 49
Programme 3 – Industry and Capacity Development	49 – 56
Programme 4 – Entity Oversight	56 – 60

15. 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.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Programme 2 – Communication Policy, Research and Development
 - Programme 3 – Industry and Capacity Development
 - Programme 4 – Entity Oversight

Report on audit of compliance with legislation

Introduction and scope

17. 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 of Communications with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not identify any material findings in respect of the compliance criteria for the applicable subject matters.

Other information

19. 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.
20. 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.
21. 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.

Internal control deficiencies

22. 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. I did not identify any significant deficiencies in the internal controls.

Auditor-General

Pretoria
31 July 2017



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – 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 separate financial statements, and the procedures performed on reported performance information for selected programmes and on the Constitutional Institution's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the separate financial statements as described in the auditor's report, I also:

identify and assess the risks of material misstatement of the separate 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 constitutional institution'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 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 of Communication'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 a constitutional institution 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 department's activities to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the 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 here applicable, related safeguards.



Appropriation statement for the year ended 31 March 2017

2016/17										2015/16	
Voted funds and Direct charges	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
1. ADMINISTRATION	57 103	-	627	57 730	57 255	475	99.2%	48 207	48 206		
2. COMMUNICATIONS POLICY, RESEARCH AND DEVELOPMENT	7 728	-	(567)	7 161	6 324	837	88.3%	7 266	4 896		
3. INDUSTRY AND CAPACITY DEVELOPMENT	47 692	-	83	47 775	35 166	12 609	73.6%	20 843	20 385		
4. ENTITY OVERSIGHT	1 237 197	-	(143)	1 237 054	1 236 997	57	100.0%	1 214 572	1 214 555		
TOTAL	1 349 720	-	-	1 349 720	1 335 742	13 978	99.0%	1 290 888	1 288 042		
				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure		
Add											
Departmental receipts				2579				3 486			
Actual amounts per Statement of Financial Performance (total revenue)				1 352 299				1 294 374			
Actual amounts per Statement of Financial Performance (total expenditure)					1 335 742				1 288 042		

Appropriation per economic classification

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	113 971	-	(144)	113 827	99 844	13 983	87.7%	79 094	76 279
Compensation of employees	68 169	-	(144)	68 025	65 482	2 543	96.3%	48 100	47 592
Salaries and wages	61 641	94	297	62 032	59 507	2 525	95.9%	43 126	43 283
Social contributions	6 528	(94)	(441)	5 993	5 975	18	99.7%	4 974	4 309
Goods and services	45 802	-	-	45 802	34 362	11 440	75.0%	30 994	28 687
Administrative fees	389	167	1	557	556	1	99.8%	280	280
Advertising	11 867	(3 092)	(29)	8 746	1 463	7 283	16.7%	4 719	3 163
Minor assets	30	90	(12)	108	136	(28)	125.9%	97	92
Audit costs: External	765	25	-	790	790	-	100.0%	-	-
Bursaries: Employees	80	(50)	-	30	32	(2)	106.7%	61	62
Catering: Departmental activities	600	1 792	(8)	2 384	2 507	(123)	105.2%	1 120	1 086
Communication (G&S)	4 804	4 102	(10)	8 896	5 607	3 289	63.0%	2 033	1 924
Computer services	130	86	-	216	253	(37)	117.1%	34	34
Consultants: Business and advisory services	183	(62)	(81)	40	39	1	97.5%	31	31
Legal services	1 519	630	-	2 149	2 149	-	100.0%	2 418	2 416
Contractors	468	(412)	-	56	104	(48)	185.7%	495	342
Agency and support / outsourced services	1 606	(1 570)	(4)	32	32	-	100.0%	94	98
Entertainment	-	9	-	9	9	-	100.0%	12	11
Fleet services (Including government motor transport)	2 686	1 345	-	4 031	3,924	(107)	97.3%	2 321	2 317
Consumable supplies	87	23	1	111	94	17	84.7%	165	169

Consumable: Stationery, printing and office supplies	748	154	(131)	771	708	63	91.8%	1 057	953
Operating leases	42	150	26	218	219	(1)	100.5%	201	201
Travel and subsistence	17 622	(4 549)	520	13 593	13 600	(7)	100.1%	14 584	14 399
Training and development	500	(293)	(100)	107	106	1	99.1%	287	196
Operating payments	276	555	(173)	658	654	4	99.4%	707	636
Venues and facilities	-	177	-	177	177	-	100.0%	-	-
Rental and hiring	1 400	723	-	2 123	1 122	1 001	52.8%	278	277
Transfers and subsidies	1 231 949	-	144	1 232 093	1 232 091	2	100.0%	1 210 206	1 210 205
Departmental agencies and accounts	1 049 799	-	-	1 049 799	1 049 799	-	100.0%	1 037 229	1 037 229
Departmental agencies and accounts (non-business entities)	1 049 799	-	-	1 049 799	1 049 799	-	100.0%	1 037 229	1 037 229
Public corporations and private enterprises	182 093	-	-	182 093	182 093	-	100.0%	172 927	172 927
Public corporations	182 093	-	-	182 093	182 093	-	100.0%	172 927	172 927
Other transfers to public corporations	182 093	-	-	182 093	182 093	-	100.0%	172 927	172 927
Households	57	-	144	201	199	2	99.0%	50	49
Social benefits	57	-	144	201	199	2	99.0%	50	49
Payments for capital assets	3 800	-	-	3 800	3 784	16	99.6%	1 588	1 558
Machinery and equipment	3 800	-	-	3 800	3 784	16	99.6%	1 588	1 558
Transport equipment	-	(506)	(25)	(531)	2 710	(3 241)	(510.4%)	-	-
Other machinery and equipment	3 800	506	25	4 331	1 074	3 257	24.8%	1 588	1 558
Payment for financial assets	-	-	-	-	23	(23)	-	-	-
TOTAL	1 349 720	-	-	1 349 720	1 335 742	13 978	99.0%	1 290 888	1 288 042

Programme 1: ADMINISTRATION									
Sub programme	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
1.1 MINISTRY	9 696	(924)	(383)	8 389	8 376	13	99.8%	12 125	12 032
1.2 DEPARTMENTAL MANAGEMENT	25 192	5 812	1 036	32 040	31 611	429	98.7%	28 397	28 725
1.3 INTERNAL AUDIT	865	(11)	-	854	854	-	100%	-	-
1.4 CORPORATE SERVICES	14 291	(4 349)	(26)	9 916	9 903	13	99.9%	4 942	4 881
1.5 FINANCIAL MANAGEMENT	7 059	(528)	-	6 531	6 511	20	99.7%	2 743	2 568
Total for sub programmes	57 103	-	627	57 730	57 255	475	99.2%	48 207	48 206

Economic classification									
Current payments	55 803	-	652	56 455	55 968	487	99.1%	47 325	47 325
Compensation of employees	43 552	-	(440)	43 112	42 643	469	98.9%	29 336	29 337
Salaries and wages	39 537	(106)	(440)	38 991	38 545	446	98.9%	26 827	26 827
Social contributions	4 015	106	-	4 121	4 098	23	99.4%	2 509	2 510
Goods and services	12 251	-	1 092	13 343	13 325	18	99.9%	17 989	17 988
Administrative fees	271	(3)	-	268	267	1	99.6%	252	253
Advertising	70	16	-	86	86	-	100.0%	99	99
Minor assets	5	56	-	61	61	-	100.0%	37	38
Audit costs: External	765	25	-	790	790	-	100.0%	-	-
Bursaries: Employees	80	(50)	-	30	32	(2)	106.7%	11	12
Catering: Departmental activities	100	50	-	150	149	1	99.3%	224	196
Communication (G&S)	1 181	(20)	-	1 161	1 164	(3)	100.3%	1 145	1 124
Computer services	130	82	-	212	211	1	99.5%		

Consultants: Business and advisory services	100	(61)	-	39	36	3	92.3%	13	13
Legal services	1 519	(1 364)	-	155	155	-	100.0%	576	576
Contractors	-	8	-	8	8	-	100.0%	267	267
Agency and support / outsourced services	-	32	-	32	32	-	100.0%	91	95
Entertainment	-	9	-	9	9	-	100.0%	12	11
Fleet services (Including government motor transport)	2 085	1 238	-	3 323	3 324	(1)	100.0%	2 319	2 317
Consumable supplies	42	30	-	72	69	3	95.8%	108	105
Consumable: Stationery, printing and office supplies	275	58	(26)	307	304	3	99.0%	405	406
Operating leases	42	120	-	162	163	(1)	100.6%	173	174
Travel and subsistence	5 084	(132)	1 118	6 070	6 063	7	99.9%	11 667	11 722
Training and development	400	(293)	-	107	106	1	99.1%	57	57
Operating payments	102	199	-	301	296	5	98.3%	445	455
Rental and hiring	-	-	-	-	-	-	-	78	78
Transfers and subsidies				-	-	-	-	50	49
Households	-	-	-	-	-	-	-	50	49
Social benefits	-	-	-	-	-	-	-	50	49
Payments for capital assets	1 300	-	(25)	1275	1 271	4	99.7%	832	832
Machinery and equipment	1 300	-	(25)	1 275	1 271	4	99.7%	832	832
Transport equipment	-	(93)	(25)	(118)	1065	(1 183)	902.5%	-	-
Other machinery and equipment	1 300	93	-	1 393	206	1 187	14.8%	832	832
Payment for financial assets	-	-	-	-	16	(16)	-	-	-
TOTAL	42 414	-	627	57 730	57 255	475	99.2%	48 207	48 206

1.1 MINISTRY									
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	8 466	(787)	(358)	7 321	7 308	13	98.8%	11 861	11 768
Compensation of employees	4 966	(393)	(358)	4 215	4 211	4	99.9%	3 882	3 882
Goods and services	3 500	(394)	-	3 106	3 097	9	99.7%	7 979	7 886
Payments for capital assets	1 230	(137)	(25)	1 068	1 065	3	99.7%	264	264
Machinery and equipment	1 230	(137)	(25)	1 068	1 065	3	99.7%	264	264
Transport equipment	-	(93)	(25)	(118)	1 065	(1 183)	902.5%	-	-
Other machinery and equipment	1 230	(44)	-	1 186	-	1 186	-	264	264
Payments of financial assets	-	-	-	-	3	(3)	-	-	-
TOTAL	9 696	(924)	(383)	8 389	8 376	13	99.8%	12 125	12 032

1.2 DEPARTMENTAL MANAGEMENT									
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	25 192	5 760	1 036	31 988	31 553	435	98.6%	28 083	28 402
Compensation of employees	20 104	4 038	(82)	24 060	23 626	434	98.2%	19 032	19 257
Goods and services	5 088	1 722	1 118	7 928	7 927	1	100.0%	9 051	9 145
Transfers and subsidies	-	-	-	-	-	-	-	50	49
Households	-	-	-	-	-	-	-	50	49
Payments for capital assets	-	52	-	52	58	(6)	111.5%	264	274

Machinery and equipment	-	52	-	52	58	(6)	111.5%	264	274
TOTAL	25 192	5 812	1 036	32 040	31 611	429	98.7%	28 397	28 725

1.3 INTERNAL AUDIT

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	865	(17)	-	848	848	-	100.0%	-	-
Compensation of employees									
Goods and services	865	(17)	-	848	848	-	100.0%	-	-
Payments for capital assets	-	6	-	6	6	-	100.0%	-	-
Machinery and equipment	-	6	-	6	6	-	100.0%	-	-
TOTAL	865	(11)	-	854	854	-	100.0%	-	-

1.4 CORPORATE SERVICES

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14 291	(4 458)	(26)	9 807	9 787	20	99.8%	4 648	4 587
Compensation of employees	11 872	(3 150)	-	8 722	8 705	17	99.8%	3 969	3 881
Goods and services	2 419	(1 308)	(26)	1 085	1 082	3	99.7%	679	706
Payments for capital assets	-	109	-	109	103	6	94.5%	294	294
Machinery and equipment	-	109	-	109	103	6	94.5%	294	294
Payment for financial assets	-	-	-	-	13	(13)	-	-	-
TOTAL	14 291	(4 349)	(26)	9 916	9 903	13	99.9%	4 942	4 881

1.5 FINANCIAL MANAGEMENT									
2016/17								2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 989	(498)	-	6 491	6 472	19	99.7%	2 733	2 568
Compensation of employees	6 610	(495)	-	6 115	6 101	14	99.8%	2 453	2 317
Goods and services	379	(3)	-	346	371	5	98.7%	280	251
Payments for capital assets	70	(30)	-	40	39	1	97.5%	10	-
Machinery and equipment	70	(30)	-	40	39	1	97.5%	10	-
TOTAL	7 059	(528)	-	6 531	6 511	20	99.7%	2 743	2 568

Programme 2: COMMUNICATIONS POLICY, RESEARCH AND DEVELOPMENT									
2015/16								2014/15	
Subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Broadcasting policy	6 168	1 560	(567)	7 161	6 324	837	88.3%	6 341	4 883
2.2 Media policy	150	(150)	-	-	-	-	-	-	-
2.2 Technical and engineering services	1 410	(1 410)	-	-	-	-		925	13
Total for subprogrammes	7 728	-	(567)	7 161	6 324	837	88.3%	7 266	4 896

Economic Classification									
Current payments	7 728	-	(654)	7 074	6 238	836	88.2%	6 652	4 282
Compensation of employees	5 664	-	(62)	5 602	4 766	836	85.1%	5 769	3 764
Salaries and wages	4 925	214	(62)	5 077	4 246	831	83.6%	4 812	3 342
Social contributions	739	(214)	-	525	520	5	99.0%	957	422
Goods and Services	2 064	-	(592)	1 472	1 472	-	100.0%	883	518
Administrative fees	18	5	-	23	23	-	100.0%	5	4
Advertising	187	(187)	-	-	-	-	-	19	19
Minor assets	-	-	-	-	-	-	-	39	39
Bursaries: Employees	-	-	-	-	-	-	-	35	35
Catering: Departmental activities	-	1	-	1	1	-	100.0%	-	-
Communication (G&S)	30	972	-	1 002	1 002	-	100.0%	40	30
Consultants: Business and advisory	83	-	(83)	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	188	(188)	-	-	-	-	-	26	-
Agency and support/ outsourced	288	(284)	(4)	-	-	-	-	3	3
Fleet services (including government motor transport)	1	(1)	-	-	-	-	-	-	-
Consumable supplies	6	(6)	-	-	-	-	-	6	14
Consumable: Stationery, printing and office supplies	133	(11)	(110)	12	12	-	100.0%	159	110
Operating leases	-	8	26	34	34	-	100.0%	28	27
Travel and subsistence	956	(495)	(247)	214	214	-	100.0%	451	226
Operating payments	174	26	(174)	26	26	-	100.0%	72	11
Venues and facilities	-	160	-	160	160	-	100.0%	-	-
Transfer and subsidies	-	-	62	62	61	1	98.4%	-	-

Households	-	-	62	62	61	1	98.4%	-	-
Social benefits	-	-	62	62	61	1	98.4%	-	-
Payment for Capital assets	-	-	25	25	25	-	100.0%	614	614
Machinery and Equipment	-	-	25	25	25	-	100.0%	614	614
Transport equipment	-	-	25	25	25	-	100.0%	614	614
TOTAL	7 897	-	(567)	7 161	6 324	837	88.3%	7 266	4 896

2.1 BROADCASTING POLICY

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	6 168	1 560	(654)	7 074	6 238	836	88.2%	5 727	4 269
Compensation for employees	4 664	1 000	(62)	5 602	4 766	836	85.1%	4 844	3 763
Goods and services	1 504	560	(592)	1 472	1 472	-	100.0%	883	506
Transfer and subsidies	-	-	62	62	61	1	98.4%	-	-
Households	-	-	62	62	61	1	98.4%	-	-
Payments for capital assets	-	-	25	25	25	-	100%	614	614
Machinery and equipment	-	-	25	25	25	-	100%	614	614
TOTAL	6 168	1 560	(567)	7 161	6 324	837	88.3%	6 341	4 883

2.2 MEDIA POLICY									
2016/17								2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	150	(150)	-	-	-	-	-	-	-
Goods and services	150	(150)	-	-	-	-	-	-	-
TOTAL	150	(150)	-	-	-	-	-	-	-

2.3 TECHNOLOGY AND ENGINEERING SERVICES									
2016/17								2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 410	(1 410)	-	-	-	-	-	925	13
Compensation of employees	1 000	(1 000)	-	-	-	-	-	925	1
Goods and services	410	(410)	-	-	-	-	-	-	12
TOTAL	1 410	(1 410)	-	-	-	-	-	925	13

Programme 3: INDUSTRY AND CAPACITY DEVELOPMENT									
2016/17								2015/16	
Subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Enterprise development	2 064	(537)	83	1 610	207	1 403	12.9%	5 023	2 389
3.2 Broadcasting digital migration	39 128	1587	-	40 715	27 868	12 847	68.4%	14 485	15 260
3.3 Industry research and analysis	6 500	(1 050)	-	5 450	5 394	56	99.0%	1 135	1 734
3.4 Inter-governmental relations and stakeholder management	-	-	-	-	1 697	(1 697)	-	200	1 002
Total for subprogrammes	47 692	-	83	47 775	35 166	12 609	73.6%	20 843	20 385

Economic classification									
Current payments	45 135	-	83	45 218	32 615	12 603	72.1%	20 743	20 315
Compensation of employees	14 573	-	-	14 573	13 392	1 181	91.9%	9 496	11 008
Salaries and wages	13 600	(22)	-	13 578	12 394	1 184	91.3%	8 688	10 000
Social contributions	973	22	-	995	998	(3)	100.3%	808	1 008
Goods and services	30 562	-	83	30 645	19 223	11 422	62.7%	11 247	9 307
Administrative fees	90	173	1	264	264	-	100.0%	16	19
Advertising	11 610	(2 989)	4	8 625	1 343	7 282	15.6%	4 601	3 045
Minor assets	25	11	-	36	64	(28)	177.8%	12	12
Bursaries: Employees	-	-	-	-	-	-	-	15	15
Catering: Departmental activities	500	1 719	2	2 221	2 357	(136)	106.1%	886	888
Communication (G&S)	3 593	3 080	28	6 701	3 441	3 260	51.4%	772	707
Computer services	-	4	-	4	42	(38)	1050.0%	34	34
Consultants: Business and advisory services	-	(1)	2	1	3	(2)	300.0%	18	18
Legal services	-	1 994	-	1 994	1 994	-	100.0%	1 359	1 359
Contractors	280	(232)	-	48	96	(48)	200.0%	202	75
Agency and support/outsourced services	1 318	(1 318)	-	-	-	-	-	-	-
Fleet services (Including government motor transport)	600	108	-	708	600	108	84.7%	-	-
Consumable supplies	39	(7)	1	33	21	12	63.6%	47	47
Consumable: Stationery, printing and office supplies	250	140	5	395	378	17	95.7%	466	401
Operating leases	-	22	-	22	22	-	100.0%	-	-
Travel and Subsistence	10 857	(3 774)	39	7 122	7 127	(5)	100.1%	2 250	2 208
Training and development	-	-	-	-	-	-	-	195	105
Operating payments	-	330	1	331	332	(1)	100.3%	180	180
Venues and facilities	-	17	-	17	17	-	100.0%	-	-
Rental and hiring	1 400	723	-	2 123	1 122	1 001	52.8%	194	194

Transfer and subsidies	57	-	-	57	56	1	98.2%	-	-
Households	57	-	-	57	56	1	98.2%	-	-
Social benefits	57	-	-	57	56	1	98.2%	-	-
Payments for capital assets	2 500	-	-	2 500	2 488	12	99.5%	100	70
Machinery and equipment	2 500	-	-	2 500	2 488	12	98.2%	100	70
Transport equipment	-	(413)	-	(413)	1 645	(2,058)	398.3%	-	-
Other machinery and equipment	2 500	413	-	2 913	843	2 070	28.9%	100	70
Payment for financial assets	-	-	-	-	7	(7)	-	-	-
TOTAL	47 692	-	83	47 775	35 166	12 609	73.6%	20 843	20 385

3.1 ENTERPRISE DEVELOPMENT

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	2 064	(537)	83	1 610	192	1 418	11.9%	4 923	2 389
Compensation of employees	2 064	(537)	-	1 527	-	1 527	-	4 462	2 201
Goods and services	-	-	83	83	192	(109)	231.3%	461	188
Payments for capital assets	-	-	-	-	15	(15)	-	100	-
Machinery and equipment	-	-	-	-	15	(15)	-	100	-
TOTAL	2 064	(537)	83	1 610	207	1 403	12.9%	5 023	2 389

3.2 BROADCASTING DIGITAL MIGRATION

3.2 BROADCASTING DIGITAL MIGRATION									
2015/16								2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	36 571	1 887	-	38 458	25 584	12 874	66.5%	14 485	15 190
Compensation of employees	10 009	613	-	10 622	9 447	1 175	88.9%	4 305	6 576
Goods and services	26 562	1 274	-	27 836	16 137	11 699	58.0%	10 180	8 614
Transfer and subsidies	57	-	-	57	56	1	98.2%	-	-
Households	57	-	-	57	56	1	98.2%	-	-
Payments for capital assets	2 500	(300)	-	2 200	2 221	(21)	101.0%	-	70
Machinery and equipment	2 500	(300)	-	2 200	2 221	(21)	101.0%	-	70
Payment for financial assets	-	-	-	-	7	(7)	-	-	-
TOTAL	39 128	1 587	-	40 715	27 868	12 847	68.4%	14 485	15 260

3.3 INDUSTRY RESEARCH AND ANALYSIS

3.3 INDUSTRY RESEARCH AND ANALYSIS									
2016/17								2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 500	(1 350)	-	5 150	5 142	8	99.8%	1 135	1 734
Compensation of employees	2 500	(76)	-	2 424	2 421	3	99.9%	729	1 413
Goods and services	4 000	(1 274)	-	2 726	2 721	5	99.8%	406	321
Payments for capital assets	-	300	-	300	252	48	84.0%	-	-
Machinery and equipment	-	300	-	300	252	48	84.0%	-	-
TOTAL	6 500	(1 050)	-	5 450	5 394	56	99.0%	1 135	1 734

3.4 INTERGOVERNMENTAL RELATIONS AND STAKEHOLDER MANAGEMENT									
2016/17								2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	1 697	(1 697)	-	200	1 002
Compensation of employees	-	-	-	-	1 524	(1 524)	-	-	818
Goods and services	-	-	-	-	173	(173)	-	200	184
TOTAL	-	-	-	-	1 697	(1 697)	-	200	1 002

Programme 4: ENTITY OVERSIGHT									
2016/17								2015/16	
Subprogramme	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
4.1 Programme management for entity oversight	2 620	1 632	306	4 558	4 142	416	90.9%	2 105	2 559
4.2 Broadcasting and community media	208 589	(1 679)	(399)	206 511	206 870	(359)	100.2%	196 048	196 875
4.3 Communication and branding	566 442	-	-	566 442	566 442	-	100.0%	540 441	539 136
4.4 Regulatory institutions	459 546	47	(50)	459 543	459 543	-	100.0%	475 978	475 978
4.5 Strategy and Policy alignment	-	-	-	-	-	-	-	-	7
Total for subprogrammes	1 237 197	-	(143)	1 237 054	1 236 997	57	100.0%	1 214 572	1 214 555

Economic classification									
Current payments	5 305	-	(225)	5 080	5 023	-	98.9%	4 374	4 357
Compensation of employees	4 380	-	358	4 738	4 681	57	98.8%	3 499	3 483
Salaries and wages	3 579	8	799	4 386	4 322	64	98.5%	2 799	3 114
Social contributions	801	(8)	(441)	352	359	(7)	102.0%	700	369
Goods and services	925	-	(583)	342	342	-	100.0%	875	874
Administrative fees	10	(8)	-	2	2	-	100.0%	7	4
Advertising	-	68	(33)	35	34	1	97.1%	-	-
Minor assets	-	23	(12)	11	11	-	100.0%	9	3
Catering: Departmental activities	-	22	(10)	12	-	12	-	10	2
Communication (G&S)	-	70	(38)	32	-	32	-	76	63
Legal services	-	-	-	-	-	-	-	483	481
Fleet services (Including government motor transport)	-	-	-	-	-	-	-	2	-
Consumable supplies	-	6	-	6	4	2	66.7%	4	3
Consumable: Stationery printing and office supplies	90	(33)	-	57	14	43	24.6%	27	36
Travel and subsistence	725	(148)	(390)	187	196	(9)	104.8%	216	243
Training and development	100	-	(100)	-	-	-	-	35	34
Rental and hiring	-	-	-	-	-	-	-	6	5
Transfers and subsidies	1 231 892	-	82	1 231 974	1 231 974	-	100.0%	1 210 156	1 210 156
Departmental agencies and accounts	1 049 799	-	-	1 049 799	1 049 799	-	100.0%	1 037 229	1 037 229
Departmental agencies and accounts (non-business entities)	1 049 799	-	-	1 049 799	1 049 799	-	100.0%	1 037 229	1 037 229
Public corporations and private enterprises	182 093	-	-	182 093	182 093	-	100.0%	172 927	172 927
Public corporations	182 093	-	-	182 093	182 093	-	100.0%	172 927	172 927
Other transfers to public corporations	182 093	-	-	182 093	182 093	-	100.0%	172 927	172 927

Households	-	-	82	82	82	-	100.0%	-	-
Social benefits	-	-	82	82	82	-	100.0%	-	-
Payments for capital assets	-	-	-	-	-	-	-	42	42
Machinery and equipment	-	-	-	-	-	-	-	42	42
Other machinery and equipment	-	-	-	-	-	-	-	42	42
TOTAL	1 237 197	-	(143)	1 237 054	1 236 997	57	100.0%	1 214 572	1 214 555

4.1 PROGRAMME MANAGEMENT FOR ENTITY OVERSIGHT

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	2 620	1 632	224	4 476	4 060	416	90.7%	2 063	2 517
Compensation of employees	2 154	1 635	358	4 147	3 730	417	89.9%	1 698	2 189
Goods and services	466	(3)	(134)	329	330	(1)	100.3%	365	328
Transfers and subsidies	-	-	82	82	82	-	100.0%	-	-
Households	-	-	82	82	82	-	100.0%	-	-
Payments for capital assets	-	-	-	-	-	-	-	42	42
Machinery and equipment	-	-	-	-	-	-	-	42	42
TOTAL	2 620	1 632	306	4 558	4 142	416	90.9%	2 105	2 559

4.2 BROADCASTING AND COMMUNITY MEDIA

2015/16										2014/15	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	2 682	(1 679)	(399)	604	963	(359)	159.4%	506	1 333		
Compensation of employees	2 226	(1 635)	-	591	951	(360)	160.9%	-	798		
Goods and services	456	(44)	(399)	13	12	1	92.3%	506	535		
Transfers and subsidies	205 907	-	-	205 907	205 907	-	100.0%	195 542	195 542		
Departmental agencies and accounts	23 814	-	-	23 814	23 814	-	100.0%	22 615	22 615		
Public corporations and private enterprises	182 093	-	-	182 093	182 093	-	100.0%	172 927	172 927		
TOTAL	208 589	(1 679)	(399)	206 511	206 870	(359)	100.2%	196 048	196 875		

4.3 COMMUNICATION AND BRANDING

2016/17								2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	1 805	500
Compensation of employees	-	-	-	-	-	-	-	1 801	496
Goods and services	-	-	-	-	-	-	-	4	4
Transfers and subsidies	566 442	-	-	566 442	566 442	-	100.0%	538 636	538 636
Departmental agencies and accounts	566 442	-	-	566 442	566 442	-	100.0%	538 636	538 636
TOTAL	566 442	-	-	566 442	566 442	-	100.0%	540 441	539 136

4.4 REGULATORY INSTITUTIONS									
2016/17								2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3	47	(50)	-	-	-	-	-	-
Goods and services	3	47	(50)	-	-	-	-	-	-
Transfers and subsidies	459 543	-	-	459 543	459 543	-	100.0%	475 978	475 978
Departmental agencies and accounts	459 543	-	-	459 543	459 543	-	100.0%	475 978	475 978
TOTAL	459 546	47	(50)	459 543	459 543	-	100.0%	475 978	475 978

4.5 STRATEGY AND POLICY ALIGNMENT									
2016/17								2015/16	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	7
Goods and services	-	-	-	-	-	-	-	-	7
TOTAL	-	-	-	-	-	-	-	-	7

**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, Notes and Annexure 1 (A-D) 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 on 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 R'000	Variance as a % of Final Appropriation
Programme 1: Administration	57 730	57 255	475	99%
Programme 2: Communications Policy, Research and Development	7 161	6 324	837	88%
Programme 3: Industry and Capacity and Development	47 775	35 166	12 609	74%

The underspending is on compensation of employees as a result of contract positions that were not extended and officials leaving the Department during the financial year.

Programme 2: Communications Policy, Research and Development

The underspending is mainly due to funded posts that remained vacant throughout the financial year.

Programme 3: Industry and Capacity and Development

The underspending is mainly due to the fact the Adjusted Appropriation Bill was only Gazetted on 19 January 2017 which left the Programme with less than 3 months to commit and expense the additional budget allocation of R41, 410 million. Therefore, the underspending mainly stems from unpaid commitments at 31 March 2017 and insufficient timeframe to commit and spend funds in respect of Digital Terrestrial Television (DTT) Awareness Campaign and door-to-door registration. A request to roll-over funds to 2017/18 financial year will be submitted to National Treasury.

Programme 4: Entity Oversight	1 237 054	1 236 997	57	100%
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The underspending is on compensation of employees as a result of a contract position that was not extended.

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments	113 827	99 844	13 983	88%
Compensation of employees	68 025	65 482	2 543	96%
Goods and services	45 802	34 362	11 440	75%
Transfers and subsidies	1 232 093	1 232 091	2	100%
Departmental agencies and accounts	1 049 799	1 049 799	-	100%
Public corporations and private enterprises	182 093	182 093	-	100%
Households	201	199	2	99%
Payments for capital assets	3 800	3 784	16	99%
Machinery and equipment	3 800	3 784	16	99%
Payments for capital assets	-	23	(23)	-

The underspending is mainly due to the fact the Adjusted Appropriation Bill was only Gazetted on 19 January 2017 which left the Programme with less than 3 months to commit and expense the additional budget allocation of R41,410 million. Therefore, the underspending mainly stems from unpaid commitments at 31 March 2017 and insufficient timeframe to commit and spend funds in respect of Digital Terrestrial Television (DTT) Awareness Campaign and door-to-door registration. A request to roll-over funds to 2017/18 financial year was submitted to National Treasury. Saving was also recorded on compensation of employees due to contract positions that were not extended and employees leaving the Department during the financial year.

**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2017**

	Note	2016/17	2015/16
		R'000	R'000
REVENUE			
Annual appropriation	1	1,349,720	1,290,888
Departmental revenue	2	2,579	3,486
TOTAL REVENUE		1,352,299	1,294,374
EXPENDITURE			
Current expenditure			
Compensation of employees	3	65,482	47,592
Goods and services	4	34,362	28,687
Total current expenditure		99,844	76,279
Transfers and subsidies			
Transfers and subsidies	6	1,232,091	1,210,205
Total transfers and subsidies		1,232,091	1,210,205
Expenditure for capital assets			
Tangible assets	7	3,784	1,558
Total expenditure for capital assets		3,784	1,558
Payment for financial assets	5	23	-
TOTAL EXPENDITURE		1,335,742	1,288,042
SURPLUS/(DEFICIT) FOR THE YEAR		16,557	6,332
Reconciliation of Net Surplus/ (Deficit) for the year			
Voted funds		13,978	2,846
Annual appropriation		13,978	2,846
Departmental revenue and NRF Receipts	13	2,579	3,486
SURPLUS/(DEFICIT) FOR THE YEAR		16,557	6,332

STATEMENT OF FINANCIAL POSITION
as at 31 March 2017

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
ASSETS			
Current assets		14,084	6,119
Cash and cash equivalents	8	13,538	2,824
Prepayments and advances	9	401	3,032
Receivables	10	145	263
Non-current assets		27,394	27,391
Receivables	10	3	-
Loans	11	27,391	27,391
TOTAL ASSETS		41,478	33,510
LIABILITIES			
Current liabilities		13,989	6,119
Voted funds to be surrendered to the Revenue Fund	12	13,978	2,846
Departmental revenue and NRF receipts to be surrendered to the Revenue Fund	13	2	1
Payables	14	9	3,272
TOTAL LIABILITIES		13,989	6,119
NET ASSETS		27,489	27,391
Represented by:			
Capitalisation reserve		27,391	27,391
		98	-
TOTAL		27,489	27,391

STATEMENT OF CHANGES IN NET ASSETS
as at 31 March 2017

	<i>Note</i>	2016/17	2015/16
		R'000	R'000
Capitalisation Reserves			
Opening balance		27,391	-
Other movements	11	-	27,391
Closing balance		27,391	27,391
Recoverable revenue			
Opening balance		-	-
Transfers		98	-
Debts raised		98	-
Closing balance		98	-
TOTAL		27,489	27,391



**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		1,352,299	1,294,374
Annual appropriated funds received	1.1	1,349,720	1,290,888
Departmental revenue received	2.1:2.3	340	80
Interest received	2.2	2,239	3,406
Net (increase)/decrease in working capital		(517)	(23)
Surrendered to Revenue Fund		(5,424)	(3,485)
Current payments		(99,844)	(76,279)
Payments for financial assets		(23)	-
Transfers and subsidies paid		(1,232,091)	(1,210,205)
Net cash flow available from operating activities	15	14,400	4,382
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(3,784)	(1,558)
(Increase)/decrease in loans		-	(27,391)
Net cash flows from investing activities		(3,784)	(28,949)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		98	27,391
Net cash flows from investing activities		98	27,391
Net increase/(decrease) in cash and cash equivalents		10,714	2,824
Cash and cash equivalents at beginning of period		2,824	-
Cash and cash equivalents at end of period	8	13,538	2,824

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

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

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

1. Basis of preparation

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

2. Going concern

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

3. Presentation currency

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

4. Rounding

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

5. Foreign currency translation

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

6. Comparative information

6.1 Prior period comparative information

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

6.2 Current year comparison with budget

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

7. Revenue

7.1 Appropriated funds

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

8. Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

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

8.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 Other expenditure

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

8.3 Accrued expenditure payable

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department or in the case of transfers and subsidies when they are due and payable.

Accrued expenditure payable is measured at cost.

8.4 Leases

8.4.1 Operating leases

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

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

8.4.2 Finance leases

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

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

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

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

9. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

10. Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the Department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.

11. 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.

12. Payables

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



13. Capital Assets

13.1 Movable capital assets

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

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

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

13.2 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) may be 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.

14. Provisions and Contingents

14.1 Provisions

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

14.2 Contingent liabilities

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

14.3 Contingent assets

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

14.4 Commitments

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

15. Unauthorised expenditure

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

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

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

16. Fruitless and wasteful expenditure

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

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

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

17. Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor 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 recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

18. Changes in accounting policies, accounting estimates and errors

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

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

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

19. Events after the reporting date

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

20. Departures from the MCS requirements

The department has compiled the Annual Financial Statements as per Modified Cash Standards. Management has concluded that the financial statements present fairly the department's primary and secondary information.

21. 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 Revenue Fund when the underlying asset is disposed and the related funds are received.

22. 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 Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

23. Related party transactions

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

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



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):

	2016/17			2015/16	
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Programmes					
Administration	57,730	57,730	-	48,207	48,207
Communications Policy, Research and Development	7,161	7,161	-	7,266	7,266
Industry and Capacity Development	47,775	47,775	-	20,843	20,843
Entity Oversight	1,237,054	1,237,054	-	1,214,572	1,214,572
Total	1,349,720	1,349,720	-	1,290,888	1,290,888

2. Departmental revenue

	Note	2016/17	2015/16
		R'000	R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	61	12
Interest, dividends and rent on land	2.2	2,239	3,406
Transactions in financial assets and liabilities	2.3	279	68
Total revenue collected		2,579	3,486
Departmental revenue collected		2,579	3,486

Included in the total revenue is interest received from SABC on Loan No 14 in terms of Section 30(1) of the Exchequer Act, (Act No 66 of 1975). Interest is payable at a rate of 6.5% per annum, payable six monthly in arrears, on 31 January and 31 July every year. During the 2016/17 financial year the DoC received R1, 4 billion from ICASA that was surrendered to the NRF and SARS. DoC is deemed to be a "conduit" as it only passes administrative fees from ICASA to the NRF and SARS and, therefore, the department does not record the mentioned amounts as departmental revenue in the Statement of Financial Performance (PER) at year end as this will overstate the department's revenue.

2.1 Sales of goods and services other than capital assets

	Note	2016/17	2015/16
	2	R'000	R'000
Sales of goods and services produced by the department		61	12
Sales by market establishment		50	5
Other sales		11	7
Total		61	12

2.2 Interest, dividends and rent on land

	Note	2016/17	2015/16
	2	R'000	R'000
Interest		2,239	3,406
Total		2,239	3,406

2.3 Transactions in financial assets and liabilities

	Note	2016/17	2015/16
	2	R'000	R'000
Other Receipts including Recoverable Revenue		279	68
Total		279	68

3. Compensation of employees

3.1 Salaries and Wages

	Note	2016/17	2015/16
	3	R'000	R'000
Basic salary		42,852	30,094
Performance award		-	263
Service based		9	57
Compensative/circumstantial		1,786	1,746
Periodic payments		1,244	1,394
Other non-pensionable allowances		13,615	9,729
Total		59,506	43,283

3.2 Social contributions

	Note	2016/17	2015/16
	3	R'000	R'000
Employer contributions			
Pension		5,076	3,666
Medical		893	638
Bargaining council		7	5
Total		5,976	4,309
			-
Total compensation of employees		65,482	47,592
Average number of employees		102	92

The average number of employees figure represent the number of officials in service as at 31 March 2017.

4. Goods and services

	Note	2016/17	2015/16
		R'000	R'000
Administrative fees		557	281
Advertising		1,463	3,163
Minor assets	4.1	136	92
Bursaries (employees)		31	61
Catering		2,520	1,085
Communication		5,677	1,921
Computer services	4.2	254	34
Consultants: Business and advisory services		38	31
Legal services		2,148	2,416
Contractors		105	342
Agency and support / outsourced services		32	98
Entertainment		9	11
Audit cost-external	4.3	791	-
Fleet services		3,923	2,317
Consumables	4.4	800	1,122
Operating leases		219	202
Rental and hiring		1,122	278
Travel and subsistence	4.5	13,599	14,401
Venues and facilities		177	-
Training and development		107	197
Other operating expenditure	4.6	654	635
Total		34,362	28,687

The bulk of the R34,362 million spent on Goods and Services relate to the implementation of the DTT Project as well as Travel and Subsistence of the Political Office Bearers.

4.1 Minor assets

	Note	2016/17	2015/16
	4	R'000	R'000
Tangible assets			
Machinery and equipment		136	92
Total		136	92

4.2 Computer Services

	Note	2016/17	2015/16
	4	R'000	R'000
SITA Computer Services		239	34
External computer service providers		15	-
Total		254	34

4.3 Audit cost-external

	Note	2016/17	2015/16
	4	R'000	R'000
Regularity audits		791	-
Total		791	-

4.4 Consumables

	Note	2016/17	2015/16
	4	R'000	R'000
Consumable supplies		93	143
Uniform and clothing		21	49
Household supplies		54	52
Building material and supplies		7	25
IT consumables		3	12
Other consumables		8	5
Stationery, printing and office supplies		707	979
Total		800	1,122

4.5 Travel and subsistence

	Note	2016/17	2015/16
	4	R'000	R'000
Local		11,805	10,115
Foreign		1,794	4,286
Total		13,599	14,401

Two international trips were undertaken in financial year 2016/17 and invoices are awaited from DIRCO.

4.6 Other operating expenditure

	Note	2016/17	2015/16
	4	R'000	R'000
Resettlement costs		100	150
Other		554	485
Total		654	635

5. Payments for financial assets

	Note	2016/17	2015/16
		R'000	R'000
Other material losses written off	5.1	13	-
Debts written off	5.2	10	-
Total		23	-

5.1 Other material losses written off

Nature of losses	Note	2016/17	2015/16
	5	R'000	R'000
(Group major categories, but list material items)			
Cancellation of interviews		13	-
Total		13	-

5.2 Debts written off

	Note	2016/17	2015/16
Other debt written off	5	R'000	R'000
Licence Fees		3	-
Damage on car rental		7	-
Total		10	-
Total debt written off		10	-

6. Transfers and subsidies

		2016/17	2015/16
		R'000	R'000
	Note		
Departmental agencies and accounts	Annex 1A	1,049,799	1,037,229
Public corporations and private enterprises	Annex 1B	182,093	172,927
Households	Annex 1C	199	49
Total		1,232,091	1,210,205

7. Expenditure for capital assets

		2016/17	2015/16
	Note	Voted Funds	Total
		R'000	R'000
Tangible assets			1,558
		3,784	
Machinery and equipment	26	3,784	1,558
Total		3,784	1,558

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

	2016/17	2015/16
	Voted Funds	Total
	R'000	R'000
Tangible assets	3,784	1,558
Machinery and equipment	3,784	1,558
Total	3,784	1,558

7.2 Analysis of funds utilised to acquire capital assets – 2015/16

	2016/17	2015/16
	Voted Funds	Total
	R'000	R'000
Tangible assets	1,558	1,558
Machinery and equipment	1,558	1,558
Total	1,558	1,558

8. Cash and cash equivalents

	Note	2016/17	2015/16
		R'000	R'000
Consolidated Paymaster General Account		14,980	3,375
Disbursements		(1,472)	(581)
Cash on hand		30	30
Total		13,538	2,824

Six amounts to the total value of R2, 516 million were received in the Paymaster General Account (PMG) of the Department in the first week of April 2017 which related to deposits made into the commercial bank account in March 2017.

9. Prepayments and advances

	Note	2016/17	2015/16
		R'000	R'000
Travel and subsistence		13	-
Advances paid	9.1	388	3,032
Total		401	3,032

9.1 Advances paid (Not expensed)

	Note	2016/17	2015/16
	Annexure 5	R'000	R'000
National departments		388	3,032
Total		388	3,032

9.2 Advances paid (Expensed)

	Note	2016/17	2015/16
	Annexure 5	R'000	R'000
National departments		2,863	-
Total		2,863	-

10. Receivables

	2016/17			2015/16			
		Current	Non-current	Total	Current	Non-current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	10.1				202	-	202
Recoverable expenditure	10.2				33	-	33
Staff debt	10.3	104	3	107	28	-	28
Other debtors	10.4	41	-	41	-	-	-
Total		145	3	148	263	-	263

Not included in the total amount for receivables is a possible staff debt of R74 663.13 relating to cellular telephone and 3G debt that occurred as a result of a change in the Departmental Policy. This amount is currently being disputed by officials. Subsequent to financial year end, cellular telephone debt in respect of VIP Protectors amounting to R26 607.69 was written off as a loss.

10.1 Claims recoverable

	Note	2016/17	2015/16
	10 and Annex 3	R'000	R'000
National departments		-	202
Total		-	202

10.2 Recoverable expenditure (disallowance accounts)

	Note	2016/17	2015/16
	10	R'000	R'000
Disall Damages & Losses: CA		-	33
Total		-	33

10.3 Staff debt

	Note	2016/17	2015/16
	10	R'000	R'000
Debt Account: CA		107	28
Total		107	28

10.4 Other debtors

	Note	2016/17	2015/16
	10	R'000	R'000
Ex-employee debt		41	-
Total		41	-

11. Loans

	Note	2016/17	2015/16
		R'000	R'000
Public corporations		27,391	27,391
Total		27,391	27,391

Analysis of balance

Opening balance	27,391	-
New Issues	-	27,391
Closing balance	27,391	27,391

In terms of section 30 (1) of the Exchequer Act, Act 66 of 1975, an amount of R27, 391 million was made available by the National Treasury to the South African Broadcasting Corporation (SABC) as permanent capital (SABC Loan: Channel Africa - Loan 14). The loan was transferred from the Department of Telecommunications and Postal Services to the department in line with Section 42 of the Public Finance Management Act, 1999 (Act 1 of 1999,) when SABC was transferred to the department to form part of the portfolio of the Ministry of Communications.

12. Voted funds to be surrendered to the Revenue Fund

	Note	2016/17	2015/16
		R'000	R'000
Opening balance		2,846	-
As restated		2,846	2,846
Transfer from statement of financial performance (as restated)		13,97	2,846
Paid during the year		(2,846)	-
Closing balance		13,978	2,846

13. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	Note	2016/17	2015/16
		R'000	R'000
Opening balance		1	-
As restated		1	-
Transfer from statement of financial performance (as restated)		2,579	3,486
Paid during the year		(2,578)	(3,485)
Closing balance		2	1

Included in the total revenue is interest received from SABC on Loan No 14 in terms of Section 30(1) of the Exchequer Act, (Act No 66 of 1975). Interest is payable at a rate of 6.5% per annum, payable six monthly in arrears, on 31 January and 31 July every year.

14. Payables – current

	Note	2016/17	2015/16
		R'000	R'000
Other payables	14.1	9	3,272
Total		9	3,272

14.1 Other payables

	Note	2016/17	2015/16
	14	R'000	R'000
Sal: Income Tax:CL		9	12
Sal: Pension Fund:CL		-	1
Payable:Adv:N/dept:Adv ACC:CL		-	3,259
Total		9	3,272

15. Net cash flow available from operating activities

	Note	2016/17	2015/16
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		16,557	6,332
Add back non cash/cash movements not deemed operating activities		(2,157)	(1,950)
(Increase)/decrease in receivables – current		115	(263)
(Increase)/decrease in prepayments and advances		2,631	(3,032)
Increase/(decrease) in payables – current		(3,263)	3,272
Expenditure on capital assets		3,784	1,558
Surrenders to Revenue Fund		(5,424)	(3,485)
Net cash flow generated by operating activities		14,400	4,382

16. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2016/17	2015/16
		R'000	R'000
Consolidated Paymaster General account		14,980	3,375
Disbursements		(1,472)	(581)
Cash on hand		30	30
Total		13,538	2,824

17. Contingent liabilities and contingent assets

17.1 Contingent liabilities

	Note	2016/17	2015/16
		R'000	R'000
Liable to Nature			
Claims against the department	Annex 2B	1,093	-
Total		1,093	-

The following court cases are still pending by 31 March 2017:

1. *E-TV v Minister of Communications* (The Supreme Court of Appeal ruled in favour of ETV. The Minister of Communications appealed to the Constitutional Court. The Constitutional Court heard the matter on 21 February 2017. The matter has been finalised and all outstanding legal fees to date have been accounted for. Therefore, the total amount of contingent liabilities not affected.);
2. *Mashangu Ronny Lubisi v SABC*;
3. *Support Public Broadcasting Coalition v SABC and Others*;
4. *Support Public Broadcasting Coalition v SABC and Others*;
5. *Minister of Communications v Speaker of the National Assembly & Others*;
6. *Madzhe v Minister of Communications* (The employee lodged a case of constructive dismissal against the department. The matter was referred to the PSCBC. The PSCBC dismissed the case and the employee appealed to Labour Court. This matter is pending in the Labour Court);
7. One disciplinary hearing was set to proceed on 11 April 2017 but was postponed. This matter is still under investigation. Since the matter is dealt with internally, it does not affect the total amount disclosed under contingent liabilities.
8. An employee contract lapsed on 14 January 2017 by the effluxion of time. He instituted a case with Bargaining Council alleging that he was unfairly dismissed. The matter was on heard for Conciliation on 7 April 2017. The department maintained its position that the contract lapsed. The Department awaits to hear if an employee intend to process for Arbitration. This matter does not affect the total disclosed under the contingent liabilities.

18. Commitments

	Note	2016/17	2015/16
		R'000	R'000
Current expenditure			
Approved and contracted		2,501	736
Approved but not yet contracted		-	186
		2,501	922
Capital expenditure			
Approved and contracted		33	1,065
		33	1,065
Total Commitments		2,534	1,987

19. Accruals and payables not recognised

19.1 Accruals

	2016/17			2015/16
	R'000			R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	1,643	3,535	5,178	4,495
Capital assets	-	-	-	121
Total	1,643	3,535	5,178	4,616

	Note	2016/17	2015/16
		R'000	R'000
Listed by programme level			
Programme 1: Administration		4,009	3,464
Programme 2: Communications Policy, Research and Development		6	27
Programme 3: Industry and Capacity Development		1,125	873
Programme 4: Entity Oversight		38	252
Total		5,178	4,616

20. Employee benefits

	Note	2016/17	2015/16
		R'000	R'000
Leave entitlement		2,625	2,391
Service bonus (Thirteenth cheque)		1,396	1,112
Performance awards		1,020	888
Capped leave commitments		860	860
Other: Long term service provision		70	-
Total		5,971	5,251

A total of 11 annual leave days to the value of R27, 696.35 were not captured on PERSAL by 31 March 2017 and the total amount of Leave entitlement had been decreased accordingly. Included in the total leave entitlement is a total number of 8.96 annual leave days or R8 054.42 that were not discounted to an official who's contract expired on 31 March 2017 as a result of several outstanding PILIR requests for the recommendation of temporary disability leave. The Department has received a communication from PILIR in April 2017 disapproving a request for temporary disability leave of 13 days. The Department will register the debt once recommendation is received from PILIR on all the outstanding requests relating to the same official. Provision for performance awards are calculated at 1.5% of the total budget on compensation of employees.

21. Lease commitments

21.1 Operating leases expenditure

2016/17	Machinery and equipment	Total
Not later than 1 year	191	191
Later than 1 year and not later than 5 years	88	88
Total lease commitments	279	279

2015/2016	Machinery and equipment	Total
Not later than 1 year	226	226
Later than 1 year and not later than 5 years	250	250
Total lease commitments	476	476

22. Irregular expenditure

22.1 Reconciliation of irregular expenditure

	Note	2016/17	2015/16
		R'000	R'000
Opening balance			
Prior period error		-	-
As restated		-	-
Add: Irregular expenditure – relating to prior year		-	-
Add: Irregular expenditure – relating to current year		-	-
Less: Prior year amounts condoned		-	-
Less: Current year amounts condoned		-	-

Less: Amounts not condoned and recoverable	-	-
Less: Amounts not condoned and not recoverable	-	-
Closing balance	-	-

Analysis of awaiting condonation per age classification

Current year	-	-
Prior years	-	-
Total	-	-

23. Details of fruitless and wasteful expenditure under investigation (not in main note)

Incident	2016/17
	R'000
No show	5
Total	5

An amount of R13 000.00 was disclosed as fruitless and wasteful expenditure under investigation in the 2015/16 financial year. This amount has since been written off as a loss and now disclosed under payment for financial assets.

24. Related party transactions

Payments made	Note	2016/17	2015/16
		R'000	R'000
Goods and services		3,946	7,512
Total		3,946	7,512

Year end balances arising from revenue/ payments	Note	2016/17	2015/16
		R'000	R'000
Receivables from related parties		16	3,210
Total		16	3,210

In kind goods and services provided/ received	Note	2016/17	2015/16
		R'000	R'000
SABC - Sound system , sound technicians and 1 TV set		-	20
SABC - Morning Live-production and SABC NEWS		-	450
Total		-	470

The following entities are listed as related parties:

1. South African Broadcasting Corporation (SABC);
2. Media Development and Diversity Agency (MDDA);
3. Brand South Africa;
4. Government Communication and Information System (GCIS);
5. Independent Communications Authority of South Africa (ICASA); and
6. Film and Publication Board (FPB).

With regard to ICASA, the DoC has received revenue in respect of license fees and other revenue from ICASA that was surrendered to NRF and SARS respectively. This is not regarded as departmental revenue.

A Memorandum of Understanding (MoU) was signed by both the Acting Directors-General of DoC and GCIS for the rendering of corporate related functions in the 2016/17 financial year which related to Petty Cash support, Demand Management, Supply Chain Management Services, Facility Management Services, Human Resource Management, Information Technology and Internal Audit. In certain aspects, the arrangements will continue in the 2017/18 financial year until such time the DoC can function independently from GCIS.

Apart from the corporate service related support, the GCIS also support the DoC in respect of accommodation, municipal services, cleaning services, security and information technology infrastructure.

Claims amounting to R3 946 223.93 were paid to the GCIS during the 2016/17 financial year. An amount of R3, 208 million was paid to the GCIS in respect media buying campaigns of which R15 945.24 was reflected as an outstanding or unspent balance on the suspense account at 31 March 2017. Media buying transactions made through GCIS are considered to be market related. Claims amounting to R71 000 were received from GCIS in 2016/17 financial year and was settled in April 2017.

In addition to the above, the GCIS rendered 354 non-monetary services such as radio production, photography and video services during the 2016/17 financial year.

Although the Department of Telecommunication and Postal Services (DTPS) is not regarded as a related party to the Department, it is partly responsible for the Digital Terrestrial Television (DTT) Project.

25. Key management personnel

	No. of Individuals	2016/17 R'000	2015/16 R'000
Political office bearers (provide detail below)	2	4,211	4,119
Officials:			
Level 15 to 16	6	7,501	4,776
Level 14 (incl. CFO if at a lower level)	10	11,157	8,203
Total		22,869	17,098

The Department did not establish an Internal Audit component by 31 March 2017. This function was rendered by the GCIS Internal Audit headed by the Chief Audit Executive at Level 14 which is not included in the amount of R11,157 million. The total number of individuals disclosed under Level 15 to 16 includes advisors to the Ministry of Communications. The number of individuals is as at 31 March 2017.

26. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017					
	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	6,132	-	4,413	1,075	9,470
Transport assets	3,523	-	2,710	926	5,307
Computer equipment	2,081	-	1,178	130	3,129
Furniture and office equipment	313	-	419	19	713
Other machinery and equipment	215	-	106	-	321
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	6,132	-	4,413	1,075	9,470

Following the Cabinet reshuffle of the Ministry of Communications, some of their assets are in the process of being transferred to the Department of Public Service and Administration and Department of Telecommunications and Postal Services respectively.

26.1 Additions

	Cash*	Non-cash	Received current, not paid (Paid current year, received prior year)	Total	
	R'000	R'000	R'000	R'000	
MACHINERY AND EQUIPMENT	3,784	750		(121)	4,413
Transport assets	2,710	-		-	2,710
Computer equipment	815	363		-	1,178
Furniture and office equipment	32	387		-	419
Other machinery and equipment	227	-		(121)	106
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	3,784	750		(121)	4,413

Telephone instruments were received on 31 March 2016 and was paid in 2016/17 financial year and is not recorded under cash as it was already included in the opening balance of 2016/17 financial year.

26.2 Disposals

	Non-Cash	Total disposals
	R'000	R'000
MACHINERY AND EQUIPMENT	1,075	1,075
Transport assets	926	926
Computer equipment	130	130
Furniture and office equipment	19	19
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	1,075	1,075

BMW X5 X-Drive 3.0D Sport with the cost price of R926 000, as disclosed in Note 26.2 above, was disposed and handed to g-FleeT Trading Entity on 24 March 2017. The Memorandum of Understanding (MOU) has not yet been signed by the Head of Department: g-FleeT Trading Entity by 31 March 2017. In terms of Paragraph 5.1 of the agreement, the agreement shall, irrespective of the date of signature thereof, commence on the 1st of March 2017 and shall bind the parties and their respective successors-in-title. Therefore, the disposal of the vehicle was recorded as part of the disposals in the 2016/17 financial year. The Theft and Losses Committee has concluded a matter of a stolen laptop on the 31 March 2017 with a cost price of R17, 624.14. The book value of the laptop was R260.94 of which the official has paid the full amount in March 2017 and interfaced in the bank account in the first week of April 2017. A manual adjustment was done to reduce the closing balance of assets on the Asset Register.

26.3 Movement for 2015/16

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016						
	Opening balance	Current Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance	
	R'000	R'000	R'000	R'000	R'000	
MACHINERY AND EQUIPMENT	-	-	6,171	39	6,132	
Transport assets	-	-	3,523	-	3,523	
Computer equipment	-	-	2,120	39	2,081	
Furniture and Office equipment	-	-	313	-	313	
Other machinery and equipment	-	-	215	-	215	
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	-	-	6,171	39	6,132	

26.4 Minor assets

	Machinery and equipment	Total
	R'000	R'000
Opening balance		
Value adjustments	317	317
Additions	444	444
Disposals	8	8
TOTAL MINOR ASSETS	753	753

	Machinery and equipment	Total
Number of R1 minor assets	11	11
Number of minor assets at cost	319	319
TOTAL NUMBER OF MINOR ASSETS	330	330

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

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	-	-	-
Additions	-	317	317
TOTAL MINOR ASSETS	-	317	317

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	2	2
Number of minor assets at cost	-	152	152
TOTAL MINOR ASSETS	-	154	154

27. Transfer of functions

During the establishment phase of the DoC, a Memorandum of Understanding (MoU) was drafted between the GCIS and the DoC for the rendering of corporate service related functions such as Petty Cash support, Demand Management, Supply Chain Management Services, Facility Management Services, Human Resource Management, Information Technology and Internal Audit. In certain aspects, the arrangements will continue in the 2017/18 financial year until such time the DoC can function independently from GCIS.

Assets to the value of approximately R1.0 million was transferred from the DTSPS during the 2015/16 financial year and the signed letter in terms Section 42 of the Public Finance Management Act, Act 1 of 1999, was only received in the 2016/17 financial year. These assets are reflected as non-cash additions in the Assets Note.

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION			TRANSFER			2015/16
	Adjusted Appropriation	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Brand South Africa	181,186	-	-	181,186	181,186	100%	173,160
Film & Publication Board (FPB)	86,472	-	-	86,472	86,472	100%	82,359
Government Communication and Information System (GCIS)	382,156	-	3,100	385,256	385,256	100%	365,476
Independent Communications Authority of South Africa (ICASA)	414,481	-	(41,410)	373,071	373,071	100%	393,619
Media Development and Diversity Agency (MDDA)	23,814	-	-	23,814	23,814	100%	22,61
Total	1,088,109	-	(38,310)	1,049,799	1,049,799	100%	1,037,229

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	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Transfers	182,093	-	-	182,093	182,093	100%	-	-	172,927
South African Broadcasting Corporation	182,093	-	-	182,093	182,093	100%	-	-	172,927
Total	182,093	-	-	182,093	182,093	100%	-	-	172,927

ANNEXURE 1C

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE			2015/16
	Adjusted Appropriation	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Households: Employee Social Benefit	-	-	201	201	199	99%	50
TOTAL	-	-	201	201	199	-	50

ANNEXURE 1D

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 kind			
Multichoice	Two bottles of whisky	1	-
Orlando Pirates FC	Two Suite tickets: Orlando Pirates vs Kaiser Chiefs game	1	-
SABC	Sound system, sound technicians and one TV set	-	20
Leratadima	1 Exhibitors Marque, 15 tables and 30 chairs	-	11
CZ Electronics	20 bottles of wine, 20 Golf T-shirts, and three TV sets	-	14
Temic	Bottled water, one SunPoynt TV 19 Inch, one Solar Panel and two Lights	-	9
USAASA	Breakfast for 50 people and Lunch for VIP's 250 guests	-	64
Kai!garieb Municipality	Venue, Transport to Community and Programme Director	-	60
SABC	Morning Live-production and SABC News	-	450
Ellies	Train 10 installers	-	-
Republic of China	Flight, accommodation, ground transport for three officials	-	-
TOTAL		2	628

ANNEXURE 2A

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2016

Nature of Liability	Opening Balance 1 April 2016	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2017
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Ongoing court cases	-	1,093	-	-	1,093
TOTAL	-	1,093	-	-	1,093

The following court cases are still pending by 31 March 2017:

1. *E-TV v Minister of Communications* (The Supreme Court of Appeal ruled in favour of ETV. The Minister of Communications appealed to the Constitutional Court. The Constitutional Court heard the matter on 21 February 2017. The matter has been finalised and all outstanding legal fees to date have been accounted for. Therefore, the total amount of contingent liabilities not affected.);
2. *Mashangu Ronny Lubisi v SABC*;
3. *Support Public Broadcasting Coalition v SABC and Others*;
4. *Support Public Broadcasting Coalition v SABC and Others*;
5. *Minister of Communications v Speaker of the National Assembly & Others*;
6. *Madzhe v Minister of Communications* (The employee lodged a case of constructive dismissal against the department. The matter was referred to the PSCBC. The PSCBC dismissed the case and the employee appealed to Labour Court. This matter is pending in the Labour Court);
7. One Disciplinary hearing was set to proceed on 11 April 2017 but was postponed. This matter is still under investigation. Since the matter is dealt with internally, it does not affect the total amount disclosed under contingent liabilities.
8. An employee contract lapsed on 14 January 2017 by the effluxion of time. He instituted a case with Bargaining Council alleging that he was unfairly dismissed. The matter was on heard for Conciliation on 7 April 2017. The department maintained its position that the contract lapsed. The department awaits to hear if an employee intend to process for Arbitration. This matter does not affect the total amount disclosed under contingent liabilities.

ANNEXURE 3

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Government Communication and Information Systems	-	202	-	-	-	202
TOTAL	-	202	-	-	-	202

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENT						
South African Police Service (SAPS)	-	-	132	-	132	-
Government Communication and Information Systems (GCIS)	-	-	71	-	71	-
Department of Justice and Constitutional Development	-	-	409	-	409	-
TOTAL	-	-	612	-	612	-

ANNEXURE 5

INTER-ENTITY ADVANCES PAID

GOVERNMENT ENTITY	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	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENT								
Current								
Government Communication and Information System (GCIS)	2,879	3,008	-	-	2,879	3,008		
Department of International Relations and Cooperation (DIRCO)	-	-	372	24	372	24		
TOTAL	2,879	3,008	372	24	3,251	3,032		



PART F: APPENDIX

NATIONAL OFFICE:

Physical Address:

Department of Communications
Tshedimoseetso House, 1035 cnr Frances Baard and Festival streets, Hatfield, Pretoria
Tel: +27 12 473 0000/1

Minister**Ms Ayanda Dlodlo, MP**

Private Bag X745, Pretoria 0001
Tshedimoseetso House, 1035 cnr Frances Baard and Festival streets, Hatfield, Pretoria, 0083
Tel: 012 473 0397

Deputy Minister**Ms Tandi Mahambehlala, MP**

Private Bag X745, Pretoria 0001
Tshedimoseetso House, 1035 cnr Frances Baard and Festival streets, Hatfield, Pretoria, 0083
Tel: 012 473 0423

Acting Director-General**Ms Qinisile Delwa**

Private Bag X745, Pretoria 0001
Tshedimoseetso House, 1035 cnr Frances Baard and Festival streets, Hatfield, Pretoria, 0083
Telephone: +27 12 437 0418
Fax: +27 12 473 0585
Email: DGDOC@doc.gov.za

OUR ENTITIES:

SABC



Physical Address:
Cnr Henley and Artillery Road
Auckland Park, 2006

Contact details
Tel: 011 714 9111
Fax: 011 714 4869

MDDA



Physical Address:
31 Princess of Wales Terrace,
Parktown, 2193,
Johannesburg, South Africa

Contact details
Tel: 011 643 1100
Fax: 011 643 1126
Email: info@mdda.org.za

ICASA



Physical Address:
Pinmill Farm, Block A, B, C
and D
164 Katherine Street,
Sandton, Johannesburg

Contact details
Tel: 011 566 3000 / 1 /
021 561 6800
Fax: 011 566 4000 / 4001

FPB



Physical Address:
ECO Glade 2
420 Witch Hazel Street
ECO Park
Centurion
0169

Contact details
Tel: 012 003 1400
Client support: 0800 000 555
Email: clientsupport@fpb.org.za

Brand South Africa



Physical Address:
103 Central Street
Houghton
Johannesburg

Contact details
Tel: 011 483-0122
Fax: 011 483-0124

NOTES

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Tshedimosetso House
1035 cnr Frances Baard and Festival streets, Hatfield, Pretoria, 0083



012 473 0000

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