



telecommunications  
& postal services

Department:  
Telecommunications and Postal Services  
REPUBLIC OF SOUTH AFRICA



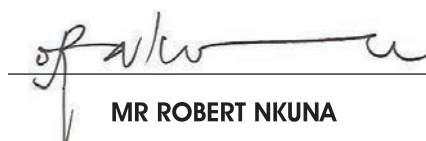
Department of Telecommunications and Postal Services

# Annual Report

2018 / 2019



I have the honour of submitting the  
2018/19 Annual Report of the Department  
in terms of the Public Finance Management Act, 1999

A handwritten signature in black ink, appearing to read 'Robert Nkuna', written over a horizontal line.

**MR ROBERT NKUNA**

**Director-General**

31 August 2019

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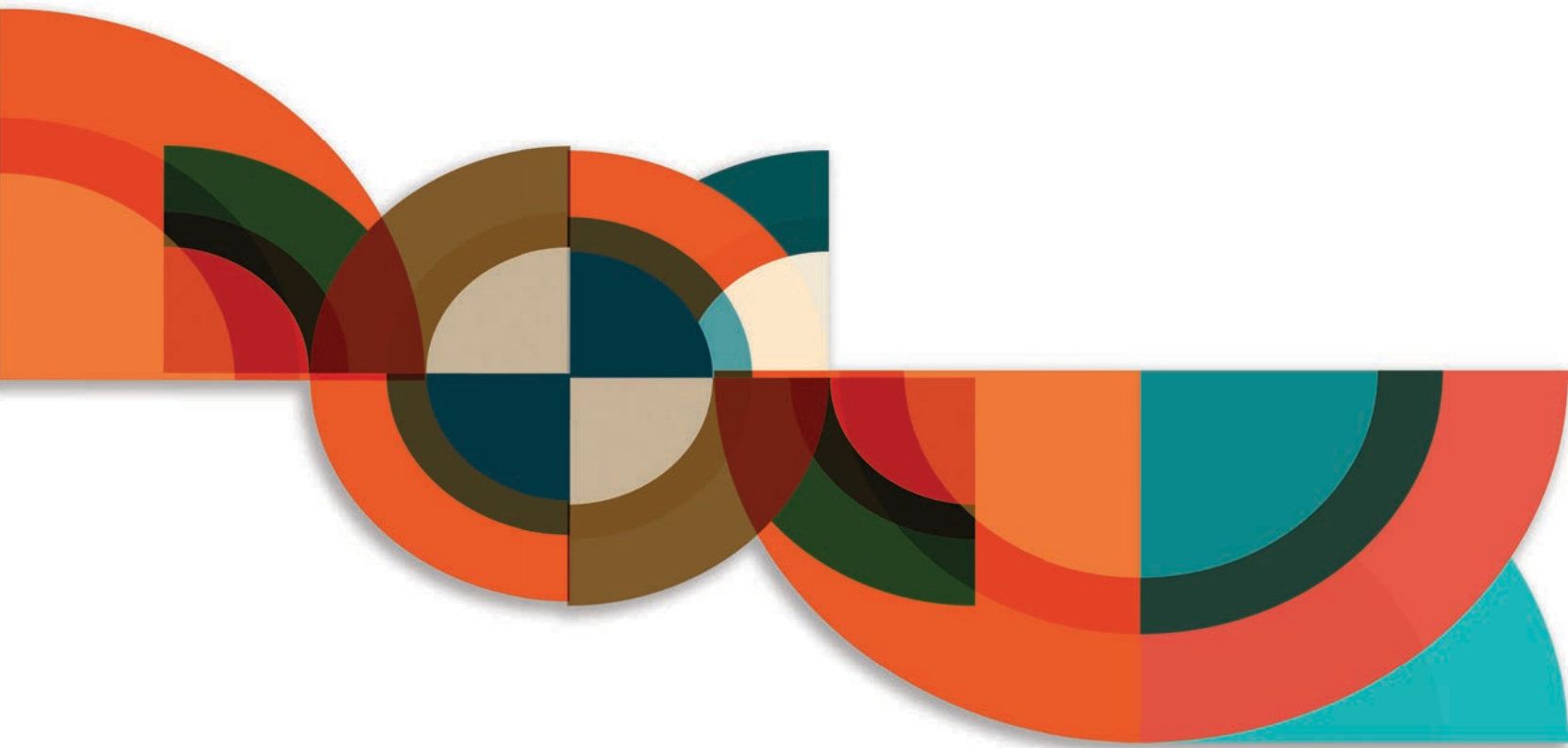
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# PART A

## GENERAL INFORMATION



## 1. DEPARTMENT GENERAL INFORMATION

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## 2. LIST OF ABBREVIATIONS/ACRONYMS

4IR	Fourth Industrial Revolution
AFS	Annual Financial Statement
AGSA	Auditor-General of South Africa
AIDS	Acquired Immunodeficiency Syndrome
APP	Annual Performance Plan
ATU	African Telecommunication Union
AU	African Union
AU CICT	African Union Committee on Information and Communication Technologies
BBI	Broadband Infracore
BRICS	Brazil, Russia, India, China and South Africa
BRICS IMC	Brazil, Russia, India, China and South Africa Inter-Ministerial Committee
CA	Chartered Accountant
CFO	Chief Financial Officer
CTO	Commonwealth Telecommunication Organisation
DBSA	Development Bank of Southern Africa
DDG	Deputy Director-General
DDGs	Deputy Directors-General
DEC	Departmental Executive Committee
DG	Director-General
DPSA	Department of Public Service and Administration
DTPS	Department of Telecommunications and Postal Services
EA	Executive Authority
ECA	Electronic Communications Act
ER	Employee Relations
ERP	Enterprise Resource Planning
EWH	Employee Wellness and Health

EXCO	Executive Committee
FY	Financial year
HCT	HIV Counselling and Testing
HDIs	Historically Disadvantaged Individuals
HIV	Human Immunodeficiency Virus
HR	Human Resource
HRA	Human Resource Administration
HRD	Human Resource Development
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communications Technology
ICTs	Information and Communications Technologies
iNESI	Ikamva National e-Skills Institute
ISPs	Internet Service Providers
IT	Information Technology
ITU	International Telecommunications Union
ITU-R	International Telecommunications Union Radiocommunication
KPIs	Key Performance Indicators
Ltd	Limited
MHz	Megahertz
MMS	Middle Management Service
MoU	Memorandum of Understanding
MP	Member of Parliament
MSA	Master Service Agreement
MTEF	Medium Term Expenditure Framework
N/A	Not Applicable
NEMISA	National Electronic Media Institute of South Africa
NHI	National Health Insurance
NQF	National Qualifications Framework



NRFP	National Radio Frequency Plan
OECD	Organisation for Economic Cooperation and Development
OD	Organisational Design
OPSCOM	Operations Committee
PAPU	Pan African Postal Union
PERSAL	Personnel and Salary System
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
PSC	Public Service Commission
PSCBC	Public Service Commission Bargaining Council
PSETA	Public Service Sector Education and Training Authority
PTY	Proprietary
REC	Risk and Ethics Committee
RSA	Republic of South Africa
SA	South Africa
SA Connect	South Africa Connect
SADC	Southern African Development Community
SADC SCOM	Southern African Development Community Sub-Committee
SAPO	South African Post Office
SAPS	South African Police Service
SARB	South African Reserve Bank
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SDM	Service Delivery Model
SHERQ	Safety, Health, Environment, Risk and Quality
SITA	State Information Technology Agency
SIU	Special Investigating Unit
SMEs	Small and Medium Enterprises

SMME	Small Medium and Micro Enterprise
SMMEs	Small Medium and Micro Enterprises
SMS	Senior Management Service
SOC	State Owned Company
SOE	State Owned Enterprise
TB	Tuberculosis
TMC	Top Management Committee
UN	United Nations
UPU	Universal Postal Union
USAASA	Universal Service and Access Agency of South Africa
USAF	Universal Service and Access Fund
VIP	Very Important Person
WRC-19	World Radiocommunication Conference 2019
WTDC	World Telecommunication Development Conference
ZACR	ZA Central Registry
.za DNA	Domain Name Authority of South Africa

### 3. FOREWORD BY THE MINISTER MS STELLA NDABENI-ABRAHAMS



This past financial year has been one of many changes. A major change occurred in November 2018 when President Cyril Ramaphosa announced the reconfiguration of the Ministries of Communications and Telecommunications and Postal Services into a single Ministry of Communications. The aim of this merger was to ensure better alignment and coordination on matters that are critical to the future of our economy in the context of the Fourth Industrial Revolution (4IR).

This means that we are a Department in transition. We have been blessed to have a committed cadre of employees, ably led by the Director General and his management team, which has embraced the change.

Traditionally, the end of the financial year is a period for the Department to take stock of the progress that has been made against the set targets, to review the gains and some of the mishits, and to grapple with how to best improve the impact that the department makes on the lives of our people. Government has adopted a considered position to embrace the 4IR with all the challenges and benefits it entails. In this regard, the Department facilitated the establishment of the Presidential Commission on the Fourth Industrial Revolution which will work in earnest to charter our 4IR trajectory as a country. In the past, the various sub-sectors of the ICT Sector operated as separate services markets, however the convergence of technology and innovation has seen a rapid convergence of these sectors into one, and the advent of 5G further brings major changes to an already evolving landscape.

After a period of regulatory stagnation, the Department adopted the National Integrated ICT White Paper in 2016, which brought regulatory and policy focus. The adoption of the National Integrated ICT White Paper addressed the sub-optimal outcomes after the first phase of reform that saw some changes that included greater involvement of the private sector. Now this sector is at the forefront of some of the major developments in ICT and technological advancements. In this past financial year, the Department continued with the implementation of the National Integrated ICT White Paper which resulted in the processing of critical legislation to Cabinet.



The utilisation of spectrum to launch new products, especially the rollout of 5G technology, the utilisation of existing infrastructure as well as legacy networks that are under-utilised, is a new frontier that the Department must conquer. As a department we are also focused on the vision of a single public sector, which will be underpinned by an overarching e-Government strategy that will seek to optimally utilise existing infrastructure to give our citizens one view of government, at the click of a button. In this regard, the Department continued with the implementation of the e-Government Strategy together with its State Owned Entity, the State Information Technology Agency (SITA).

With regards to Digital trade, one cannot ignore the manner in which it is changing the way that companies and institutions do business, how the movement of goods takes place and how the world in general transacts. A national, robust and secure broadband network has become essential to most economies, and is a frontier for growth in developing and emerging economies. We are therefore focused on catching up with developed economies in respect of how e-Commerce is utilised to facilitate commerce and the movement of goods, and this will have a great impact on our manufacturing sector. For this vision to be realised, various players, such as the banking sector and our own South African Post Office (SAPO), must play an integral role in unlocking the value of our e-commerce potential.

During the period under review, the Department has continued with the implementation of the SA Connect Policy which focused on the provision of broadband connectivity to identified government institutions, through our State-Owned Entities, namely, SITA and Broadband Infracore. Though this project has had its share of legacy challenges, we are, however, gaining momentum and will continue in earnest. Mobile operators are also currently in the process of increasing capacity in relation to digital infrastructure and are keenly following aggressive corporate/business services strategies. The impact of these developments is gradually being realised within the market.

Historically, the postal service has been an important and reliable means of exchange of information, goods and financial transactions. The postal networks provided citizens with access to services such as communications services through letter mail, delivery of parcels, money transfers, savings banks, and payment of pensions and payment of bills.


SAPO and Postbank entered an exciting era when they partnered with the South African Social Security Agency for the distribution of social grants. This agreement firmly established these institutions as players in the financial sector and radically changed the traditional role of the post office. Therefore, instability at SAPO negatively impacts on a critical area of our population, hence our determination that it must be stabilised, become financially viable and begin to innovate its service offering.

Furthermore, in an effort to rationalise and repurpose our State-Owned Entities, the Department developed draft legislations for the State ICT Infrastructure Company and the State IT Company which will proceed to Cabinet in the 2019/20 financial year.

With regards to advancing South Africa's National ICT interests in Regional and International Forums towards attaining partnerships for economic growth and development, the Department successfully hosted the BRICS Communication Ministers Meeting 2018 as well as the 2018 ITU Telecom World in September 2019 which was a first for Africa.

These meetings provided an opportunity for ICT SMMEs to showcase and pitch their innovations for the ITU SME Awards. Of the five ITU SME Awards categories, South African ICT SMMEs won four awards, including the Global SME Excellence Awards. The BRICS Ministerial Meeting, which largely focused on 4IR, resulted in the endorsement of partnerships in the electronics manufacturing industry. Furthermore, South Africa was also successfully elected into the ITU Council, thus confirming the country as an influential player in this global space.

In conclusion, my sincere appreciation goes to Deputy Minister Pinky Kekana for her counsel, comradeship and leadership. To the Director-General, Senior Officials and departmental staff, I thank you for your dedication and relentless efforts in ensuring that the department achieves an Unqualified Audit.



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**MS STELLA NDABENI-ABRAHAMS, MP**  
**MINISTER OF COMMUNICATIONS**

#### 4. STATEMENT BY THE DEPUTY MINISTER

##### MS PINKY KEKANA



The 2018/19 financial year was the pinnacle of the 5<sup>th</sup> democratic administration. We have deepened our longstanding commitment to the responsible stewardship of technology. When we look back and cast a critical light on the performance of the first four years of the Department of Telecommunications and Postal Services, it becomes clear that great strides have been made in furthering the gains of our democratic dispensation. More importantly, concerted efforts were made pursuant to the implementation of the Department's strategic priorities encapsulated in the 2018 – 2019 Annual Performance Plan.

As the Department tables the 2018/19 Annual Report thereby outlining the achievements we have made during this period, it also highlights key initiatives we plan to implement going forward. During the reporting period under review, the Department operated in an environment which is being drastically impacted by the disruptions introduced by the adoption of the Fourth Industrial Revolution (4IR). South Africa, Africa and the rest of the world is in the midst of the Fourth Industrial Revolution. 4IR is happening all around us and we need to pro actively embrace and leverage on its opportunities or else we shall fall swiftly behind the countries that are already embracing this new economic paradigm.

During the reporting period, the Department prioritised ICT legislation, in line with the National Integrated ICT Policy White Paper. In doing so, the Electronic Communication Bill, the Postal Service Amendment Bill and Ikamva National E-Skill Institute Bill were introduced to Parliament.

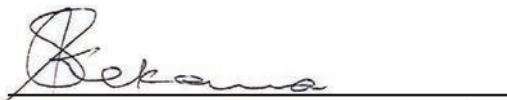
Focus was also on the implementation of the National e-Strategy which seeks amongst others, to prepare South Africa for fundamental changes, opportunities, and challenges brought by the Fourth Industrial Revolution. The current ICT skills gap in South Africa is hindering the country's ability to improve performance and competitiveness of not only the ICT sector but also other critical sectors. Therefore, during the period under review, the Department developed the National Digital Skills Strategy which we will take to Cabinet in the 2019/20 financial year. The Department responded to the call by the President and established the Presidential Commission on Fourth Industrial Revolution (4IR). Cabinet also established an Inter-Ministerial Committee on 4IR to support the work of the Presidential Commission.

There is an urgent need to invest in Small, Medium and Micro Enterprises (SMMEs) as they are key drivers of economic growth and job creation. In response, the Department prioritised the implementation of the ICT SMME Development Strategy that seeks to accelerate the development, growth, and

sustainability of Small and Medium Enterprises in the ICT sector with the objective of job creation and economic inclusion. In this regards the Department capacitated ISPs in the NHI Sites.

Going forward, the newly created Department of Communications and Digital Technologies will be a driving force behind South Africa's digital transformation. A critical component of that role is the development of a capable and skilled workforce that will be responsive to the expectations of the 4IR. We know that Artificial Intelligence, like other transformative technologies before it, will have a profound impact on peoples' jobs and the workplace. This is the reason that the Department of Communications and Digital Technologies in the 6<sup>th</sup> Administration will leverage and provide platforms for South Africans to build skills for today's technology era. That includes "new collar" jobs, where having the right skills matters more than having a specific degree. Critical is that, we need to scale-up skills development for the youth in data analytics, coding, the internet of things, block-chain and machine learning; design a social plan to address retraining and support for workers that could potentially be displaced by new technologies; open up opportunities for young people to develop new software and applications, devices and equipment through specialised start-up support programmes; and give enhanced support to existing innovation centres and hubs over the next three years.

I am honoured to steward and be the part of this Department, and I am filled with optimism about what we can achieve in partnership with our industry and society. Together, we can change South Africa, Africa and ultimately, the world.



**MS PINKY KEKANA, MP**  
**DEPUTY MINISTER OF COMMUNICATIONS**





## 5. REPORT OF THE ACCOUNTING OFFICER

**MR ROBERT NKUNA: DIRECTOR-GENERAL**

### **OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT**



During the 2018/19 financial year, the Department continued with the implementation of its key strategic priorities, which contributed towards the achievement of our medium-term strategic goals and objectives, as set out in our 2015-2020 Strategic Plan. Such strategic priorities are purposefully aligned to the National Development Plan, the Medium-Term Strategic Framework and the 9-Point Plan, in accordance with Government's broader outcomes

As part of continuing with the implementation of the National Integrated ICT Policy White Paper, during the 2018/19 financial year the Department developed and processed the Electronic Communications Bill, Postal Service Amendment Bill and the Ikamva National e-Skills Institute Bill which were introduced in Parliament following final pre-certification and approval of the Cluster and Cabinet. Furthermore, the Department held extensive engagements with wide-ranging public and private sector stakeholders on the proposed legislation emanating from the National Integrated ICT Policy White Paper.

Extensive focus was also given to the implementation of the three Strategies, namely the National e-Strategy, the ICT SMME Development Strategy and the e-Government Strategy, following the Cabinet approval of these Strategies in the 2017/18 financial year. In relation to the implementation of the National e-Strategy, the Department conducted a Digital Skills Gap Analysis following which it developed the National Digital Skills Strategy. Furthermore, the Department coordinated and supported the Presidential Commission on the Fourth Industrial Revolution (4IR). With regards to the implementation of the ICT SMME Development Strategy, the Department focused on capacitating Internet Service Providers (ISPs) in the NHI Sites, which resulted in the training of 76 ISPs through partnerships with the Public and Private sector. In relation to the implementation of the e-Government Strategy, the Department in consultation with SITA facilitated the implementation of the National e-Government Strategy and Roadmap, which entailed engagements with key government Departments to deploy relevant services. Such e-Services were uploaded on the National e-Services Portal, which is live and interactive.

Extensive progress was made towards rationalisation of our State-Owned Companies. In this regard, the Department developed the draft legislations for the State ICT Infrastructure Company and the State IT Company.

With regards to the roll-out of Broadband, the Department focused on project managing broadband connectivity to the 570 planned facilities. Approval of the roll-over budget by National Treasury to fund connectivity to the 570 facilities was obtained in September 2018; hence, only 266 facilities were fully connected with both infrastructure and service activation. Project management of infrastructure roll-out was undertaken for the remaining 304 facilities, which still await service upgrades and activation. Furthermore, network and internet service pre-engineering assessments were facilitated for 750 identified facilities in preparation for future broadband roll-out. The Department also finalised the Business Case for funding of Phase 2 Broadband Connectivity which was submitted to National Treasury. The Department has established an interim Rapid Deployment Coordination Centre (RDCC), which has been operational since November 2018.

In terms of addressing our International ICT Agenda, during the reporting period, the Department successfully hosted the BRICS Communication Ministers Meeting 2018 as well as the 2018 ITU Telecom World in September 2018.

In an effort to create a high performing organisation to enable achievement of the Department's mandate, the Department has successfully implemented the Work Place Skills Plan (WSP), amongst others. Key interventions included the implementation of the Leadership Development Programmes for the Executive Management comprising the DG and DDGs and the training of identified SMS members on Programme and Project Management development.

In summary, the Department committed to achieve 26 annual targets in its 2018/19 Annual Performance Plan. The Department achieved 24 (92%) annual targets, while spending 99.7% of its budget allocation.

## OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

### Departmental receipts

Departmental receipts	2018/2019			2017/2018		
	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	53	58	-5	366	57	309
Transfer received	26 250	26 000	250	244	-	244
Interest, dividends and rent on land	490 877	723 109	-232 232	653 263	1 140 002	-486 739
Sale of capital assets	25	52	-27	300	713	-413
Financial transactions in assets and liabilities	580	423	157	240	334	-94
<b>Total</b>	<b>517 785</b>	<b>749 642</b>	<b>-231 857</b>	<b>654 413</b>	<b>1 141 106</b>	<b>-486 693</b>

### Programme Expenditure

Programme Name	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	239 157	235 003	4 154	209 578	209 452	126
ICT International Affairs	85 334	85 084	250	51 748	50 612	1 136

Programme Name	2018/2019			2017/2018		
	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
Policy Research and Capacity Development	85 628	85 426	202	84 518	78 524	5 994
ICT Enterprise Development and Public Entity Oversight	3 200 502	3 200 454	48	3 942 247	3 941 543	704
ICT Infrastructure Support	396 315	388 447	7 868	886 286	611 924	274 362
<b>Total</b>	<b>4 006 936</b>	<b>3 994 414</b>	<b>12 522</b>	<b>5 174 377</b>	<b>4 892 055</b>	<b>282 322</b>

The Department had a total adjusted appropriation of R4,006 billion for the 2018/19 financial year. The adjusted allocation for 2018/19 was decreased by R1,167 billion (23%) as compared to the previous financial year allocation of R5,174 billion. Of the total allocation, transfers and subsidies amounted to R500 million (12.5%) of the budget. These transfers were mainly to departmental agencies and accounts, as well as an allocation for digital broadcasting migration. Payment for financial assets amounted to R 2.947 billion (73.5%) of the allocated budget and it was allocated for the recapitalisation of the South African Post Office (SAPO).

The allocation for Goods & Services amounted to R322,4 million (8%) of the total budget. The allocation for Compensation of Employees amounted to R224,3 million (6%), while R11,4 million (0.3%) was allocated as payment for capital assets

The spending for the 2018/19 financial year amounted to R3,994 billion (99.7%) of the adjusted budget of R4,006 billion resulting in an under-spending of R12,5 million (0.3%). The underspending was mainly due to capital assets on the Digital Object Architecture (DOA) project, which was not implemented during the financial year. The underspending on Compensation of Employees was mainly as a result of the provision made but not paid by 31 March 2019 for the payment of outstanding pay progression relating to 2013/14 financial year and posts not filled during the year.

## THE SPENDING TRENDS PER PROGRAMME ARE OUTLINED BELOW:

### Programme 1: Administration

The programme had a final budget of R239,2 million and expenditure amounted to R235 million (98.3%) in the current year, compared to R209,5 million expenditure in the 2017/18 financial year. The underspending is mainly due to key posts that were not filled during the financial year as the result of a moratorium put in place, pending the finalisation of the reconfiguration of DTPS and DoC.

### Programme 2: ICT International Affairs

The programme had a final budget of R85,3 million and expenditure amounted to R85 million (99.7%) in the current year, compared to R50,6 million expenditure in the 2017/18 financial year.

### **Programme 3: ICT Policy, Research and Capacity Development**

The programme had a final budget of R85,6 million and expenditure amounted to R85,4 million (99.8%) in the current year, compared to R78,5 million expenditure in the 2017/18 financial year.

### **Programme 4: ICT Enterprise Development and Public Entities Oversight**

The programme had a final budget of R3,2 billion and expenditure amounted to R3,2 billion (100%) in the current financial year, compared to R3,9 billion expenditure in the 2017/18 financial year. Part of the final allocated budget was the R2,947 billion transferred for the recapitalisation of the South African Post Office (SAPO).

### **Programme 5: ICT Infrastructure Support**

The programme had a final budget of R396,3 million and expenditure amounted to R388,4 million (98%) in the 2018/19 financial year as compared to the expenditure of R611,9 million in the 2017/18 financial year. Included in the expenditure is the R100 million expensed in line with the Modified Cash Standards (MCS) requirements for the SA Connect Broadband.

### **Virements/roll overs**

Virements as reflected on the Appropriation Statement were applied in terms of Section 43(1) of the Public Finance Management Act, 1999 (Act 1 of 1999) which stipulates that virements may not exceed 8% of the amount appropriated under that main division. Funds amounting to R9,947 million (0,15%) and R5,3 million (1,34%) from programme 4 and 5 were transferred respectively to programme 1, 2 and 3 to defray excess expenditure mainly under travel and subsistence, payment for financial assets, compensation of employees, and foreign governments membership fees.

An amount of R110,3 million relating to the SA Connect Broadband Project was approved by National Treasury as a roll-over in the year under review.

### **Unauthorised, Irregular, fruitless and wasteful expenditure**

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

The Department has, after detailed investigations were conducted, reduced the irregular expenditure of R226 million by R17,8 million. R13,9 million was removed from the irregular expenditure register based on the investigations conducted and indicated that the amount was incorrectly classified. The R3.8 million is condoned after investigations were concluded.

Furthermore, the Department is continuing with the investigations to address the irregular expenditure incurred during the previous financial years.

The amount incurred for fruitless expenditure this year amounts to R13 thousand, comprising R1 thousand for traffic fines and R12 thousand for no shows. Investigation processes are underway to establish the fact before any action can be taken to implement consequence management effectively. R2,7 million was written off from expenditure incurred in the previous financial years. The amount recovered amounted to R4 thousand. The Department maintains a register of fruitless and wasteful expenditure and the policies on losses and debt were reviewed in the year under review. Losses are written off in accordance with the loss and debt policies as well as chapter 9, 11 and 12 of the Treasury Regulations. There are punitive measures against perpetrators and awareness campaigns are carried out to avoid recurrence of fruitless and wasteful expenditure.

## **FUTURE PLANS OF THE DEPARTMENT**

The 2018/19 financial year was viewed as the “year of Implementation” and indeed, there was implementation, with specific reference to facilitating the implementation of three strategies, namely the National e-Strategy, the ICT SMME Development Strategy and the e-Government Strategy as well as the implementation of the National Integrated ICT White Paper and the implementation of SA Connect. The 2019/20 financial year will focus on laying a fertile ground for the Fourth Industrial Revolution. The 4<sup>th</sup> Industrial Revolution can be a strategic opportunity for good to improve the lives of the citizens.

### **Implementation of the National Integrated ICT Policy White Paper**

One of the most significant projects for the 2019/20 financial year will be the development and implementation of the Government Digital Transformation Strategy. The Government Digital Transformation Strategy, which will largely focus on the role of government in leveraging the Fourth Industrial Revolution, will be developed and submitted to Cabinet for approval in the second quarter of 2019/20 Financial year, after which the Department will facilitate its implementation. Furthermore, the Department will develop the Big Data, Cloud Computing and Cybersecurity Policies. Big data and cloud computing are two innovations that have changed mainstream technology and the methods in which data are handled. Cybersecurity or information technology security is the technique of protecting computers, networks, programs and data from unauthorised access or attacks that are aimed for exploitation. The Department has therefore prioritised these policies for the 2019/20 financial year.

### **Implementation of the National e-Strategy, e-Government Strategy and the ICT SMME Development Strategy**

Focus will be on continuing with the implementation of the National e-Strategy in the 2019/20 financial year. In this regard, the Department will focus on facilitating the development and implementing the Digital Awareness programme on benefits of 4IR, finalising and submitting the National Digital Skills Strategy to Cabinet for approval and supporting and monitoring the operations of the Presidential Commission on the Fourth Industrial Revolution through the provision of technical support. The Department will also continue with facilitating the implementation of Internet for All Programme. With regards to the implementation of the e-Government Strategy, focus will be on the implementation of the e-Government Programme for Smart Communities. In terms of the ICT SMME Strategy, which focuses on the key interventions to accelerate the development, growth and sustainability of Small, Medium and Macro Enterprise in the ICT Sector, the focus for the 2019/20 financial year will be on facilitating the implementation of the ICT SMME Development Strategy focusing on the identified priority areas. Furthermore, the Department will facilitate the establishment and operationalisation of the Digital Transformation Centre.

### **Broadband connectivity**

One of the Department’s key priorities is to provide access to quality, affordable, safe, ubiquitous high-speed broadband in line with the Department’s strategic objective of coordinating the broadband connectivity to achieve 100% population coverage. In the 2019/20 financial year, the Department will therefore focus on monitoring the provision of broadband services to 570 connected sites and to coordinate and monitor the rollout of broadband services to additional 400 sites. The Department also plans to obtain the certification of Cybersecurity Hub while maintaining operations of the Rapid Deployment National Coordination Centre.

## SOE Rationalisation

In the 2019/20 financial year the Department will finalise and submit the State ICT Infrastructure Company Bill and State IT Company Bill to Cabinet for approval. Furthermore, it will facilitate the Corporatisation of the Postbank through undertaking an Amendment of the Postbank Act.

## Public-Private Partnerships

None.

## Discontinued activities / activities to be discontinued

None

## New or proposed activities

The President in November 2018, announced a decision to reconfigure the Ministries of Communications and of Telecommunications and Postal Services into a single ministry under new Minister Stella Ndabeni-Abrahams. The President further confirmed that the two Departments will remain as separate Departments until the end of the 5<sup>th</sup> Administration, March 31, 2020. The decision to reconfigure the Ministries will ensure that there is a better alignment and coordination on matters that are critical to the future of the economy in light of the Fourth Industrial Revolution. Therefore, going forward, the focus will be on the reconfiguration of the Departments.

## Supply chain management

The Department did not have unsolicited bid proposals during the year under review, Irregular expenditure has been dealt with in line with the relevant guidelines from National Treasury. The Supply Chain Management (SCM) Policy was approved during the financial year. The delegations of the Department are currently under review to ensure tighter controls to prevent irregular expenditure. All the bid committees are in place, namely: Specification, Evaluation and Adjudication Committees. There are capacity constraints in the SCM unit that are negatively impacting on addressing irregular expenditure from previous financial years. There are negotiations in place to bring in more resources to assist in addressing the irregular expenditure.

## Gifts and Donations received in kind from non-related parties

The Department received sponsorships as listed in the table below during 2018/19 financial year. The sponsorships mainly relate to the ITU conference hosted by the Department during the financial year.

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSOR	AMOUNT
Brazil Centre of Studies on Information and Communication Technology (CETIC)	Annual Workshop on Digital Economy and ICT Survey Methodology 24-27 April 2018 Sao Paulo, Brazil. USD100 paid in person upon arrival, for extra expenses. The total amount of USD385,00 for expenses with transfer to and from the airport	6,000
TELKOM	Payment for the ITU Deposit	20,000,000

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSOR	AMOUNT
VODACOM	Provided stands, branding, AV Media centre and accommodation	10,000,000
MULTICHOICE	Audio-visual equipment for the Conference Translation booths, head phones, all screens, all stages	5,000,000
ECONET/LIQUID TELECOM	Media and Marketing, Leadership space and furniture. Ground Transport	5,536,799
DFA/SEACOM	Greenland connectivity to ITU	3,714,220
Cell C	Ground transport for delegates and ITU staff	2,500,000
HUAWEI	Closing ceremony	1,370,000
ALTRON/Summer sun	Gala Dinner	1,000,000
FNB	Accommodation	1,000,000
AXIZ	37 LAPTOPS: AXIZ	492,394
STANDARD BANK	SMME-Nelson Mandela and Albertina Sisulu corridors	5,200,000
Ericson	SMME-Nelson Mandela and Albertina Sisulu corridors	1,341,473
CISCO	IT Equipment Switches	-
Sizwe	IT Equipment cabling	-
FTTX	Registration booths, VOC, BUILT KINGDOM STAND. Support 10 SMMEs	254,262
APEX ICT	Photocopy machines: APEX	258,750
ETHEKWINI MUNICIPALITY	Road closure, closing cocktail and city branding: ETHEKWINI	1,239,513
<b>Total</b>		<b>58,913,411</b>

#### Exemptions and deviations received from the National Treasury

None.

## Events after the reporting date

### ***BBI loan Conversion into Equity:***

The Department is undertaking relevant processes to convert the R1,3 billion loan issued to Broadband Infraco into equity. The matter is pending the approval of the Minister.

### **Other**

None.

## **Acknowledgement/s or Appreciation**

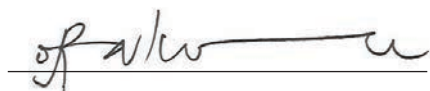
I am grateful to the Minister and the Deputy Minister for their strategic leadership and guidance. I would also like to acknowledge and appreciate the Department's employees, the governance committees and the executive team for their tireless dedication to achieving the Department's planned targets for the 2018/19 financial year. Such dedication resulted in the Department achieving 92% of its planned targets, which is undoubtedly its best performance to date.

I would also like to express my gratitude to our Parliamentary Oversight Committees as well as our State-Owned Entities (SOEs) for their support and contribution towards achieving the planned government outcomes. Last, but not least, I acknowledge and appreciate the invaluable partnerships forged with the ICT Industry as we work together towards strengthening the ICT Sector and embrace the fourth industrial revolution.

I am certain that with the strategic leadership and guidance of the Minister and the Deputy Minister as well as the dedication of our staff and the commitment of our stakeholders and SOEs, we can only grow from strength to strength.

## **Conclusion**

Despite the commendable performance of the Department in the 2018/19 financial year, the upcoming medium term will be dedicated to the adoption of the Fourth Industrial Revolution, which poses profound challenges but also the significant opportunities for the Department and the country as a whole. We will adopt and leverage on the opportunities brought about by the Fourth Industrial Revolution (4IR) so as to keep in par with countries that are already embracing this new economic paradigm.



**MR ROBERT NKUNA**  
**DIRECTOR-GENERAL**  
DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

DATE: 31 August 2019



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

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

- All information and amounts disclosed throughout the Annual Report are consistent.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with the Guidelines on Annual Reports as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by National Treasury.
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2019.

Yours faithfully



**ACCOUNTING OFFICER**  
**MR ROBERT NKUNA**

DATE: 31 August 2019

## 7. STRATEGIC OVERVIEW

### 7.1 Vision

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

### 7.2 Mission

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

### 7.3 values

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

## 8. LEGISLATIVE AND OTHER MANDATES

### 8.1 Constitutional Mandates

The legislative mandate of the Department of Telecommunications and Postal Services is embedded in the legislation as reflected in the table below:

Name of Act	Purpose
Sentech Act, 1996 (Act No. 63 of 1996)	To provide for the transfer of all the shares of the South African Broadcasting Corporation in Sentech (Pty.) Ltd. to the State; for the conversion of Sentech (Pty.) Ltd. from a private to a public company, Sentech Ltd.; for the control of Sentech Ltd.; and for matters connected therewith.
Former States Posts and Telecommunications Act, 1996 (Act No. 5 of 1996)	To provide for the integration of the Departments of Posts and Telecommunications of the former Republics of Transkei, Bophuthatswana, Venda and Ciskei with Telkom SA Limited and the South African Post Office Limited; and to provide for the transfer of the postal and the telecommunications enterprises conducted by those departments as well as certain land used by them for that purpose to the said companies; and to provide for matters connected therewith.

Name of Act	Purpose
Former States Broadcasting Reorganisation Act, 1996 (Act No. 91 of 1996)	To provide for the abolition of broadcasting services in the former Republic of Transkei, Bophuthatswana, Venda and Ciskei; and to provide for the transfer of the broadcasting enterprise and broadcasting signal distribution enterprises, conducted by those services as well as certain land used by them for that purpose to the SABC and Sentech; and to provide for matters connected therewith.
Postal Service Act, 1998 (Act No. 124 of 1998)	To make new provision for the regulation of postal services; for the operational functions of the postal company, including its universal service obligations; for structural matters relating to postal services as well as the operation of the Postbank and National Savings Certificates; and to consolidate certain provisions relating to the postal company and amend or repeal others; and to provide for matters connected therewith.
Department of Communications Rationalisation Act, 1998 (Act No. 10 of 1998)	To provide for the rationalisation of the Department of Communications; and to provide for matters connected therewith.
Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002)	To provide for the facilitation and regulation of electronic communications and transactions; to provide for the development of a national e-strategy for the Republic; to promote universal access to electronic communications and transactions and the use of electronic transactions by Small, Medium and Micro-sized Enterprises (SMMEs); to provide for human resource development in electronic transactions; to prevent abuse of information systems; to encourage the use of e-Government services; and to provide for matters connected therewith.
Electronic Communications Act, 2005 (Act No. 36 of 2005)	To promote convergence in the broadcasting, broadcasting signal distribution and telecommunications sectors and to provide the legal framework for convergence of these sectors; to make new provision for the regulation of electronic communications services, electronic communications network services and broadcasting services; to provide for the granting of new licenses and new social obligations; to provide for the control of the radio frequency spectrum; to provide for the continued existence of the Universal Service Agency and the Universal Service Fund; and to provide for matters incidental thereto. <i>(NB: The DTPS is responsible for the administration of the Act, with the exception of the following sections [Section 4(5), Section 5(6), and Chapter 9].</i>

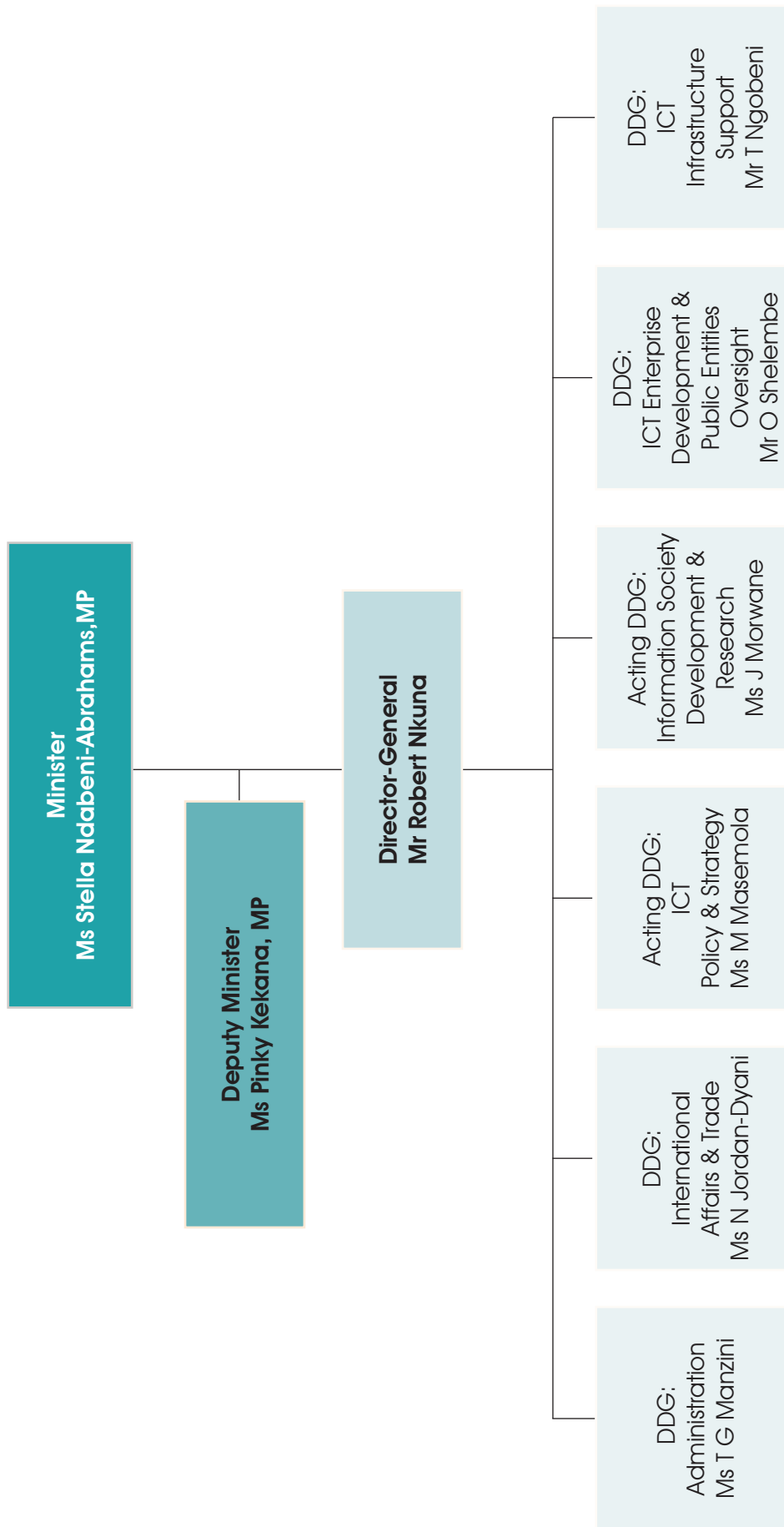
Name of Act	Purpose
Independent Communications Authority of South Africa, 2000 (Act No. 13 of 2000)	The Independent Communication Authority may make recommendations to the Minister on policy matters and amendments to the Electronic Communications Act, No 36 of 2005 and the Postal Services Act, No 124 of 1998, which accord with the objects of these Acts to promote development in the electronic transactions, postal and electronic communications sectors. Furthermore, in so far as policy made, and policy directions issued, by the Minister in terms of the Postal Services Act, No 124 of 1998, Electronic Communications Act, No 36 of 2005 and any other applicable law.
South African Post Bank Limited Act, 2010 (Act No. 9 of 2010)	To provide for the incorporation of the Postbank Division of the South African Post Office; to provide for the transfer of the enterprise of that Division to the postbank company; to provide for the governance and functions of the Postbank company; and to provide for matters connected therewith.
South African Post Office SOC Ltd Act, 2011 (Act No. 22 of 2011)	To provide for the continued corporate existence of the South African Post Office and its subsidiaries; to provide for its governance and staff; and to provide for matters connected therewith.
State Information Technology Agency Act, 1998 (Act No. 88 of 1998)	To provide for the establishment of a company that will provide information technology, information systems and related services to, or on behalf of, participating departments and in regard to these services, act as an agent of the South African Government; and to provide for matters connected therewith.
Broadband Infraco (Act, No. 33 of 2007)	To provide for the main objects and powers of Broadband Infraco (Proprietary) Limited; to provide for the borrowing powers of Broadband Infraco (Proprietary) Limited; to provide for servitudes and additional rights in favour of Broadband Infraco (Proprietary) Limited; to provide for the expropriation of land or any right in land by the Minister on behalf of Broadband Infraco (Proprietary) Limited; to provide for the conversion of Broadband Infraco (Proprietary) Limited into a public company having a share capital incorporated in terms of the Companies Act, 1973; and to provide for matters connected therewith.

Name of Act	Purpose
	<p>In relation to the Independent Communications Authority of South Africa Act, No 13 of 2000 and the Electronic Communications Act, No 36 of 2005 mentioned in the table above, the Memorandum of Understanding (MoU) between the Minister of Telecommunications and Postal Services and the Minister of Communications comes into effect. The Memorandum of Understanding was entered to implement certain matters relating to the transfer of powers and functions under the Independent Communications Authority of South Africa Act, No 13 of 2000 and the Electronic Communications Act, No 36 of 2005. The MoU was concluded with the aim of creating a framework, within which both Ministers can co-operate on the implementation of certain matters relating to the assignment of powers and functions under the Independent Communications Authority of South Africa Act, No 13 of 2000 and the Electronic Communications Act, No 36 of 2005, to regulate their relationship and mutual co-operation regarding the laws assigned to them, and to assist both Ministers in giving effect to the constitutional obligation of implementing national legislation; developing and implementing national policy; and coordinating functions entrusted to them.</p>





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



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

## 9. ORGANISATIONAL STRUCTURE





## 10. ENTITIES REPORTING TO THE MINISTER

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<p><b>National Electronic Media Institute of South Africa (NEMISA)</b></p> 	<p>The National Electronic Media Institute of South Africa was established as a non-profit institute of education by the Department of Communications in terms of the Companies Act (1973). It is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999).</p>	<p>Transfer of funds</p>	<p>Offers national certificates and short courses in the areas of television production, animation and radio production. The institutes programmes are structured to enhance the market readiness of students in a wide range of broadcasting disciplines.</p>
<p><b>Universal Service and Access Agency of South Africa (USAASA)</b></p> 	<p>The Universal Service and Access Agency of South Africa was established in terms of section 80 of the Electronic Communications Act (ECA) No. 36 of 2005 as a statutory body. It is listed as a Schedule 3A public entity in terms of the Public Finance Management Act 1 of 1999.</p>	<p>Transfer of funds</p>	<p>To promote universal service and access in under-served areas.</p>
<p><b>Universal Service and Access</b></p> 	<p>The Universal Service and Access Fund was established in terms of section 89 (1) of the Electronic Communications Act (2005).</p>	<p>Transfer of funds</p>	<p>To make payments for subsidies towards the provision of ICT services, as well as the construction or extension of electronic communications for needy person in under-served areas.</p>
<p><b>.za Domain Name Authority (.ZADNA)</b></p> 	<p>Za.DNA is a statutory, not-for-profit entity established in terms of Chapter Ten of the Electronic Communications and Transactions (ECT) Act 25 of 2002.</p>	<p>Self-funded</p>	<p>To administer, manage and regulate the .Za namespace.</p>

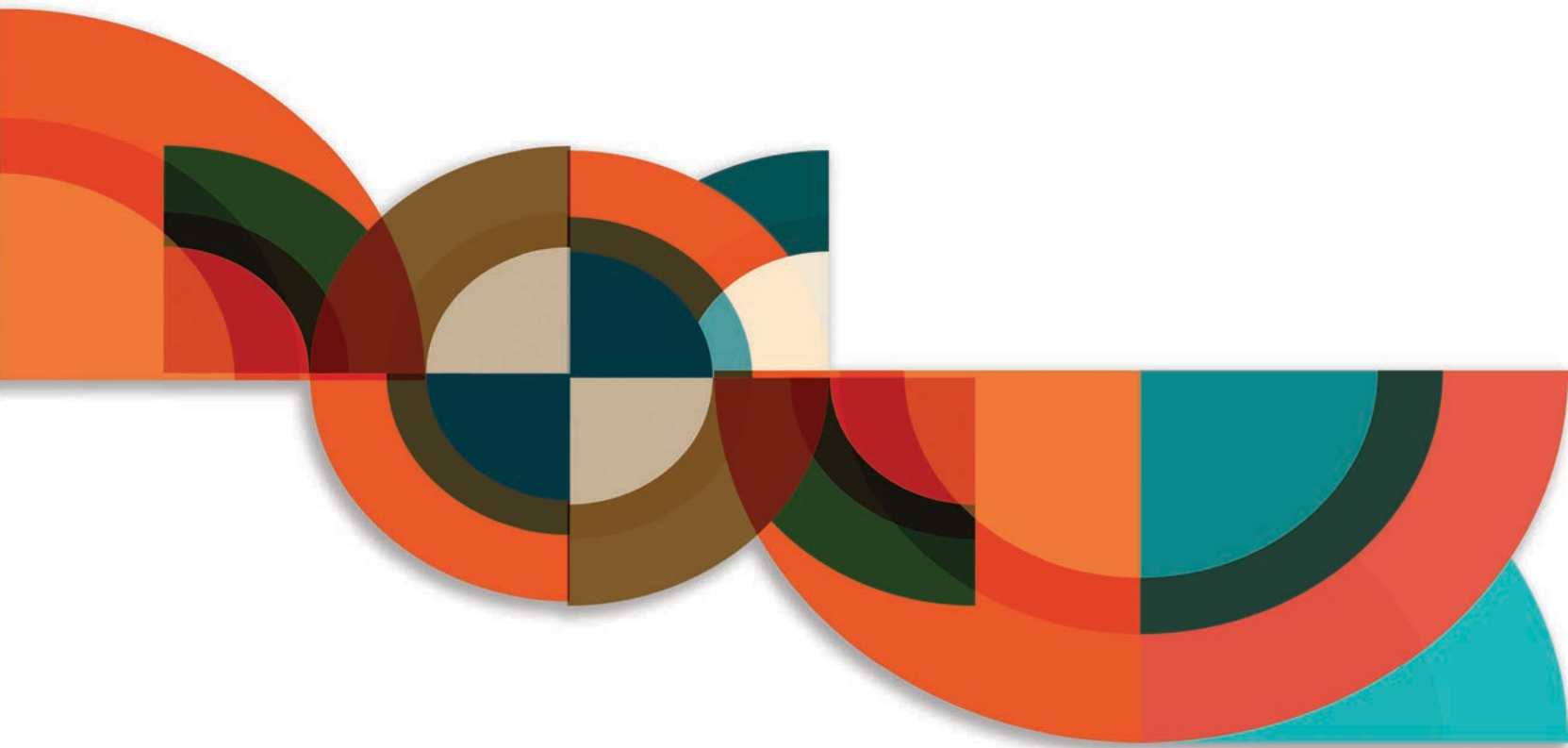
Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<p><b>South African Post Office (SAPO)</b></p> 	<p>The South African Post Office is a government business enterprise that is required to provide postal and related services to the public. It derives its mandate from the South African Post Office SOC Ltd Act (2011) and the South African Postbank Limited Act (2010).</p>	<p>Transfer of funds</p>	<p>It has an exclusive mandate to conduct postal services, and makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations and the financial services activities of Postbank.</p>
<p><b>State Information Technology Agency (SITA)</b></p> 	<p>The State Information Technology Agency is governed by the State Information Technology Agency Act (1998), as amended. The Agency is responsible for the provision of IT services to Government. The Act separates the Agency's services into mandatory services and non-mandatory.</p>	<p>Self-funded</p>	<p>Provisioning and procurement of ICT goods and services on behalf of government departments and public entities.</p>



Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
<p><b>Broadband Infraco (BBI)</b></p> 	<p>Broadband Infraco's legislative mandate is set out in the Broadband Infraco Act no. 33 of 2007. The main objectives as set out in the Broadband Infraco Act are to expand the availability and affordability of access to electronic communications:</p> <p>Including but not limited to under-developed and under-serviced areas;</p> <p>In support of projects of national interests;</p> <p>In accordance with the Electronic Communications Act and commensurate with international best practice and pricing; and</p> <p>Through the provision of electronic communications network services and electronic communications services.</p>	<p>Self-funded</p>	<p>Ensures that the high capacity connectivity and bandwidth requirements for specific projects of national interests are met.</p>
<p><b>SENTECH</b></p> 	<p>Sentech was licensed through the Telecommunications Amendment Act (2001) as a State-Owned Enterprise to provide common carrier broadcasting signal distribution services to licensed broadcasters in South Africa.</p>	<p>Transfer of funds</p>	<p>Provides signal distribution services in the broadcasting industry.</p>

# PART B

## PERFORMANCE INFORMATION



## 1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 128 of the Report of the Auditor General, published as Part E: Financial Information.

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

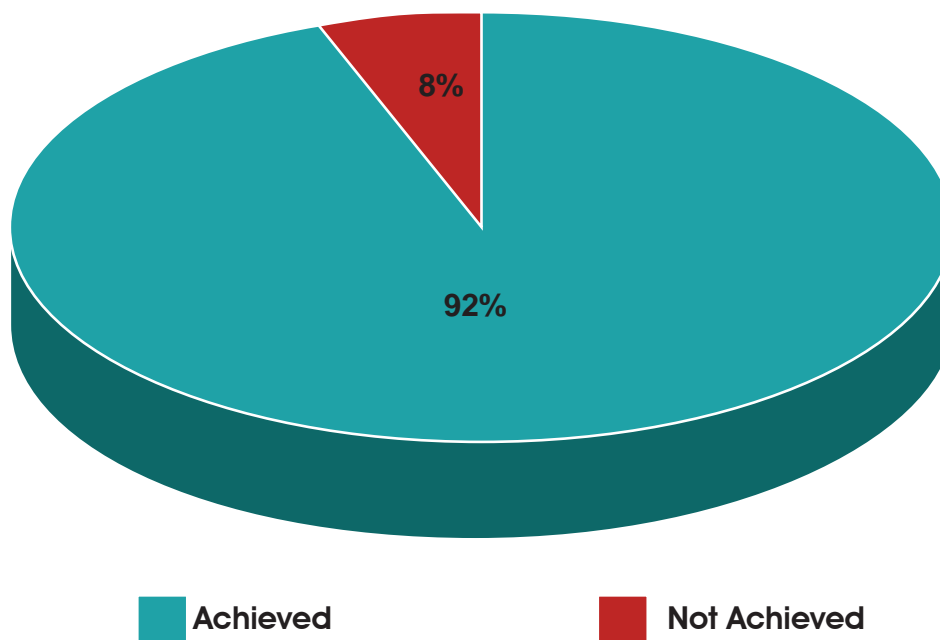
### 2.1 Service Delivery Environment

The Department of Telecommunications and Postal Services finds itself operating in an environment which is being drastically impacted by the disruptions introduced by the adoption of the Fourth Industrial Revolution (4IR). South Africa, Africa and the rest of the world is in the midst of the Fourth Industrial Revolution. 4IR is happening all around us and we need to proactively embrace and leverage on its opportunities or else we shall fall swiftly behind the countries that are already embracing this new economic paradigm.

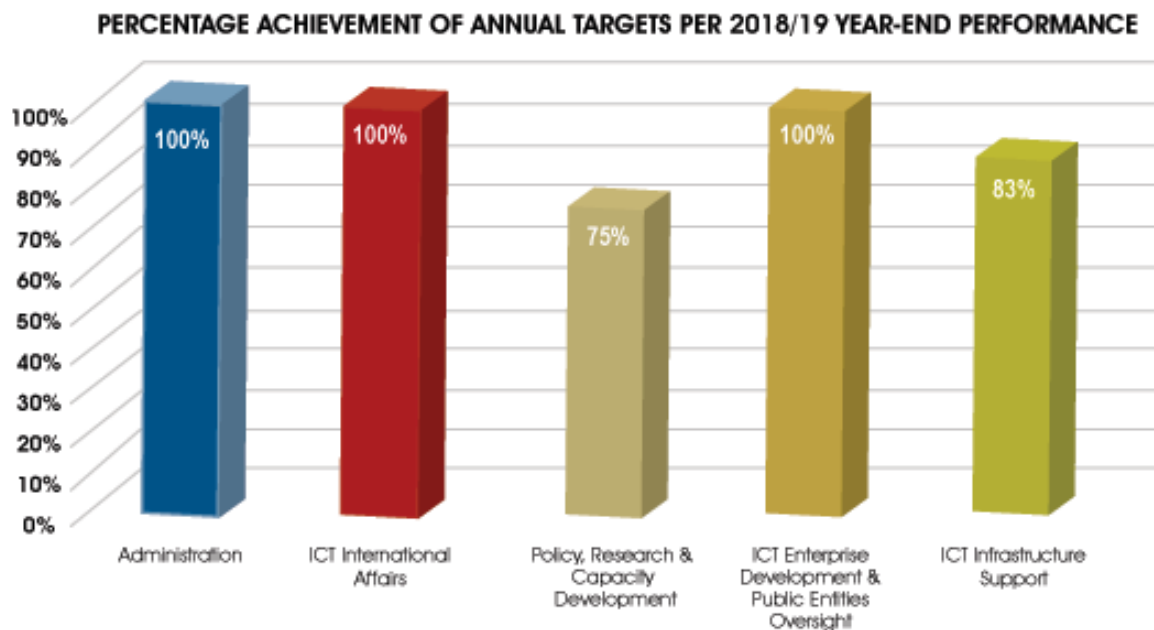
As reflected in the graph below, during the 2018/19 financial year, the Department achieved 92% of its planned targets as outlined in its 2018/19 Annual Performance Plan.

In terms of the Department programmes, the performance achieved is reflected in the graph below:

### Department of Telecommunications and Postal Services Organisational Performance: 2018 / 19 Performance 01 April 2018 - 31 March 2019



During the period under review the Department of Telecommunications and Postal Services was able to deliver on the predetermined targets that were set for the period under review. Such key achievements can be summarised as follows:



### **National Integrated ICT Policy White Paper**

In an effort to implement an integrated and holistic policy approach so as to foster shared economic growth, improve service delivery and radically transform society, the Department prioritised ICT legislation, in line with the National Integrated ICT Policy White Paper. In doing so, the Electronic Communication Amendment Bill, the Postal Service Amendment Bill and Inkamva National E-Skill Institute Bill were introduced to Parliament. It must be noted that the name of the Inkamva National E-Skills Institute Bill was changed to Inkamva Digital Skills Institute Bill following its introduction to Parliament.

### **National e-Strategy**

The National e-Strategy seeks to, amongst other things to prepare South Africa for fundamental changes, opportunities, and challenges brought by the Fourth Industrial Revolution. In terms of ICT Skills, the current ICT skills gap in South Africa is hindering the country's ability to improve performance and competitiveness of not only the ICT sector but all other relevant sectors. Therefore, during the period under review, the Department developed the National Digital Skills Strategy. The Department also responded to the call by the President and established the Presidential Commission on Fourth Industrial Revolution (4IR) which consists of 30 members. Cabinet also established an Inter-Ministerial Committee on 4IR on 27 March 2019 to support the work of the Presidential Commission.

## **ICT SMME Development Strategy**

There is an urgent need to invest in Small, Medium and Micro Enterprises (SMMEs) as they are key drivers of economic growth and job creation. In response, the Department prioritised the implementation of the ICT SMME Development Strategy which seeks to accelerate the development, growth, and sustainability of Small and Medium Enterprises in the ICT sector with the objective of job creation and economic inclusion. In this regards the Department capacitated ISPs in the NHI Sites.

## **e-Government Strategy**

The Department prioritised the implementation of the e-Government Strategy and Roadmap which focused on digital transformation and modernising the public service to improve service delivery to our citizens. During the reporting period, in consultation with SITA, identified e-Services were uploaded on the National e-Services Portal, which is live and interactive.

## **Broadband Connectivity**

Broadband has been recognised as a key enabler for economic development. During the 2017/18 financial year, the Department formally mandated the State-Owned Companies (SITA and Broadband Infraco) to roll-out Phase 1 of SA connect. The Department focused on project managing broadband connectivity to the 570 planned facilities. Approval of the roll-over budget by National Treasury to fund connectivity to the 570 facilities was obtained in September 2018, hence only 266 facilities were connected (i.e. infrastructure roll-out and service activation) while project management of infrastructure roll-out was undertaken for the remaining 304 facilities which await service upgrades and activation. Furthermore, network and internet service pre-engineering assessment was facilitated for 750 identified facilities in preparation for future broadband roll-out.

## **International ICT Agenda**

As part of ensuring alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy, the Department successfully hosted the BRICS Communication Ministers Meeting 2018 as well as the 2018 ITU Telecom World in September 2018.

### **2.2 Service Delivery Improvement Plan**

The Department developed a Service Delivery Improvement Plan (SDIP) in line with the requirements of the Public Service Regulation 2016 and the White Paper on the Transformation of Service Delivery (Batho Pele), with the assistance of DPSA. The SDIP of the Department, which focuses on the main services offered by the Department to the identified beneficiaries as well as the actual and the desired standards of such services was approved. The key service that was identified in the Service Delivery Improvement Plan is the roll out of Broadband services. During the reporting period, the Department has project managed the roll-out of Broadband connectivity to identified sites.

### **2.3 Organisational Environment**

In November 2018, the President announced the reconfiguration of the Ministries of Communications and of Telecommunications and Postal Services into a single ministry under new Minister Stella Ndabeni-Abrahams. The President further confirmed that the two Departments would remain as separate Department's until the end of March 2020. The decision to reconfigure the Ministries was to ensure that we have better alignment and coordination on matters that are critical to the future of our economy in the context of the Fourth Industrial Revolution.

Following this decision, the Department commenced with the preparations on the Organisational Reconfiguration Project, which deals with the development of a strategy on the role of the Government in leveraging the 4IR.

The strategy on the role of the Government in leveraging the 4IR will inform the development of the Departmental strategy in line with its revised mandate as well as a new organisational structure. The reconfiguration process will gain momentum in the 2019/20 financial year.

With regard to human resource related matters, as at end of March 2019, the Department had a total head count of 269 staff on its establishment. 263 of these posts were filled, and six (6) posts were vacant and funded which equates to a 2.23% vacancy rate. The Department was allocated a total adjusted and exclusively earmarked amount of R223,4 million for compensation of employees in the 2018/19 financial year. At the end of March 2019, the Department had spent R219,3 million. The main reason for the underspending was the non-filling of vacancies is that a moratorium was placed on the filling of vacant positions. This was in light the announcement by the President in November 2018 that the Ministries of Communications and of Telecommunications and Postal Services into a single ministry, A moratorium was placed on the filling of all vacancies after the announcement by the President in November 2018 that the Ministries of Communications and Telecommunications and Postal Services be reconfigured into a single new Ministry. However, some key appointments were made during the 2018/19 financial year before the moratorium was placed i.e. Deputy Director Accounts, Deputy Director Internal Audit, Assistant Director Bookkeeping and Assistant Director Physical Security.

In relation to the digital transformation of the Department's manual business processes, the Department digitised the process of submitting memorandums through the roll-out of the e-Submission system. This is part of ensuring that the Department moves towards a paperless environment.

## **2.4 Key policy developments and legislative changes**

Following the Cabinet approval of the National Integrated ICT Policy White Paper in September 2016, the Department is continuing with the implementation of the White Paper which "outlines the overarching policy framework for the transformation of South Africa into an inclusive and innovative digital and knowledge society". Over the short to medium term, the Department will continue to prioritise and develop ICT legislation required to give effect to the National Integrated ICT Policy White Paper. These include, amongst others, the Electronic Communications Amendment Bill, Postal Services Amendment Bill, iKamva National e-Skills Institute Bill (Ikamva Digital Skills Institute Bill) which were introduced to Parliament as well as the ICT Sector Commission and Tribunal Bill and Digital Development Fund Bill which were developed.

## **3. STRATEGIC OUTCOME ORIENTED GOALS**

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

In delivering the strategic objective of coordinating broadband connectivity to achieve 100% population coverage, the Department is contributing to Outcome 6 ("An efficient, competitive and responsive economic infrastructure network"). The Department focused on project managing broadband connectivity to the 570 planned sites, of which 266 sites were connected and services activated while project management of infrastructure roll-out was undertaken for the remaining 304 facilities which await service upgrades and activation. Furthermore, network and internet service pre-engineering was facilitated for 750 identified sites. The Department has an interim Rapid Deployment National Coordination Centre in line with the implementation of the Rapid Deployment Policy.

The Department made strides with regards to facilitating and monitoring increased service offerings and operations of the Cybersecurity Hub. The operations of the Virtual Cybersecurity Hub contribute to Outcome 3 ("All people in South Africa are and feel safe"). The Department has taken bold and ambitious approaches to tackle many threats our country faces in cyberspace. Managing and mitigating those threats is a task that the Department recognises its special responsibility to lead the national effort required through the monitoring of the operations of the Virtual Cybersecurity Hub.

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

In line with its focus area related to developing and implementing the ICT Policy and legislation aimed at improving access and affordability of ICTs, the Department has developed and introduced to Parliament the Electronic Communication Amendment Bill, the Postal Service Amendment Bill and the Ikamva National e-Skill Institute Bill (Ikamva Digital Skills Institute Bill). The Bills contributed towards the achievement of Outcome 6 ("An efficient, competitive and responsive economic infrastructure network").

The Department also contributed towards Outcome 5 ("A skilled and capable workforce to support an inclusive growth path") through facilitating the implementation of the ICT SMME Development Strategy which is aimed at promoting the growth and sustainability of ICT SMMEs.

In its effort to advance South Africa's National ICT interests in Regional and International Forums towards attaining partnerships for economic growth and development, the Department successfully hosted the BRICS Communication Ministers Meeting 2018 and the ITU Telecom World 2018. The Department also developed several Country Positions and participated in various international ICT fora. Such initiatives contribute towards Outcome 11 ("Create a better South Africa and contribute to a better Africa and a better world").

### **An Inclusive Information Society and Knowledge Economy driven through a comprehensive e-Strategy and access to Government service**

The Department facilitated the implementation of the National e-Strategy focusing specifically on the development of the National Digital Skills Strategy which directly contributes towards Outcome 5 ("A skilled and capable workforce to support an inclusive growth path"). The Department also established the Presidential Commission on the Fourth Industrial Revolution and developed the e-Mall Platform for commercialisation by SAPO.

As part of contributing towards Outcome 12 ("An efficient, effective and development-oriented public service"), the Department facilitated the implementation of the e-Government Strategy with specific focus on uploading of the e-Services from selected Government Departments, in consultation with SITA, onto the National e-Services Portal.

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

In order to contribute towards Outcome 12 ("An efficient, effective and development-oriented public service") the Department focused on improving the performance of SOEs through pro-active and stringent oversight. The Department undertook monitoring and evaluation of performance and compliance of SOEs against strategic plans and relevant prescripts. Furthermore, draft legislation for the State IT Company and the State ICT Infrastructure Company was developed.

In order to create a high performing organisation to enable achievement of the Department's mandate, the Department has furthermore implemented the recommendations stemming from the Climate and Culture Action Plan to improve the current climate and culture within the Department to optimise the delivery of its mandate by implementing and monitoring the Leadership Development Programme for Executive Management (DG and DDGs); and Programme and Project Management for Senior Managers.

## **4. PERFORMANCE INFORMATION BY PROGRAMME**

### **4.1 Programme 1: Administration**

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

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

#### **The Strategic Objective for the 2018/19 Financial Year was:**

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



## Strategic objectives, performance indicators, planned targets and actual achievements

### Programme 1: Administration

STATUS	Achieved					
STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS
Create a high performing organisation to enable achievement of the Department's mandate	Implemented Climate and Culture survey action plan	<ul style="list-style-type: none"> <li>In implementing all interventions as identified in the Climate and Culture Survey Action Plan, the Department undertook 29 priority interventions within the reporting period, in line with the Action Plan</li> </ul>	Climate and Culture survey action plan implemented and monitored in relation to the Leadership Development Programme for Executives	<ul style="list-style-type: none"> <li>The Department developed a Leadership Development Programme for Executives, as part of implementing the Climate and Culture survey action plan</li> <li>The implementation was monitored and reported on a quarterly basis</li> </ul>	None	None

STATUS	Achieved		Achieved	
<b>STRATEGIC OBJECTIVES</b>	Create a high performing organisation to enable achievement of the Department's mandate		Create a high performing organisation to enable achievement of the Department's mandate	
<b>PERFORMANCE INDICATOR</b>	Percentage of Senior Managers developed in Programme and Project Management		Financial management in line with the Public Finance Management Act and Treasury Regulations	
<b>ACTUAL ACHIEVEMENT 2017/18</b>	n/a		n/a	
<b>PLANNED TARGET 2018/19</b>	Programme and Project Management development implemented for 80% of identified Senior Managers		Departmental Budget, and the Procurement Plan developed and monitored, according to Departmental priorities	
<b>ACTUAL ACHIEVEMENT 2018/19</b>	<ul style="list-style-type: none"> <li>Programme and Project Management development was fully implemented and 83.3% (50) of identified senior managers were trained during the reporting period</li> </ul>		<ul style="list-style-type: none"> <li>The Department developed the 2018/19 Departmental Budget and Procurement Plan</li> <li>The implementation of the 2018/19 Departmental Budget and Procurement Plan was monitored</li> </ul>	
<b>DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19</b>	The target was exceeded by 3.3%		None	
<b>COMMENT ON DEVIATIONS</b>	2 additional SMS members, that were identified, underwent the Programme and Project Management development training		None	

STATUS	COMMENT ON DEVIATIONS	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2017/18	PERFORMANCE INDICATOR	STRATEGIC OBJECTIVES
Achieved			<ul style="list-style-type: none"> <li>The 2019/20 Estimates of National Expenditure (ENE) Chapter and the 2019/20 Procurement Plan was developed and approved in line with APP priorities, and submitted to National Treasury</li> <li>The 2019/20 Strategic risk assessment was conducted, and the Risk Register was updated and presented to relevant management structures</li> </ul>	Strategic Risk Assessments conducted and Risk Register updated	n/a	Strategic Risk Assessment reports and Risk Register	Create a high performing organisation to enable achievement of the Department's mandate

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
Create a high performing organisation to enable achievement of the Department's mandate	Number of identified DTPS business processes digitised	n/a	One identified DTPS business process digitised	<ul style="list-style-type: none"> <li>The Department digitised the process of submitting memorandums through the roll-out of the e-Submission system</li> <li>Training for users of the system was also conducted and a total of 167 staff were trained during the reporting period</li> <li>Following the roll-out of the e-Submission system, 368 submissions were generated for the reporting period</li> </ul>	None	None	Achieved

## Strategy to overcome areas of under performance

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

## Changes to planned targets

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

## Linking performance with budgets

Spending was R235 million in the 2018/19 financial year and R209,4 million in the 2017/18 financial year. Spending under goods and services declined from R95,9 million in 2017/18 to R85,8 million in 2018/19 financial year. The underspending is mainly due to the posts that were not filled during the financial year as the result of the moratorium put in place. Spending rate under this program is at 98,2 %.

## Sub-programme expenditure

Sub-Programme Name	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	4 211	3 723	488	4 228	4 228	-
Departmental management	48 966	48 712	254	48 058	47 986	72
Internal Audit	7 145	6 373	772	5 402	5 402	-
Corporate Services	91 213	90 420	793	74 279	74 242	37
Financial management	48 966	47 119	1 847	74 775	74 758	17
Office Accommodation	38 656	38 656	-	2 836	2 836	-
<b>Total</b>	<b>239 157</b>	<b>235 003</b>	<b>4 154</b>	<b>209 578</b>	<b>209 452</b>	<b>126</b>

## 4.2 Programme 2: ICT International Affairs

The purpose of Programme 2 is to ensure alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy. The ICT International Affairs Programme consists of the following sub-programmes:

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

### **The strategic objective for the 2018/19 Financial Year is listed below:**

Advance South Africa's National ICT interest in Regional and International Forums towards attaining partnerships for economic growth and development.

## Strategic objectives, performance indicators, planned targets and actual achievements

### Programme 2: ICT International Affairs

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
Advance South Africa's National ICT interests in Regional and International Forums towards attaining partnerships for economic growth and development	Number of RSA Position Papers on identified focus areas	<ul style="list-style-type: none"> <li>The Department, in collaboration with ICASA, developed the RSA position paper on SADC Second Phase of Glide Path that was presented at the SADC ICT Ministerial meeting towards regional integration, which was hosted by South Africa in September 2017</li> <li>Furthermore, the RSA Status Report on the SADC Second Phase of Glide Path was developed</li> </ul>	One (1) RSA Position Paper on SADC roaming focused towards the reduction of Cost to Communicate, developed, advanced and implementation plan developed	<ul style="list-style-type: none"> <li>RSA Position Paper on SADC roaming was developed</li> <li>RSA position on SADC Roaming was advanced at the SADC SCOM in July 2018 and the SADC Ministerial meeting in September 2018</li> <li>The Implementation Plan was developed</li> </ul>	None	None	Achieved

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
Advance South Africa's National ICT interests in Regional and International Forums towards attaining partnerships for economic growth and development	Number of RSA Position Papers on identified focus areas	n/a	RSA contribution to SADC 4th Industrial Revolution Roadmap developed	<ul style="list-style-type: none"> <li>RSA contribution to SADC 4th Industrial Revolution Roadmap was developed and presented at the SADC ICT Ministerial meeting</li> <li>The SADC Chairship report was developed and handed over during the SADC ICT Ministerial Meeting held 24-27 September 2018 in Windhoek Namibia</li> </ul>	None	None	Achieved



STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
Advance South Africa's National ICT interests in Regional and International Forums towards attaining partnerships for economic growth and development	Number of RSA Position Papers on identified focus areas	<ul style="list-style-type: none"> <li>The RSA Position for ITU- WTDC was developed and advanced at the WTDC</li> <li>An Outcomes Report on the developmental agenda in the WTDC was also developed</li> </ul>	One (1) RSA Position Paper for ITU-PP 18 focused on regaining membership to the ITU Council develop, advanced and Implementation Plan developed	<ul style="list-style-type: none"> <li>The RSA Position Paper for ITU-PP 18 was developed and approved by Cabinet</li> <li>RSA Position was advanced at the ITU PP-18 in quarter 3 of the reporting period. South Africa was able to advanced 9 proposals which were tabled at the ITU PP-18</li> <li>An Implementation Plan, stemming from the outcome of the ITU-PP, was developed</li> </ul>	None	None	Achieved

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
		<ul style="list-style-type: none"> <li>RSA Position Paper on UPU developed and consulted with UPU and national stakeholders</li> <li>SA was elected as one of the members to finalise the UPU position on the reform of the UPU Union</li> </ul>	<p>One (1) RSA Position Paper for UPU Extraordinary Congress 2018 focused on Postal Reform in advancing the developing world agenda, developed, advanced and Implementation Plan developed</p>	<ul style="list-style-type: none"> <li>RSA Position for the reform of UPU was developed and advanced at the UPU Council of Administration (CA) in October and at the African Union Committee on Information and Communication Technologies [AU CICT] in November</li> <li>Implementation plan was developed with relevant stakeholder engagement</li> </ul>	None	None	Achieved

STATUS	Achieved	Achieved
STRATEGIC OBJECTIVES		
PERFORMANCE INDICATOR	Hosting of BRICS ICT Ministerial 2018	Hosting of ITU Telecom World 2018 and participation of ICT SMMEs in International Platforms
ACTUAL ACHIEVEMENT 2017/18	n/a	n/a
PLANNED TARGET 2018/19	BRICS ICT Ministerial 2018 meeting hosted and Outcomes and Handover Reports developed	ITU Telecom World 2018 hosted and Outcomes Report developed
ACTUAL ACHIEVEMENT 2018/19	<ul style="list-style-type: none"> <li>The Department hosted the BRICS ICT Ministerial 2018 Meeting in September 2018</li> <li>The Outcomes Report of the BRICS ICT Ministerial 2018 Meeting was developed</li> <li>The Handover Report was developed and submitted to DIRCO as per the national directive</li> </ul>	<ul style="list-style-type: none"> <li>The Department successfully hosted the ITU Telecom World 2018 in September 2018 as per Host Country Agreement</li> <li>The Outcomes Report of the ITU Telecom World 2018 was developed</li> </ul>
DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	None	None
COMMENT ON DEVIATIONS	None	None

## Strategy to overcome areas of under-performance

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

## Changes to planned targets

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

## Linking performance with budgets

Spending was R85,1 million in the 2018/19 financial year and R50,6 million in the 2017/18 financial year. There was an underspending of R250 thousand in the 2018/19 financial year. The underspending is due to ITU sponsorship (in cash) amount of R250 thousand not received from a sponsor after the funds were already allocated to the Department by National Treasury during the adjustment budget. Spending rate under this program is at 99.7 %.

## Sub-programme expenditure

Sub-Programme Name	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
International Affairs	13 534	13 534	-	12 730	12 502	228
ICT Trade/ Partnership	71 800	71 550	250	39 018	38 110	908
<b>Total</b>	<b>85 334</b>	<b>85 084</b>	<b>250</b>	<b>51 748</b>	<b>50 612</b>	<b>1 136</b>

### 4.3 Programme 3: ICT Policy Research and Capacity Development

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

The ICT Policy, Research and Capacity Development Programme consists of the following sub-programmes:

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

#### The Strategic Objectives for the 2018/19 financial year are listed below:

- Develop and implement ICT policy and legislation aimed at improving access and affordability of ICTs
- Promote growth and sustainability of ICT SMMEs through development and implementation of the ICT SMME strategy; and
- Develop and implement a National e-strategy that will give priority to e-government services.

**Strategic objectives, performance indicators, planned targets and actual achievements**  
**Programme 3: ICT Policy, Research and Capacity Development**

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs	Finalised ICT Legislation in line with the National Integrated ICT Policy White Paper	<ul style="list-style-type: none"> <li>The Department developed the Electronic Communications Amendment (ECA) Bill, Ikamva National e-Skills Institute (INESI) Bill and the Postal Services Amendment Bill and obtained approval from Cabinet to gazette for public consultation</li> <li>The INESI Bill was introduced in Parliament in March 2018</li> </ul>	Prioritised ICT Legislation, in line with the National Integrated ICT Policy White Paper, introduced to Parliament	<ul style="list-style-type: none"> <li>During the reporting period the Department concluded consultations for the Electronic Communication Bill, Postal Service Amendment Bill and Ikamva National E-Skill Institute Bill (Ikamva Digital Skills Institute Bill)</li> <li>The 3 Bills were presented to Cluster and Cabinet after which they were introduced to Parliament</li> </ul>	None	None	Achieved

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
Promote the growth and sustainability of the ICT SMMEs through the development and implementation of the ICT SMME Development Strategy	Implemented ICT SMME Development Strategy	<ul style="list-style-type: none"> <li>The ICT SMME Development Strategy was finalised and approved by Cabinet in November 2017</li> <li>The ICT SMME Development Strategy Implementation Plan was finalised and approved</li> </ul>	Implementation of the ICT SMME Development Strategy facilitated focusing on identified areas	<ul style="list-style-type: none"> <li>The Department facilitated the incubation of a total of 76 Internet Service Providers (ISPs) / SMMEs which was supported by NEMISA and zaDNA</li> <li>A programme to promote the international competitiveness of ICT SMMEs at the BRICS Ministerial Meeting and ITU Telecom World 2018 was developed and benefited a total of 40 high tech SMEs</li> <li>The Integrated Annual Report on ICT SMME Development was also developed</li> </ul>	None	None	Achieved

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
Develop and implement a National e-Strategy that will give priority to e-Government Services	Implemented National e-Strategy	<ul style="list-style-type: none"> <li>The National e-Strategy was finalised and approved by Cabinet in November 2017</li> <li>The National e-Strategy Implementation Plan was developed and approved in March 2018 for implementation in the 2018/19 financial year</li> </ul>	Implementation of the National e-Strategy facilitated focusing on identified areas	<ul style="list-style-type: none"> <li>The Department developed the National Digital Skills Strategy</li> <li>Through consultations with SAPO, the Department developed the e-Mall Platform for commercialisation by SAPO</li> <li>The Department facilitated and monitored the implementation of Internet for All initiatives</li> </ul>	<ul style="list-style-type: none"> <li>The National Digital Skills Strategy was not approved by close of the reporting period</li> <li>The Internet for All Work-Programme was not developed and approved as planned</li> <li>Secretarial and technical support was not provided to the Presidential Commission on Fourth Industrial Revolution (4IR), as planned</li> </ul>	<ul style="list-style-type: none"> <li>The National Digital Skills Strategy was approved in April 2019</li> <li>Due to a change in approach, an Internet for All Framework was developed as opposed to an Internet for All Work-Programme</li> <li>A change in the approach of the Presidential Commission on 4IR, delayed the establishment of the Commission, which will commence operations the 2019/20 financial year</li> </ul>	<b>Not Achieved</b>



STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
				<ul style="list-style-type: none"> <li>The Presidential Commission on Fourth Industrial Revolution (4IR) was established with the appointment of 30 members. An Inter-Ministerial Committee on 4IR was also established by Cabinet on 27 March 2019 to support the work of the Presidential Commission</li> <li>The Department also developed a report on the Presidential Commission on Fourth Industrial Revolution</li> </ul>			Not Achieved

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
Develop and implement a National e-Strategy that will give priority to e-Government Services	Operational National e-Services Portal	<ul style="list-style-type: none"> <li>The e-Government Strategy was finalised and approved by Cabinet in November 2017</li> <li>The e-Government Strategy Implementation Plan was developed and approved in March 2018 for implementation in the 2018/19 financial year</li> </ul>	Development of National e-Services Portal, in collaboration with SITA, facilitated and e-Services from selected Government Departments uploaded	<ul style="list-style-type: none"> <li>The Department, in consultation with SITA, facilitated the implementation of the National e-Government Strategy and Roadmap</li> <li>The National e-Services portal was developed</li> <li>e-Services from selected Government Departments were uploaded on the National e-Services Portal, which is live and interactive</li> </ul>	None	None	Achieved

## Strategy to overcome areas of under-performance

The Department acknowledges its under-performance on the target related to the facilitation of the Implementation of the National e-Strategy focusing on identified areas. A change in the approach of the Presidential Commission on the Fourth Industrial Revolution, delayed the establishment of the Commission. The Commission will commence operations in the 2019/20 financial year. Furthermore, the Department will approve the National Digital Skills Strategy in April 2019.

## Changes to planned targets

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

## Linking performance with budgets

Spending was R85,4 million in the 2018/19 financial year and R78,5 million in the 2017/18 financial year. There was an underspending of R202 thousand in the 2018/19 financial year. The underspending is mainly due to less advertising costs incurred. Spending rate under this program is at 99.8 %.

## Sub-programme expenditure

Sub-Programme Name	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
ICT Policy Development	12 810	12 779	31	11 373	10 045	1 328
Economic and Market Analysis	13 968	13 968	-	8 737	8 727	10
Research	6 698	6 527	171	8 876	6 923	1 953
Information Society Development	49 015	49 015	-	46 477	43 819	2 658
Capacity Development	3 137	3 137	-	9 055	9 010	45
<b>Total</b>	<b>85 628</b>	<b>85 426</b>	<b>202</b>	<b>84 518</b>	<b>78 524</b>	<b>5 994</b>

#### 4.4 Programme 4: ICT Enterprise Development and Public Entities Oversight

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

The ICT Enterprise Development and Public Entities Oversight Programme consists of the following sub- programmes:

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

**The Strategic Objectives for the 2018/19 financial year are listed below:**

- Improve performance of SOEs through proactive and stringent oversight.

**Strategic objectives, performance indicators, planned targets and actual achievements**  
**Programme 4: ICT Enterprise Development and Public Entities Oversight**

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
Improve performance of SOEs through proactive and stringent oversight	Implemented State ICT Infrastructure Company Act	<ul style="list-style-type: none"> <li>The SOE Rationalisation report was finalised</li> <li>Stemming from the recommendations of the SOE Rationalisation report, the Mandate for the new State ICT Infrastructure Company was developed and submitted to Cabinet for approval</li> </ul>	Draft Legislation for the State ICT Infrastructure Company developed	<ul style="list-style-type: none"> <li>The Business Case for the State ICT Infrastructure Company was developed</li> <li>Draft Legislation for the State ICT Infrastructure Company was developed</li> </ul>	None	None	Achieved

<b>STATUS</b>	<b>Achieved</b>					
<b>COMMENT ON DEVIATIONS</b>	None					
<b>DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19</b>	None					
<b>ACTUAL ACHIEVEMENT 2018/19</b>	<ul style="list-style-type: none"> <li>The Business Case for the State IT Company was developed</li> <li>Draft Legislation for the State IT Company was developed</li> </ul>					
<b>PLANNED TARGET 2018/19</b>	Draft Legislation for the State IT Company developed					
<b>ACTUAL ACHIEVEMENT 2017/18</b>	<ul style="list-style-type: none"> <li>The SOE Rationalisation report was finalised</li> <li>Stemming from the recommendations of the SOE Rationalisation report, the Mandate for the new State IT Company was developed and submitted to Cabinet for approval</li> </ul>					
<b>PERFORMANCE INDICATOR</b>	Implemented State IT Company Act					
<b>STRATEGIC OBJECTIVES</b>	Improve performance of SOEs through proactive and stringent oversight					

<b>STRATEGIC OBJECTIVES</b>	Improve performance of SOEs through proactive and stringent oversight
<b>PERFORMANCE INDICATOR</b>	Number of Quarterly State of SOE Reports on the level of performance and compliance of SOEs
<b>ACTUAL ACHIEVEMENT 2017/18</b>	<ul style="list-style-type: none"> <li>Consolidated Quarterly State of the SOEs Reports were developed and submitted to the Minister</li> <li>Quarterly Joint Performance Review meetings were held with Chief Executive Officers of the SOEs and the Departmental Executive Committee (DEC) to address issues of performance against plans</li> </ul>
<b>PLANNED TARGET 2018/19</b>	Service Delivery performance and compliance of SOEs against strategic plans and relevant prescripts monitored and evaluated and 4 Quarterly State of SOE Reports developed
<b>ACTUAL ACHIEVEMENT 2018/19</b>	<ul style="list-style-type: none"> <li>The Department monitored and evaluated service delivery performance and compliance of SOEs against strategic plans and relevant prescripts through the development of a consolidated State of SOEs Report for Quarter 4 of the 2017/18 financial year and consolidated reports for State of the SOEs for Quarter 1, 2 and 3 of 2018/19 financial year</li> </ul>
<b>DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19</b>	None
<b>COMMENT ON DEVIATIONS</b>	None
<b>STATUS</b>	<b>Achieved</b>

## Strategy to overcome areas of under-performance

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

## Changes to planned targets

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

## Linking performance with budgets

Spending was R3.2 billion in the 2018/19 financial year and R3.9 billion in the 2017/18 financial year. The decrease was mainly due to a reduced allocation amount of R2.9 billion in this financial year transferred for the recapitalisation the South African Post Office. Spending rate under this program is at 100%.

## Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Public Entity Oversight	3 195 109	3 195 061	48	3 937 113	3 937 113	-
Small, Medium and Macro Enterprise Development	5 393	5 393	-	5 134	4 430	704
<b>Total</b>	<b>3 200 502</b>	<b>3 200 454</b>	<b>48</b>	<b>3 942 247</b>	<b>3 941 543</b>	<b>704</b>



#### 4.5 Programme 5: ICT Infrastructure Support

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

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

- **Broadband** is responsible for developing and facilitating the implementation of the Broadband Policy, Strategy and Implementation Plan as well as ensuring that broadband goals are achieved; and
- **Digital Terrestrial Television** is responsible for the conversion from analogue to digital television transmission technology with the ultimate goal of releasing valuable frequency spectrum from next-generation mobile broadband and other applications.

**The Strategic Objective for the 2018/19 Financial Year is listed below:**

- Coordinate the Broadband connectivity to achieve 100% population coverage; and
- Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs.

**Strategic objectives, performance indicators, planned targets and actual achievements**  
**Programme 5: ICT Infrastructure Support**

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
Coordinate the Broadband connectivity to achieve 100% population coverage	Project management of the roll-out and sustenance of broadband connections for Phase 1 and Phase 2	<ul style="list-style-type: none"> <li>The Department formally mandated the State-Owned Companies (SITA and Broadband Infraco) to roll-out Phase 1 of SA connect in this regard, a Tripartite Master Services Agreement was signed between DTIS, SITA and BBI</li> <li>The Department issued a Government order to SITA for the connection of 63 and additional 194 sites while a second Government Order was issued to BBI for the connection of 313 sites</li> </ul>	Broadband connectivity and sustenance of 570 identified sites project managed	<ul style="list-style-type: none"> <li>The Department project managed connectivity to 570 identified sites. However only 266 of these sites were fully connected with both infrastructure installed and services activated</li> <li>Project management of infrastructure installation was undertaken for the remaining 304 facilities which still awaits service upgrades and activation</li> </ul>	<ul style="list-style-type: none"> <li>There is a deviation of 304 identified sites which still awaits service upgrades and activation</li> </ul>	Approval of the roll-over budget by National Treasury only took place in September 2018, which delayed the activation of services. Service activations will be prioritised in the 2019/20 financial year	<b>Not Achieved</b>

STATUS	Achieved	Achieved	Achieved
<b>STRATEGIC OBJECTIVES</b>	Coordinate the Broadband connectivity to achieve 100% population coverage	Coordinate the Broadband connectivity to achieve 100% population coverage	Coordinate the Broadband connectivity to achieve 100% population coverage
<b>PERFORMANCE INDICATOR</b>	Project management of the roll-out and sustenance of broadband connections for Phase 1 and Phase 2	Project management of the roll-out and sustenance of broadband connections for Phase 1 and Phase 2	Project management of the roll-out and sustenance of broadband connections for Phase 1 and Phase 2
<b>ACTUAL ACHIEVEMENT 2017/18</b>	-	Draft MoU between DIPS and DBSA is near finalisation Under this MoU, DBSA will conduct a comprehensive feasibility study to develop a bankable funding proposal for SA Connect Phase 2	n/a
<b>PLANNED TARGET 2018/19</b>	Network and internet service pre-engineering facilitated for 750 identified sites	Funding application for Phase 2 Broadband Connectivity finalised	Establishment of the interim National Coordination Centre facilitated in line with the implementation of the Rapid Deployment Policy
<b>ACTUAL ACHIEVEMENT 2018/19</b>	<ul style="list-style-type: none"> <li>During the reporting period, network and internet service pre-engineering was facilitated for all 750 identified sites, as planned</li> </ul>	<ul style="list-style-type: none"> <li>The Business Case for funding of Phase 2 Broadband Connectivity was finalised, in line with the BFI funding structuring requirement, and submitted to National Treasury</li> </ul>	<ul style="list-style-type: none"> <li>The Department facilitated the establishment of the Interim Rapid Deployment Coordination Centre (RDCC), in line with the implementation of the Rapid Deployment Policy</li> </ul>
<b>DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19</b>	None	None	None
<b>COMMENT ON DEVIATIONS</b>	None	None	None

<p><b>STRATEGIC OBJECTIVES</b></p> <p>Coordinate the Broadband connectivity to achieve 100% population coverage</p>	<p><b>PERFORMANCE INDICATOR</b></p> <p>Operational and certified Cybersecurity Hub</p>	<p><b>ACTUAL ACHIEVEMENT 2017/18</b></p> <p>During the reporting period the Department facilitated the Operations of the Virtual Cybersecurity Hub and developed quarterly monitoring reports in this regard</p>	<p><b>PLANNED TARGET 2018/19</b></p> <p>Increased service offerings and operations of the Cybersecurity Hub monitored</p>	<p><b>ACTUAL ACHIEVEMENT 2018/19</b></p> <ul style="list-style-type: none"> <li>Operations of the Cybersecurity Hub was monitored, and quarterly monitoring reports were developed on increased service offerings and operations of the Cybersecurity Hub</li> <li>Increased service offerings included the establishment of Sector-CSIRT and increased collaboration, resolution and responding to threats, Information dissemination and incident management, amongst others</li> </ul>	<p><b>DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19</b></p> <p>None</p>	<p><b>COMMENT ON DEVIATIONS</b></p> <p>None</p>	<p><b>STATUS</b></p> <p><b>Achieved</b></p>
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STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2017/18	PLANNED TARGET 2018/19	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2018/19	COMMENT ON DEVIATIONS	STATUS
Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs	Revised and updated National Radio Frequency Plan	<ul style="list-style-type: none"> <li>Preliminary Technical and Regulatory studies were conducted and an approved technical and regulatory studies report, with methods and a preliminary draft SA position, in preparation for WRC-19 was developed</li> <li>Furthermore, the SA preliminary position was submitted at SADC during the 2nd SADC meeting in Zambia and, submitted as part of SADC to the ATU Working Party in July 2017 as well as at 2nd ATU meeting in Senegal</li> </ul>	Draft SA Preliminary Positions for WRC-19 developed	<ul style="list-style-type: none"> <li>The Department developed the draft SA Preliminary Positions for WRC-19</li> <li>The draft report was updated based on the outcomes from Working Parties and submitted as part of multi-contributions to ITU-R TG5/1 and based draft CPM19-2 report</li> </ul>	None	None	Achieved

## Strategy to overcome areas of under performance

The Department acknowledges its under-performance on the target related to the project managing the Broadband connectivity and sustenance of 570 identified sites. There were challenges experienced largely with regards to the slow rate of service activations which will be prioritised in the 2019/20 financial year through increasing the project management capacity within the Department.

## Changes to planned targets

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

## Linking performance with budgets

Spending was R388,4 million in the 2018/19 financial year and R611,9 million in the 2017/18 financial year. The underspending of R7,8 Million in the 2018/19 financial year against the allocation of R396 million was mainly due to delay in the implementation of the DOA project under Payments for Capital Assets. Included in the expenditure is the R100 million expensed in line with the MCS requirements for the SA Connect Broadband. Spending rate under this program is at 98%.

## Sub-programme expenditure

Sub-Programme Name	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Broadband	161 466	158 266	3 200	313 147	39 313	273 834
Digital Terrestrial Television	222 840	222 840	-	565 098	565 098	-
ICT Support	12 009	7 341	4 668	8 041	7 513	528
<b>Total</b>	<b>396 315</b>	<b>388 447</b>	<b>7868</b>	<b>886 286</b>	<b>611 924</b>	<b>274 362</b>

## 5. TRANSFER PAYMENTS

### 5.1 Transfer payments to public entities

NAME OF PUBLIC ENTITY	SERVICES RENDERED BY THE PUBLIC ENTITY	AMOUNT TRANSFERRED TO THE PUBLIC ENTITY	AMOUNT SPENT BY THE PUBLIC ENTITY	ACHIEVEMENTS OF THE PUBLIC ENTITY
NEMISA	To provide a national integrated e-skills development management system towards sustainable socio-economic development in South Africa	R90,8 million	R90,8 million	<p>Training was done by the CoLabs and NEMISA's In-house training division:</p> <p>4884 e-literacy;</p> <p>4445 sector users;</p> <p>812 ICT practitioners; and</p> <p>280 e-leaders</p>
USAASA	To promote universal service and access in underserved areas	R80 million	R80 million	<p>USAASA achieved 2 of the 4 planned targets. The achieved targets are:</p> <ul style="list-style-type: none"> <li>• 100% of risks detailed in the Risk Management Plan mitigated; and</li> <li>• 100% utilisation of the functioning SAP ERP modules</li> </ul>
USAF	<p>USAF utilised the contributions from licensees exclusively for payment of subsidies to needy persons, undeserved areas and schools.</p> <p>To provide incentives to network licensees to construct and maintain networks in underserved areas</p>	R76,7 million	R18,9 million	<p>The Fund reported achievement of 2 of the 11 planned targets under Rapid Deployment and Connectivity. The achieved targets are:</p> <ul style="list-style-type: none"> <li>• 1 public office with 24 months contract maintained</li> <li>• 16 public offices with connectivity maintained</li> </ul>
SENTECH	To provide common carrier broadcasting signal distribution services to licensed broadcasters in South Africa	R203,9 million	R203,9 million	SENTECH continued to provide support the dual illumination broadcast phase until the digital migration process is resolved

## 5.2 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2018 to 31 March 2019.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
African Telecommunication union	Continental ICT Organisation	Membership Fee	Yes	989	989	-
Universal Postal Union (UPU)	Global Postal Organisation	Membership Fee	Yes	6 312	6 312	-
Pan African Postal Union (PAPU)	UN Specification Organisation (Postal)	Membership Fee	Yes	1 068	1 068	-
International Telecommunications Union (ITU)	UN Specialised ICT Organisation	Membership Fee	Yes	17 077	17 077	-
Common Wealth Telecommunications Organisation	International ICT Organisation for Common wealth members	Membership Fee	Yes	457	457	-
Organisation for Economic Cooperation (CTO)	Continental ICT Organisation	Membership Fee	Yes	174	174	-
DONA Foundation	International Organisation	Membership Fee	Yes	1 007	1 007	-
Smart Africa Alliance	Portfolio Organisation (Foreign government International )	Membership Fee	Yes	1 454	1 454	-
<b>Total</b>				<b>28 538</b>	<b>28 538</b>	<b>-</b>

The table below reflects the transfer payments which were budgeted for in the period 1 April 2018 to 31 March 2019, but no transfer payments were made.

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



## **6. CONDITIONAL GRANTS**

### **6.1 Conditional grants and earmarked funds paid**

The Department does not have conditional grants.

### **6.2 Conditional grants and earmarked funds received**

The Department does not have conditional grants.

## **7. DONOR FUNDS**

### **7.1 Donor Funds Received**

No Donor Funding received.

## **8. CAPITAL INVESTMENT**

### **8.1 Capital investment, maintenance and asset management plan**

There is considerable progress made in implementing the capital, investment and asset management plan.

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

The Department did not have any infrastructure projects in the last financial year.

Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft.

All the asset disposals, theft and losses were dealt with in line with Departmental Asset Management, Management of losses and Disposal Policies. During the period under review all losses due to theft were investigated and recommended and determination made by the Loss Control Committee. The number of asset losses due to theft was relatively low. All losses, scrapped, transfers, donations and auctioned assets were removed from the asset register after authorisation was obtained from the Accounting Officer as follows:

- Transfers R1,738,629.89;
- Scrapping R3,753,656.02;
- Donations R80,236.04;
- Auctioned R983,778.70; and
- Losses R314,804.97.

95% of the book value of the disposed assets are at R0.00.

New assets are barcoded, updated automatically on the asset register and allocated to locations when invoices are captured for payment.

The Department has implemented an asset management strategy which acts as a guideline to acquire, utilise, maintain and replace assets. The replacement, auctioning, donating and disposals of assets that no longer support service delivery in the Department ensured that the asset holding goes down during the reporting period. Assets that have been identified as redundant and no longer supporting service delivery have been earmarked for disposal in the next financial year. There are assets that could not have been cost-effectively repaired or

refurbished that were disposed by means of scraping in an environmentally healthy manner.

Annual and ad-hoc asset verification was undertaken to ensure accountability, update the locations on the asset register and that the asset owners have signed for their office inventories.

The Department undertakes monthly and quarterly asset reconciliation to ensure that the interim financial statement and all asset acquisitions and disposals are accounted for correctly.

All assets classifications and conditions were checked for correctness.

The percentage of the current state of the Department's capital assets, are as follows:

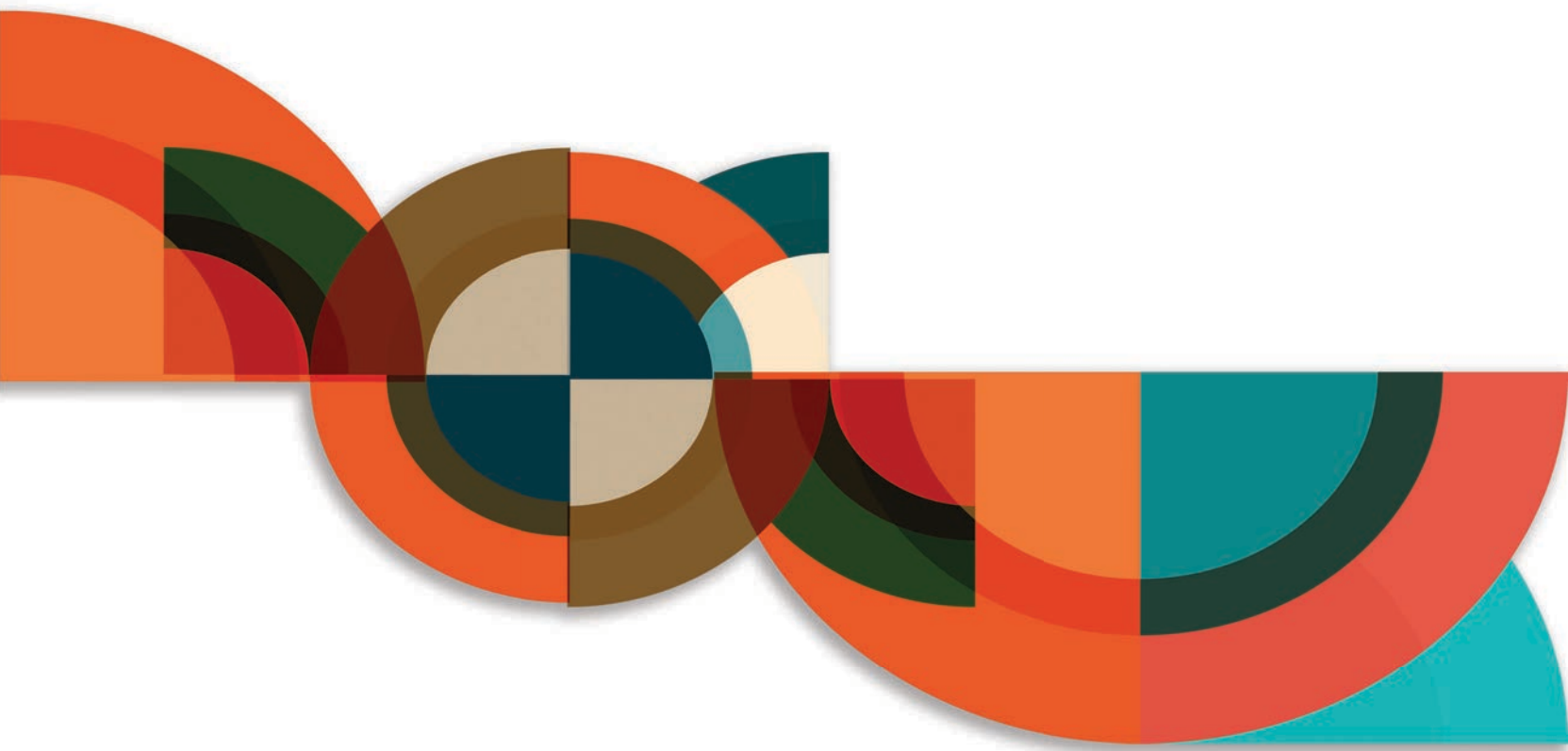
- Good condition: 82%;
- Fair condition 16%; and
- Bad condition 2%.

There was no major maintenance or maintenance backlog on projects that have been undertaken during the period under review.



# PART C

## GOVERNANCE



## 1. INTRODUCTION

1.1 The Department is committed to maintaining the highest standards of good governance to ensure the following:

- Promoting appropriate ethics and values throughout the Department.
- Convergence of the work of different programmes to implement the mandate of the Department.
- Alignment of different functions aimed at achieving similar outcomes, to alleviate duplication and resource wastage.
- Initiating appropriate mechanisms to manage fraud, corruption and the abuse of State resources.
- Accountable management, monitoring and reporting on the implementation of commitments detailed in the Strategic Plan and Annual Performance Plan of the Department.

1.2 The Department has an approved Framework for effective DTPS engagement and institutionalisation of Governance Structures that comprehensively articulate the terms of reference of each structure.

The following governance structures have been established and are functional:

**Executive Committee (EXCO).** EXCO meetings are attended by the Minister (Chairperson), Deputy Minister, Director-General and Deputy Directors-General (DDGs). The EXCO deals with strategic policy issues that form the basis for the Executive Authority's engagement with Cabinet, Parliament and other key stakeholders. Meetings were held by the Executive Authority with the Department's executives to provide strategic direction on key projects as well as Parliamentary and Cabinet related matters.

**Departmental Executive Committee (DEC).** DEC meetings are attended by the Director-General (Chairperson) and Deputy Directors-General (DDGs). The DEC provide strategic direction, make policy decisions and monitor the implementation of the Department's Strategy. The Chief Audit Executive and the Director: Risk Management attend as ex-officio members. Fifteen (15) DEC meetings were held during the 2018/19 financial year.

**Top Management Committee (TMC).** TMC meetings are attended by the Director-General (Chairperson), Deputy Directors-General (DDGs), Chief Directors (CDs) and Directors. TMC facilitates integration and collaboration across branches, ensures policies and strategies are implemented, monitors compliance across the Department and reporting on the Department's performance. The Chief Audit Executive and the Director: Risk Management attend as ex-officio members. Two (2) TMC meetings were held during the 2018/19 financial year.

**Operations Committee (OPSCOM).** OPSCOM meetings are attended by the DDG: Administration (Chairperson), Director: HRA, Director: HRD, Chief Financial Officer, Director: Communications, Chief Information Officer, Chief Director: SPM and representatives from each line branch. OPSCOM is responsible for reviewing policies and frameworks, ensuring that they are in line with the strategic intent of the Department and relevant legislation. The Chief Audit Executive and the Director: Risk Management attend as ex-officio members. OPSCOM convened four (4) meetings in the 2018/19 financial year.

## **2. RISK MANAGEMENT**

### **2.1 Risk Management Approach**

The Department uses the Top-Down Risk Management approach and assesses, manages and reports all significant risks and related mitigation plans consistently, in line with its defined risk management and reporting protocols. The approach fosters the management of risks from the Top Management (Executive and Senior Management (SMS) Level managing strategic risks) to the Bottom (Middle Management (MMS) Level managing operational risks) within respective Branches.

### **2.2 Risk Management Policy and Strategy.**

The Risk Management Directorate updated the Risk Management Framework (Policy, Strategy, Risk Assessment and Identification Methodology and Implementation Plan). These documents were presented to and recommended by the Operations Committee, and the Risk and Ethics Committee to the Accounting Officer for approval. The Accounting Officer signed off the Risk Management Policy and Strategy during the period under review.

The Department has an approved Risk Appetites and Tolerance Framework, which is used to measure the level of acceptable risks throughout the Department. The latter ensures effective implementation of risk management systems and processes.

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

### **2.3 Risk Aware Culture**

There are various processes to ensure awareness and commitment of the entire Department, such as:

- risk awareness workshops;
- induction of new employees and newly appointed Risk and Ethics Committee (REC) Members,
- risk management posters and brochures in all the Department's office blocks,
- displaying risk management messages in all the Department's monitors; and
- uploading of risk management enabling documents in the Department's intranet for ease of access by all employees.

### **2.4 Risk Management Structure**

Risk Management Directorate comprises of two officials: Director and Deputy Director.

The Risk Management Function was not able to procure an automated risk management system due to lack of financial resources in the 2018/19 financial year. Actions are put in place to address these challenges to ensure improved risk management systems and processes in the 2019/20 financial year and these plans will be monitored and reported to the relevant structures on a quarterly basis.

### **2.5 Risk Assessments**

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

The 2018/19 strategic and operational risk assessments were completed on time with relevant reports presented to Departmental Executive and Risk and Ethics Committees for consideration and approval, the Audit Committee for noting and the Accounting Officer for sign-off.

## 2.6 Management of risks

Management of both strategic and operational risks and the implementation of the respective risk mitigation plans were monitored on a quarterly basis and where necessary escalated to the relevant Governance Structures. Progress reports were compiled and presented on a quarterly basis to the Departmental Executive Committee (DEC), Risk and Ethics Committee (REC) and Audit Committee (AC).

### **Strategic Risk Management**

Of nineteen (19) strategic risks, four (4) have been managed to acceptable risk levels while fifteen (15) remained outside acceptable risk levels. Strategic risks that remained outside the acceptable risk levels were due to the following key challenges/root causes:

- a) Budgetary constraints / budget cuts.
- b) No provincial concurrence.
- c) Inadequate capacity in mandated entities.
- d) Reconfiguration of the Department and DoC.
- e) Undocumented processes in some areas.
- f) Conflicting legislation.
- g) Length of time in board appointments in some SOCs.

### **Operational Risk Management**

Of fifty-seven (57) operational risks, thirty six (36) have been managed to acceptable risk levels while twenty seven (27) remained outside acceptable risk levels. Operational risks that remained outside the acceptable levels were due to the following key challenges /weaknesses:

- a) Delays in the implementation of an integrated action plan and operational risk mitigation plans.
- b) Inadequate capacity (financial and human resources).

Potential changes in the mandate of the Department due to the reconfiguration of DTPS and DoC that is underway (emerging risk).

## 2.7 Value Add

Risk Management systems and processes have assisted the Department in the achievement of objectives by ensuring that the following are taken into account during the 2018/19 strategic planning process:

Risk management being part of the strategic planning process – this assisted with ensuring that resources are prioritised and allocated to the relevant key strategic projects and that realistic targets are set.

Promoting an integrated approach in the manner in which management manages risks across the Department.

Current and emerging strategic risks – these risks assist the process by ensuring that the annual performance plan include mitigations / interventions to address these identified strategic risks; and

Key root causes for the identified strategic risks – these key root causes or challenges have also been considered and analysed to ensure proper mitigations are planned to address the identified strategic risks to acceptable appetite and tolerance levels, e.g. availability of resources (financial, human and other relevant resources), lack of provincial presence (DTPS is only present at a national level), negative publicity about some of the entities reporting to the Ministry, etc.

## 2.8 Risk and Ethics Committee (REC)

To ensure the integrity and reliability of the Risk Management processes, the Department has established a Risk and Ethics Committee (REC) to assist the Accounting Officer with overseeing the effectiveness of the Department's risk management systems, practices and procedures and to provide recommendations for improvement.

The Committee constituted of eight (8) members consisting of one (1) independent non-executive member and seven (7) internal senior management members formally appointed by the Accounting Officer with a blend of skills and knowledge required to address all Departmental risk exposures.

Other standing invitees that attend as ex-officio includes the Chief Audit Executive and National Treasury that are invited to observe the effectiveness of the REC meetings and provide advice where necessary.

The REC operates in terms of approved terms of reference contained in a Departmental Risk and Ethics Committee (REC) Charter. The REC held two (2) normal meetings and two (2) special meetings in the year under review and continued to provide objective oversight so as to assist the Accounting Officer in embedding and improving the risk management culture throughout the Department.

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

Name (s)	Designation	Meetings attended	Notes
Dr P. Dala	Independent Chairperson from 26/09/2018	3 of 3	Dr Dala attended three meetings as he was appointed as the REC Chairperson on the 26 <sup>th</sup> of September 2018 after the first meeting.
Ms M. Mokoka	Independent Acting Chairperson from 01/11/2017 to 04 June 2018	1 of 1	Ms Mokoka had resigned on the 4 <sup>th</sup> of June 2018 prior to the three scheduled meetings.
Ms A. Mokgabudi	Internal member	1 of 2	Ms Mokgabudi: <ul style="list-style-type: none"> <li>Presented an apology for the one meeting.</li> <li>Went on retirement on the 31<sup>st</sup> of December 2018 prior to the remaining two scheduled meetings.</li> </ul>
Mr L. Petzer	Internal member	3 of 4	Presented an apology for the one meeting
Mr F. Osman	Internal member	4 of 4	-
Mr M. Ntshingila	Internal member	0 of 1	<ul style="list-style-type: none"> <li>Presented an apology in one meeting</li> <li>Was on sick leave since 30 October 2018 prior to the remaining three scheduled meetings.</li> </ul>
Mr M. Sebola	Internal member	3 of 4	Presented an apology for the one meeting
Mr L. Ndlovu	Internal Member	1 of 4	Presented an apology for the three meetings
Ms JK Masemola	Internal member	1 of 4	Presented an apology for the three meetings



### **3. FRAUD AND CORRUPTION**

#### **3.1 Fraud Prevention Plan and Implementation**

- A revised Fraud Prevention Framework (Strategy, Policy, Investigation Procedure, Implementation Plan and Whistle Blowing Policy) was presented to and recommended by the Operations, Departmental Executive and Risk and Ethics Committees for approval by the Accounting Officer. The Accounting Officer sign-off the Revised Fraud Prevention Framework.
- Implementation of the Framework is achieved through the following initiatives:
  - a) Awareness on prevention of fraud and corruption including, among other things, induction of new employees and newly appointed Risk and Ethics Committee (REC) Members, fraud prevention posters and brochures in all the Department's office blocks, displaying fraud prevention messages in all the Department's monitors and uploading of fraud prevention enabling documents in the Department's intranet for ease of access by all employees.
  - b) Monitoring and reporting on the implementation of the Fraud Prevention Plan to the Risk and Ethics Committee on a quarterly basis.
  - c) Maintaining a Fraud Risk Register.
  - d) The Risk and Ethics (REC) and Audit (AC) Committees providing oversight over the effectiveness of fraud prevention systems and processes.
  - e) Progress on investigations conducted and/or sanctions taken are reported to both the REC and AC structures on a quarterly basis for independent professional advice.
  - f) Where officials were convicted, the necessary processes were followed in accordance with the Department's policies and procedures including disciplinary procedures and sanctioned in accordance with the guidelines provided by the Department of Public.

#### **3.2 Mechanisms to report fraud and corruption**

- The Department used the National Anti-Corruption Hotline for whistle blowing purposes that is operated and managed by the Public Services Commission (PSC). Employees were encouraged to report any suspected corrupt, fraudulent, criminal or unethical practices using this Hotline number.
- Fraud Prevention awareness was provided to ensure that all Department officials and external stakeholders are aware of the mechanisms used to report any allegations of fraud or corruption.

### **4. MINIMISING CONFLICT OF INTEREST**

#### **4.1 Systems and processes implemented to prevent conflict of interest in SCM includes:**

- Systems and processes implemented to prevent conflict of interest in SCM include all Bid Specification, Bid Evaluation and Adjudication Committees members completing declaration of interest at each meeting. The Bid Adjudication Committee further completed and signed code of conduct on an annual basis. In a case where a conflict of interest was identified / declared regarding a matter to be considered, the affected member was requested to recuse himself/herself from the discussions, considerations and decision taken on the matter at hand.
- All bidders were required to complete SBD 4 form to declare any potential conflict of interest.

#### 4.2 Other systems and processes to manage conflict of interest

Conflict of interest is managed through a number of practices supported by relevant policies and procedures. These practices include among others the declaration of interest on matters considered / decisions made in meetings, annual disclosure of financial interests through the eDisclosure system, declaration of interest during bid specification and adjudication processes on procurement of goods and services and declaration of gifts, donations and hospitality. Three key practices are further articulated below:

- Financial disclosures are conducted through an e-Disclosure system provided by the Department of Public Service and Administration and managed by the Public Service Commission.
- The Department has duly appointed an Ethics Officer that has successfully coordinated the timely completion, verification and submission of financial disclosures by all SMS and relevant levels of Non-SMS officials (Level 11, Level 12 and all levels within Finance and SCM units). The Department achieved a 100% timely submission of financial disclosures.
- The Ethics Officer also considered and followed up on findings received from the Public Service Commission regarding noncompliance with the Public Service Regulations 2016. Appropriate actions were taken on these findings after thorough analysis and investigations of the matters reported.

### 5. CODE OF CONDUCT

The Department adheres to the Public Service Code of Conduct contained in the Public Service Regulations, 2016. The Ethics Office has developed Ethics and Integrity Frameworks (Policy, Strategy and Implementation Plan) that set the tone with regard to ethics and integrity throughout the Department.

The Department has also developed a Financial Disclosures Policy that sets the principles and standards to be followed during financial disclosures. This policy is aligned to the Public Service Regulation 2016 which places the requirement for all public servants to comply with regard to ethics, integrity and disclosures.

An awareness has been provided throughout the Department to ensure all officials are aware of their responsibilities regarding ethics and integrity, code of conduct and financial disclosures. The awareness programme implemented included workshops, displaying ethics, integrity and financial disclosures messages on the Department's monitors and uploading enabling documents on the intranet for ease of access.

The Ethics Officer conducts the relevant investigations on ethics, integrity and financial disclosure noncompliance matters when identified. Ethics, integrity and financial disclosures reports are compiled on a regular basis and presented or submitted to the relevant governance structures (REC, AC, EA, PSC and DPSA). These reports include the quarterly reports on the effectiveness of the implementation of ethics and integrity systems and processes.

## 6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

- 6.1 The Department has a Safety, Health, Environment, Risk and Quality (SHERQ) policy in place which is aimed at the provision of a positive health and safety working environment. Furthermore, the Department has appointed fire marshals and first-aiders who are due to undergo training to equip them to execute their assigned duties. A draft Emergency Evacuation Plan has been developed. The City of Tshwane Disaster and Fire Department will be consulted to assess the plan and provide technical advice as necessary before approval and implementation of the plan.

## 7. PORTFOLIO COMMITTEES

### 7.1 Date and subject of briefing to the Portfolio Committee

MEETING DATE:	SUBJECT MATTER
15 May 2018	Ikamva National e-Skills Institute Bill: briefing with Minister
22 May 2018	Update by Department on SA Connect
29 May 2018	Department's Quarter 3 and 4 Performance and briefing on the Ikamva National e-Skills Institute Bill
21 August 2018	Deliberations on the Ikamva National e-Skills Institute (INeSI) Bill with the Deputy Minister
4 September 2018	Deliberations on the Ikamva National E-Skills Institute (INeSI) Bill with the Minister
9 October 2018	Electronic Communications Amendment Bill: briefing; DTPS 2017/18 Annual Reports, with Auditor-General Input
13 November 2018	Internet for All; Cybersecurity; Electronic Communications Amendment Bill: discussion
12 February 2019	Withdrawal of the Electronic Communications Amendment Bill with Minister; Committee Legacy and Annual Reports
19 February 2019	Department of Telecommunications and Postal Services: March to December 2018 Performance
12 March 2019	SA Connect Progress Report

During engagements with the Department, the Portfolio Committee made recommendations on several key issues which included the following amongst others:

- INeSI Funding – recommendation regarding the securing of adequate funding for the Ikamva National e-Skills Institute (INeSI). In this regard, the Department will be targeting the skills development funding from the Department of Higher Education and Training (DHET) as well as the Unemployment Insurance Fund (UIF).
- Consequence Management – recommendation that the Department focus on the area of consequence management with regards to non-compliance related matters by employees. The Department monitors such areas and presents a consequence management report to relevant governance structures.
- Audit Findings – recommendation that the Department address audit findings and report progress on such at Portfolio Committee meetings. The Department has developed an Integrated Action Plan to address all audit findings. Progress against the Integrated Action Plan is periodically presented to the Portfolio Committee in the prescribed format.
- ECA Withdrawal – recommendation related to the withdrawal of the Electronic Communications Amendment Bill. The ECA Bill was withdrawn by the Minister.

- Reconfiguration of Departments – recommendation that the reconfiguration of the Department of Telecommunications and Postal Services and the Department of Communications should not negatively impact on the performance of the Departments and the staff morale in general. The Department developed a project plan detailing the reconfiguration of the Departments which is implemented in line with the broader National Macro Organisation of the State (NMOS) process.

## 8. SCOPA RESOLUTIONS

None.

## 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

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

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

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
No consequence management for irregular expenditure incurred	2016/17	The Internal Control Committee has been appointed to ensure that all the cases are addressed. More than 20 cases were investigated and concluded in this financial year and consequence management taken where necessary.
The financial statements submitted for auditing contained material findings	2015/16	A Deputy Director: Accounts and the Assistant Director: Bookkeeping were appointed during the financial year and focus mainly on the compilation of financial statements. A proper plan was put in place and adhered to. A team within finance was established to review the financial statements and to ensure that there are no misstatements in the financial statements. It was communicated to all key stakeholders that information submitted for annual financial statement purposes must be signed off by management to ensure credibility and accuracy of the information. All Stakeholders submitted signed reports.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Funded vacant posts not filled within 12 months after being vacant	2015/16	The post of DDG: International has been filled. The two DDG posts were not filled due to the restructuring of the Department at the time. Currently, there is a moratorium in place on the filling of vacant posts as a result of the reconfiguration of the Department.
Performance agreements not submitted within the required timeframe	2015/16	Disciplinary cases relating to non-submission of performance agreements within the required timeframe have been finalised.
Payment not made to suppliers within 30 days.	2010/11	<p>The process to monitor 30 days payment has been strengthened as follows:</p> <ul style="list-style-type: none"> <li>• The central point to receive invoices has been established and staff equipped with clear procedures of receiving the invoice</li> <li>• Turnaround times have been set per each milestone of processing the invoice and it is supported by the tracking register where each official sign off for receipt and release of the invoice at the milestone.</li> <li>• Overarching monitoring procedure has been implemented which entail that centrally an official is assigned to ensure that the turnaround times are adhered to, and in instances where impediments are identified proactively and timely interventions are ensured.</li> </ul>
SCM policy does not provide for the composition of bid adjudication committee	2017/18	The SCM policy was reviewed during the financial year and it provides for the composition of the bid adjudication committee.
Irregular expenditure not reported to the National Treasury.	2016/17	The processes in finance have been integrated so that the irregular expenditure is reported to National Treasury on a monthly basis.

## 10. INTERNAL CONTROL UNIT

The Administration Branch plays an important role in ensuring that compliance with relevant processes and policies is achieved. The Administration Branch has implemented monitoring and quality assurance assessments that ensures that reported performance of the Department is substantiated with credible evidence. Operations Committee Meeting (OPSCOM) provide oversight and manage the policy development process through a register of policies and through ensuring that policies are vetted prior to presentation to the Departmental Executive Committee for final consideration and approval.

The following areas require enhancement as it pertains to internal controls. Management has commissioned a number of initiatives to fast track improvement:

- The System of Performance Management and Development has been subjected to comprehensive review. The Department has appointed an independent service provider to investigate the current PMDS and enhance the system. The Department has developed an action plan to address the recommendations of this investigation, and its implementation is monitored by the governance and management structures.
- Supply Chain Management process, policies and standard operating procedures were reviewed to ensure that they clearly outline internal control measures that are adequate and effective.
- The establishment of governance and management structures have been finalised to monitor and track irregular expenditure. An irregular expenditure plan has been developed to address irregular expenditure incurred in the current and previous financial years.
- Development of Standard Operating Procedures and Digitisation of critical DTPS business processes have been prioritised. This initiative will ensure effective implementation and monitoring of internal controls across the organisation.
- Project Management – developing comprehensive project plans with milestones, improvement of project risks identification and key strategic projects are incorporated in the monitoring processes of the Departmental Executive Committee.
- The Integrated Action Plan is one of the strategic initiatives in place to ensure that the Department implements adequate and effective internal controls. Implementation of the plan is periodically monitored and reported accordingly to relevant government structures.

The following key frameworks are at the initial phase of development and their implementation will further strengthen the governance/control environment of the Department:

- Integrated Governance Framework – which will outline all the overarching governance principles and seek to adopt formally principles that are embedded in the various leading practice frameworks that are already implemented across the Department.
- Compliance Management and Monitoring Matrix – which seeks to ensure identification of the compliance universe, development of compliance indicators and mapping of the governance and management structures to ensure they are responsible for monitoring compliance.
- Combined Assurance Framework – which will govern the coordination of assurance efforts in the Department ensuring that it contributes to optimal service delivery.

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

### 11.1 Internal Audit

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

The Internal Audit Unit is established within the DTSP in line with the PFMA and Treasury Regulations as a key component or structure of Good Corporate Governance. The Internal Audit Unit reports functionally to the Audit Committee and administratively to the Director-General. Its activities are governed by an approved Internal Audit Charter. The Internal Audit Services are delivered in line with the Institute of Internal Auditors' International Professional Practice Framework (IPPF). The following key activities are performed in this regard, contributing to ensuring that there is Good Corporate Governance, which contributes to the Department's effective delivery of its strategic goals and objectives:

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

The DTSP Internal Audit completed 80% of the approved Annual Internal Audit Plan for 2018/19 financial year. The 20% that could not be finalised in time and which will be carried over into the 2019/20 financial year was due to the following challenges:

- Inadequate human resource capacity (Director: Internal Audit on extended sick leave); and
- Client delays in some Audit Engagements.

To address the above challenges, the DTSP Internal Audit is implementing robust project management processes and is in the process of insourcing capacity. The Internal Audit Methodology has been enhanced with mechanisms to manage client relations (management engagement).

The following table depicts progress on Internal Audit Engagements that were approved and executed during the 2018/19 financial year:

No.	Internal Audit Engagement	Date Issued	Comments
1	Development of the 2018/19 Internal Audit Plan	2018/08/20	Finalised
2	2017/18 Annual Financial Statement	2018/05/26	Finalised
3	2017/18 Annual Performance Report	2018/06/12	Finalised
4	2017/18 Quarterly Performance Report Q4	2018/06/12	Finalised
5	2018/19 Interim Financial Statement Q1 to Q3:	Quarterly	Finalised
6	2018/19 Quarterly Performance Reports Q1 to Q3:	Quarterly	Finalised
7	ICT Infrastructure -Broadband Rollout	2019/04/26	Finalised
8	ITU Telecom World 2018 consulting	2019/04/26	Finalised
9	DPSA Delegations Framework	2019/02/05	Finalised
10	Follow Up – Integrated Action Plan	2019/04/26	Finalised
11	Information Security Review	2019/02/15	Finalised
12	Active Directory Review	2019/01/24	Finalised
13	Leave Management (Application Review – SmartGov)	2019/04/26	Finalised
14	Management of Performance Assessment Tool	2018/11/09	Finalised
15	State-Owned Company Oversight (transfer payments)	2019/06/20	Finalised
16	Supply Chain Management – Consulting	N/A	Reporting phase
17	Monitoring ICT Policy and Legislation Implementation	N/A	Reporting phase
18	Fraud and Corruption Programme and Management	N/A	Reporting phase
19	Development of 2019/20 Internal Audit Plans	2019/06/02	Finalised
20	ICT Infrastructure Review	N/A	Deferred



## Overall Opinion on the System of Internal Control

The overall opinion on the System of Internal Control of the DTPS is based on the Audit Engagements that were finalised related to the financial year 2018/19 and Chief Audit Executive interaction with Departmental Governance and Management Structures. The DTPS System of Internal Control is ineffective, based on the internal control deficiencies and lack of key frameworks such as Integrated Governance Framework and Internal Control Framework; which will form the foundation for effective implementation of internal controls.

The development and documentation of comprehensive standard operating procedures for all business process of the Department, remains the key root cause for some control deficiencies identified during Audit Engagements. Although Management has prioritised the digitisation of the business process, a holistic approach should be implemented that will ensure that prior to engaging IT Chief Directorate to digitised; business processes and their standard operating procedures are prioritised and documented clearly outlining the internal controls across the Department. The records management of the Department needs enhancement as it pertains to ensuring records are managed in compliance with the National Archives and Records Service of South Africa (Act No 43 of 19996 as amended).

The following control deficiencies were evident in the System of Internal Control; it suffices to indicate that management has developed management action plans to improve the internal controls. The implementation of the management action plans will be monitored through the various governance structures:

- Monitoring processes of the Broadband Rollout requires enhancement as it relate to ensuring that governance structures are optimally functioning; approval of rollout services schedules; and improving quarterly reports
- Management need to ensure that Risk Management is embedded into the daily operations of the Department, specifically that all root causes have its aligning internal controls and risks are managed to be within set appetite levels
- Information Security requires enhancement as it pertains to the implementation of the measures that drives compliance to the Minimum Information Security Standards
- Configuration of certain leave types; effective system interface and monitoring of administrator activities need improvement in the leave application
- Management need to ensure that the Department's Business Continuity Plan is developed and finalised

However, Management has made progress in ensuring that, certain key frameworks are in place to establish the control environment; operational policies are developed and approved and deficiencies highlighted by Assurance Providers are addressed:

- Strategic Planning, Monitoring and Evaluation Framework, which has contributed significantly to the development of a robust strategy and improved management of performance information.
- Risk Management Framework, which also assisted in inculcating the culture of risk management;
- ICT Governance Framework, which enabled the establishment of a sound ICT Governance environment,
- Management has further implemented a process of ensuring that operational policies are developed, approved and timely reviewed through the Operations Committee.
- The Integrated Action Plan (IAP) was implemented to address all Assurance Providers (Internal Audit; MPAT and AGSA) findings. Management established the Internal Control Committee to monitor the implementation of the IAP; significant progress has been made evident from the 74% of the total Integrated Action Plans that were implemented, in comparison to reported 37% of the previous financial year.

## 11.2 Audit Committee

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

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

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

The Audit Committee held ordinary meetings and special meetings during 2018/2019 financial year. The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	Date appointed	Number of Meetings attended
Ms. P Mvulane (Chairperson)	CA (SA); Registered Auditor; Bachelor of Commerce in Accounting; Hon. Bachelor of Commerce in Accounting; and Diploma in Advanced Auditing	External	01/11/2014	7
Ms. K Selane (Member)	CA (SA); Bachelor of Commerce; Hon. of Accounting Science; Post Graduate Diploma in Accounting (CTA); and Post Graduate Diploma in Auditing	External	01/11/2014	7
Dr. Pritish Dala (Member)	Bachelor of Information Technology (NQF 7); Baccalaureus Scientiae Cum Honoribus (NQF 8); Master of Information Technology (NQF 9); and Dr of Philosophy in Information Technology (NQF 10)	External	28/03/2018	7
Mr. Vincent Botto (Member)	Bachelor of Accounting Sciences (NQF 7); Baccalaureus Artium in Law (NQF 7); Baccalaureus Legum (NQF 7); and Magister Legum (NQF 8);	External	28/03/2018	7

## 12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

### **Audit Committee Responsibility**

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

### **The Effectiveness of Internal Control**

Our review of the assurance reports, i.e. management, Internal Audit and AGSA, revealed certain areas that requires enhancement which management has developed corrective measures to address the risks. Although there are improvements in internal control systems and processes, the following are the areas that still require some enhancement:

- Ensuring that Risk Management is embedded into the daily operations of the Department;
- Implementing measures to improve how Information Security is Managed;
- Management's interpretation and application of complex financial reporting standards in the preparation of financial statements;
- Timeous investigations and finalisation of irregular expenditure (particularly with regard to the SIU Investigations); and
- Timeous filling of critical SMS positions (currently 2 DDGs positions).

We have reviewed the Department's implementation of the integrated action plan which addresses issues raised by both the Internal Audit and Auditor General South Africa. We are satisfied that the matters have been adequately resolved, and Department has shown significant progress in implementing 74% of the agreed integrated action plans, compared to 37% of previous year.

### **In-Year Management and Monthly/Quarterly Report**

The Audit Committee has reviewed the Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer during the year under review.

### **Evaluation of Financial Statements**

The Audit Committee has:

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

## **INTERNAL AUDIT**

The Audit Committee reviewed and approved the IAA's risk-based three-year rolling and operational plans for 2018/19. Internal Audit was guided by the consolidated risk profile of the Department, critical audit areas and management's inputs in the formulation of its three-year strategic and annual plans. The Audit Committee also monitored performance of Internal Audit Unit against its approved operational plan on a quarterly basis.

We are satisfied that the IAA is operating effectively and that it has addressed the risks pertinent to the Department in its audits. We have met with the IAA during the year to ensure that the function is executed effectively and objectively. We are satisfied with the content and quality of quarterly reports prepared and issued by the IAA during the year under review. The work performed by Internal Audit has enabled the Committee to fulfil its duties around Compliance, Financial Management, Performance and Information Technology.

### **Auditor General South Africa (AGSA)'s Report**

The Audit Committee concurs and accepts the conclusions of the AGSA on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report from AGSA.

## **CONCLUSION**

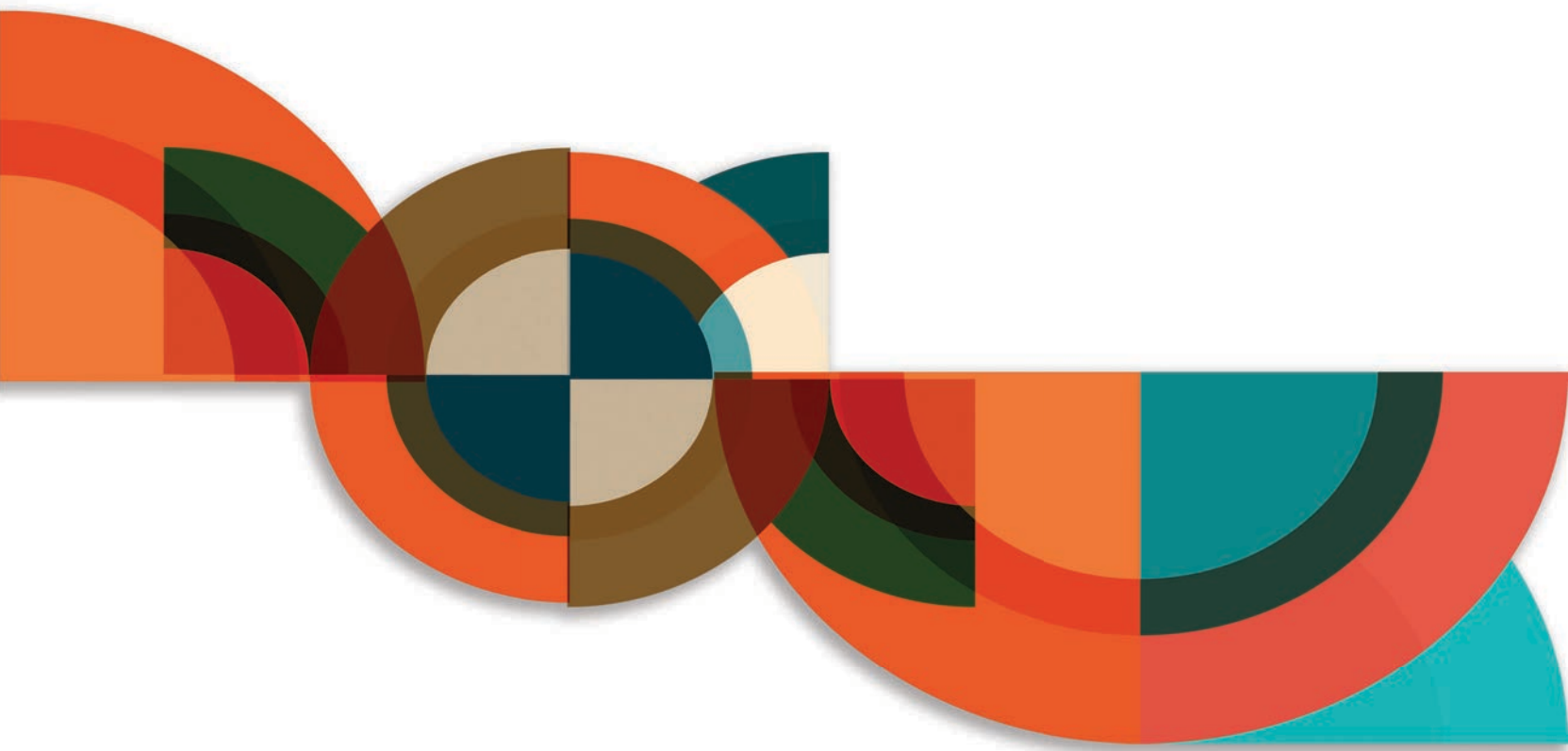
The Audit Committee wishes to thank the Director-General, Senior Management and the relevant staff of DTPS for their continued commitment to good governance within the Department. Our appreciation is also extended to the finance team for their efforts regarding the preparation of the financial statements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



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**MS P. MVULANE**  
**CHAIRPERSON OF THE AUDIT COMMITTEE**  
**Department of Telecommunications and Postal Services**  
**31 August 2019**

**PART D**  
**HUMAN RESOURCE  
MANAGEMENT**



## 1. INTRODUCTION

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

## 2. OVERVIEW OF HUMAN RESOURCES

### **The status of human resources in the Department**

The Department has an approved Service Delivery Model (SDM) and the functional structure aligned to the mandate of the Department. The Department has commenced with the process of developing the Organisational Structure that is aligned to the Strategy.

As at 31 March 2019, the total number of funded posts on the establishment for the Department was two hundred and sixty nine (269) which were captured on the PERSAL system. Of these positions, two hundred and sixty three (263) positions were filled and six (6) positions were vacant and funded which equates to a 2.23% vacancy rate.

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

- Filling of critical funded vacant positions – The vacancy rate of the Department was kept below the set standard of 10% by the Department of Public Service and Administration (DPSA). The appointment of individuals in critical positions assisted the Department to implement its Annual Performance Plan and Business Plans targets.
- Development of an Organisational Structure aligned to the mandate of the Department in the 2018/19 financial year with implementation in the 2019/20 financial year – The Organisational Structure was developed in line with the new mandate of the Department and consulted with the National Treasury and the DPSA. The process was placed on hold due to the Cabinet announcement and reconfiguration of the Department of Communications and Department of Telecommunications and Postal Services.
- Implementation of recommendations emanating from the Culture and Climate Survey conducted in the 2016/17 financial year – a more conducive Climate and Culture in the Department. The Climate and Culture survey conducted in 2017, identified seven (7) focus areas to improve climate and culture in the form of Leadership Development, enhancing decision-making, enhancing performance, improving Human Resource Processes, enhancing team-work and collaboration, managing change navigation and Innovation. The Department committed to identify annual interventions over a period of three years to improve climate and culture in the Department. In the 2018/19 financial year, Leadership Development was identified as a critical area for intervention, and therefore it was identified as a priority targeting top leadership and was implemented as such. Other interventions implemented are decision making through communication of decisions of the governance structures and automation of decisions, improving performance through a Reward and Recognition Policy and retention of personnel by implementing a Retention Strategy.
- Training and development of employees in line with the approved Workplace Skills Plan – Skilled workforce contributing to the implementation of the Department's Annual Performance Plan and Business Plans.
- Alignment of individual performance agreements with the strategic priorities of the Department – this ensured a better performance rate in the Department.

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

- The Department has an approved HR Plan for the MTEF Period 2015 to 2018 containing strategic priorities such as Organisational Structure, Culture and Climate, Recruitment and Selection, Training and Development, Performance Management and appointment of Interns.
- Key vacancies were filled according to funds available prior to the announcement of a moratorium on the filling of vacancies.
- The Workplace Skills Plan was successfully implemented to ensure a skilled workforce.

### **Employee Performance Management**

The Department has a Performance Management System which is implemented. Quality assurance was done by the Human Resource Development Unit to ensure alignment of Performance Agreements to the Annual Performance Plan and Business Plans of the Department. This included quality assurance of performance documents, facilitation of PMDS workshops which included amongst others, training employees on the new DPSA PMDS Directives, the compilation of annual appraisal assessment documents as well as how to use the PMDS calculator for individual assessments, the compilation of performance agreements and the alignment thereof to the strategic objectives of the Department.

### **Employee wellness programmes**

The Department has engaged the services of service providers to provide employee assistance programmes. The Department also subscribes to the National Calendar of Events. Seventy three (73) employees participated in the Health Counselling and Testing (HCT) and eighty nine (89) employees participated in the wellness event.

## **ACHIEVEMENTS AND CHALLENGES**

### **Achievements**

- Four (4) critical positions were filled i.e Deputy Director Internal-Audit, Deputy Director Accounts, Assistant-Director Physical Security and Assistant-Director Bookkeeping.
- A project to update the personal information of employees was completed.
- Eight (8) HR Policies were reviewed and approved.
- Reporting to the Department of Labour took place on 11 January 2019, in terms of Section 21 of the Employment Equity Act, Act 55 of 1998. In this Report the Department report on matters such as the workforce profile, recruitment, promotions, service terminations and skills development for the period 1 January 2018 to 31 December 2018.
- Submission of Job Access Strategic Framework Plan and Gender Equality Plan for 2019 to the DPSA on 28 February 2019. In these Plans, specific focus is on the National Development Plan – Vision 2030, the White Paper on the rights of Persons with Disabilities and the South African National Policy Framework for Women’s Empowerment and Gender Equality of 2000.
- Submission of Job Access Strategic Framework Report and Gender Equality Report for 2018 to the DPSA on 28 February 2019.
- The Department reports annually to the Department of Public Service and Administration on the implementation of its Human Resource Plan. Strategic priorities such as Organisational Structure, Culture and Climate, Recruitment and Selection, Training and Development, Performance Management and appointment of Interns are reported on.

- The implementation of identified interventions as per the Culture and Climate Survey conducted in 2016/17. This included the participation and completion of a Leadership Development Programme by the Director-General and the Deputy Directors-General and the development of a Leadership Charter and a Competency Matrix and the signing of the Leadership Charter by all members of the Snr Management Service.
- Provision of Employee Health and Wellness interventions i.e counselling services, health and wellness checks and Health Counselling and Testing.
- Work Place Skills Plan developed, implemented and was submitted to the PSETA. Three hundred and sixteen (316) interventions targeting one hundred and fifty six (156) employees (60% of establishment) were implemented. Quarterly Training Reports were also submitted to the PSETA outlining the implementation of the plan. Part of the Implementation included a strategic intervention such as leadership development and Project and Programme Management to empower management
- The Department implemented its PMDS policy in the year under review which is aligned with the new DPSA Directives for SMS and non-SMS employees. This included signing of performance agreements, conducting bi-annual review and concluding annual appraisals. The Department effectively implemented a quality assurance process across the Performance Management System to ensure alignment of Performance Agreement and Performance Appraisal process. 2017/18 Annual Assessments for SMS and non-SMS members were finalised and approved by the Director-General and the Executive Authority for implementation. Subsequently, employees were rewarded with performance incentives according to their level of achievement of targets.

### **Challenges**

- Difficulty in attracting and retaining critical, scarce skills with the required competencies in the Broadband and Spectrum environments. The Department is unable to compete with market related salaries for employees in these specific fields.
- The process of recruitment to determine critical posts was affected due to the fact that the finalisation of the organisational structure of the Department was put on hold. A reconfiguration process was announced in November 2018 by Cabinet.
- Finalisation of disciplinary matters within the legislative time-frames. Disciplinary cases in general are not finalised within the prescribed timeframes. 90 days is the prescribed time-frame for the finalisation of disciplinary matters. The cases could not be finalised within the prescribed period due to the decision taken by the Minister, in the past, to suspend the disciplinary matters to allow the PSC Inquiry into the destabilisation of the Department. Further delays were resulted by the decision of the DG to withdraw Legal representation in the disciplinary matters and difficulty in obtaining the services of an Employer Representative to replace the Legal Representative.
- Currently the female representation is at thirty nine percent (39%) against the target of fifty percent (50%) on senior management level and efforts to close the gap are not yielding the results.
- Currently the male representation on non-SMS level is at thirty four percent (34%) against the target of fifty percent (50%) and efforts to close the gap are not yielding the results.

### **Future Plans/Goals**

- Reconfiguration of the Department.
- Aligning of budget structure with new organisational structure.
- To compile an HR Plan aligned to the Strategic Plan for the new reconfigured Department for the period 2020 to 2022.
- To identify and implement further interventions to improve the climate and culture in the Department.
- To analyse trends and root causes on disciplinary cases and implement corrective measures to ensure finalisation of disciplinary matters within the legislative time-frames.



- Prioritisation of the appointment of female employees in vacant and funded Senior Management positions in the Department to reach the 50% target, the prioritisation will be institutionalised through the Employment Equity Plan.
- Prioritisation of the appointment of male employees in vacant and funded non-SMS positions in the Department to reach the 50% target, the prioritisation will be institutionalised through the Employment Equity Plan.

### 3. HUMAN RESOURCES OVERSIGHT STATISTICS

#### 3.1 Personnel Related Expenditure

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

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

**Table 3.1.1 Personnel expenditure by programme for the period 1 April 2018 to 31 March 2019**

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Programme 1: Governance and Administration	235 003	103 753	1 749	0	4	763
Programme 2: International Affairs and Trade	85 084	17 143	46	0	20	1 143
Programme 3: Policy Research and Capacity Development	85 426	52 964	777	0	62	828
Programme 4: ICT Enterprise Development and SOE Oversight	3 200 454	20 984	329	0	0.7	912
Programme 5: ICT Infrastructure Support	388 447	24 499	105	0	6	980
<b>Total</b>	<b>3 994 414</b>	<b>219 343</b>	<b>3 006</b>	<b>0</b>	<b>5</b>	<b>834</b>

**Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 to 31 March 2019**

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (level 3-5)	2 269	1	8	284
Highly skilled production (levels 6-8)	32 662	14.9	80	408
Highly skilled supervision (levels 9-12)	69 377	31.6	93	746
Senior and Top management (levels 13-16)	100 724	45.9	89	1 132
Contract (Levels 1-2)	377	0.2	13	29
Contract (Levels 3-5)	0	0	0	0
Contract (Levels 6-8)	2145	1	8	268
Contract (Levels 9-12)	1 775	0.8	4	444
Contract (Levels 13-16)	9 268	4.2	11	843
Other (Medical aid for former employees who retired and overtime for SAPS VIP Protectors)	745	0.3	0	0
<b>Total</b>	<b>219 343</b>	<b>100</b>	<b>306</b>	<b>717</b>

**Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 to 31 March 2019**

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Programme 1: Governance and Administration	69 110	67	668	0.6	1 303	1.3	2 998	2.9
Programme 2: International Affairs and Trade	9 076	53	29	0.2	350	2	431	2.5
Programme 3: Policy Research and Capacity Development	34 486	65	65	0.1	699	1.3	1 265	2.4

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Programme 4: ICT Enterprise Development and SOE Oversight	13 986	67	5	0.02	199	1	323	1.5
Programme 5: ICT Infrastructure Support	16 620	68	13	0.05	369	1.5	417	1.7
<b>Total</b>	<b>143 278</b>	<b>65</b>	<b>780</b>	<b>0.4</b>	<b>2 920</b>	<b>1.3</b>	<b>5 434</b>	<b>2.5</b>

**Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 to 31 March 2019**

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	0	0	0	0	0	0	0	0
Skilled (level 3-5)	1 504	66.3	13	0.6	127	5.6	218	9.6
Highly skilled production (levels 6-8)	22 844	69.9	183	0.6	1 103	3.4	2 159	6.6
Highly skilled supervision (levels 9-12)	48 395	69.8	198	0.3	700	1	1 464	2.1
Senior management (level 13-16)	61 420	61	0	0	923	1	1 080	1
Contract (Levels 1-2)	376	99.7	1	0.3	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0	0	0	0
Contract (Levels 6-8)	1 494	69.6	0	0	55	2.6	71	3.3
Contract (Levels 9-12)	1 126	63.4	0	0	12	0.7	38	2.1
Contract (Levels 13-16)	6 119	66	0	0	0	0	43	0.5

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Other (includes Medical aid subsidy for former employees who retired and overtime payment to SAPS employees)	0	0	385	51.7	0	0	360	48.3
<b>Total</b>	<b>143 278</b>	<b>65.3</b>	<b>780</b>	<b>0.4</b>	<b>2 920</b>	<b>1.3</b>	<b>5 434</b>	<b>2.5</b>

### 3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

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

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

**Table 3.2.1 Employment and vacancies by programme as on 31 March 2019**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Programme 1: Administration	137	136	0.7	1
Programme 2: International Affairs and Trade	15	15	0	0
Programme 3: Policy Research and Capacity Development	69	64	7.2	0
Programme 4: ICT Enterprise Development and SOE Oversight	23	23	0	1
Programme 5: ICT Infrastructure Support	25	25	0	0
<b>Total</b>	<b>269</b>	<b>263</b>	<b>2.2</b>	<b>2</b>

**PLEASE NOTE:** – Funded posts were reduced from 292 to 269 due to compensation budget constraints during the 2018/19 financial year.

– The 263 filled posts include two (2) employees appointed additional to the establishment.

**Table 3.2.2 Employment and vacancies by salary band as on 31 March 2019**

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled ( 1-2)	0	0	0	0
Skilled(3-5)	8	8	0	0
Highly skilled production (6-8)	79	74	6.3	0
Highly skilled supervision (9-12)	94	91	3.1	0
Senior management (13-16)	88	75	14.8	0
Contract (Levels 1-2)	0	0	0	0
Contract (Levels 3 -5)	0	0	0	0
Contract (Levels 6 -8)	0	5	0	0
Contract (Levels 9 -12)	0	3	0	0
Contract (Levels 13 - 16)	0	7	0	2
<b>Total</b>	<b>269</b>	<b>263</b>	<b>2.2</b>	<b>2</b>

**PLEASE NOTE:** – Only permanent posts are indicated on structure. Employees appointed on contract are placed against a permanent post.

– Areas where the number of posts filled are more than the number of posts on the establishment, are due to employees who are placed out of adjustment against a post (example: grade progression/accelerated grade progression, etc.)

**Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2019**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	54	54	0	0
Communication and Information Related	2	2	0	0
Financial Clerks and Credit Controllers	2	2	0	0
Finance and Related Professionals	11	11	0	0
Head of Department	1	1	0	0
Human Resources and Organisational Development	8	8	0	0
Human Resource Related	7	7	0	0
Information Technology Related	5	5	0	0
Language Practitioners, Interpreters and Other Communication Related	5	5	0	0
Library Mail and Related Clerks	5	5	0	0
Logistical Support Personnel	12	12	0	0
Messengers, Porters and Deliverers	4	4	0	0
Other Administrative and Related Clerks and Organisers	41	41	0	0
Other Information Technology Personnel	6	6	0	0
Other Occupations	1	1	0	0
Secretaries and Other Keyboard Clerks	19	19	0	0
Senior Management	86	80	7	2
<b>Total</b>	<b>269</b>	<b>263</b>	<b>2.2</b>	<b>2</b>

### 3.3 Filling of SMS Posts

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

**Table 3.3.1 SMS post information as on 31 March 2019**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary 16 (including DG, Minister, Deputy Minister and Special Advisors)	3	3	100	0	0
Salary Level 15	6	4	66.7	2	33.3
Salary Level 14	29	26	89.7	3	10.3
Salary Level 13	48	47	97.9	1	2.1
<b>Total</b>	<b>86</b>	<b>80</b>	<b>93</b>	<b>6</b>	<b>7</b>

**Table 3.3.2 SMS post information as on 30 September 2018**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary 16 (including DG, Minister, Deputy Minister and Special Advisors)	4	4	100	0	0
Salary Level 15	6	4	66.7	2	33.3
Salary Level 14	31	27	87.1	4	12.9
Salary Level 13	56	51	91.1	5	8.9
<b>Total</b>	<b>97</b>	<b>86</b>	<b>88.7</b>	<b>11</b>	<b>11.3</b>

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 to 31 March 2019**

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

With the Cabinet announcement in November 2018 regarding the possible reconfiguration between the Department of Telecommunications and Postal Services and the Department of Communications, a moratorium was placed on the filling of all vacancies.

**Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2018 to 31 March 2019**

Reasons for vacancies not filled within twelve months
Posts had to be re-prioritised to ensure the Department remain within its allocated compensation of employees' budget over the MTEF period; as a result, the Headcount of the Department was significantly reduced.

Reasons for vacancies not filled within twelve months
Posts had to be re-prioritised to ensure the Department remain within its allocated compensation of employees' budget over the MTEF period; as a result, the Headcount of the Department was significantly reduced. A moratorium was also placed on the filling of all advertised posts after the announcement of the honourable President on 22 November 2018 of the decision to reconfigure the Department of Telecommunications and Postal Services with the Department of Communications.

**Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2018 to 31 March 2019**

Reasons for vacancies not advertised within six months
None

Reasons for vacancies not filled within six months
None



### 3.4 Job Evaluation

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

**Table 3.4.1 Job Evaluation by salary band for the period 1 April 2017 to 31 March 2018**

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)	8	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	79	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	94	0	0	0	0	0	0
Senior Management Service Band A	49	0	0	0	0	0	0
Senior Management Service Band B	29	0	0	0	0	0	0
Senior Management Service Band C	7	0	0	0	0	0	0
Senior Management Service Band D	3	0	0	0	0	0	0
<b>Total</b>	<b>269</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

**Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 to 31 March 2019**

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Employees with a disability	<b>0</b>
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**Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 to 31 March 2019**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Administrative Related	1	7	9	<ul style="list-style-type: none"> <li>Accelerated Grade Progressions.</li> <li>Ministerial appointments.</li> <li>It was determined by the DPSA, after an analysis of information submitted by the Department, that the functions performed by some of these positions do not justify a grading of posts at Assistant-Director level. Furthermore, the analysis conducted on some of these posts indicated that they are performing production functions. These are functions expected of administration officers 'posts: If necessary, the Department may create a proper supervisory post, if justifiable from organisational and functional decomposition.</li> </ul>
	2	8	9	
	1	11	12	
	1	11	13	
Communication and Information Related	1	8	9	
Financial Clerks and Credit Controllers	1	5	6	
	1	7	6	
Human Resource Related	2	11	12	
Information Technology Related	3	11	12	
	1	8	10	
Language Practitioners, Interpreters and Other Communication Related	2	8	9	
	1	8	10	
Library Mail and Related Clerks	1	5	8	
	1	5	6	
Logistical Support Personnel	1	5	6	
	1	7	8	
	1	9	10	
Messengers, Porters and Deliverers	1	5	6	
Other Administrative and Related Clerks and Organisers	8	5	6	DPSA circular on benchmark job descriptions and grading levels and implementation guidelines for jobs of Clerks dated 12 December 2012.
	4	7	8	
	1	7	9	
	1	7	11	
	1	9	10	
Secretaries and Other Keyboard Clerks	11	7	8	DPSA circular on benchmark job descriptions and grading levels and implementation guidelines for jobs of Secretaries and Personal Assistants dated 31 December 2016.
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>49</b>
<b>Percentage of total employed</b>				<b>18.6</b>

Please note that the figures above reflect all employees on the establishment of the Department with salary levels higher than those determined through job evaluation (it also includes job evaluations performed in previous financial years).

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 2018 to 31 March 2019**

Gender	African	Asian	Coloured	White	Total
Female	26	2	2	7	37
Male	8	1	1	2	12
<b>Total</b>	<b>34</b>	<b>3</b>	<b>3</b>	<b>9</b>	<b>49</b>

Employees with a disability	0	0	0	0	0
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### 3.5 Employment Changes

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

**Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2018 to 31 March 2019**

Salary band	Number of employees at beginning of period 1 April 2018	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled ( Levels 1-2)	0	0	0	0
Skilled (Levels3-5)	8	0	0	0
Highly skilled production (Levels 6-8)	79	0	5	6.3
Highly skilled supervision (Levels 9-12)	89	4	2	2.2
Senior Management Service Bands A (Level 13)	57	0	10	17.5
Senior Management Service Bands B (Level 14)	27	0	3	11.1
Senior Management Service Bands C (Level 15)	4	0	0	0
Senior Management Service Bands D(Level 16 including DG, Minister, Deputy Minister and Special Advisors)	2	0	0	0
Contract (Levels 3-5)	0	0	0	0
Contract (Levels 6-8)	5	3	2	40
Contract (Levels 9-12)	2	1	0	0
Contract (Band A) (Level 13)	3	0	3	100
Contract (Band B) (Level 14)	1	1	1	100
Contract (Band D) (Level 16 including DG, Minister, Deputy Minister and Special Advisors)	2	3	2	100
<b>Total</b>	<b>279</b>	<b>12</b>	<b>28</b>	<b>10</b>

**Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 to 31 March 2019**

Critical occupation	Number of employees at beginning of period April 2018	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative Related	52	1	2	3.8
Communication and Information Related	2	0	0	0
Finance and Economics Related	0	0	0	0
Financial Clerks and Credit Controllers	2	0	0	0
Finance and Related Professionals	12	2	1	8.3
Head of Department	1	0	0	0
Human Resources and Organisational Development	5	0	0	0
Human Resource Related	7	0	0	0
Information Technology Related	4	0	0	0
Language Practitioners, Interpreters and Other Communication Related	4	1	0	0
Library Mail and Related Clerks	8	0	1	12.5
Logistical Support Personnel	13	0	1	7.7
Messengers, Porters and Deliverers	3	1	0	0
Other Administrative and Related Clerks and Organisers	39	2	1	2.6
Other Information Technology Personnel	7	0	0	0
Other Occupations	2	0	1	50
Risk Management and Security Services	1	0	0	0
Secretaries and Other Keyboard Clerks	24	1	3	12.5
Senior Management	93	4	18	19.4
<b>Total</b>	<b>279</b>	<b>12</b>	<b>28</b>	<b>10</b>

**Table 3.5.3 Reasons why staff left the Department for the period 1 April 2018 to 31 March 2019**

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	13	46.4
Expiry of contract	7	25
Dismissal – operational changes	0	0
Dismissal – misconduct	2	7.1
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	3.6
Retirement	2	7.1
Transfer to other Public Service Departments	3	10.8
Other	0	0
<b>Total</b>	<b>28</b>	<b>100</b>
<b>Total number of employees who left as a % of total employment</b>	<b>10%</b>	

**Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 to 31 March 2019**

Occupation	Employees 1 April 2018	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	52	0	0	46	88.5
Communication and Information Related	2	0	0	2	100
Finance and Economics Related	0	0	0	0	0
Financial Clerks and Credit Controllers	2	0	0	0	0
Finance and Related Professionals	12	0	0	6	50
Head of Department	1	0	0	0	0
Human Resources and Organisational Development	5	0	0	5	100
Human Resource Related	7	0	0	3	42.9
Information Technology Related	4	0	0	3	75
Language Practitioners, Interpreters and Other Communication Related	4	0	0	1	25
Library Mail and Related Clerks	8	0	0	4	50
Logistical Support Personnel	13	0	0	8	61.5

Occupation	Employees 1 April 2018	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
Messengers, Porters and Deliverers	3	0	0	3	100
Other Administrative and Related Clerks and Organisers	39	1	2.6	30	76.9
Other Information Technology Personnel	7	0	0	0	0
Other Occupations	2	0	0	0	0
Risk Management and Security Services	1	0	0	0	0
Secretaries and Other Keyboard Clerks	24	0	0	14	58.3
Senior Management	93	0	0	67	72
<b>Total</b>	<b>279</b>	<b>1</b>	<b>0.4</b>	<b>192</b>	<b>68.8</b>

**Table 3.5.5 Promotions by salary band for the period 1 April 2018 to 31 March 2019**

Salary Band	Employees 1 April 2018	Promotions to another salary level	Salary bands pro- motions as a % of em- ployees by salary level	Progressions to another notch within a salary level	Notch pro- gression as a % of employees by salary bands
Lower skilled ( Levels 1-2)	0	0	0	0	0
Skilled (Levels3-5)	8	0	0	7	87.5
Highly skilled production (Levels 6-8)	79	0	0	51	65.6
Highly skilled supervision (Levels 9-12)	89	1	1.1	66	74.2
Senior Management Service Bands A (Level 13)	57	0	0	43	75.4
Senior Management Service Bands B (Level 14)	27	0	0	19	70.4
Senior Management Service Bands C (Level 15)	4	0	0	3	75
Senior Management Service Bands D(Level 16 including DG, Minister, Deputy Minister and Special Advisors)	2	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0
Contract (Levels 6-8)	5	0	0	1	20
Contract (Levels 9-12)	2	0	0	1	50
Contract (Band A) (Level 13)	3	0	0	0	0
Contract (Band B) (Level 14)	1	0	0	1	100

Salary Band	Employees 1 April 2018	Promotions to another salary level	Salary bands pro- motions as a % of em- ployees by salary level	Progressions to another notch within a salary level	Notch pro- gression as a % of employees by salary bands
Contract (Band D) (Level 16 including DG, Minister, Deputy Minister and Special Advisors)	2	0	0	0	0
<b>Total</b>	<b>279</b>	<b>1</b>	<b>0.4</b>	<b>192</b>	<b>68.8</b>

### 3.6 Employment Equity

**Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2019**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	41	2	3	4	27	2	2	1	82
Professionals	37	0	0	5	41	3	1	7	94
Technicians and associate professionals	17	2	1	0	48	5	1	5	79
Clerks	4	0	0	0	4	0	0	0	8
<b>Total</b>	<b>99</b>	<b>4</b>	<b>4</b>	<b>9</b>	<b>120</b>	<b>10</b>	<b>4</b>	<b>13</b>	<b>263</b>
<b>Employees with disabilities</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>5</b>

PLEASE NOTE: The total number of employees includes the employees with disabilities.

**Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2019**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	5	0	0	0	3	0	0	0	8
Senior Management	36	2	3	4	24	2	2	1	74
Professionally qualified and experienced specialists and mid-management	37	0	0	5	41	3	1	7	94

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	17	2	1	0	48	5	1	5	79
Semi-skilled and discretionary decision making	4	0	0	0	4	0	0	0	8
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>99</b>	<b>4</b>	<b>4</b>	<b>9</b>	<b>120</b>	<b>10</b>	<b>4</b>	<b>13</b>	<b>263</b>

**Table 3.6.3 Recruitment for the period 1 April 2018 to 31 March 2019**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3	0	0	0	0	0	0	0	3
Senior Management	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management	4	0	0	0	1	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	2	0	0	0	3
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3.6.4 Promotions for the period 1 April 2018 to 31 March 2019**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
<i>Top Management</i>	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3.6.5 Terminations for the period 1 April 2018 to 31 March 2019**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	1	0	0	0	0	0	0	2
Senior Management	11	0	0	0	5	0	1	0	17
Professionally qualified and experienced specialists and mid-management	0	0	0	0	2	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	0	4	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	0
<b>Total</b>	<b>15</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>28</b>
<b>Employees with Disabilities</b>	1	0	0	0	0	0	0	0	1

**Table 3.6.6 Disciplinary action for the period 1 April 2018 to 31 March 2019**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal due to gross misconduct and insubordination	0	0	0	0	0	0	1	0	1
Dismissal due to fraud	1	0	0	0	0	0	0	0	1
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>

**Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	35	2	3	4	30	1	2	2	79
Professionals	11	0	0	0	11	1	1	1	25
Technicians and associate professionals	3	0	0	0	2	2	0	0	7
Clerks	12	0	0	0	26	4	0	1	43
<b>Total</b>	<b>61</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>69</b>	<b>8</b>	<b>3</b>	<b>4</b>	<b>154</b>
Employees with disabilities	1	0	0	0	0	1	0	0	2

### 3.7 Signing of Performance Agreements by SMS Members

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

**Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2018**

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Salary Level 16 (include DG, Minister, Deputy Minister and Special Advisors)	4	1	1	100
Salary Level 15	6	6 (2 Acting)	6	100
Salary Level 14	31	23	23	100
Salary Level 13	56	47	47	100
<b>Total</b>	<b>97</b>	<b>77</b>	<b>77</b>	<b>100</b>

**Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 March 2019**

Reasons
Not applicable

**Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 March 2019**

Reasons
Not applicable

### 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 2018 to 31 March 2019**

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Male	41	99	41.4	919	22 415
Female	72	120	60	1 574	21 861
<b>Asian</b>					
Male	3	4	75	90	30 000
Female	1	4	25	39	39 000
<b>Coloured</b>					
Male	2	4	50	38	19 000
Female	8	10	80	208	26 000
<b>White</b>					
Male	5	9	55.6	160	32 000
Female	12	13	92.3	305	25 417
<b>Total</b>	<b>144</b>	<b>263</b>	<b>54.8</b>	<b>3 333</b>	<b>23 146</b>

**Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019**

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	5	8	62.5	59	11 800	2.6
Highly skilled production (level 6-8)	63	74	85.1	1 193	18 936	3.7

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	
Highly skilled supervision (level 9-12)	62	91	68.1	1 645	26 532	2.4
Highly skilled production (Levels 6-8) (Contract)	2	5	40	30	15 000	1.4
Highly skilled supervision (Levels 9-12) (Contract)	1	3	33.3	26	26 000	1.5
<b>Total</b>	<b>133</b>	<b>181</b>	<b>73.5</b>	<b>2 953</b>	<b>22 203</b>	<b>1.3</b>

**Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2018 to 31 March 2019**

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	38	54	70.4	1 050	27 632
Communication and Information Related	0	2	0	0	0
Financial Clerks and Credit Controllers	2	2	100	32	16 000
Finance and Related Professionals	11	11	100	231	21 000
Head of Department	0	1	0	0	0
Human Resources and Organisational Development	1	8	12.5	23	23 000
Human Resource Related	2	7	28.6	59	29 500
Information Technology Related	3	5	60	55	18 333
Language Practitioners, Interpreters and Other Communication Related	4	5	80	117	29 250
Library Mail and Related Clerks	6	5	120	89	14 833
Logistical Support Personnel	11	12	91.7	223	20 272
Messengers, Porters and Deliverers	0	4	0	0	0
Other Administrative and Related Clerks and Organisers	31	41	75.6	593	19 129

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Other Information Technology Personnel	6	6	100	127	21 167
Other Occupations	0	1	0	0	0
Risk Management and Security	1	0	0	22	22 000
Secretaries and Other Keyboard Clerks	17	19	89.5	332	19 529
Senior Management	11	80	14.1	381	34 636
<b>Total</b>	<b>144</b>	<b>263</b>	<b>54.8</b>	<b>3 334</b>	<b>23 153</b>

**Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019**

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	
Senior Management Service Bands A (Level 13)	6	47	12.8	182	30 333	0.3
Senior Management Service Bands B (Level 14)	5	26	19.2	198	39 600	0.6
Senior Management Service Bands C (Level 15)	0	4	0	0	0	0
Senior Management Service Bands D (Level 16 including DG, Minister, Deputy Minister and Special Advisors)	0	3	0	0	0	0
<b>Total</b>	<b>11</b>	<b>80</b>	<b>13.8</b>	<b>380</b>	<b>34 545</b>	<b>0.2</b>

### 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 2018 to 31 March 2019**

Salary band	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 3.9.2 Foreign workers by major occupation for the period 1 April 2018 to 31 March 2019**

Major occupation	01 April 2018		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% Change
Total	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 2018 to 31 December 2018**

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	32	75	6	2.7	5	30
Highly skilled production (levels 6-8)	443	67.3	65	29.7	7	670
Highly skilled supervision (levels 9-12)	476	62.8	81	37	6	1 273
Top and Senior management (levels 13-16)	323	73.7	59	26.9	5	1 354
Contract (Levels 1-2)	2	0	2	0.9	1	1.0
Contract (Levels 6-8)	16	68.8	3	1.4	5	25
Contract (Levels 9-12)	23	100	1	0.5	23	54
Contract (Levels 13-16)	20	95	2	0.9	10	84
<b>Total</b>	<b>1 335</b>	<b>68.3</b>	<b>219</b>	<b>100</b>	<b>6</b>	<b>3 490</b>

**Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018**

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	4	100	1	14.3	4	190
Highly skilled production (Levels 6-8)	62	100	3	42.8	21	974
Highly skilled supervision (Levels 9-12)	179	100	2	28.6	90	90

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)
Senior management (Levels 13-16)	277	100	1	14.3	277	61
<b>Total</b>	<b>522</b>	<b>100</b>	<b>7</b>	<b>100</b>	<b>75</b>	<b>1 315</b>

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 2018 to 31 December 2018**

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)	225	8	28
Highly skilled production (Levels 6-8)	2 195	79	28
Highly skilled supervision(Levels 9-12)	2 512	92	27
Senior management (Levels 13-16)	2 217	86	26
Contract (Levels 1-2)	148	14	11
Contract (Levels 6-8)	93	6	16
Contract (Levels 9-12)	14	2	7
Contract (Levels 13-16)	99	8	12
<b>Total</b>	<b>7 503</b>	<b>295</b>	<b>25</b>

**Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017**

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 December 2018
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	20
Highly skilled production (Levels 6-8)	1	1	1	9
Highly skilled supervision(Levels 9-12)	0	0	0	11
Senior management (Levels 13-16)	3	2	2	34
<b>Total</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>17</b>



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

**Table 3.10.5 Leave pay-outs for the period 1 April 2018 to 31 March 2019**

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2018/19 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2018/19	86	2	43
Current leave payout on termination of service for 2018/19 (Resignations)	645	26	25
Current leave payout on termination of service for 2018/19 (Death and Retirement)	304	3	101
<b>Total</b>	<b>1 035</b>	<b>31</b>	<b>33</b>

### 3.11 HIV/AIDS & Health Promotion Programmes

**Table 3.11.1 Steps taken to reduce the risk of occupational exposure**

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
No categories identified	

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

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2016? If so, provide her/his name and position.	X		Mr ES Gumbi – Director: ER, OD and EWH
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Mr ES Gumbi Mr TB Shakwane Mr E Netshiombo R150 000
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Counselling services
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2016? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		Mr S Gumbi Mr T Shakwane Mr E Netshiombo Ms S Beneke Mr B Sakasa Mr Z Mphye Ms N Matlou Mr C Padi Ms S Ntlatseng

Question	Yes	No	Details, if yes
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		<ul style="list-style-type: none"> <li>Wellness Management Policy;</li> <li>HIV and AIDS and TB Management Policy;</li> <li>Health and Productivity Management Policy;</li> <li>Sport and Recreation Policy; and</li> <li>SHERQ Management Policy</li> </ul>
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		<ul style="list-style-type: none"> <li>The HIV, AIDS and TB Management Policy provides for protection against unfair discrimination in line with ethical management practices.</li> </ul>
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		<ul style="list-style-type: none"> <li>Yes, quarterly testing. Seventy three (73) employees participated in the Health Counselling and Testing sessions.</li> </ul>
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		<ul style="list-style-type: none"> <li>Wellness Management Policy;</li> <li>HIV and AIDS and TB Management Policy;</li> <li>Health and Productivity Management Policy;</li> <li>Sport and Recreation Policy; and</li> <li>SHERQ Management Policy</li> </ul>

### 3.12 Labour Relations

**Table 3.12.1 Collective agreements for the period 1 April 2018 to 31 March 2019**

Total number of Collective agreements	None
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**Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2018 to 31 March 2019**

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	2	100
Not guilty	0	0
Case withdrawn	0	0
<b>Total</b>	<b>2</b>	<b>100</b>

Total number of disciplinary hearings finalised	2
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**Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 to 31 March 2019**

Type of misconduct	Number	% of total
Gross misconduct and insubordination	1	50
Fraud	1	50
<b>Total</b>	<b>2</b>	<b>100</b>

**Table 3.12.4 Grievances lodged for the period 1 April 2018 to 31 March 2019**

Grievances	Number	% of Total
Number of grievances resolved	5	100
Number of grievances not resolved	0	0
<b>Total number of grievances lodged</b>	<b>5</b>	<b>100</b>

**Table 3.12.5 Disputes lodged with councils for the period 1 April 2018 to 31 March 2019**

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	2	100
<b>Total number of disputes lodged</b>	<b>2</b>	<b>100</b>

**Table 3.12.6 Strike actions for the period 1 April 2018 to 31 March 2019**

Total number of person working days lost	0
Total cost 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 2018 to 31 March 2019**

Number of people suspended	None
Number of people whose suspension exceeded 30 days	None
Average number of days suspended	None
Cost of suspension (R'000)	None

### 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 2018 to 31 March 2019**

Occupational category	Gender	Number of employees as at 1 April 2018	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	36	0	42	25	67
	Male	60	0	54	30	84
Professionals	Female	54	0	18	10	28
	Male	37	0	16	13	29
Technicians and associate professionals	Female	62	0	14	3	17
	Male	22	0	3	1	4
Clerks	Female	4	0	65	17	82
	Male	4	0	16	6	22
Sub Total	Female	156	0	139	55	194
	Male	123	0	89	50	139
<b>Total</b>		<b>279</b>	<b>0</b>	<b>228</b>	<b>105</b>	<b>333</b>

**Table 3.13.2 Training provided for the period 1 April 2018 to 31 March 2019**

Occupational category	Gender	Number of employees as at 1 April 2018	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	36	0	44	12	56
	Male	60	0	47	13	60
Professionals	Female	54	0	26	7	33
	Male	37	0	36	8	44
Technicians and associate professionals	Female	62	0	11	1	12
	Male	22	0	3	0	3
Clerks	Female	4	0	44	14	58
	Male	4	0	32	2	34
Sub Total	Female	156	0	125	34	159
	Male	123	0	118	23	141
<b>Total</b>		<b>279</b>	<b>0</b>	<b>243</b>	<b>57</b>	<b>300</b>

### 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 2018 to 31 March 2019**

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
<b>Total</b>	<b>0</b>	<b>0</b>

### 3.15 Utilisation of Consultants

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

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

**Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2018 to 31 March 2019**

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
To develop a digital skills gap analysis report to inform the development of the National Digital Skills Strategy	1	90	441 600
To develop a policy brief on investment, jobs and exports in the ICT Sector	3	30	269 376
The write-up of the National Digital Skills Strategy	2	56	138 750
Variation and extension of Organisational climate and culture survey	1	60	162 600
To develop the ICT Commission Business Case and Tribunal Legislation	4	130	495 000
To draft the CIT Legislation as part of implementation of National Integrated ICT policy framework for DTPS	2	6	140 276
To develop a baseline ICT Sector wide integrated report on ICT SMME development in South Africa	8	46	497 440
To develop and implement a leadership development programme for the executive management in the DTPS	1	7	297 500
Licensing of the International Mobile telecommunications radio frequency spectrum (ICASA)	1	245	10 000 000
SA Connect (Broadband Infracore)	1	245	101 303 753
SA Connect (SITA)	1	245	24 462 117

Total number of projects	Total individual consultants	Total duration work days	Total contract value in Rand
11	25	1 160	138 208 412

**Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 to 31 March 2019**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
To develop a digital skills gap analysis report to inform the development of the National Digital Skills Strategy (Wits)	N/A	N/A	N/A
To develop a policy brief on investment, jobs and exports in the ICT Sector	20	20	3
The write-up of the National Digital Skills Strategy	0	0	0
Variation and extension of Organisational climate and culture survey	26.7	26.7	1
To develop the ICT Commission Business Case and Tribunal Legislation	0	0	0
To draft the CIT Legislation as part of implementation of National Integrated ICT policy framework for DTPS	100	100	2
To develop a baseline ICT Sector wide integrated report on ICT SMME development in South Africa	100	100	8
To develop and implement a leadership development programme for the executive management in the DTPS (Wits)	N/A	N/A	N/A
Licensing of the International Mobile telecommunications radio frequency spectrum (ICASA)	N/A	N/A	N/A
SA Connect(Broadband Infraco)	N/A	N/A	N/A
SA Connect(SITA)	N/A	N/A	N/A

**Table 3.15.3 Report on consultant appointments using donor funds for the period 1 April 2018 to 31 March 2019**

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	Total 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 Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 to 31 March 2019**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
N/A	N/A	N/A	N/A

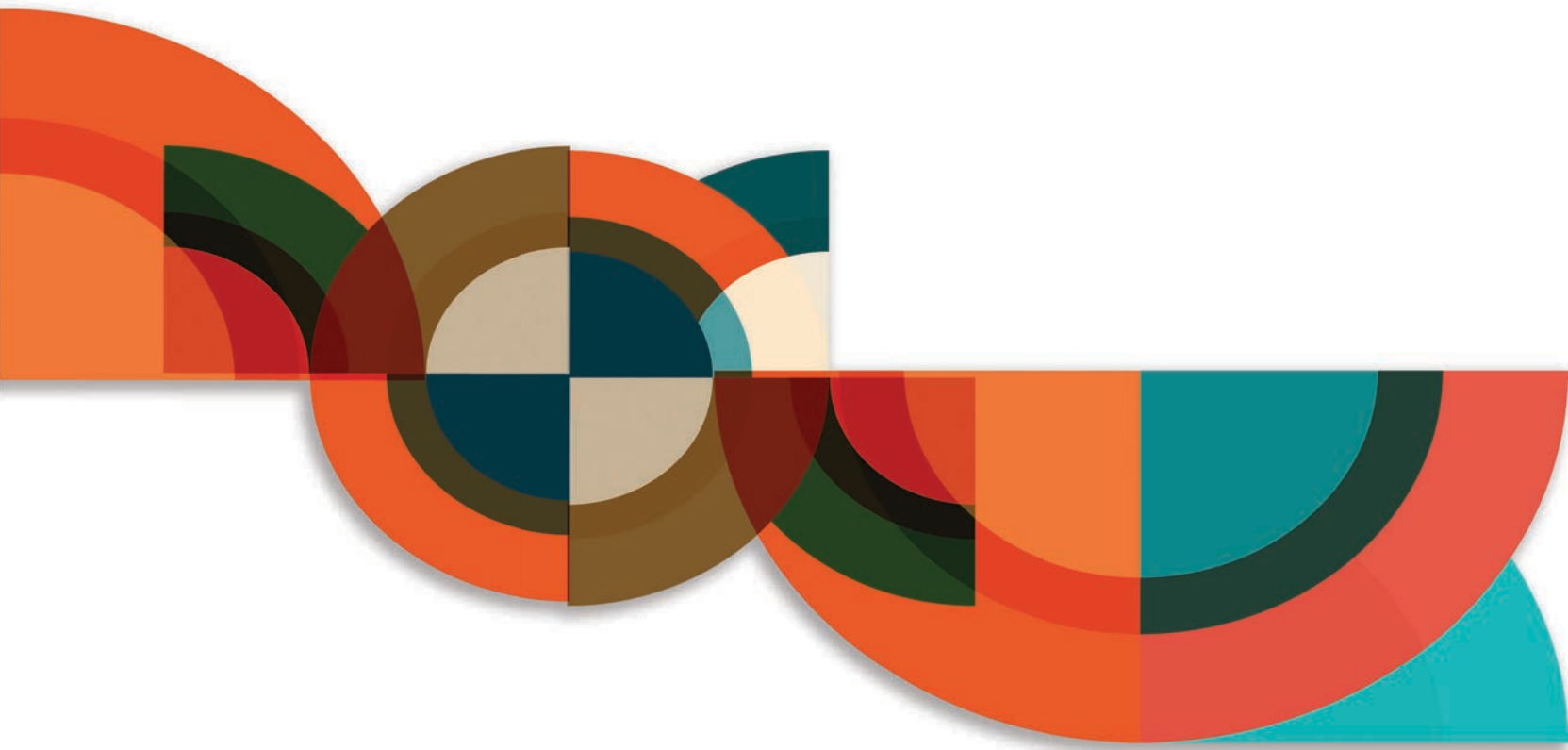
### 3.16 Severance Packages

**Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2018 to 31 March 2019**

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

# PART E

## FINANCIAL INFORMATION





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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

1. I have audited the financial statements of the Department of Telecommunications and Postal Services set out on pages 131 to 240, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, and cash flow statement, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Telecommunications and Postal Services as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard 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 this auditor's report.
4. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* and 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

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

### Restatement of corresponding figures

7. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of an error in the financial statements of the Department at, and for the year ended, 31 March 2019.

### Significant subsequent events

8. As disclosed in note 29 to the financial statements, the President announced the appointment of a reconfigured national executive following the May 2019 general elections. The Department of Communications and the Department of Telecommunications and Postal Services will merge and be called the Department of Communications and Digital Technologies. The ultimate timing of the merger could not be determined.

## **Other matter**

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

## **Unaudited supplementary schedules**

10. The supplementary information set out on pages 241 to 256 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 on them.

## **Responsibilities of the accounting officer for the financial statements**

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

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

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

## **REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT**

### **Introduction and scope**

15. 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.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Department. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the Department for the year ended 31 March 2019:

Programme	Pages in the annual performance report
Programme 3 – ICT policy, research and capacity development	48 - 55
Programme 4 – ICT enterprise development and SOC oversight	56 - 60
Programme 5 – ICT infrastructure support	61 - 66

18. 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.
19. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes:
- Programme 3 – ICT policy, research and capacity development
  - Programme 4 – ICT enterprise development and SOC oversight
  - Programme 5 – ICT infrastructure support

#### Other matter

20. I draw attention to the matter below.

#### Achievement of planned targets

21. Refer to the annual performance report on pages 30 to 66 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a significant number of targets.

### REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

#### Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the Department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. The material findings on compliance with specific matters in key legislations are as follows:

## **Annual financial statement and annual report**

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1) (a) and (b) of the PFMA. Material misstatements of investments, commitments, and related parties identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

## **Consequence management**

25. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

## **OTHER INFORMATION**

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
27. 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.
28. 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.
29. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## **INTERNAL CONTROL DEFICIENCIES**

30. 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 on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
31. The leadership did not exercise oversight responsibility to ensure that consequence management was fully implemented in the Department as some of the irregular expenditure investigations has not been initiated or finalised, this was as a result of a backlog of investigations emanating from 2003 to 2012.
32. The financial statements contained material misstatements due to incorrect interpretation of accounting standards and lack of proper review of financial statements submitted for audit against the supporting schedules submitted to the finance section for the preparation of the financial statements. As a result, material adjustments were made to the financial statements submitted for auditing.

## OTHER REPORTS

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



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

Pretoria  
31 July 2019

## 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 financial statements, and the procedures performed on reported performance information for selected programmes and on the Department's compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a Department to cease continuing 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

### Communication with those charged with governance

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

**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

Appropriation per programme	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Voted funds and direct charges</b>									
<b>Programme</b>									
1. Administration	235 207	-	3 950	239 157	235 003	4 154	98.3	209 578	209 452
2. International Affairs and Trade	79 985	-	5 349	85 334	85 084	250	99.7	51 748	50 612
3. Policy, Research and Capacity Development	84 980	-	648	85 628	85 426	202	99.8	84 518	78 524
4. ICT Enterprise Development and Public Entities Oversight	3 205 149	-	(4 647)	3 200 502	3 200 454	48	100	3 942 247	3 941 543
5.. ICT Infrastructure Support	401 615	-	(5 300)	396 315	388 447	7 868	98	886 286	611 924
<b>TOTAL</b>	<b>4 006 936</b>	<b>-</b>	<b>-</b>	<b>4 006 936</b>	<b>3 994 414</b>	<b>12 522</b>	<b>99.7</b>	<b>5 174 377</b>	<b>4 892 055</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>ADD:</b>									
Departmental receipts				749 642	-			1 141 106	-
NRF Receipts				-	-			-	-
Aid assistance				-	-			-	-
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>4 756 578</b>				<b>6 315 483</b>	
<b>ADD:</b>									
Aid assistance									
Prior year unauthorised expenditure approved without funding									
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>3 994 414</b>				<b>4 892 055</b>

**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**APPROPRIATION STATEMENT**

for the year ended 31 March 2019

Appropriation per economic classification	2018/19						2017/18		
	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
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	541 183	5 565	-	546 748	539 195	7 553	98.6	653 057	372 134
Salaries and wages	224 300	-	-	224 300	219 343	4 957	97.8	221 206	219 843
Social contributions	197 659	1 822	833	200 314	195 568	4 746	97.6	197 034	195 991
Goods and services	26 641	(1 822)	(833)	23 986	23 775	211	99.1	24 172	23 852
Administrative fees	316 883	5 565	-	322 448	319 852	2 596	99.2	431 851	152 291
Advertising	1 629	(131)	-	1 498	1 498	-	100	1 502	1 355
Minor assets	5 473	(1 081)	(95)	4 297	2 088	2 209	48.6	2 494	2 120
Audit costs: External	1 448	(1 135)	(166)	147	145	2	98.6	731	336
Bursaries: Employees	5 379	882	-	6 261	6 261	-	100	6 963	6 962
Catering: Departmental activities	2 132	(573)	(218)	1 341	1 341	-	100	1 647	1 291
Communication	2 549	(278)	-	2 271	2 271	-	100	2 055	1 771
Computer services	7 082	(1 797)	(1)	5 284	5 284	-	100	5 443	5 245
Consultants: Business and advisory services	7 176	(789)	-	6 387	6 387	-	100	6 972	6 971
Legal services	128 005	19 600	-	147 605	147 605	-	100	299 042	25 445
	5000	1 068	-	6 068	6 068	-	100	5 074	5 074



**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**APPROPRIATION STATEMENT**

for the year ended 31 March 2019

Appropriation per economic classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Contractors	6 078	122	-	6 200	6 200	-	100	4 658	4 101
Agency and support / outsourced services	6 802	(4 907)	(1 839)	56	-	56	-	279	3
Entertainment	269	(210)	-	59	59	-	100	129	50
Fleet services	1 571	(719)	-	852	852	-	100	1 172	1 159
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	24	23
Inventory Materials and Supplies	30	(30)	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	7	-
Consumable supplies	444	(231)	-	213	213	-	100	219	178
Consumable: Stationery, printing and office supplies	5 680	(3 018)	(184)	2 478	2 478	(184)	100	5 414	4 826
Operating leases	39 870	(2 580)	-	37 290	37 290	-	100	34 908	34 434
Property payments	10 320	1 605	-	11 925	11 925	-	100	12 366	12 350
Transport provided: Departmental activity	100	(100)	-	-	-	-	-	-	-
Travel and subsistence	36 241	11 097	2 755	50 093	50 093	2 755	100	31 791	30 862
Training and development	9 133	(5 918)	(209)	3 006	3 006	(209)	100	3 114	2 610

**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**APPROPRIATION STATEMENT**

for the year ended 31 March 2019

Appropriation per economic classification	2018/19						2017/18		
	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
Operating payments	3 243	(636)	-	2 607	2 355	252	90.3	1 148	1 002
Venues and facilities	29 749	(4 978)	(43)	24 728	24 651	77	99.7	3 584	3 109
Rental and hiring	1 480	302	-	1 782	1 782	-	100	1 115	1 014
<b>Transfers and subsidies</b>	<b>497 495</b>	<b>1 159</b>	<b>1 500</b>	<b>500 154</b>	<b>500 154</b>	<b>-</b>	<b>100</b>	<b>808 933</b>	<b>808 931</b>
Provinces and municipalities	15	(2)	-	13	13	-	100	14	14
Municipalities	15	(2)	-	13	13	-	100	14	14
Municipal bank accounts	15	(2)	-	13	13	-	100	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	14	14
Departmental agencies(Non Business Entities) and accounts	247 556	-	-	247 556	247 556	-	100	295 181	295 181
Departmental agencies(Non Business Entities) and accounts	247 556	-	-	247 556	247 556	-	100	295 181	295 181
Foreign governments and international organisations	27 084	(46)	1 500	28 538	28 538	-	100	25 966	25 964
Public corporations and private enterprises	203 900	-	-	203 900	203 900	-	100	486 000	486 000
Public corporations	203 900	-	-	203 900	203 900	-	100	486 000	486 000

**TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**APPROPRIATION STATEMENT**

for the year ended 31 March 2019

Appropriation per economic classification	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to public corporations	203 900	-	-	203 900	203 900	-	100	486 000	486 000
Households	18 940	1 207	-	20 147	20 147	-	100	1 772	1 772
Social benefits	-	1 036	-	1 036	1 036	-	100	1 240	1 240
Other transfers to households	18 940	171	-	19 111	19 111	-	100	532	532
<b>Payments for capital assets</b>	21 258	(6 724)	(3 160)	11 374	6 406	4 968	56.3	12 137	10 740
Machinery and equipment	10 145	(3 805)	-	6 340	4 772	1 568	75.3	6 038	4 728
Transport equipment	3 505	(1 181)	-	2 324	2 324	-	100	1 926	1 926
Other machinery and equipment	6 640	(2 624)	-	4 016	2 448	1 568	61	4 112	2 802
Software and other intangible assets	11 113	(2 919)	(3 160)	5 034	1 634	3 400	32.5	6 099	6 012
<b>Payments for financial assets</b>	<b>2 947 000</b>	-	<b>1 660</b>	<b>2 948 660</b>	<b>2 948 659</b>	<b>1</b>	<b>100</b>	<b>3 700 250</b>	<b>3 700 250</b>
	<b>4 006 936</b>	-	-	<b>4 006 936</b>	<b>3 994 414</b>	<b>12 522</b>	<b>99.7</b>	<b>5 174 377</b>	<b>4 892 055</b>

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 1: Administration	2018/19						2017/18		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Sub programme</b>									
1. Ministry	4 211	-	-	4 211	3 723	488	88.4	4 228	4 228
2. Departmental Management	43 286	3 390	2 290	48 966	48 712	254	99.5	48 058	47 986
3. Internal Audit	7 589	(444)	-	7 145	6 373	772	89.2	5 402	5 402
4. Corporate Services	93 480	(2 267)	-	91 213	-	-	99.1	74 279	74 242
5. Financial Management	77 457	(30 151)	-	48 966	90 420	793	96.2	74 775	74 758
6. Office Accommodation	9 184	29 472	1 660	38 656	47 119	1 847	100	2 836	2 836
<b>Total for sub programmes</b>	<b>235 207</b>	<b>-</b>	<b>3 950</b>	<b>239 157</b>	<b>235 003</b>	<b>4 154</b>	<b>98.3</b>	<b>209 578</b>	<b>209 452</b>
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	204 469	6 259	2 290	213 018	208 875	4 143	98.1	198 918	198 792
Salaries and wages	108 762	-	(865)	107 897	103 754	4 143	96.2	102 976	102 890
Social contributions	96 880	(1 030)	-	95 850	91 918	3 932	95.9	91 340	91 254
Goods and services	11 882	1 030	(865)	12 047	11 836	211	98.2	11 636	11 636
Administrative fees	95 707	6 259	3 155	105 121	105 121	-	100	95 942	95 902
	700	(83)	-	617	617	-	100	772	772

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 1: Administration	2018/19						2017/18		
	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
Advertising	2 007	(1 056)	-	951	951	-	100	1 636	1 629
Minor assets	359	(289)	-	70	70	-	100	246	245
Audit costs: External	5 089	886	-	5 975	5 975	-	100	6 963	6 962
Bursaries: Employees	627	209	-	836	836	-	100	624	624
Catering: Departmental activities	1 000	(49)	-	951	951	-	100	624	619
Communication	2 641	(136)	-	2 505	2 505	-	100	2 659	2 659
Computer services	5 341	117	-	5 458	5 458	-	100	5 323	5 323
Consultants: Business and advisory services	1 686	62	-	1 748	1 748	-	100	793	793
Legal services	5 000	1 068	-	6 068	6 068	-	100	5 074	5 074
Contractors	2 838	2 483	-	5 321	5 321	-	100	2 697	2 697
Agency and support / outsourced services	600	(600)	-	-	-	-	-	5	3
Entertainment	79	(54)	-	25	25	-	100	36	28
Fleet services	1 500	(771)	-	729	729	-	100	935	935
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	24	23

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 1: Administration	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	20	(20)	-	-	-	-	-	-	-
Consumable supplies	214	(43)	-	171	171	-	100	132	132
Consumable: Stationery, printing and office supplies	3 149	(1 324)	-	1 825	1 825	-	100	2 588	2 588
Operating leases	37 657	(1 111)	-	36 546	36 546	-	100	33 716	33 709
Property payments	10 294	1 446	-	11 740	11 740	-	100	11 909	11 909
Travel and subsistence	10 740	6 499	3 155	20 394	20 394	-	100	15 713	15 713
Training and development	1 345	403	-	1 748	1 748	-	100	1 330	1 330
Operating payments	1 050	(408)	-	642	642	-	100	663	662
Venues and facilities	961	(651)	-	310	310	-	100	547	547
Rental and hiring	710	(219)	-	491	491	-	100	926	926
<b>Transfers and subsidies</b>	18 955	465	-	19 420	19 420	-	100	1 142	1 142
Provinces and municipalities	15	(2)	-	13	13	-	100	14	14
Municipalities	15	(2)	-	13	13	-	100	14	14

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 1: Administration	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Municipal bank accounts	15	(2)	-	13	13	-	100	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	14	14
Non-profit institutions									
Households	18 940	467	-	19 407	19 407	-	100	1 128	1 128
Social benefits		414	-	414	414	-	100	638	638
Other transfers to households	18 940	53	-	18 993	18 993	-	100	490	490
<b>Payments for capital assets</b>	11 783	(6 724)	-	5 059	5 049	10	99.8	9 268	9 268
Machinery and equipment	7 280	(3 855)	-	3 425	3 415	10	99.7	3 269	3 269
Transport equipment	3 505	(1 181)	-	2 324	2 324	-	100	1 926	1 926
Other machinery and equipment	3 775	(2 674)	-	1 101	1 091	10	99.1	1 343	1 343
Software and other intangible assets	4 503	(2 869)	-	1 634	1 634	-	100	5 999	5 999
<b>Payments for financial assets</b>	-	-	1 660	1 660	1 659	1	99.9	250	250
<b>Total</b>	<b>235 207</b>	<b>-</b>	<b>3 950</b>	<b>239 157</b>	<b>235 003</b>	<b>4 154</b>	<b>98.3</b>	<b>209 578</b>	<b>209 452</b>

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.1 Sub programme: Ministry												
2018/19											2017/18	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure			
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	
<b>Current payments</b>	4 211	-	-	4 211	3 723	488	88,4%	4 228	4 228	488	88,4%	4 228
Compensation of employees	4 211	-	-	4 211	3 723	488	88,4%	4 228	4 228	488	88,4%	4 228
Salaries and wages	3 542	-	-	3 542	3 197	345	90,3%	3 638	3 638	345	90,3%	3 638
Social contributions	669	-	-	669	526	143	78,6%	590	590	143	78,6%	590
<b>Total</b>	<b>4 211</b>	<b>-</b>	<b>-</b>	<b>4 211</b>	<b>3 723</b>	<b>488</b>	<b>88,4%</b>	<b>4 228</b>	<b>4 228</b>	<b>488</b>	<b>88,4%</b>	<b>4 228</b>



DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.2 Sub programme Departmental Management										
Economic classification	2018/19					2017/18				
	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	43 096	3 251	2 290	48 637	48 383	254	99,5%	47 466	47 394	
Compensation of employees	26 807	-	(865)	25 942	25 688	254	99,0%	25 307	25 261	
Salaries and wages	23 624	-	-	23 624	23 438	186	99,2%	23 097	23 051	
Social contributions	3 183	-	(865)	2 318	2 250	68	97,1%	2 210	2 210	
Goods and services	16 289	3 251	3 155	22 695	22 695	-	100,0%	22 159	22 133	
Administrative fees	429	(62)	-	367	367	-	100,0%	531	531	
Advertising	50	(28)	-	22	22	-	100,0%	98	97	
Minor assets	58	(46)	-	12	12	-	100,0%	50	49	
Audit costs: External	500	569	-	1 069	1 069	-	100,0%	1 834	1 834	
Bursaries: Employees	181	(165)	-	16	16	-	100,0%	285	285	
Catering: Departmental activities	549	(101)	-	448	448	-	100,0%	446	441	
Communication (G&S)	1 143	147	-	1 290	1 290	-	100,0%	1 355	1 355	
Consultants: Business and advisory services	400	136	-	536	536	-	100,0%	439	439	
Legal Services	700	342	-	358	358	-	100,0%	1 355	1 355	
Contractors	8	1	-	9	9	-	100,0%	84	84	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.2 Sub programme Departmental Management										
Economic classification	2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Entertainment	41	(31)	-	10	10	-	100,0%	22	18	
Fleet services (including government motor transport)	26	(21)	-	5	5	-	100,0%	82	82	
Legal services	700	(342)	-	358	358	-	100,0%	1 355	1 355	
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	7	-	
Inventory: Materials and supplies	12	(12)	-	-	-	-	-	-	-	
Property payments	101	(100)	-	1	1	-	100,0%	-	-	
Consumable supplies	77	(36)	-	41	41	-	100,0%	39	39	
Consumable: Stationery, printing and office supplies	845	(604)	-	241	241	-	100,0%	572	572	
Operating leases	1 527	(1 063)	-	464	464	-	100,0%	600	593	
Training and development	325	(67)	-	258	258	-	100,0%	357	357	
Operating payments	106	78	-	184	184	-	100,0%	144	143	
Venues and facilities	451	(395)	-	56	56	-	100,0%	18	18	
Rental and hiring	450	(450)	-	-	-	-	-	162	162	
Travel and subsistence	8 310	5 843	3 155	17 308	17 308	-	100,0%	13 679	13 679	
Transfers and subsidies	-	15	-	15	15	-	100,0%	291	291	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.2 Sub programme Departmental Management										
Economic classification	2018/19						2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Provinces and municipalities	-	-	-	-	-	-	-	1	1	
Municipalities	-	-	-	-	-	-	-	1	1	
Households	-	15	-	15	15	-	100,0%	290	290	
Social benefits	-	-	-	-	-	-	-	275	275	
Other transfers to households	-	15	-	15	15	-	100,0%	15	15	
Payments for capital assets	190	124	-	314	314	-	100,0%	301	301	
Households	-	15	-	15	15	-	100,0%	290	290	
Machinery and equipment	190	124	-	314	314	-	100,0%	290	290	
Other machinery and equipment	190	124	-	314	314	-	100,0%	290	290	
Software and other intangible assets	-	-	-	-	-	-	-	11	11	
<b>Total</b>	<b>43 286</b>	<b>3 390</b>	<b>2 290</b>	<b>48 966</b>	<b>48 712</b>	<b>254</b>	<b>99,5%</b>	<b>48 058</b>	<b>47 986</b>	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.3 Sub programme: Internal Audit												
Economic classification	2018/19						2017/18					
	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	7 322	(466)	-	6 856	6 094	762	88,9%	5 313	5 313			
Compensation of employees	5 955	-	-	5 955	5 193	762	87,2%	4 706	4 706			
Salaries and wages	5 481	(146)	-	5 335	4 573	762	85,7%	4 160	4 160			
Social contributions	474	146	-	620	620	-	100,0%	546	546			
Goods and services	1 367	(466)	-	901	901	-	100,0%	607	607			
Administrative fees	6	2	-	8	8	-	100,0%	5	5			
Advertising	5	(4)	-	1	1	-	100,0%	-	-			
Minor assets	57	(57)	-	-	-	-	-	4	4			
Bursaries: Employees	80	40	-	120	120	-	100,0%	37	37			
Catering: Departmental activities	10	(5)	-	5	5	-	100,0%	-	-			
Communication (G&S)	119	(57)	-	62	62	-	100,0%	65	65			
Computer services	44	(44)	-	-	-	-	-	-	-			
Contractors	-	16	-	16	16	-	100,0%	-	-			
Entertainment	4	(3)	-	1	1	-	100,0%	2	2			
Fleet services (including government motor transport)	-	37	-	37	37	-	100,0%	19	19			

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.3 Sub programme: Internal Audit											
Economic classification	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Inventory: Materials and supplies	2	(2)	-	-	-	-	-	-	-	-	-
Consumable supplies	-	3	-	3	3	-	100,0%	-	-	-	-
Consumable: Stationery, printing and office supplies	35	(26)	-	9	9	-	100,0%	39	39	39	39
Operating leases	78	(43)	-	35	35	-	100,0%	64	64	64	64
Travel and subsistence	117	118	-	235	235	-	100,0%	108	108	108	108
Training and development	290	(11)	-	279	279	-	100,0%	155	155	155	155
Operating payments	20	49	-	69	69	-	100,0%	109	109	109	109
Venues and facilities	-	21	-	21	21	-	100,0%	-	-	-	-
Transfers and subsidies	-	181	-	181	181	-	100,0%	4	4	4	4
Households	-	181	-	181	181	-	100,0%	4	4	4	4
Social benefits	-	181	-	181	181	-	100,0%	-	-	-	-
Other transfers to households	-	-	-	-	-	-	-	4	4	4	4
Payments for capital assets	267	(159)	-	108	98	10	90,7%	85	85	85	85
Machinery and equipment	138	(30)	-	108	98	10	90,7%	85	85	85	85

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.3 Sub programme: Internal Audit										
Economic classification	2018/19						2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Other machinery and equipment	138	(30)	-	108	98	10	90,7%	85	85	
Software and other intangible assets	129	(129)	-	-	-	-	-	-	-	
<b>Total</b>	<b>7 589</b>	<b>(444)</b>	<b>-</b>	<b>7 145</b>	<b>6 373</b>	<b>772</b>	<b>89,2%</b>	<b>5 402</b>	<b>5 402</b>	<b>5 402</b>

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Economic classification	2018/19							2017/18	
	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
<b>Current payments</b>	<b>69 673</b>	<b>376</b>	-	<b>70 049</b>	<b>69 256</b>	<b>793</b>	<b>98,9%</b>	<b>66 903</b>	<b>66 866</b>
Compensation of employees	48 679	-	-	48 679	47 886	793	98,4%	48 135	48 098
Salaries and wages	43 624	(771)	-	42 853	42 060	793	98,1%	42 420	42 383
Social contributions	5 055	771	-	5 826	5 826	-	100,0%	5 715	5 715
Goods and services	20 994	376	-	21 370	21 370	-	100,0%	18 768	18 768
Administrative fees	75	20	-	95	95	-	100,0%	85	85
Advertising	1 950	(1 023)	-	927	927	-	100,0%	1 532	1 532
Minor assets	180	(171)	-	9	9	-	100,0%	187	187
Bursaries: Employees	366	228	-	594	594	-	100,0%	207	207
Catering: Departmental activities	425	24	-	449	449	-	100,0%	155	155
Communication (G&S)	914	(75)	-	839	839	-	100,0%	877	877
Computer services	5 248	210	-	5 458	5 458	-	100,0%	5 318	5 318
Consultants: Business and advisory services	1 286	(74)	-	1 212	1 212	-	100,0%	354	354
Legal services	4 300	1 410	-	5 710	5 710	-	100,0%	3 719	3 719
Contractors	730	(224)	-	506	506	-	100,0%	565	565

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.4 Sub programme: Corporate Services												
Economic classification	2018/19						2017/18					
	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			
Entertainment	28	(22)	-	6	6	-	100,0%	7	7			
Fleet services (including government motor transport)	61	(23)	-	38	38	-	100,0%	75	75			
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	2	2			
Consumable supplies	56	10	-	66	66	-	100,0%	58	58			
Consumable: Stationery, printing and office supplies	1 005	9	-	1 014	1 014	-	100,0%	1 255	1 255			
Operating leases	599	(111)	-	488	488	-	100,0%	507	507			
Property payments	30	(30)	-	-	-	-	-	241	241			
Travel and subsistence	1 445	728	-	2 173	2 173	-	100,0%	1 404	1 404			
Training and development	730	193	-	923	923	-	100,0%	704	704			
Operating payments	696	(557)	-	139	139	-	100,0%	223	223			
Venues and facilities	510	(277)	-	233	233	-	100,0%	529	529			
Rental and hiring	260	231	-	491	491	-	100,0%	764	764			
<b>Transfers and subsidies</b>	<b>18 940</b>	<b>208</b>	-	<b>19 148</b>	<b>19 148</b>	-	<b>100,0%</b>	<b>625</b>	<b>625</b>			
Households	18 940	208	-	19 148	19 148	-	100,0%	625	625			



DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.4 Sub programme: Corporate Services												
Economic classification	2018/19						2017/18					
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure			
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	
Social benefits	-	182	-	182	182	-	100,0%	182	182	-	100,0%	168
Other transfers to households	18 940	26	-	18 966	18 966	-	100,0%	18 966	18 966	-	100,0%	457
<b>Payments for capital assets</b>	<b>4 867</b>	<b>(2 851)</b>	-	<b>2 016</b>	<b>2 016</b>	-	<b>100,0%</b>	<b>2 016</b>	<b>2 016</b>	-	<b>100,0%</b>	<b>6 751</b>
Machinery and equipment	508	(126)	-	382	382	-	100,0%	382	382	-	100,0%	763
Other machinery and equipment	508	(126)	-	382	382	-	100,0%	382	382	-	100,0%	763
Software and other intangible assets	4 359	(2 725)	-	1 634	1 634	-	100,0%	1 634	1 634	-	100,0%	5 988
<b>Total</b>	<b>93 480</b>	<b>(2 267)</b>	-	<b>91 213</b>	<b>90 420</b>	<b>793</b>	<b>99,1%</b>	<b>91 213</b>	<b>90 420</b>	<b>793</b>	<b>99,1%</b>	<b>74 242</b>

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.5 Sub programme: Financial Management										
Economic classification	2018/19						2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	70 983	(26 374)	-	44 609	42 763	1 846	95,9%	72 172	72 155	
Compensation of employees	23 110	-	-	23 110	21 264	1 846	92,0%	20 600	20 597	
Salaries and wages	20 609	(113)	-	20 496	18 650	1 846	91,0%	18 025	18 022	
Social contributions	2 501	113	-	2 614	2 614	-	100,0%	2 575	2 575	
Goods and services	47 873	(26 374)	-	21 499	21 499	-	100,0%	51 572	51 558	
Administrative fees	190	(43)	-	147	147	-	100,0%	151	151	
Advertising	2	(1)	-	1	1	-	100,0%	6	-	
Minor assets	64	(15)	-	49	49	-	100,0%	5	5	
Audit costs: External	4 589	317	-	4 906	4 906	-	100,0%	5 129	5 128	
Bursaries: Employees	-	106	-	106	106	-	100,0%	95	95	
Catering: Departmental activities	16	33	-	49	49	-	100,0%	23	23	
Communication (G&S)	465	(151)	-	314	314	-	100,0%	362	362	
Computer services	49	(49)	-	-	-	-	-	5	5	
Contractors	2 100	2 690	-	4 790	4 790	-	100,0%	2 048	2 048	
Agency and support / outsourced services	100	(100)	-	-	-	-	-	5	3	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.5 Sub programme: Financial Management										
Economic classification	2018/19					2017/18				
	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	
Entertainment	6	2	-	8	8	-	100,0%	5	1	
Fleet services (including government motor transport)	1 413	(764)	-	649	649	-	100,0%	759	759	
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	22	21	
Inventory: Materials and supplies	6	(6)	-	-	-	-	-	-	-	
Consumable supplies	81	(20)	-	61	61	-	100,0%	35	35	
Consumable: Stationery, printing and office supplies	1 264	(703)	-	561	561	-	100,0%	722	722	
Operating leases	28 269	(28 084)	-	185	185	-	100,0%	29 948	29 948	
Property payments	8 163	294	-	8 457	8 457	-	100,0%	11 429	11 429	
Travel and subsistence	868	(190)	-	678	678	-	100,0%	522	522	
Training and development	-	288	-	288	288	-	100,0%	114	114	
Operating payments	228	22	-	250	250	-	100,0%	187	187	
Transfers and subsidies	15	61	-	76	76	-	100,0%	222	222	
Provinces and municipalities	15	(2)	-	13	13	-	100,0%	13	13	
Municipalities	15	(2)	-	13	13	-	100,0%	13	13	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.5 Sub programme: Financial Management											
Economic classification	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Municipal bank accounts	15	(2)	-	13	13	-	100,0%	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	13	13	-	13
Households	-	63	-	63	63	-	100,0%	209	209	-	209
Social benefits	-	51	-	51	51	-	100,0%	195	195	-	195
Other transfers to households	-	12	-	12	12	-	100,0%	14	14	-	14
Payments for capital assets	6 459	(3 838)	-	2 621	2 621	-	100,0%	2 131	2 131	-	2 131
Machinery and equipment	6 444	(3 823)	-	2 621	2 621	-	100,0%	2 131	2 131	-	2 131
Transport equipment	3 505	(1 181)	-	2 324	2 324	-	100,0%	1 926	1 926	-	1 926
Other machinery and equipment	2 939	(2 642)	-	297	297	-	100,0%	205	205	-	205
Payment for financial assets	-	-	1 660	1 660	1 659	1	99,9%	250	250	-	250
<b>Total</b>	<b>77 457</b>	<b>(30 151)</b>	<b>1 660</b>	<b>48 966</b>	<b>47 119</b>	<b>1 847</b>	<b>96,2%</b>	<b>74 775</b>	<b>74 775</b>	<b>1 847</b>	<b>74 758</b>

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

1.6 Sub programme: Office Accommodation												
Economic classification	2018/19						2017/18					
	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	9 184	29 472	-	38 656	38 656	-	100,0%	2 836	2 836	2 836		
Goods and services	9 184	29 472	-	38 656	38 656	-	100,0%	2 836	2 836	2 836		
Operating leases	7 184	28 190	-	35 374	35 374	-	100,0%	2 597	2 597	2 597		
Property payments	2 000	1 282	-	3 282	3 282	-	100,0%	239	239	239		
<b>Total</b>	<b>9 184</b>	<b>29 472</b>	<b>-</b>	<b>38 656</b>	<b>38 656</b>	<b>-</b>	<b>100,0%</b>	<b>2 836</b>	<b>2 836</b>	<b>2 836</b>		

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

	2018/19							2017/18	
	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
<b>Sub programme</b>									
1. International Affairs	14 838	(1 304)	-	13 534	13 534	-	100	12 730	12 502
2. ICT Trade/Partnership	65 147	1 304	5 349	71 800	71 550	250	99.7	39 018	38 110
<b>Total for sub programmes</b>	<b>79 985</b>	<b>-</b>	<b>5 349</b>	<b>85 334</b>	<b>85 084</b>	<b>250</b>	<b>99.7</b>	<b>51 748</b>	<b>50 612</b>
<b>Economic classification</b>									
<b>Current payments</b>	52 511	(1)	3 811	56 321	56 071	250	99.6	25 408	24 615
Compensation of employees	13 725	-	3 418	17 143	17 143	-	100	16 978	16 978
Salaries and wages	10 405	1 707	3 418	15 530	15 530	-	100	15 345	15 345
Social contributions	3 320	(1 707)	-	1 613	1 613	-	100	1 633	1 633
Goods and services	38 786	(1)	393	39 178	38 928	250	99.4	8 430	7 637
Administrative fees	214	102	-	316	316	-	100	221	129
Advertising	2 003	(1 509)	-	413	413	-	100	20	20
Minor assets	171	(120)	-	51	51	-	100	30	1
Bursaries: Employees	100	(100)	-	-	-	-	-	-	-
Catering: Departmental activities	187	(83)	-	104	104	-	100	117	106

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 2: International Affairs and Trade											
	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Communication	725	(378)	-	347	347	-	100	346	299		
Consultants: Business and advisory services	-	228	-	228	228	-	100	-	-		
Contractors	178	(84)	-	94	94	-	100	1 279	763		
Entertainment	12	(9)	-	3	3	-	100	15	4		
Fleet services	-	8	-	8	8	-	100	5	-		
Inventory: Materials and supplies	1	(1)	-	-	-	-	-	-	-		
Consumable supplies	-	3	-	3	3	-	100	2	1		
Consumable: Stationery, printing and office supplies	109	(65)	-	44	44	-	100	68	61		
Operating leases	120	(8)	-	112	112	-	100	80	75		
Property payments	-	32	-	32	32	-	100	47	47		
Travel and subsistence	7 701	5 511	393	13 605	13 605	-	100	4 771	4 771		
Training and development	100	(54)	-	46	46	-	100	86	34		
Operating payments	1 801	(634)	-	1 167	917	250	78.6	74	68		
Venues and facilities	25 364	(2 759)	-	22 605	22 605	-	100	1 199	1 189		

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 2: International Affairs and Trade										
	2018/19						2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Rental and hiring	-	-	-	-	-	-	-	70	69	
<b>Transfers and subsidies</b>	27 084	1	1 500	28 585	28 585	-	100	25 970	25 968	
Foreign governments and international organisations	27 084	(46)	1 500	28 538	28 538	-	100	25 966	25 964	
Households	-	47	-	47	47	-	100	4	4	
Social benefits	-	21	-	21	21	-	100	-	-	
Other transfers to households	-	26	-	26	26	-	100	4	4	
<b>Payments for capital assets</b>	390	-	38	428	428	-	100	370	29	
Machinery and equipment	390	-	38	428	428	-	100	370	29	
Other machinery and equipment	390	-	38	428	428	-	100	370	29	
<b>Total</b>	<b>79 985</b>	<b>-</b>	<b>5 349</b>	<b>85 334</b>	<b>85 084</b>	<b>250</b>	<b>99.7</b>	<b>51 748</b>	<b>50 612</b>	



DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

2.1 Sub programme: International Affairs											
Economic classification	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
<b>Current payments</b>	<b>14 660</b>	<b>(1 173)</b>	-	<b>13 487</b>	<b>13 487</b>	-	<b>100,0%</b>	<b>12 556</b>	<b>12 469</b>		
Compensation of employees	10 479	(882)	-	9 597	9 597	-	100,0%	9 185	9 185		
Salaries and wages	8 035	422	-	8 457	8 457	-	100,0%	8 047	8 047		
Social contributions	2 444	(1 304)	-	1 140	1 140	-	100,0%	1 138	1 138		
Goods and services	4 181	(291)	-	3 890	3 890	-	100,0%	3 371	3 284		
Administrative fees	175	(118)	-	57	57	-	100,0%	71	71		
Advertising	460	(47)	-	413	413	-	100,0%	20	20		
Minor assets	130	(130)	-	-	-	-	-	30	1		
Bursaries: Employees	100	(100)	-	-	-	-	-	-	-		
Catering: Departmental activities	130	(65)	-	65	65	-	100,0%	81	81		
Communication (G&S)	195	42	-	237	237	-	100,0%	232	211		
Consultants: Business and advisory services	-	228	-	228	228	-	100,0%	-	-		
Contractors	-	14	-	14	14	-	100,0%	-	-		

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

2.1 Sub programme: International Affairs		2018/19						2017/18	
		Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000
Entertainment	10	(8)	-	2	2	-	100,0%	15	4
Fleet services (including government motor transport)	-	5	-	5	5	-	100,0%	5	-
Consumable supplies	-	1	-	1	1	-	100,0%	1	1
Consumable: Stationery, printing and office supplies	30	7	-	37	37	-	100,0%	40	37
Operating leases	60	28	-	88	88	-	100,0%	80	75
Travel and subsistence	2 520	30	-	2 550	2 550	-	100,0%	2 236	2 236
Training and development	100	(92)	-	8	8	-	100,0%	11	5
Operating payments	-	32	-	32	32	-	100,0%	10	5
Venues and facilities	271	(118)	-	153	153	-	100,0%	469	468
Rental and hiring	-	-	-	-	-	-	-	70	69
<b>Transfers and subsidies</b>	-	<b>47</b>	-	<b>47</b>	<b>47</b>	-	<b>100,0%</b>	<b>4</b>	<b>4</b>
Households	-	47	-	47	47	-	100,0%	4	4

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

2.1 Sub programme: International Affairs												
Economic classification	2018/19						2017/18					
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure			
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	
Social benefits	-	21	-	21	21	-	100,0%	-	-	-	-	
Other transfers to households	-	26	-	26	26	-	100,0%	4	4	4	4	
<b>Payments for capital assets</b>	<b>178</b>	<b>(178)</b>	-	-	-	-	-	<b>170</b>	<b>170</b>	<b>29</b>	<b>29</b>	
Machinery and equipment	178	(178)	-	-	-	-	-	170	170	29	29	
Other machinery and equipment	178	(178)	-	-	-	-	-	170	170	29	29	
<b>Total</b>	<b>14 838</b>	<b>(1 304)</b>	-	<b>13 534</b>	<b>13 534</b>	-	<b>100,0%</b>	<b>12 730</b>	<b>12 730</b>	<b>12 502</b>	<b>12 502</b>	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

2.2 Sub programme: ICT Trade/Partnership											
Economic classification	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	R'000	R'000
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
Current payments	37 851	1 172	3 811	42 834	42 584	250	99,4%	12 852	12 146		
Compensation of employees	3 246	882	3 418	7 546	7 546	-	100,0%	7 793	7 793		
Salaries and wages	2 370	1 285	3 418	7 073	7 073	-	100,0%	7 298	7 298		
Social contributions	876	(403)	-	473	473	-	100,0%	495	495		
Goods and services	34 605	290	393	35 288	35 038	250	99,3%	5 059	4 353		
Administrative fees	39	220	-	259	259	-	100,0%	150	58		
Advertising	1 543	(1 543)	-	-	-	-	-	-	-		
Minor assets	41	10	-	51	51	-	100,0%	-	-		
Catering: Departmental activities	57	(18)	-	39	39	-	100,0%	36	25		
Communication (G&S)	530	(420)	-	110	110	-	100,0%	114	88		
Contractors	178	(98)	-	80	80	-	100,0%	1 279	763		
Entertainment	2	(1)	-	1	1	-	100,0%	-	-		
Fleet services (including government motor transport)	-	3	-	3	3	-	100,0%	-	-		
Inventory: Materials and supplies	1	(1)	-	-	-	-	-	-	-		
Consumable supplies	-	2	-	2	2	-	100,0%	1	-		

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

2.2 Sub programme: ICT Trade/Partnership											
Economic classification	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		R'000
Consumable: Stationery, printing and office supplies	79	(72)	-	7	7	-	100,0%	28	24		24
Operating leases	60	(36)	-	24	24	-	100,0%	-	-		-
Property payments	-	32	-	32	32	-	100,0%	47	47		47
Travel and subsistence	5 181	5 481	393	11 055	11 055	-	100,0%	2 535	2 535		2 535
Training and development	-	38	-	38	38	-	100,0%	75	29		29
Operating payments	1 801	(666)	-	1 135	885	250	78,0%	64	63		63
Venues and facilities	25 093	(2 641)	-	22 452	22 452	-	100,0%	730	721		721
<b>Transfers and subsidies</b>	<b>27 084</b>	<b>(46)</b>	<b>1 500</b>	<b>28 538</b>	<b>28 538</b>	<b>-</b>	<b>100,0%</b>	<b>25 966</b>	<b>25 964</b>		<b>25 964</b>
Foreign governments and international organisations	27 084	(46)	1 500	28 538	28 538	-	100,0%	25 966	25 964		25 964
<b>Payments for capital assets</b>	<b>212</b>	<b>178</b>	<b>38</b>	<b>428</b>	<b>428</b>	<b>-</b>	<b>100,0%</b>	<b>200</b>	<b>-</b>		<b>-</b>
Machinery and equipment	212	178	38	428	428	-	100,0%	200	-		-
Other machinery and equipment	212	178	38	428	428	-	100,0%	200	200		200
<b>Total</b>	<b>65 147</b>	<b>1 304</b>	<b>5 349</b>	<b>71 800</b>	<b>71 550</b>	<b>250</b>	<b>99,7%</b>	<b>39 018</b>	<b>38 110</b>		<b>38 110</b>

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 3: Policy, Research and Capacity Development									
	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Sub programme</b>									
ICT Policy Development	14 259	(1 449)	-	12 810	12 779	31	99.8	11 373	10 045
Economic and Market Analysis	4 589	9 345	34	13 968	13 968	-	100	8 737	8 727
Research	7 202	(504)	-	6 698	6 527	171	97.4	8 876	6 923
Information Society Development	49 609	(1 176)	582	49 015	49 015	-	100	46 477	43 819
Capacity Development	9 321	(6 216)	32	3 137	3 137	-	100	9 055	9 010
<b>Total for sub programmes</b>	<b>84 980</b>		<b>648</b>	<b>85 628</b>	<b>85 426</b>	<b>202</b>	<b>99.8</b>	<b>84 518</b>	<b>78 524</b>
<b>Economic classification</b>									
<b>Current payments</b>	84 636	(376)	372	84 632	84 430	202	99.8	83 441	77 676
Compensation of employees	52 592	-	372	52 964	52 964	-	100	52 905	52 089
Salaries and wages	44 954	1 917	340	47 211	47 211	-	100	46 911	46 415
Social contributions	7 638	(1 917)	32	5 753	5 753	-	100	5 994	5 674
Goods and services	32 044	(376)	-	31 668	31 466	202	99.4	30 536	25 587
Administrative fees	342	56	-	398	398	-	100	244	242
Advertising	833	(411)	-	422	251	171	59.5	508	310
Minor assets	372	(356)	-	16	16	-	100	357	7

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 3: Policy, Research and Capacity Development										
	2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Bursaries: Employees	578	(240)	-	338	338	-	100	636	492	
Catering: Departmental activities	691	305	-	996	996	-	100	769	546	
Communication	2 444	(1 143)	-	1 301	1 301	-	100	1 442	1 306	
Computer services	175	(63)	-	112	112	-	100	25	25	
Consultants: Business and advisory services	5 961	6 628	-	12 589	12 589	-	100	14 324	13 135	
Contractors	229	398	-	627	627	-	100	632	621	
Agency and support / outsourced services	522	(522)	-	-	-	-	-	270	-	
Entertainment	132	(110)	-	22	22	-	100	43	10	
Fleet services	71	15	-	86	86	-	100	197	196	
Inventory: Materials and supplies	9	(9)	-	-	-	-	-	-	-	
Consumable supplies	209	(184)	-	25	25	-	100	37	20	
Consumable: Stationery, printing and office supplies	1 347	(887)	-	460	460	-	100	1 959	1 528	
Operating leases	423	(12)	-	411	411	-	100	792	429	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 3: Policy, Research and Capacity Development									
	2018/19					2017/18			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Property payments	26	84	-	110	110	-	100	25	25
Travel and subsistence	8 719	1 040	-	9 759	9 759	-	100	5 631	4 774
Training and development	7 155	(6 377)	-	778	778	-	100	688	553
Operating payments	377	161	-	538	538	-	100	316	217
Venues and facilities	1 369	280	-	1 649	1 618	31	98.1	1 557	1 132
Rental and hiring	60	971	-	1 031	1 031	-	100	84	19
<b>Transfers and subsidies</b>	-	376	-	376	376	-	100	430	430
Households	-	376	-	376	376	-	100	430	430
Social benefits	-	296	-	296	296	-	100	398	398
Other transfers to households	-	80	-	80	80	-	100	32	32
<b>Payments for capital assets</b>	344	-	276	620	620	-	100	647	418
Machinery and equipment	294	50	276	620	620	-	100	647	418
Other machinery and equipment	294	50	276	620	620	-	100	647	418
Software and other intangible assets	50	(50)	-	-	-	-	-	-	-
<b>Total</b>	<b>84 980</b>	<b>-</b>	<b>648</b>	<b>85 628</b>	<b>85 426</b>	<b>202</b>	<b>99.8</b>	<b>84 518</b>	<b>78 524</b>



**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

Economic classification	2018/19						2017/18		
	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
<b>Current payments</b>	<b>14 185</b>	<b>(1 450)</b>	-	<b>12 735</b>	<b>12 704</b>	<b>31</b>	<b>99,8%</b>	<b>11 299</b>	<b>9 986</b>
Compensation of employees	10 276	(1 232)	-	9 044	9 044	-	100,0%	8 650	8 469
Salaries and wages	8 578	(528)	-	8 050	8 050	-	100,0%	7 671	7 514
Social contributions	1 698	(704)	-	994	994	-	100,0%	979	955
Goods and services	3 909	(218)	-	3 691	3 660	31	99,2%	2 649	1 517
Administrative fees	31	16	-	47	47	-	100,0%	23	21
Advertising	-	-	-	-	-	-	-	1	1
Minor assets	42	(42)	-	-	-	-	-	40	-
Bursaries: Employees	19	243	-	262	262	-	100,0%	117	3
Catering: Departmental activities	101	(89)	-	12	12	-	100,0%	107	81
Communication (G&S)	422	(176)	-	246	246	-	100,0%	322	227
Consultants: Business and advisory services	448	(308)	-	140	140	-	100,0%	-	-
Contractors	69	(43)	-	26	26	-	100,0%	1	-
Entertainment	21	(19)	-	2	2	-	100,0%	13	2
Fleet services (including government motor transport)	20	(17)	-	3	3	-	100,0%	6	5
Inventory: Materials and supplies	1	(1)	-	-	-	-	-	-	-
Consumable supplies	22	(18)	-	4	4	-	100,0%	6	1
Consumable: Stationery, printing and office supplies	401	(180)	-	221	221	-	100,0%	759	578

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32**  
**APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

Economic classification	2018/19							2017/18	
	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
Operating leases	273	(159)	-	114	114	-	100,0%	190	132
Property payments	26	(16)	-	10	10	-	100,0%	25	25
Travel and subsistence	1 568	735	-	2 303	2 303	-	100,0%	568	270
Training and development	257	(110)	-	147	147	-	100,0%	190	63
Operating payments	1	1	-	2	2	-	100,0%	2	2
Venues and facilities	187	(35)	-	152	121	31	79,6%	279	106
<b>Transfers and subsidies</b>	-	<b>31</b>	-	<b>31</b>	<b>31</b>	-	<b>100,0%</b>	<b>7</b>	<b>7</b>
Households	-	31	-	31	31	-	100,0%	7	7
Social benefits	-	4	-	4	4	-	100,0%	7	7
Other transfers to households	-	27	-	27	27	-	100,0%	-	-
<b>Payments for capital assets</b>	<b>74</b>	<b>(30)</b>	-	<b>44</b>	<b>44</b>	-	<b>100,0%</b>	<b>67</b>	<b>52</b>
Machinery and equipment	74	(30)	-	44	44	-	100,0%	67	52
Other machinery and equipment	74	(30)	-	44	44	-	100,0%	67	52
<b>Total</b>	<b>14 259</b>	<b>(1 449)</b>	<b>-</b>	<b>12 810</b>	<b>12 779</b>	<b>31</b>	<b>99,8%</b>	<b>11 373</b>	<b>10 045</b>

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

3.2 Sub programme: Economic and Market Analysis											
Economic classification	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
<b>Current payments</b>	<b>4 589</b>	<b>9 337</b>	<b>34</b>	<b>13 960</b>	<b>13 960</b>	-	<b>100,0%</b>	<b>8 716</b>	<b>8 706</b>		
Compensation of employees	2 221	307	34	2 562	2 562	-	100,0%	2 477	2 467		
Salaries and wages	1 934	388	34	2 356	2 356	-	100,0%	2 257	2 257		
Social contributions	287	(81)	-	206	206	-	100,0%	220	210		
Goods and services	2 368	9 030	-	11 398	11 398	-	100,0%	6 239	6 239		
Administrative fees	11	2	-	13	13	-	100,0%	11	11		
Advertising	1	9	-	10	10	-	100,0%	28	28		
Bursaries: Employees	32	(32)	-	-	-	-	-	59	59		
Catering: Departmental activities	-	-	-	-	-	-	-	2	2		
Communication (G&S)	1 137	(1 048)	-	89	89	-	100,0%	69	69		
Consultants: Business and advisory services	262	10 764	-	11 026	11 026	-	100,0%	5 762	5 762		
Contractors	11	(11)	-	-	-	-	-	-	-		
Entertainment	11	(8)	-	3	3	-	100,0%	-	-		
Fleet services (including government motor transport)	1	(1)	-	-	-	-	-	8	8		
Inventory: Materials and supplies	1	(1)	-	-	-	-	-	-	-		

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

3.2 Sub programme: Economic and Market Analysis											
Economic classification	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Consumable: Stationery, printing and office supplies	167	(104)	-	63	63	-	100,0%	78	78		78
Travel and subsistence	614	(492)	-	122	122	-	100,0%	161	161		161
Training and development	88	(77)	-	11	11	-	100,0%	12	12		12
Venues and facilities	32	29	-	61	61	-	100,0%	49	49		49
<b>Transfers and subsidies</b>	-	<b>2</b>	-	<b>2</b>	<b>2</b>	-	<b>100,0%</b>	-	-		-
Households	-	2	-	2	2	-	100,0%	-	-		-
Social benefits	-	2	-	2	2	-	100,0%	-	-		-
<b>Payments for capital assets</b>	-	<b>6</b>	-	<b>6</b>	<b>6</b>	-	<b>100,0%</b>	<b>21</b>	<b>21</b>		<b>21</b>
Machinery and equipment	-	6	-	6	6	-	100,0%	21	21		21
Other machinery and equipment	-	6	-	6	6	-	100,0%	21	21		21
<b>Total</b>	<b>4 589</b>	<b>9 345</b>	<b>34</b>	<b>13 968</b>	<b>13 968</b>	<b>-</b>	<b>100,0%</b>	<b>8 737</b>	<b>8 737</b>		<b>8 727</b>

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Economic classification	2018/19						2017/18		
	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
<b>Current payments</b>	<b>7 202</b>	<b>(547)</b>	-	<b>6 655</b>	<b>6 484</b>	<b>171</b>	<b>97,4%</b>	<b>8 467</b>	<b>6 551</b>
Compensation of employees	3 328	(510)	-	2 818	2 818	-	100,0%	4 088	3 749
Salaries and wages	3 025	(457)	-	2 568	2 568	-	100,0%	3 738	3 399
Social contributions	303	(53)	-	250	250	-	100,0%	350	350
Goods and services	3 874	(37)	-	3 837	3 666	171	95,5%	4 379	2 802
Administrative fees	10	32	-	42	42	-	100,0%	50	50
Advertising	324	(153)	-	171	-	171	-	10	1
Minor assets	17	(17)	-	-	-	-	-	16	1
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	32	(26)	-	6	6	-	100,0%	30	-
Catering: Departmental activities	11	361	-	372	372	-	100,0%	62	62
Communication (G&S)	168	(40)	-	128	128	-	100,0%	155	114
Computer services	-	69	-	69	69	-	100,0%	25	25
Consultants: Business and advisory services	650	269	-	919	919	-	100,0%	1 662	923
Contractors	11	66	-	77	77	-	100,0%	10	-
Agency and support / outsourced services	522	(522)	-	-	-	-	-	194	-

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Economic classification	2018/19						2017/18		
	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
Entertainment	11	(9)	-	2	2	-	100,0%	10	2
Fleet services (including government motor transport)	5	(5)	-	-	-	-	-	10	10
Inventory: Materials and supplies	1	(1)	-	-	-	-	-	-	-
Consumable supplies	1	(1)	-	-	-	-	-	2	-
Consumable: Stationery, printing and office supplies	439	(438)	-	1	1	-	100,0%	405	307
Travel and subsistence	1 202	(269)	-	933	933	-	100,0%	1 110	834
Training and development	80	281	-	361	361	-	100,0%	100	99
Operating payments	-	2	-	2	2	-	100,0%	168	168
Venues and facilities	390	(248)	-	142	142	-	100,0%	360	206
Rental and hiring	-	612	-	612	612	-	100,0%	-	-
Transfers and subsidies	-	37	-	37	37	-	100,0%	306	306
Households	-	37	-	37	37	-	100,0%	306	306
Social benefits	-	37	-	37	37	-	100,0%	306	306
Machinery and equipment	-	6	-	6	6	-	100,0%	103	66
Other Machinery and equipment	-	6	-	6	6	-	100,0%	103	66
<b>Total</b>	<b>7 202</b>	<b>(504)</b>	<b>-</b>	<b>6 698</b>	<b>6 527</b>	<b>171</b>	<b>97,4%</b>	<b>8 876</b>	<b>6 923</b>

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

3.4 Sub programme: Information Society Development										
Economic classification	2018/19					2017/18				
	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	49 339	(1 500)	306	48 145	48 145	-	100,0%	45 949	43 423	
Compensation of employees	33 996	1 101	306	35 403	35 403	-	100,0%	34 762	34 476	
Salaries and wages	28 876	2 306	306	31 488	31 488	-	100,0%	30 680	30 680	
Social contributions	5 120	(1 205)	-	3 915	3 915	-	100,0%	4 082	3 796	
Goods and services	15 343	(2 601)	-	12 742	12 742	-	100,0%	11 187	8 947	
Administrative fees	290	6	-	296	296	-	100,0%	160	160	
Advertising	508	(267)	-	241	241	-	100,0%	469	280	
Minor assets	313	(297)	-	16	16	-	100,0%	301	6	
Bursaries: Employees	495	(425)	-	70	70	-	100,0%	430	430	
Catering: Departmental activities	579	33	-	612	612	-	100,0%	598	401	
Communication (G&S)	717	121	-	838	838	-	100,0%	896	896	
Computer services	175	(132)	-	43	43	-	100,0%	-	-	
Consultants: Business and advisory services	4 601	(4 097)	-	504	504	-	100,0%	818	368	
Contractors	138	386	-	524	524	-	100,0%	621	621	
Entertainment	89	(74)	-	15	15	-	100,0%	20	6	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

3.4 Sub programme: Information Society Development										
Economic classification	2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Fleet services (including government motor transport)	45	38	-	83	83	-	100,0%	173	173	173
Inventory: Materials and supplies	6	(6)	-	-	-	-	-	-	-	-
Consumable supplies	186	(165)	-	21	21	-	100,0%	29	29	19
Consumable: Stationery, printing and office supplies	340	(165)	-	175	175	-	100,0%	717	717	565
Operating leases	150	147	-	297	297	-	100,0%	602	602	297
Property payments	-	100	-	100	100	-	100,0%	-	-	-
Travel and subsistence	5 335	1 066	-	6 401	6 401	-	100,0%	3 792	3 792	3 509
Training and development	180	79	-	259	259	-	100,0%	386	386	379
Operating payments	376	158	-	534	534	-	100,0%	146	146	47
Venues and facilities	760	534	-	1 294	1 294	-	100,0%	869	869	771
Rental and hiring	60	359	-	419	419	-	100,0%	84	84	19
Transfers and subsidies	-	306	-	306	306	-	100,0%	117	117	117
Households	-	306	-	306	306	-	100,0%	117	117	117
Social benefits	-	253	-	253	253	-	100,0%	85	85	85
Other transfers to households	-	53	-	53	53	-	100,0%	32	32	32



DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

3.4 Sub programme: Information Society Development										
Economic classification	2018/19						2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Payments for capital assets	270	18	276	564	564	-	100,0%	411	279	
Machinery and equipment	220	68	276	564	564	-	100,0%	411	279	
Other machinery and equipment	220	68	276	564	564	-	100,0%	411	279	
Software and other intangible assets	50	(50)	-	-	-	-	-	-	-	
<b>Total</b>	<b>49 609</b>	<b>(1 176)</b>	<b>582</b>	<b>49 015</b>	<b>49 015</b>	<b>-</b>	<b>100,0%</b>	<b>46 477</b>	<b>43 819</b>	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

3.5 Sub programme: Capacity Development											
Economic classification	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		R'000
Current payments	9 321	(6 216)	32	3 137	3 137	-	100,0%	9 010	9 010		9 010
Compensation of employees	2 771	334	32	3 137	3 137	-	100,0%	2 928	2 928		2 928
Salaries and wages	2 541	208		2 749	2 749	-	100,0%	2 565	2 565		2 565
Social contributions	230	1 26	32	388	388	-	100,0%	363	363		363
Goods and services	6 550	(6 550)	-	-	-	-	-	6 082	6 082		6 082
Consultants: Business and advisory services	-	-	-	-	-	-	-	6 082	6 082		6 082
Training and development	6 550	(6 550)		-	-	-	-	-	-		-
Payments for capital assets	-	-	-	-	-	-	-	45	45		45
Machinery and equipment	-	-	-	-	-	-	-	45	45		45
Other machinery and equipment	-	-	-	-	-	-	-	45	45		45
<b>Total</b>	<b>9 321</b>	<b>(6 216)</b>	<b>32</b>	<b>3 137</b>	<b>3 137</b>	<b>-</b>	<b>100,0%</b>	<b>9 055</b>	<b>9 055</b>		<b>9 010</b>

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 4: ICT Enterprise Development and Public Entity Oversight										
	2018/19						2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Sub programme</b>										
Public Entity Oversight	3 199 979	(268)	(4 602)	3 195 109	3 195 061	48	100	3 937 113	3 937 113	
Small, Medium and Micro Enterprise Development	5 170	268	(45)	5 393	5 393	-	100	5 134	4 430	
<b>Total for sub programmes</b>	<b>3 206 149</b>	<b>-</b>	<b>(4 647)</b>	<b>3 200 502</b>	<b>3 200 454</b>	<b>48</b>	<b>-</b>	<b>3 942 247</b>	<b>3 941 543</b>	
<b>Economic classification</b>										
<b>Current payments</b>	29 031	(135)	(4 372)	24 524	24 476	48	99.8	25 726	25 110	
Compensation of employees	23 068	(2 085)	(2 085)	20 983	20 983	-	100	22 037	22 037	
Salaries and wages	21 037	(90)	(2 085)	18 862	18 862	-	100	19 756	19 756	
Social contributions	2 031	90	-	2 121	2 121	-	100	2 281	2 281	
Goods and services	5 963	(135)	(2 287)	3 541	3 493	48	98.6	3 689	3 073	
Administrative fees	20	20	-	40	40	-	100	41	41	
Advertising	250	318	(95)	473	473	-	100	115	57	
Minor assets	55	(49)	-	6	6	-	100	42	38	
Audit costs: External	290	(4)	-	286	286	-	100	-	-	
Bursaries: Employees	609	(235)	(218)	156	156	-	100	173	138	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

	Programme 4: ICT Enterprise Development and Public Entity Oversight									
	2018/19					2017/18				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Catering: Departmental activities	49	(17)	-	32	32	-	100	59	54	
Communication	600	(111)	(1)	488	488	-	100	470	456	
Computer services	-	-	-	-	-	-	-	2	2	
Consultants: Business and advisory services	130	82	-	212	212	-	100	350	24	
Contractors	-	-	-	-	-	-	-	38	18	
Agency and support / outsourced services	2 000	(465)	(1 535)	-	-	-	-	4	-	
Entertainment	10	(10)	-	-	-	-	-	4	4	
Fleet services	-	14	-	14	14	-	100	9	2	
Consumable supplies	2	2	-	4	4	-	100	10	7	
Consumable: Stationery, printing and office supplies	136	(60)	-	76	76	-	100	318	303	
Operating leases	170	(18)	-	152	152	-	100	151	151	
Property payments	-	43	-	43	43	-	100	370	369	
Travel and subsistence	1 482	47	(395)	1 134	1 134	-	100	1 098	1 057	
Training and development	-	329	-	329	329	-	100	316	275	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 4: ICT Enterprise Development and Public Entity Oversight											
	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Operating payments	5	19		24	22	2	91.7	32	30		
Venues and facilities	155	(40)	(43)	72	26	46	36.1	87	47		
<b>Transfers and subsidies</b>	228 616	135	-	228 751	228 751	-	100	216 085	216 085		
Departmental agencies(Non Business Entities) and accounts	228 616	-	-	228 616	228 616	-	100	216 083	216 083		
Departmental agencies(Non Business Entities)	228 616	-	-	228 616	228 616	-	100	216 083	216 083		
Households	-	135	-	135	135	-	100	2	2		
Social benefits	-	133	-	133	133	-	100	-	-		
Other transfers to households	-	2	-	2	2	-	100	2	2		
<b>Payments for capital assets</b>	502	-	(275)	227	227	-	100	436	348		
Machinery and equipment	502	-	(275)	227	227	-	100	436	348		
Other machinery and equipment	502	-	(275)	227	227	-	100	436	348		
<b>Payments for financial assets</b>	2 947 000	-	-	2 947 000	2 947 000	-	100	3 700 000	3 700 000		
<b>Total</b>	<b>3 205 149</b>	<b>-</b>	<b>(4 647)</b>	<b>3 200 502</b>	<b>3 200 454</b>	<b>48</b>	<b>100</b>	<b>3 942 247</b>	<b>3 941 543</b>		

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Economic classification	2018/19							2017/18	
	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	23 980	(377)	(4 372)	19 231	19 183	48	99,8%	20 680	20 680
Compensation of employees	18 966	(161)	(2 085)	16 720	16 720	-	100,0%	18 021	18 021
Salaries and wages	17 570	(440)	(2 085)	15 045	15 045	-	100,0%	16 186	16 186
Social contributions	1 396	279		1 675	1 675	-	100,0%	1 835	1 835
Goods and services	5 014	(216)	(2 287)	2 511	2 463	48	98,1%	2 659	2 659
Administrative fees	10	30		40	40	-	100,0%	41	41
Advertising	100	(5)	(95)	-	-	-	-	-	-
Minor assets	47	(42)		5	5	-	100,0%	37	37
Bursaries: Employees	549	(260)	(218)	71	71	-	100,0%	113	113
Catering: Departmental activities	46	(17)		29	29	-	100,0%	54	54
Communication (G&S)	480	(97)	(1)	382	382	-	100,0%	370	370
Computer services	-	-	-	-	-	-	-	2	2
Consultants: Business and advisory services	-	208	-	208	208	-	100,0%	-	-
Contractors	-	-	-	-	-	-	-	17	17
Agency and support / outsourced services	2 000	(465)	(1 535)	-	-	-	-	-	-

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Economic classification	4.1 Sub programme: Public Entity Oversight									
	2018/19					2017/18				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Entertainment	5	(5)	-	-	-	-	-	3	3	
Fleet services (including government motor transport)	-	14	-	14	14	-	100,0%	-	-	
Consumable supplies	-	4	-	4	4	-	100,0%	6	6	
Consumable: Stationery, printing and office supplies	93	(38)	-	55	55	-	100,0%	267	267	
Operating leases	170	(18)	-	152	152	-	100,0%	151	151	
Property payments	-	38	-	38	38	-	100,0%	320	320	
Travel and subsistence	1 354	159	(395)	1 118	1 118	-	100,0%	1 033	1 033	
Training and development	-	314	-	314	314	-	100,0%	186	186	
Operating payments	5	4	-	9	7	2	77,8%	12	12	
Venues and facilities	155	(40)	(43)	72	26	46	36,1%	47	47	
Transfers and subsidies	228 616	109	-	228 725	228 725	-	100,0%	216 085	216 085	
Departmental agencies and accounts	228 616	-	-	228 616	228 616	-	100,0%	216 083	216 083	
Departmental agencies (non-business entities)	228 616	-	-	228 616	228 616	-	100,0%	216 083	216 083	
Households	-	109	-	109	109	-	100,0%	2	2	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

4.1 Sub programme: Public Entity Oversight											
Economic classification	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Social benefits	-	107	-	107	107	-	100,0%	-	-	-	-
Other transfers to households	-	2	-	2	2	-	100,0%	2	2	2	2
Payments for capital assets	383	-	(230)	153	153	-	100,0%	348	348	348	348
Machinery and equipment	383	-	(230)	153	153	-	100,0%	348	348	348	348
Other machinery and equipment	383	-	(230)	153	153	-	100,0%	348	348	348	348
Payment for financial assets	2 947 000	-	-	2 947 000	2 947 000	-	100,0%	3 700 000	3 700 000	3 700 000	3 700 000
<b>Total</b>	<b>3 199 979</b>	<b>(268)</b>	<b>(4 602)</b>	<b>3 195 109</b>	<b>3 195 061</b>	<b>48</b>	<b>100,0%</b>	<b>3 937 113</b>	<b>3 937 113</b>	<b>3 937 113</b>	<b>3 937 113</b>



DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Economic classification	4.2 Sub programme: Small, Medium and Micro Enterprise Development									
	2018/19					2017/18				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Current payments	5 051	242	-	5 293	5 293	-	100,0%	5 046	4 430	
Compensation of employees	4 102	161	-	4 263	4 263	-	100,0%	4 016	4 016	
Salaries and wages	3 467	350	-	3 817	3 817	-	100,0%	3 570	3 570	
Social contributions	635	(189)	-	446	446	-	100,0%	446	446	
Goods and services	949	81	-	1 030	1 030	-	100,0%	1 030	414	
Administrative fees	10	(10)	-	-	-	-	-	-	-	
Advertising	150	323	-	473	473	-	100,0%	115	57	
Minor assets	8	(7)	-	1	1	-	100,0%	5	1	
Audit costs: External	290	(4)	-	286	286	-	100,0%	-	-	
Bursaries: Employees	60	25	-	85	85	-	100,0%	60	25	
Catering: Departmental activities	3	-	-	3	3	-	100,0%	5	-	
Communication (G&S)	120	(14)	-	106	106	-	100,0%	100	86	
Consultants: Business and advisory services	130	(126)	-	4	4	-	100,0%	350	24	

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Economic classification	4.2 Sub programme: Small, Medium and Micro Enterprise Development									
	2018/19					2017/18				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Contractors	-	-	-	-	-	-	-	21	1	
Agency and support / outsourced services	-	-	-	-	-	-	-	4	-	
Entertainment	5	(5)	-	-	-	-	-	1	1	
Fleet services (including government motor transport)	-	-	-	-	-	-	-	9	2	
Consumable supplies	2	(2)	-	-	-	-	-	4	1	
Consumable: Stationery, printing and office supplies	43	(22)	-	21	21	100,0%	51	36		
Property payments	-	5	-	5	5	100,0%	50	49		
Consumable supplies	2	(2)	-	-	-	-	4	1		
Travel and subsistence	128	(112)	-	16	16	100,0%	65	24		
Training and development	-	15	-	15	15	100,0%	130	89		
Operating payments	-	15	-	15	15	100,0%	20	18		
Venues and facilities	-	-	-	-	-	-	40	-		

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

4.2 Sub programme: Small, Medium and Micro Enterprise Development											
Economic classification	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		R'000
Transfers and subsidies	-	26	-	26	26	-	100,0%	-	-	-	-
Households	-	26	-	26	26	-	100,0%	-	-	-	-
Social benefits	-	26	-	26	26	-	100,0%	-	-	-	-
Payments for capital assets	119	-	(45)	74	74	-	100,0%	88	88	-	-
Machinery and equipment	119	-	(45)	74	74	-	100,0%	88	88	-	-
Other machinery and equipment	119	-	(45)	74	74	-	100,0%	88	88	-	-
<b>Total</b>	<b>5 170</b>	<b>268</b>	<b>(45)</b>	<b>5 393</b>	<b>5 393</b>	<b>-</b>	<b>100,0%</b>	<b>5 134</b>	<b>5 134</b>	<b>-</b>	<b>4 430</b>

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 5: ICT Infrastructure Support											
Sub programme	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Broad Band	162 412	(67)	(879)	161 466	158 266	3 200	98	313 147	39 313		
Digital Terrestrial Television	222 840	-	-	222 840	222 840	-	100	565 098	565 098		
ICT Support	16 363	67	(4 421)	12 009	7 341	4 668	61.1	8 041	7 513		
<b>Total for sub programmes</b>	<b>401 615</b>	<b>-</b>	<b>(5 300)</b>	<b>396 315</b>	<b>388 447</b>	<b>7 868</b>	<b>98</b>	<b>886 286</b>	<b>611 924</b>		
<b>Economic classification</b>											
<b>Current payments</b>	170 536	(182)	(2 101)	168 253	165 343	2 910	98.3	319 564	45 941		
Compensation of employees	26 153	-	(840)	25 313	24 499	814	96.8	26 310	25 849		
Salaries and wages	24 383	(682)	(840)	22 861	22 047	814	96.4	23 682	23 221		
Social contributions	1 770	682	-	2 452	2 452	-	100	2 628	2 628		
Goods and services	144 383	(182)	(1 261)	142 940	140 844	2 096	98.5	293 254	20 092		
Administrative fees	353	(226)	-	127	127	-	100	224	171		
Advertising	380	1 658	-	2 038	-	2 038	-	215	104		
Minor assets	491	(321)	(166)	4	2	2	50	56	45		
Bursaries: Employees	218	(207)	-	11	11	-	100	214	37		

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 5: ICT Infrastructure Support											
	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Catering: Departmental activities	622	(434)	-	188	188	-	100	486	446		
Communication	672	(29)	-	643	643	-	100	526	525		
Computer services	1 660	(843)	-	817	817	-	100	1 622	1 621		
Consultants: Business and advisory services	120 228	12 600	-	132 828	132 828	-	100	283 575	11 493		
Contractors	2 833	(2 675)	-	158	158	-	100	12	2		
Agency and support / outsourced services	3 680	( 3 320)	(304)	-	56	-	-	-	-		
Entertainment	36	(27)	-	9	9	-	100	31	4		
Fleet services	-	15	-	15	15	-	100	26	26		
Consumable supplies	19	(9)	-	10	10	-	100	38	18		
Consumable: Stationery, printing and office supplies	939	(682)	(184)	73	73	-	100	481	346		
Operating leases	1 500	(1 431)	-	69	69	-	100	169	70		
Property payments	-	-	-	-	-	-	-	15	-		
Travel and subsistence	7 599	(2 000)	(398)	5 201	5 201	-	100	4 578	4 547		

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 5: ICT Infrastructure Support											
	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
Training and development	533	(219)	(209)	105	105	-	100	694	418		
Operating payments	10	226	-	236	236	-	100	63	25		
Venues and facilities	1 900	(1 808)	-	92	92	-	100	194	194		
Rental and hiring	710	(450)	-	260	260	-	100	35	-		
<b>Transfers and subsidies</b>	222 840	182	-	223 022	223 022	-	100	565 306	565 306		
Departmental agencies(Non Business Entities) and accounts	18 940	-	-	18 940	18 940	-	100	79 098	79 098		
Departmental agencies(Non Business Entities)	18 940	-	-	18 940	18 940	-	100	79 098	79 098		
Public corporations and private enterprises	203 900	-	-	203 900	203 900	-	100	486 000	486 000		
Public corporations	203 900	-	-	203 900	203 900	-	100	486 000	486 000		
Other transfers to public corporations	203 900	-	-	203 900	203 900	-	100	486 000	486 000		
Households	-	182	-	182	182	-	100	208	208		
Social benefits	-	172	-	172	172	-	100	204	204		
Other transfers to households	-	10	-	10	10	-	100	4	4		

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Programme 5: ICT Infrastructure Support											
2018/19											2017/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>Payments for capital assets</b>	8 239	-	(3 199)	5 040	82	4 958	1.6	1 416	677		
Machinery and equipment	1 679	-	(39)	1 640	82	1 558	5	1 316	664		
Other machinery and equipment	1 679	-	(39)	1 640	82	1 558	5	1 316	664		
Software and other intangible assets	6 560	-	(3 160)	3 400	-	3 400	-	100	13		
<b>Total</b>	<b>401 615</b>		<b>(5 300)</b>	<b>396 315</b>	<b>388 447</b>	<b>7 868</b>	<b>98</b>	<b>886 286</b>	<b>611 924</b>		

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Economic classification	2018/19						2017/18		
	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	161 943	(245)	(840)	160 858	158 006	2 852	98,2%	312 353	38 933
Compensation of employees	20 519	(567)	(840)	19 112	18 298	814	95,7%	20 489	20 028
Salaries and wages	19 144	(1 007)	(840)	17 297	16 483	814	95,3%	18 461	18 000
Social contributions	1 375	440	-	1 815	1 815	-	100,0%	2 028	2 028
Goods and services	141 424	322	-	141 746	139 708	2 038	98,6%	291 864	18 905
Administrative fees	353	(245)	-	108	108	-	100,0%	198	153
Advertising	380	1 658	-	2 038	-	2 038	-	215	104
Minor assets	309	(307)	-	2	2	-	100,0%	42	42
Bursaries: Employees	218	(207)	-	11	11	-	100,0%	214	37
Catering: Departmental activities	580	(395)	-	185	185	-	100,0%	483	443
Communication (G&S)	579	(63)	-	516	516	-	100,0%	416	416
Computer services	1 600	(906)	-	694	694	-	100,0%	1 265	1 264
Consultants: Business and advisory services	120 228	12 600	-	132 828	132 828	-	100,0%	283 575	11 493
Contractors	2 833	(2 675)	-	158	158	-	100,0%	12	2
Agency and support / outsourced services	3 200	(3 200)	-	-	-	-	-	-	-



DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Economic classification	2018/19						2017/18		
	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
Entertainment	32	(27)	-	5	5	-	100,0%	31	4
Fleet services (including government motor transport)	-	15	-	15	15	-	100,0%	26	26
Consumable supplies	17	(7)	-	10	10	-	100,0%	38	18
Consumable: Stationery, printing and office supplies	749	(682)	-	67	67	-	100,0%	398	263
Operating leases	1 500	(1 431)	-	69	69	-	100,0%	169	70
Property payments	-	-	-	-	-	-	-	15	-
Travel and subsistence	6 402	(2 000)	-	4 402	4 402	-	100,0%	4 100	4 100
Training and development	324	(219)	-	105	105	-	100,0%	542	418
Operating payments	10	226	-	236	236	-	100,0%	63	25
Venues and facilities	1 400	(1 363)	-	37	37	-	100,0%	27	27
Rental and hiring	710	(450)	-	260	260	-	100,0%	35	-
Transfers and subsidies	-	178	-	178	178	-	100,0%	208	208
Households	-	178	-	178	178	-	100,0%	208	208
Social benefits	-	172	-	172	172	-	100,0%	204	204
Other transfers to households	-	6	-	6	6	-	100,0%	4	4

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

5.1 Sub programme: Broadband											
Economic classification	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Payments for capital assets	469	-	(39)	430	82	348	19,1%	586	172		
Machinery and equipment	309	-	(39)	270	82	188	30,4%	486	159		
Other machinery and equipment	309	-	(39)	270	82	188	30,4%	486	159		
Software and other intangible assets	160	-	-	160	-	160	-	100	13		
<b>Total</b>	<b>1 62 412</b>	<b>(67)</b>	<b>(879)</b>	<b>1 61 466</b>	<b>1 58 266</b>	<b>3 200</b>	<b>98,0%</b>	<b>313 147</b>	<b>39 313</b>		

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

5.2 Sub programme: Digital Terrestrial Television											
Economic classification	2018/19						2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Transfers and subsidies	222 840	-	-	222 840	222 840	-	100,0%	565 098	565 098	-	565 098
Departmental agencies and accounts	18 940	-	-	18 940	18 940	-	100,0%	79 098	79 098	-	79 098
Departmental agencies (non-business entities)	18 940	-	-	18 940	18 940	-	100,0%	79 098	79 098	-	79 098
Public corporations and private enterprises	203 900	-	-	203 900	203 900	-	100,0%	486 000	486 000	-	486 000
Public corporations	203 900	-	-	203 900	203 900	-	100,0%	486 000	486 000	-	486 000
Other transfers to public corporations	203 900	-	-	203 900	203 900	-	100,0%	486 000	486 000	-	486 000
<b>Total</b>	<b>222 840</b>	<b>-</b>	<b>-</b>	<b>222 840</b>	<b>222 840</b>	<b>-</b>	<b>100,0%</b>	<b>565 098</b>	<b>565 098</b>	<b>-</b>	<b>565 098</b>

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

Economic classification	2018/19							2017/18	
	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	8 593	63	(1 261)	7 395	7 337	58	99,2%	7 211	7 008
Compensation of employees	5 634	567	-	6 201	6 201	-	100,0%	5 821	5 821
Salaries and wages	5 239	325	-	5 564	5 564	-	100,0%	5 221	5 221
Social contributions	395	242	-	637	637	-	100,0%	600	600
Goods and services	2 959	(504)	(1 261)	1 194	1 136	58	95,1%	1 390	1 187
Administrative fees	-	19	-	19	19	-	100,0%	26	18
Minor assets	182	(14)	(166)	2	-	2	-	14	3
Catering: Departmental activities	42	(39)	-	3	3	-	100,0%	3	3
Communication (G&S)	93	34	-	127	127	-	100,0%	110	109
Computer services	60	63	-	123	123	-	100,0%	357	357
Agency and support / outsourced services	480	(120)	(304)	56	-	56	-	-	-
Entertainment	4	-	-	4	4	-	100,0%	-	-
Consumable supplies	2	(2)	-	-	-	-	-	-	-
Consumable: Stationery, printing and office supplies	190	-	(184)	6	6	-	100,0%	83	83
Travel and subsistence	1 197	-	(398)	799	799	-	100,0%	478	447

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES - VOTE 32

APPROPRIATION STATEMENT

for the year ended 31 March 2019

5.3 Sub programme: ICT Support		2018/19						2017/18	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Training and development	209	-	(209)	-	-	-	-	152	-
Venues and facilities	500	(445)	-	55	55	-	100,0%	167	167
Transfers and subsidies	-	4	-	4	4	-	100,0%	-	-
Households	-	4	-	4	4	-	100,0%	-	-
Other transfers to households	-	4	-	4	4	-	100,0%	-	-
Payments for capital assets	7 770	-	(3 160)	4 610	-	4 610	-	830	505
Machinery and equipment	1 370	-	-	1 370	-	1 370	-	830	505
Other machinery and equipment	1 370	-	-	1 370	-	1 370	-	830	505
Software and other intangible assets	6 400	-	(3 160)	3 240	-	3 240	-	-	-
<b>Total</b>	<b>16 363</b>	<b>67</b>	<b>(4 421)</b>	<b>12 009</b>	<b>7 341</b>	<b>4 668</b>	<b>61,1%</b>	<b>8 041</b>	<b>7 513</b>

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

1. **Detail of transfers and subsidies as per Appropriation Act (after Veriment):**  
 Detail of these transactions can be viewed in note in Transfers and subsidies and Annesecure 1 (A-H) (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	Variance as a % of Final Appropriation
R'000	R'000	R'000	%

**Administration**

Current payments	213 018	208 875	4 143	2%
Transfers and subsidies	19 420	19 420	-	0%
Payment for capital assets	5 059	5 049	10	0%
Payment for financial assets	1 660	1 659	1	0%
<b>TOTAL</b>	<b>239 157</b>	<b>235 003</b>	<b>4 154</b>	<b>2%</b>

*The underspending is mainly due to the posts that were not filled during the financial year as the result of the moratorium put in place pending the finalisation of the reconfiguration of DTSP and DoC.*

**International Affairs and Trade**

Current payments	56 321	56 071	250	0%
Transfers and subsidies	28 585	28 585	-	0%
Payment for capital assets	428	428	-	0%
Payment for financial assets	-	-	-	-
<b>TOTAL</b>	<b>85 334</b>	<b>85 084</b>	<b>250</b>	<b>0%</b>

*The difference is due to ITU sponsorship amounting to R250 thousand not received from the sponsor after the funds were already allocated to the Department by National Treasury during the adjustment budget.*

**Policy, Research and Capacity**

Current payments	84 632	84 430	202	0%
Transfers and subsidies	376	376	-	0%
Payment for capital assets	620	620	-	0%
Payment for financial assets	-	-	-	-
<b>TOTAL</b>	<b>85 628</b>	<b>85 426</b>	<b>202</b>	<b>0%</b>

*The underspending is mainly due to less advertising costs incurred*

**ICT Enterprise Development and Public Entities Oversight**

Current payments	24 524	24 476	48	0%
Transfers and subsidies	228 751	228 751	-	0%
Payment for capital assets	227	227	-	0%
Payment for financial assets	2 947 000	2 947 000	-	0%
<b>TOTAL</b>	<b>3 200 502</b>	<b>3 200 454</b>	<b>48</b>	<b>0%</b>

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

**ICT Infrastructure Support**

Current payments*	168 253	165 343	2 910	2%
Transfers and subsidies	223 022	223 022	-	0%
Payment for capital assets**	5 040	82	4 958	98%
Payment for financial assets	-	-	-	0%
<b>TOTAL</b>	<b>396 315</b>	<b>388 447</b>	<b>7 868</b>	<b>2%</b>

\* The decrease in current payment is mainly due to non-spending on advertising in Programme 5.

\*\* The underspending was mainly due to delays in the implementation of the Digital Object Architecture (DOA) project under Payments for Capital Assets.

**4.2 Per programme:**

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

**Current expenditure**

Compensation of employees*	224 300	219 343	4 957	2%
Goods and services	322 448	319 852	2 596	1%
Interest and rent on land	0	0	-	-

**Transfers and subsidies**

Provinces and municipalities	13	13	-	0%
Departmental agencies and accounts	247 556	247 556	-	0%
Higher education institutions	-	-	-	-
Public corporations and private enterprises	203 900	203 900	-	0%
Foreign governments and international organisations	28 538	28 538	-	0%
Non-profit institutions	-	-	-	-
Households	20 147	20 147	-	0%

**Payments for capital assets**

Buildings and other fixed structures	-	-	-	-
Machinery and equipment**	6 340	4 772	1 568	25%
Software and other intangible assets***	5 034	1 634	3 400	68%

**Payments for financial assets**

	2 948 660	2 948 659	1	0%
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\* The underspending is mainly due to the posts that were not filled during the financial year as a result of the moratorium put in place pending the finalisation of the reconfiguration of DTPS and DoC.

\*\* The difference is due to the former Minister's vehicle that was not yet purchased before his reassignment to the Department of Home Affairs.

\*\*\* The underspending was mainly due to delays in the implementation of the Digital Object Architecture (DOA) project under Payments for Capital Assets.

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 31 March 2019

	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>REVENUE</b>			
Annual appropriation	1	4 006 936	5 174 377
Departmental revenue	2	749 642	1 141 106
<b>TOTAL REVENUE</b>		<b>4 756 578</b>	<b>6 315 483</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	219 343	219 843
Goods and services	4	319 852	152 291
<b>Total current expenditure</b>		<b>539 195</b>	<b>372 134</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	6	500 154	808 931
<b>Total transfers and subsidies</b>		<b>500 154</b>	<b>808 931</b>
<b>Expenditure for capital assets</b>			
Tangible assets	7	4 772	4 728
Intangible assets	7	1 634	6 012
<b>Total expenditure for capital assets</b>		<b>6 406</b>	<b>10 740</b>
Unauthorised expenditure approved without funding	8	-	-
<b>Payments for financial assets</b>	5	2 948 659	3 700 250
<b>TOTAL EXPENDITURE</b>		<b>3 994 414</b>	<b>4 892 055</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>762 164</b>	<b>1 423 428</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		<b>12 522</b>	<b>282 322</b>
Annual appropriation		12 522	282 322
Conditional grants		-	-
Departmental revenue and NRF Receipts	16	749 642	1 141 106
Aid assistance		-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>762 164</b>	<b>1 423 428</b>



**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**STATEMENT OF FINANCIAL POSITION**  
for the year ended 31 March 2019

	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>9 568</b>	<b>278 237</b>
Unauthorised expenditure	8	4 741	4 741
Cash and cash equivalents	9	4 189	265 726
Prepayments and advances	11	99	7 273
Receivables	12	539	497
<b>Non-current assets</b>		<b>11 595 177</b>	<b>8 649 565</b>
Investments	13	10 238 242	7 291 242
Receivables	12	5 705	7 093
Loans	14	1 351 130	1 351 130
Other financial assets	10	100	100
<b>TOTAL ASSETS</b>		<b>11 604 745</b>	<b>8 927 802</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>12 341</b>	<b>282 633</b>
Voted funds to be surrendered to the Revenue Fund	15	12 272	282 322
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	33	16
Payables	17	36	295
<b>Non-current liabilities</b>			
Payables	18	-	-
<b>TOTAL LIABILITIES</b>		<b>12 341</b>	<b>282 633</b>
<b>NET ASSETS</b>		<b>11 592 404</b>	<b>8 645 169</b>
<b>Represented by:</b>			
Capitalisation reserve		11 589 372	8 642 372
Recoverable revenue		3 032	2 797
<b>TOTAL</b>		<b>11 592 404</b>	<b>8 645 169</b>

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**STATEMENT OF CHANGES IN NET ASSETS**  
for the year ended 31 March 2019

<b>NET ASSETS</b>	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
<b>Capitalisation Reserves</b>			
Opening balance		8 642 372	4 118 372
<b>Transfers:</b>		-	-
Movement in Equity		2 947 000	4 524 000
<b>Closing balance</b>		<b>11 589 372</b>	<b>8 642 372</b>
<b>Recoverable revenue</b>			
<b>Opening balance</b>		<b>2 797</b>	<b>2 755</b>
<b>Transfers:</b>		<b>235</b>	<b>42</b>
Irrecoverable amounts written off	5.3	(35)	(177)
Debts recovered (included in Departmental receipts)		(391)	(166)
Debts raised		661	385
<b>Closing balance</b>		<b>3 032</b>	<b>2 797</b>
<b>TOTAL</b>		<b>11 592 404</b>	<b>8 645 169</b>

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**CASH FLOW STATEMENT**  
for the year ended 31 March 2019

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
<b>Receipts</b>		<b>4 033 385</b>	<b>5 468 167</b>
Annual appropriated funds received	1.1	4 006 686	5 174 377
Departmental revenue received	2	26 481	391
Interest received	2.3	218	293 399
NRF Receipts		-	-
Net (increase)/decrease in working capital		8 261	(4 269)
Surrendered to Revenue Fund		(1 031 947)	(1 482 814)
Surrendered to RDP Fund/Donor		-	-
Current payments		(539 195)	(372 134)
Interest paid		-	-
Payments for financial assets		(2 948 659)	(3 700 250)
Transfers and subsidies paid		(500 154)	(808 931)
<b>Net cash flow available from operating activities</b>	<b>18</b>	<b>(978 309)</b>	<b>(900 231)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Distribution/dividend received		722 891	846 603
Payments for capital assets	7	(6 406)	(10 740)
Proceeds from sale of capital assets	2.4	52	713
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		(2 947 000)	(4 524 000)
(Increase)/decrease in other financial assets		-	-
<b>Net cash flows from investing activities</b>		<b>(2 230 463)</b>	<b>(3 687 424)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		2 947 235	4 524 042
Increase/(decrease) in non-current payables		-	-
<b>Net cash flows from financing activities</b>		<b>2 947 235</b>	<b>4 524 042</b>
Net increase/(decrease) in cash and cash equivalents		(261 537)	(63 613)
Cash and cash equivalents at beginning of period		265 726	329 339
Unrealised gains and losses within cash and cash equivalents		-	-
<b>Cash and cash equivalents at end of period</b>	<b>19</b>	<b>4 189</b>	<b>265 726</b>

## **PART A: ACCOUNTING POLICIES**

### **Summary of significant accounting policies**

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

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

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

#### **1. Basis of preparation**

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

#### **2. Going concern**

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

#### **3. Presentation currency**

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

#### **4. Rounding**

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

#### **5. Foreign currency translation**

Cash flows arising from foreign currency transactions are translated into South African Rands using the 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.

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

## **8. Expenditure**

### **8.1 Compensation of employees**

#### **8.1.1 Salaries and wages**

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

#### **8.1.2 Social contributions**

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

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

### **8.2 Other expenditure**

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

### **8.3 Accruals and payables not recognised**

Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.

## **8.4 Leases**

### **8.4.1 Operating leases**

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

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

### **8.4.2 Finance leases**

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

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

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

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

## **9. Aid Assistance**

### **9.1 Aid assistance received**

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

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

### **9.2 Aid assistance paid**

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

## **10. Cash and cash equivalents**

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

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

## **11. Prepayments and advances**

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

Prepayments and advances are initially and subsequently measured at cost.

## **12. Loans and receivables**

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the Department's write-off policy.

## **13. Investments**

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

## **14. Financial assets**

### **14.1 Financial assets (not covered elsewhere)**

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

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

### **14.2 Impairment of financial assets**

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

## **15. Payables**

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

## **16. Capital Assets**

### **16.1 Immovable capital assets**

Immovable assets reflected in the asset register of the Department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

### **16.2 Movable capital assets**

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

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

All assets acquired prior to 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 forms part of the cost of the existing asset when ready for use.

### **16.3 Intangible assets**

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

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

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

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

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

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

### **16.4 Project Costs: Work-in-progress**

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.

Where the Department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

## **17. Provisions and Contingents**

### **17.1 Provisions**

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

### **17.2 Contingent liabilities**

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



### **17.3 Contingent assets**

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

### **17.4 Commitments**

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

## **18. Unauthorised expenditure**

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

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

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

## **19. Fruitless and wasteful expenditure**

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

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

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

## **20. Irregular expenditure**

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the 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.

## **21. Changes in accounting policies, accounting estimates and errors**

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

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

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

## **22. Events after the reporting date**

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

## **23. Capitalisation reserve**

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

## **24. Recoverable revenue**

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

## **25. Related party transactions**

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

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

## **26. Inventories**

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

## **27. Public-Private Partnerships**

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

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

## **28. Employee benefits**

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

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2019

**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):*

Programme	2018/19			2017/18	
	Final Approp- riation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropri- ation received
	R'000	R'000	R'000	R'000	R'000
Administration	235 207	235 207	-	209 905	209 905
International Affairs and Trade	79 985	79 735	250	51 746	51 746
Policy; Research and Capacity Development	84 980	84 980	-	84 518	84 518
ICT Enterprise Development and Oversight	3 205 149	3 205 149	-	3 942 247	3 942 247
ICT Infrastructure Support	401 615	401 615	-	885 959	885 959
<b>Total</b>	<b>4 006 936</b>	<b>4 006 686</b>	<b>250</b>	<b>5 174 377</b>	<b>5 174 377</b>

*Funds not requested is due to ITU sponsorship (in cash) amount of R250 thousand not received from a sponsor after the funds were already allocated to the Department by National Treasury during the adjustment budget.*

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>2. Departmental revenue</b>			
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	58	57
Fines, penalties and forfeits	2.2	-	-
Interest, dividends and rent on land	2.3	723 109	1 140 002
Sales of capital assets	2.4	52	713
Transactions in financial assets and liabilities	2.5	423	334
Transfer received	2.6	26 000	-
Total revenue collected		<u>749 642</u>	<u>1 141 106</u>
Less: Own revenue included in appropriation	16	-	-
<b>Departmental revenue collected</b>		<u><b>749 642</b></u>	<u><b>1 141 106</b></u>
<b>2.1 Sales of goods and services other than capital assets</b>	2		
Sales of goods and services produced by the Department		58	57
Sales by market establishment		-	-
Administrative fees		2	57
Other sales		56	-
Sales of scrap, waste and other used current goods		-	-
<b>Total</b>		<u><b>58</b></u>	<u><b>57</b></u>
<b>2.2 Fines, penalties and forfeits</b>	2		
Fines		-	-
Penalties		-	-
Forfeits		-	-
<b>Total</b>		<u>-</u>	<u>-</u>
<b>2.3 Interest, dividends and rent on land</b>	2		
Interest*		218	293 399
Dividends		722 891	846 603
Rent on land		-	-
<b>Total</b>		<u><b>723 109</b></u>	<u><b>1 140 002</b></u>
<b>2.4 Sale of capital assets</b>	2		
<b>Tangible assets</b>			
Buildings and other fixed structures	32	-	-
Machinery and equipment	30	52	713
Specialised military assets	30	-	-
Land and subsoil assets	32	-	-
Biological assets	30	-	-

\* There was no interest received from USAF for funds invested in a Commercial Bank for the DDT project during the year under review. In the previous year an amount R40 million was received as interest from USAF.

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

<b>Software and other Intangible assets</b>			
Software	31	-	-
Mastheads and publishing titles	31	-	-
Patents, licences, copyright, brand names, trademarks	31	-	-
Recipes, formulae, prototypes, designs, models	31	-	-
Services and operating rights	31	-	-
<b>Total</b>		<b>52</b>	<b>713</b>
<b>2.5 Transactions in financial assets and liabilities</b>			
Loans and advances	2	-	-
Receivables		419	263
Forex gain		-	-
Stale cheques written back		-	-
Other Receipts including Recoverable Revenue		4	71
Gains on GFECRA		-	-
<b>Total</b>		<b>423</b>	<b>334</b>
<i>The other receipts is divided into receivables and other receipts.</i>			
<b>2.6 Transfers received</b>			
Other governmental units	2	-	-
Higher education institutions		-	-
Foreign governments		-	-
International organisations		-	-
Public corporations and private enterprises		26 000	-
Households and non-profit institutions		-	-
<b>Total</b>		<b>26 000</b>	<b>-</b>
<i>The R26 Million is a Donation received in cash from sponsors for the ITU conference held in Durban hosted by the Department.</i>			
<b>3. Compensation of employees</b>			
<b>3.1 Salaries and Wages</b>	<b>Note</b>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Basic salary		143 277	143 382
Performance award		3 332	3 273
Service Based		132	165
Compensative/circumstantial		3 271	3 090
Other non-pensionable allowances		45 555	46 081
<b>Total</b>		<b>195 567</b>	<b>195 991</b>

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

3.2 Social contributions	Note	2018/19 R'000	2017/18 R'000
<b>Employer contributions</b>			
Pension		18 319	18 368
Medical		5 433	5 461
Bargaining council		24	23
<b>Total</b>		<u>23 776</u>	<u>23 852</u>
<b>Total compensation of employees</b>		<u>219 343</u>	<u>219 843</u>
Average number of employees		<u>273</u>	<u>296</u>

4. Goods and services	Note	2018/19 R'000	2017/18 R'000
Administrative fees		1 498	1 355
Advertising		2 089	2 120
Minor assets	4.1	144	336
Bursaries (employees)		1 341	1 291
Catering		2 272	1 771
Communication		5 284	5 245
Computer services	4.2	6 386	6 971
Consultants: Business and advisory services*		147 606	25 445
Legal services		6 068	5 074
Contractors		6 199	4 101
Agency and support / outsourced services		-	3
Entertainment		59	50
Audit cost – external	4.3	6 261	6 962
Fleet services		851	1 159
Inventory	4.4	-	21
Consumables	4.5	2 692	5 006
Operating leases**		37 290	34 434
Property payments	4.6	11 925	12 350
Rental and hiring		1 782	1 014
Travel and subsistence	4.7	50 092	30 862
Venues and facilities***		24 651	3 109
Training and development		3 006	2 610
Other operating expenditure	4.8	2 356	1 002
<b>Total</b>		<u>319 852</u>	<u>152 291</u>

\* Included under Consultants; Business and Advisory Services is an amount of R100 million paid to SITA and BBI for SA Connect Project..

\*\* The increase in operating lease expenditure is due to the lapsed contract and the rent is now being paid on a month-to-month basis.

\*\*\* Included in venues and facilities is an amount of R24 million paid by Telkom as a sponsor for the ITU Telecom World 2018

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		2018/19 R'000	2017/18 R'000
<b>4.1 Minor assets</b>	<b>Note</b>		
<b>Tangible assets</b>	4	144	330
Machinery and equipment		144	330
<b>Intangible assets</b>		-	6
Software		-	6
<b>Total</b>		<b>144</b>	<b>336</b>
<i>The software was disposed during the financial year.</i>			
<b>4.2 Computer services</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
SITA computer services	4	4 714	5 881
External computer service providers		1 672	1 090
<b>Total</b>		<b>6 386</b>	<b>6 971</b>
<b>4.3 Audit cost – External</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Regularity audits	4	4 905	5 128
Investigations		1 356	1 834
<b>Total</b>		<b>6 261</b>	<b>6 962</b>
<b>4.4 Inventory</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Clothing material and accessories	4	-	21
<b>Total</b>		<b>-</b>	<b>21</b>
<b>4.5 Consumables</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Consumable supplies	4	214	181
Uniform and clothing		7	8
Household supplies		36	39
Building material and supplies		-	7
IT consumables		152	109
Other consumables		19	18
Stationery, printing and office supplies		2 478	4 825
<b>Total</b>		<b>2 692</b>	<b>5 006</b>
<b>4.6 Property payments</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Municipal services	4	3 131	3 500
Property management fees		156	11
Property maintenance and repairs		367	884
Other		8 271	7 955
<b>Total</b>		<b>11 925</b>	<b>12 350</b>

*Included in other property payments are the following expenses; cleaning services R1,8 million; security services R6 million and pest control R380 thousand.*



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4.7 Travel and subsistence	Note	R'000	R'000
Local	4	26 687	18 884
Foreign		23 405	11 978
<b>Total</b>		<b>50 092</b>	<b>30 862</b>

*The significant increase in expenditure for 2018/19 is driven by the ITU conference.*

4.8 Other operating expenditure	Note	2018/19 R'000	2017/18 R'000
Professional bodies, membership and subscription fees	4	135	137
Resettlement costs		145	136
Other		2 076	729
<b>Total</b>		<b>2 356</b>	<b>1 002</b>

*The significant increase in other cost includes freight cost incurred during the ITU conference.*

5. Payments for financial assets	Note	2018/19 R'000	2017/18 R'000
Material losses through criminal conduct		1 621	-
Theft	5.3	1 621	-
Extension of loans for policy purposes		2 947 000	3 700 000
Other material losses written off	5.1	-	68
Debts written off	5.2	35	177
Forex losses	5.4	3	5
<b>Total</b>		<b>2 948 659</b>	<b>3 700 250</b>

*The amount of R1,6 million under material losses through criminal conduct was written off after thorough investigations.*

5.1 Other material losses written off	Note	2018/19 R'000	2017/18 R'000
<b>Nature of losses</b>	5		
Income Tax		-	18
No Show		-	11
Key Replacement		-	6
Traffic fines		-	6
Damage rental Vehicle		-	27
<b>Total</b>		<b>-</b>	<b>68</b>

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<b>5.2</b>	<b>Debts written off</b>	<b>Note</b>	<b>R'000</b>	<b>R'000</b>
	<b>Nature of debts written off</b>	5		
	Irregular expenditure written off		-	-
	<b>Total</b>		<u>-</u>	<u>-</u>
	<b>Recoverable revenue written off</b>			
	Bursary Debt- employee		-	8
	Stolen Laptop		31	18
	Suppliers		-	151
	Advance outstanding		4	-
	<b>Total</b>		<u>35</u>	<u>177</u>
	Other debt written off		-	-
	<b>Total</b>		<u>-</u>	<u>-</u>
	<b>Total debt written off</b>		<u>35</u>	<u>177</u>
			<b>2018/19</b>	<b>2017/18</b>
<b>5.3</b>	<b>Details of theft</b>	<b>Note</b>	<b>R'000</b>	<b>R'000</b>
	<b>Nature of theft</b>	5		
	Fraud case		1 621	-
	<b>Total</b>		<u>1 621</u>	<u>-</u>
	<i>The amount of R1,6 million under material losses through criminal conduct was written off after thorough investigations.</i>			
			<b>2018/19</b>	<b>2017/18</b>
<b>5.4</b>	<b>Details of theft</b>	<b>Note</b>	<b>R'000</b>	<b>R'000</b>
	<b>Nature of losses</b>	5		
	Foreign Losses		3	5
	<b>Total</b>		<u>3</u>	<u>5</u>
<b>6.</b>	<b>Transfers and subsidies</b>	<b>Note</b>	<b>2018/19</b>	<b>2017/18</b>
			<b>R'000</b>	<b>R'000</b>
	Provinces and municipalities	36	13	14
	Departmental agencies(Non Business Entities) and accounts	<i>Annex 1B</i>	247 556	295 181
	Foreign governments and international organisations	<i>Annex 1E</i>	28 538	25 964
	Public corporations and private enterprises*	<i>Annex 1D</i>	203 900	486 000
	Households**	<i>Annex 1G</i>	20 147	1 772
	<b>Total</b>		<u>500 154</u>	<u>808 931</u>

\* There were no subsidies allocated to SAPO during the 2018/19 financial year. (2017/18; R240 million)

\*\* The increase is due to claims amounting to R18,9 million awarded against the Department.

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7.	<b>Expenditure for capital assets</b>	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>	
	<b>Tangible assets</b>		4 772	4 728	
	Machinery and equipment	30	4 772	4 728	
	<b>Software and other Intangible assets</b>		1 634	6 012	
	Software	31	1 634	6 012	
	<b>Total</b>		<b>6 406</b>	<b>10 740</b>	
7.1	<b>Analysis of funds utilised to acquire capital assets – 2018/19</b>		<b>Voted funds</b> <b>R'000</b>	<b>Aid assistance</b> <b>R'000</b>	<b>Total</b> <b>R'000</b>
	<b>Tangible assets</b>		4 772		4 772
	Machinery and equipment		4 772	-	4 772
	<b>Software and other Intangible assets</b>		1 634		1 634
	Software		1 634	-	1 634
	<b>Total</b>		<b>6 406</b>	-	<b>6 406</b>
7.2	<b>Analysis of funds utilised to acquire capital assets – 2017/18</b>		<b>Voted funds</b> <b>R'000</b>	<b>Aid assistance</b> <b>R'000</b>	<b>Total</b> <b>R'000</b>
	<b>Tangible assets</b>		4 728	-	4 728
	Machinery and equipment		4 728	-	4 728
	<b>Software and other Intangible assets</b>		6 012	-	6 012
	Software		6 012	-	6 012
	<b>Total</b>		<b>10 740</b>	-	<b>10 740</b>
8.	<b>Unauthorised expenditure</b>		<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>	
8.1	<b>Reconciliation of unauthorised expenditure</b>	<i>Note</i>			
	Opening balance		4 741	4 741	
	Prior period error				
	As restated		4 741	4 741	
	Unauthorised expenditure – discovered in current year (as restated)		-	-	
	Less: Amounts approved by Parliament/Legislature with funding		-	-	
	Less: Amounts approved by Parliament/Legislature without funding		-	-	
	Capital		-	-	
	Current		-	-	
	Transfers and subsidies		-	-	
	Less: Amounts transferred to receivables for recovery	12	-	-	
	<b>Closing balance</b>		<b>4 741</b>	<b>4 741</b>	

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	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>Analysis of closing balance</b>			
Unauthorised expenditure awaiting authorisation		4 741	4 741
Unauthorised expenditure approved without funding and not derecognised		-	-
<b>Total</b>		<u><u>4 741</u></u>	<u><u>4 741</u></u>
<b>8.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification</b>			
		2018/19 R'000	2017/18 R'000
Capital		-	-
Current		-	-
Transfers and subsidies		4 741	4 741
<b>Total</b>		<u><u>4 741</u></u>	<u><u>4 741</u></u>
<b>8.3 Analysis of unauthorised expenditure awaiting authorisation per type</b>			
		2018/19 R'000	2017/18 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote		4 741	4 741
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division		-	-
<b>Total</b>		<u><u>4 741</u></u>	<u><u>4 741</u></u>
<b>9. Cash and cash equivalents</b>			
	<i>Note</i>	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General Account		20 647	265 382
Disbursements		(16 513)	-
Cash on hand		35	35
Investments (Domestic)		20	309
<b>Total</b>		<u><u>4 189</u></u>	<u><u>265 726</u></u>
<i>R16 million is for a payment awaiting to be disbursed as at the 31st of March 2019. This represent a change in the reporting template.</i>			
<b>10. Other financial assets</b>			
	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>Non-current</b>			
<b>Local</b>			
Deposit Municipality		100	100
<b>Total</b>		<u><u>100</u></u>	<u><u>100</u></u>
<b>Foreign</b>			
<b>Total</b>		-	-
<b>Total Non-current other financial assets</b>		<u><u>100</u></u>	<u><u>100</u></u>

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11. Prepayments and advances	Note	2018/19 R'000	2017/18 R'000
Staff advances		56	-
Travel and subsistence		-	191
Advances paid (Not expensed)	11.1	43	7082
<b>Total</b>		<b>99</b>	<b>7 273</b>

11.1 Advances paid (Not expensed)	Note	Balance as at 1 April 2018 R'000	Less: Amount expensed in current year R'000	Add or Less: Other R'000	Add: Current Year advances R'000	Balance as at 31 March 2019 R'000
National Departments	11	2 182	(2 182)	-	43	<b>43</b>
Public entities		4 900	(4 900)	-	-	-
<b>Total</b>		<b>7 082</b>	<b>(7 082)</b>	-	<b>43</b>	<b>43</b>

National Departments	Note	Balance as at 1 April 2017 R'000	Less: Amount expensed in current year R'000	Add or Less: Other R'000	Add: Current Year advances R'000	Balance as at 31 March 2018 R'000
Public entities	11	2 182	-	-	-	2 182
<b>Total</b>		<b>7 082</b>	-	-	-	<b>7 082</b>

12. Receivables	Note	Current R'000	2018/19 Non-current R'000	Total R'000	Current R'000	2017/18 Non-current R'000	Total R'000
Claims recoverable	12.1	114	-	114	300	-	300
Trade receivables		-	-	-	-	-	-
Recoverable expenditure	12.2	298	-	298	11	1 621	1 632
Staff debt	12.3	48	117	165	186	133	319
Fruitless and wasteful expenditure	12.4	-	-	-	-	-	-
Other debtors	12.5	79	5 588	5 667	-	5 339	5 339
<b>Total</b>		<b>539</b>	<b>5 705</b>	<b>6 244</b>	<b>497</b>	<b>7 093</b>	<b>7 590</b>

An amount of R1,6 Million for Fraud is written off by the Department.

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		2018/19 R'000	2017/18 R'000
<b>12.1 Claims recoverable</b>	<b>Note</b>		
National Departments	12 and Annex 4	114	300
<b>Total</b>		<b>114</b>	<b>300</b>
<b>12.2 Recoverable expenditure (disallowance accounts)</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Disallowance Fraud	12	-	1 621
Medical aid		-	11
Disallowance Payment -CAI		298	-
<b>Total</b>		<b>298</b>	<b>1 632</b>
<i>The decrease in recoverable is a result of the fraud case been written-Off for R1,6 million.</i>			
<b>12.3 Staff debt</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Debts accounts	12	165	319
<b>Total</b>		<b>165</b>	<b>319</b>
<b>12.4 Other debtors</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
<b>Ex-employee</b>	12	402	324
<b>Non-employee</b>		198	193
Suppliers		5 067	4 822
<b>Total</b>		<b>5 667</b>	<b>5 339</b>
<b>12.5 Fruitless and wasteful expenditure</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Opening balance	12	-	-
Less amounts recovered		4	2
Less amounts written off		-	-
Transfers from note 26 Fruitless and Wasteful Expenditure		(4)	(2)
Interest		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>12.6 Impairment of receivables</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Estimate of impairment of receivables		5 629	6 983
<b>Total</b>		<b>5 629</b>	<b>6 983</b>

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13.	Investments	Note	2018/19 R'000	2017/18 R'000
	<b>Non-Current</b>			
	<b>Shares and other equity</b>			
	<i>Telkom SA Limited</i>		2 070 381	2 070 381
	<i>South African Post Office Limited</i>		8 164 116	5 217 116
	<i>Sentech (PTY)(LTD)</i>		2	2
	<i>Vodacom</i>		3 743	3 743
	<b>Total</b>		<b>10 238 242</b>	<b>7 291 242</b>
	<b>Total non-current</b>		<b>10 238 242</b>	<b>7 291 242</b>
	<b>Analysis of non-current investments</b>			
	Opening balance		7 291 242	2 767 242
	Non-cash movements		2 947 000	4 524 000
	<b>Closing balance</b>		<b>10 238 242</b>	<b>7 291 242</b>
13.1	<b>Impairment of investments</b>	Note	2018/19 R'000	2017/18 R'000
	Estimate of impairment		2 874 735	-
	<b>Total</b>		<b>2 874 735</b>	<b>-</b>
	<i>The amount of R2,8 billion relates to an impairment of the investment in the South African Post Office. The Net Asset Value of R5,3 Billion as at 31 march 2019 was less than the investment amounting to R8,1 Billion (SAPO).</i>			
14.	<b>Loans</b>	Note	2018/19 R'000	2017/18 R'000
	Public corporations		1 351 130	1 351 130
	Higher education institutions		-	-
	Foreign governments		-	-
	Private enterprises		-	-
	Non-profit institutions		-	-
	Staff loans		-	-
	<b>Total</b>		<b>1 351 130</b>	<b>1 351 130</b>
	<b>Analysis of Balance</b>			
	Opening balance		1 351 130	1 351 130
	New Issues		-	-
	Repayments		-	-
	Write-offs		-	-
	<b>Closing balance</b>		<b>1 351 130</b>	<b>1 351 130</b>

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	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
<b>15. Voted funds to be surrendered to the Revenue Fund</b>			
Opening balance		282 322	341 720
Prior period error	15.2		
As restated		282 322	341 720
Transfer from statement of financial performance (as restated)		12 522	282 322
Add: Unauthorised expenditure for current year	8	-	-
Voted funds not requested/not received	1.1	(250)	-
Transferred to retained revenue to defray excess expenditure (PARLIAMENT/LEGISLATURES ONLY)	15.1	-	-
Paid during the year		(282 322)	(341 720)
<b>Closing balance</b>		<b>12 272</b>	<b>282 322</b>
<i>The under spending on funds is mainly as a result of delayed project and vacant posts</i>			
<b>16. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund</b>			
Opening balance		16	4
Prior period error			
As restated	16	16	4
Transfer from Statement of Financial Performance (as restated)		749 642	1 141 106
Own revenue included in appropriation		-	-
Transfer from aid assistance	4	-	-
Transfer to voted funds to defray expenditure (Parliament/Legislatures ONLY)	15.1	-	-
Paid during the year		(749 625)	(1 141 094)
<b>Closing balance</b>		<b>33</b>	<b>16</b>
<b>17. Payables – current</b>			
Amounts owing to other entities		-	-
Advances received	17.1	-	-
Clearing accounts	17.2	17	276
Other payables	17.3	19	19
<b>Total</b>		<b>36</b>	<b>295</b>



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		2018/19 R'000	2017/18 R'000
<b>17.1 Clearing accounts</b>	<b>Note</b>		
Sal Deduction Disallowance	17	-	79
Sal Income Tax due to SARS		17	197
<b>Total</b>		<b>17</b>	<b>276</b>
<b>17.2 Other payables</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Supplier invoice- Legal dispute	17	19	19
<b>Total</b>		<b>19</b>	<b>19</b>
<b>18. Net cash flow available from operating activities</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Net surplus/(deficit) as per Statement of Financial Performance		762 164	1 423 428
Add back non cash/cash movements not deemed operating activities		(1 740 473)	(2 323 659)
(Increase)/decrease in receivables		1 346	(324)
(Increase)/decrease in prepayments and advances		7 174	(4 141)
Increase/(decrease) in payables – current		(259)	196
Proceeds from sale of capital assets		(52)	(713)
Proceeds from sale of investments		(722 891)	(846 603)
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		6 406	10 740
Surrenders to Revenue Fund		(1 031 947)	(1 482 814)
Voted funds not requested/not received		(250)	-
<b>Net cash flow generated by operating activities</b>		<b>(978 309)</b>	<b>(900 231)</b>
<b>19. Reconciliation of cash and cash equivalents for cash flow purposes</b>	<b>Note</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Consolidated Paymaster General account		20 647	265 382
Disbursements		(16 513)	-
Cash on hand		35	35
Cash with commercial banks (Local)		20	309
<b>Total</b>		<b>4 189</b>	<b>265 726</b>

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20. Contingent liabilities and contingent assets			2018/19	2017/18
20.1 Contingent liabilities		Note	R'000	R'000
Liable to	Nature			
Motor vehicle guarantees	Employees	Annex 3A	-	-
Housing loan guarantees	Employees	Annex 3A	-	-
Other guarantees	-	Annex 3A	123 816	511 452
Claims against the Department	-	Annex 3B	18 440	56 841
Intergovernmental payables (unconfirmed balances)	-	Annex 5	723	-
Environmental rehabilitation liability	-	Annex 3B	-	-
Other	-	Annex 3B	-	-
<b>Total</b>	-		<b>142 979</b>	<b>568 293</b>

*A decrease in claims against the Department was as a result of two legal claims that were awarded against the Department amounting to R38 million that has been reclassified to payables.*

Contingent assets	Note	2018/19	2017/18
Nature of contingent asset		R'000	R'000
Legal Claim against a traveling company		6 631	36 077
<b>Total</b>		<b>6 631</b>	<b>36 077</b>

*The recovery of a R30 Million contingent asset is uncertain, as the company has filed for voluntary liquidation. Therefore the inflow of cash is not probable and is remote. It is impractical for the Department to raise a receivable as the process hint insolvency of the company.*

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21. Commitments	Note	2018/19 R'000	2017/18 R'000
<b>Current expenditure</b>			
Approved and contracted		739 489	61 055
Approved but not yet contracted		-	-
		739 489	61 055
<b>Capital expenditure</b>			
Approved and contracted		214	170
Approved but not yet contracted		-	-
		214	170
<b>Total Commitments</b>		<b>739 703</b>	<b>61 225</b>

*Included in the commitments under current expenditure is an amount of R737 million that is longer than a year.*

*The following projects are contracted for a period longer than one year: SITA R348,7 Million; (exp 2021), SA Connect R367,8 Million; (exp 2021), Security Services R16,1 Million; (exp 2021), Cleaning Services R3.9 Million (exp 2021), Newspaper R119 Thousand (exp 2020), Pest Control for R66 Thousand (exp 2020) and Performance system maintenance R190 Thousand (exp 2021)*

**22. Accruals and payables not recognised**

22.1 Accruals				2018/19 R'000	2017/18 R'000
Listed by economic classification	30 Days	30+ Days	Total	Total	
Goods and services	1 519	27	1 546	95	
Transfers and subsidies	3 000	-	3 000	-	
<b>Total</b>	4 519	27	<b>4 546</b>	<b>95</b>	

Listed by programme level	Note	2018/19 R'000	2017/18 R'000
Administration		3 343	40
ICT International Affairs and Trade		-	32
Policy, Research and Capacity Development		1 195	14
ICT Enterprise Development and Oversight		5	1
ICT Infrastructure Support		3	8
<b>Total</b>		<b>4 546</b>	<b>95</b>

*Included in the accruals is an amount of R3 Million payable through a settlement agreement reached.*

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<b>22.2 Payables not recognised</b>				<b>2018/19</b>	<b>2017/18</b>
				<b>R'000</b>	<b>R'000</b>
<b>Listed by economic classification</b>					
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>		<b>Total</b>
Goods and services	6 427	1 589	8 016		5 520
Transfers and subsidies	26 573	-	26 573		-
Other	-	-	-		-
<b>Total</b>	<b>33 000</b>	<b>1 589</b>	<b>34 589</b>		<b>5 520</b>

<b>Listed by programme level</b>	<b>Note</b>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Administration		29 895	3 865
ICT International Affairs and Trade		1 000	711
Policy, Research and Capacity Development		3 258	654
ICT Enterprise Development and Oversight		258	104
ICT Infrastructure Support		178	186
<b>Total</b>		<b>34 589</b>	<b>5 520</b>

<b>Included in the above totals are the following:</b>	<b>Note</b>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Confirmed balances with other Departments	<i>Annex 5</i>	3 115	162
Confirmed balances with other government entities	<i>Annex 5</i>	-	-
<b>Total</b>		<b>3 115</b>	<b>162</b>

*Included in payables not recognised is an amount of R26 million for a legal claim awarded against the Department that has been reclassified from contingent liabilities as per settlement agreement.*

<b>23. Employee benefits</b>	<b>Note</b>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Leave entitlement		8 310	7 816
Service bonus		4 464	4 502
Performance awards		3 251	3 273
Capped leave commitments		2 470	2 554
Other		94	125
<b>Total</b>		<b>18 589</b>	<b>18 270</b>

*The leave entitlement includes credit still available from the previous leave cycle.*

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24. Lease commitments	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
24.1 Operating leases	R'000	R'000	R'000	R'000	R'000
<b>2018/19</b>					
Not later than 1 year	-	-	-	1 039	1 039
Later than 1 year and not later than 5 years	-	-	-	856	856
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	1 895	1 895
	<b>Specialised military equipment</b>	<b>Land</b>	<b>Buildings and other fixed structures</b>	<b>Machinery and equipment</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>2017/18</b>					
Not later than 1 year	-	-	-	803	803
Later than 1 year and not later than 5 years	-	-	-	605	605
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	1 408	1 408

*As the Department is operating on a month to month lease payment agreement, there are no lease payments commitments for Buildings and Fixed Structures. This lease expenses are recognised on a month to month basis as the Department continues to use the premises.*

25. Irregular expenditure	2018/19	2017/18
25.1 Reconciliation of irregular expenditure	R'000	R'000
Opening balance	226 220	225 992
Prior period error	-	-
As restated	226 220	225 992
Add: Irregular expenditure – relating to prior year	-	-
Add: Irregular expenditure – relating to current year	-	228
Less: Prior year amounts condoned	(3 895)	-
Less: Current year amounts condoned	-	-
Less: Amounts not condoned and recoverable	-	-
Less: Amounts not condoned and not recoverable	(13 939)	-
<b>Closing balance</b>	<b>208 386</b>	<b>226 220</b>
<b>Analysis of awaiting condonation per age classification</b>		
Current year	-	228
Prior years	208 386	225 992
<b>Total</b>	<b>208 386</b>	<b>226 220</b>

*The R13,9 million represent cases incorrectly classified as irregular and are now declassified after investigations reveal that they are not irregular expenditure.*

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**25.2 Details of irregular expenditure condoned**

Incident	Condoned by (condoning authority)	2018/19 R'000
Security Services 2014/15	DG	3216
ICT SMME workshop 2015/16	DG	20
Gist case 2015/16	DG	12
Catering services 2015/16	DG	3
Forensic services 2015/16	DG	29
Sign language 2014/15	DG	3
Translation services 2014/15	DG	3
Focus week event 2016/16	DG	5
Catering services 2015/16	DG	32
Sign language interpret 2014/15	DG	4
ICT Training 2014/15	DG	13
Transcription 2015/16	DG	57
Transcription 2015/16	DG	9
Policy review 2014/15	DG	150
Officials appointed on contract	DG	339
<b>Total</b>		<b>3895</b>

**25.3 Details of irregular expenditure removed - not recoverable (not condoned)**

Incident	Not condoned by (condoning authority)	2018/19 R'000
Restructuring Process 2008	Approved by DG	11 463
Restructuring Process 2008	Approved by DG	2 476
<b>Total</b>		<b>13 939</b>

*The amount of R3 million disclosed in the previous financial year was found not to be irregular expenditure after a detailed investigation.*

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26. Fruitless and wasteful expenditure	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>26.1 Reconciliation of fruitless and wasteful expenditure</b>			
Opening balance		11 971	11 973
Prior period error		-	-
As restated		11 971	11 973
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		13	15
Less: Amounts resolved		(2 727)	(15)
Less: Amounts transferred to receivables for recovery	15.6	(4)	(2)
<b>Closing balance</b>		<b>9 253</b>	<b>11 971</b>
<b>26.2 Analysis of awaiting resolution per economic classification</b>			
Current		9 253	11 971
Transfers and subsidies			
Capital			
<b>Total</b>		<b>9 253</b>	<b>11 971</b>
<b>26.3 Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure</b>			
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2018/19 R'000</b>	
No Show	In progress	12	
Traffic fine	Finalised	1	
<b>Total</b>		<b>13</b>	

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27. Related party transactions	Note	2018/19 R'000	2017/18 R'000
<b>Revenue received</b>			
Tax revenue			
Sales of goods and services other than capital assets		-	-
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land		-	-
Sales of capital assets		-	-
Transactions in financial assets and liabilities		-	-
Transfers received		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Payments made</b>			
	Note	2018/19 R'000	2017/18 R'000
Goods and services		119 403	-
Interest and rent on land		-	-
Expenditure for capital assets		-	-
Payments for financial assets		-	-
Transfers		-	-
<b>Total</b>		<b>119 403</b>	<b>-</b>
<b>Loans to/from related parties</b>			
	Note	2018/19 R'000	2017/18 R'000
Non-interest bearing loans to/(from)		1 351 130	1 351 130
Interest bearing loans to/(from)		-	-
<b>Total</b>		<b>1 351 130</b>	<b>1 351 130</b>
<b>In kind goods and services provided/received</b>			
	Note	2018/19 R'000	2017/18 R'000
<i>During the ITU Conference the following Entities sponsored the items mentioned alongside:</i>			
<i>NEMISA: Uniform</i>		100	-
<i>SITA: IT Technology services</i>		2 000	-
<i>SENTECH: Subsistence allowances</i>		2 500	-
<i>ZACR: Ground Transport</i>		500	-
<i>Brand SA</i>		265	-
<b>Total</b>		<b>5 365</b>	<b>-</b>

**The following are the related parties to the Department:**

- SITA, NEMISA, USAASA, USAF, ZADNA, Sentech, SAPO and Broadband Infraco are entities of the Department. All persons included in the Key management personnel form part of related parties. The Department of Telecommunications and Postal Services and the Department of Communications, SABC, ICASA, FPB, GCIS, Brand SA and MDDA are under the common control of the same Minister.
- The R119 million relates to expenditure incurred towards the implementation of SA connect project by SITA and BBI.
- The R1,3 billion non-interest bearing loan is a loan made to BBI.



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28. Key management personnel	No. of Individuals	2018/19 R'000	2017/18 R'000
Political office bearers (provide detail below)	2	4 272	4 993
Officials:			
Level 15 to 16	9	12 902	10 771
Level 14	15	21 861	19 171
Acting for level 14 and level 15	2	3 826	3 257
Family members of key management personnel	-	-	-
<b>Total</b>		<b>42 861</b>	<b>38 192</b>

29. Non-adjusting events after reporting date	2018/19 R'000
<b>Nature of event</b>	
DTPS and DoC reconfiguration	-
<b>Total</b>	<b>-</b>

*The Department of Communications and the Department of Telecommunications and Postal Services will be reconfigured and be called the Department of Communications and Digital Technologies. The ultimate timing of the reconfiguration could not be determined.*

**30. Movable Tangible Capital Assets**

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>66 503</b>	<b>-</b>	<b>4 772</b>	<b>5 133</b>	<b>66 142</b>
Transport assets	4 177	-	2 325	-	6 502
Computer equipment	29 692	-	1 475	4 772	26 395
Furniture and office equipment	13 514	-	805	99	14 220
Other machinery and equipment	19 120	-	167	262	19 025
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>66 503</b>	<b>-</b>	<b>4 772</b>	<b>5 133</b>	<b>66 142</b>

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**30.1 ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Cash* R'000	Non-cash** R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>4 772</b>	-	-	-	<b>4 772</b>
Transport assets	2 325	-	-	-	2 325
Computer equipment	1 475	-	-	-	1 475
Furniture and office equipment	805	-	-	-	805
Other machinery and equipment	167	-	-	-	167
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>4 772</b>	-	-	-	<b>4 772</b>

**30.2 Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>984</b>	<b>4 149</b>	<b>5 133</b>	
Transport Asset	-	-	-	-
Computer equipment	984	3 788	4 772	52
Furniture and office equipment	-	99	99	-
Other machinery and equipment	-	262	262	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>984</b>	<b>4 149</b>	<b>5 133</b>	<b>52</b>

*An asset to an amount of R 1,4 million was transferred to the Department of Home Affairs during November 2018. Assets worth R15 thousand were transferred to the Department of Water Affairs and Sanitation. Assets worth R479 thousand were transferred to Department of International Relations and Cooperation.*

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**30.3 Movement for 2017/18**

**MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>70 872</b>	-	<b>4 728</b>	<b>9 097</b>	<b>66 503</b>
Transport assets	4 732	-	1 926	2 481	4 177
Computer equipment	33 114	-	2 234	5 656	29 692
Furniture and office equipment	13 401	-	319	206	13 514
Other machinery and equipment	19 625	-	249	754	19 120
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>70 872</b>	-	<b>4 728</b>	<b>9 097</b>	<b>66 503</b>

*An omission of R41 thousand was made on the 2017/18 Annual Report regarding the adjustment between the furniture & Equipment and Other machinery & equipment items*

**30.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019**

	Spe- cialised military assets R'000	Software and other Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening bal- ance	-	6	-	9 475	-	9 481
Value adjust- ments	-	-	-	18	-	18
Additions	-	-	-	144	-	144
Disposals	-	6	-	323	-	329
<b>TOTAL MINOR ASSETS</b>	-	-	-	<b>9 314</b>	-	<b>9 314</b>

	Spe- cialised military assets	Software and other Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	126	-	126
Number of minor assets at cost	-	-	-	3281	-	3 281
<b>TOTAL NUMBER OF MINOR ASSETS</b>	-	-	-	<b>3407</b>	-	<b>3 407</b>

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**Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018**

	Specialised military assets R'000	Software and other Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	7	-	10 850	-	10 857
Prior period error	-	-	-	-	-	-
Additions	-	6	-	134	-	140
Disposals	-	7	-	1 509	-	1 516
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>9 475</b>	<b>-</b>	<b>9 481</b>

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018**

	Specialised military assets	Software and other Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	133	-	133
Number of minor assets at cost	-	2	-	3 884	-	3 886
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>4 017</b>	<b>-</b>	<b>4 019</b>

**30.4.1 Prior period error**

*Note*

**2017/18  
R'000**

**Nature of prior period error**

Relating to 2018/19 *[affecting the opening balance]*

-

Relating to 2017/18

(7)

Minor Assets affecting the opening for 2018/19 Software disposal

(7)

Total prior period errors

(7)

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**30.5 Movable assets written off**

**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2019**

	Specialised military assets R'000	Software and other Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	65	-	65
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>65</b>

**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2018**

	Specialised military assets R'000	Software and other Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	24	-	24
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>-</b>	<b>24</b>

**30.6 S42 Movable capital assets**

**MAJOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 31 MARCH 2019**

	Specialised military assets	Software and other Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	19	-	19
Value of the assets (R'000)	-	-	-	1 739	-	1 739

**MINOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 31 MARCH 2019**

	Specialised military assets	Software and other Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	15	-	15
Value of the assets (R'000)	-	-	-	55	-	55

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**31. Intangible Capital Assets**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	7 801	-	1 634	6 172	3 263
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	359	-	-	-	369
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>8 170</b>	<b>-</b>	<b>1 634</b>	<b>6 172</b>	<b>3 632</b>

**31.1 Additions**

**ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Cash R'000	Non-Cash R'000	(Develop- ment work in progress – current costs) R'000	Received current year, not paid (Paid current year, received prior year) R'000	Total R'000
SOFTWARE	1 634	-	-	-	1 634
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>1 634</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 634</b>

**31.2 Disposals**

**DISPOSAL OF INTANGIBLE ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
SOFTWARE	-	6 172	6 172	-
<b>TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>6 172</b>	<b>6 172</b>	<b>-</b>

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**31.3 Movement for 2017/18**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>SOFTWARE</b>	6 722	-	6 012	4 933	7 801
<b>PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS</b>	369	-	-	-	369
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>7 091</b>	<b>-</b>	<b>6 012</b>	<b>4 933</b>	<b>8 170</b>

**32. Immovable Tangible Capital Assets**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED  
31 MARCH 2019**

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>18</b>	-	-	-	<b>18</b>
Non-residential buildings	18	-	-	-	18
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>

**32.1 Movement for 2017/18**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED  
31 MARCH 2018**

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

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
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	<i>Note</i>	Amount before error correction 2017/18 R'000	Prior period error 2017/18 R'000	Restated Amount 2017/18 R'000
<b>33. Prior period errors</b>				
<b>33.1 Correction of prior period errors</b>				
<b>Expenditure:</b>				
<b>Inventory</b>	4	23	(2)	21
Consumables	4	5 004	2	5 006
<b>Net effect</b>		<b>5 027</b>	<b>-</b>	<b>5 027</b>

*An amount of R2000 was incorrectly disclosed as inventory while this amount was for consumable items.*

	<i>Note</i>	Amount before error correction 2017/18 R'000	Prior period error 2017/18 R'000	Restated Amount 2017/18 R'000
<b>Assets:</b>	11	-	79	79
Investments, Sentech	12	1	1	2
Related Parties: Non-Interest bearing loan to/from	27	-	1 351 130	1 351 130
Line item 3 affected by the change				
<b>Net effect</b>		<b>1</b>	<b>1 351 210</b>	<b>1 351 211</b>

*R79 thousand was incorrectly disclosed as a receivable during the 2017/18 financial year.*

	<i>Note</i>	Amount before error correction 2017/18 R'000	Prior period error 2017/18 R'000	Restated Amount 2017/18 R'000
<b>Liabilities:</b>	20	61 951	(5 110)	56 841
Line item 1 affected by the change	17	-	(79)	(79)
Contingent Liabilities: Unconfirmed Balances to Departments	20	162	(162)	-
Commitments: Confirmed Balances to Department	22	-	162	162
Commitments: Approved and Contracted	21	63 722	(2 667)	61 055
Key Management Personnel	28	28 407	9 785	38 192
<b>Net effect</b>		<b>154 242</b>	<b>1 929</b>	<b>156 171</b>

*The contingent liabilities figure disclosed during the 2017/18 financial year relates to third quartered (December 2017) instead of the entire year (31 March 2019)*



DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32  
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**34. Inventories**

There were no inventories at hand at the end of the financial year.

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**35. Transfer of functions**

	Bal per dept 2017/18 AFS before transfer	Functions per dept (trans- ferred) / received	Functions per dept (trans- ferred) / received	Functions per dept (trans- ferred) / received	2017/18 Bal after trans- fer
35.1 Statement of Financial Position	2017/18 R'000	2017/18 R'000	2017/18 R'000	2017/18 R'000	2017/18 R'000
<b>ASSETS</b>	<b>290 208</b>	-	-	-	<b>290 208</b>
<b>Current Assets</b>					
Unauthorised expenditure	4 741	-	-	-	4 741
Fruitless and wasteful expenditure	11 971	-	-	-	11 971
Cash and cash equivalents	265 726	-	-	-	265 726
Other financial assets	-	-	-	-	-
Prepayments and advances	7 273	-	-	-	7 273
Receivables	497	-	-	-	497
<b>Non-Current Assets</b>	<b>8 649 565</b>				<b>8 649 565</b>
Investments	7 291 242	-	-	-	7 291 242
Receivables	7 093	-	-	-	7 093
Loans	1 351 130	-	-	-	1 351 130
Other financial assets	100	-	-	-	100
<b>TOTAL ASSETS</b>	<b>8 939 773</b>	-	-	-	<b>8 939 773</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>	<b>282 357</b>	-	-	-	<b>282 357</b>
Voted funds to be surrendered to the Revenue Fund	282 322	-	-	-	282 322
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	16	-	-	-	16
Payables	19	-	-	-	19
<b>Non-Current Liabilities</b>					
Payables	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>282 357</b>	-	-	-	<b>282 357</b>
<b>NET ASSETS</b>	<b>8 657 416</b>	-	-	-	<b>8 657 416</b>

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	Bal per dept 2017/18 AFS before transfer	Functions per dept (transferred) / received	Functions per dept (transferred) / received	Functions per dept (transferred) / received	2017/18 Bal after transfer
<b>35.2 Notes</b>	<b>2017/18 R'000</b>	<b>2017/18 R'000</b>	<b>2017/18 R'000</b>	<b>2017/18 R'000</b>	<b>2017/18 R'000</b>
Contingent liabilities	568 293	-	-	-	568 293
Contingent assets	36 077	-	-	-	36 077
Commitments	61 225	-	-	-	61 225
Accruals	95	-	-	-	95
Payables not recognised	5 520	-	-	-	5 520
Employee benefits	18 270	-	-	-	18 270
Lease commitments – Operating lease	1 408	-	-	-	1 408
Irregular expenditure	226 220	-	-	-	226 220
Fruitless and wasteful expenditure	11 971	-	-	-	11 971
Impairment	6 983	-	-	-	6 983
Movable tangible capital assets	66 503	-	-	-	66 503
Immovable tangible capital assets	18	-	-	-	18
Intangible capital assets	8 170	-	-	-	8 170

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
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36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %
NAME OF MUNICIPALITY							
City of Tshwane							
<b>TOTAL</b>	-	-	-	-	13	-	-

The Department Paid Licence fees for the Departmental Vehicles

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
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**ANNEXURE 1A**  
**STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2017/18	
	DoRA and other transfers R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	Unspent funds R'000	% of available funds spent by municipality %	Division of Revenue Act R'000	Actual transfer R'000
City of Tshwane	-	-	-	-	13	-	-	-	-	-	-	13	-
Cape Town	-	-	-	-	-	-	-	-	-	-	-	1	-
<b>TOTAL</b>	-	-	-	-	<b>13</b>	-	-	-	-	-	-	<b>14</b>	-

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
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**ANNEXURE 1B**  
**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES (NON-BUSINESS ENTITIES) AND ACCOUNTS**

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2017/18 Final Appropriation R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Universal Service and Access Agency of South Africa	80 074	-	-	80 074	80 074	100%	75 684
Universal Service and Access Fund: Operations	57 781	-	-	57 781	57 781	100%	54 614
Universal Service and Access Fund: BDM Project Management	18 940	-	-	18 940	18 940	100%	79 098
National Electronic Media Institute of SA: Operations	46 325	-	-	46 325	46 325	100%	43 785
National Electronic Media Institute of SA: Operations	44 436	-	-	44 436	44 436	100%	42 000
<b>TOTAL</b>	<b>247 556</b>	<b>-</b>	<b>-</b>	<b>247 556</b>	<b>247 556</b>	<b>-</b>	<b>295 181</b>

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
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**ANNEXURE 1D**  
**STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2017/18 Final Appropriation R'000	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Capital R'000		Current R'000
<b>Public Corporations</b>									
Transfers	203 900	-	-	203 900	203 900	100%	246 000	-	246 000
Transfers	-	-	-	-	-	100%	53 000	-	53 000
Sentech: Dual Illumination Capital	203 900	-	-	203 900	203 900	100%	193 000	-	193 000
	<b>203 900</b>			<b>203 900</b>	<b>203 900</b>		<b>246 000</b>		<b>246 000</b>
Subsidies	-	-	-	-	-	-	-	-	240 000
SA Post Office ltd	-	-	-	-	-	-	-	-	240 000
<b>Total</b>	<b>203 900</b>	<b>-</b>	<b>-</b>	<b>203 900</b>	<b>203 900</b>	<b>100%</b>	<b>246 000</b>	<b>-</b>	<b>486 000</b>
<b>TOTAL</b>	<b>203 900</b>	<b>-</b>	<b>-</b>	<b>203 900</b>	<b>203 900</b>	<b>100</b>	<b>246 000</b>	<b>-</b>	<b>486 000</b>

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
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**ANNEXURE 1E**  
**STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS**

	TRANSFER ALLOCATION				EXPENDITURE		2017/18 Final Appropriation R'000
	Adjusted Appropriation Act	Roll overs	Adjust- ments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
<b>FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION</b>							
<b>Transfers</b>							
African Telecommunications Union	988	-	-	988	989	100	1 006
Universal Postal Union(UPU)	6 311	-	-	6 311	6 312	100	5 522
Pan African Postal Union(PAPU)	1061	-	-	1061	1068	101	1 031
International Communication Union	17 077	-	-	17 077	17 077	100	16 816
CommonWealth Telecommunication Organisation (CTO)	440	-	-	440	457	104	426
Organisation for Economic Cooperation and Development	200	-	-	200	174	87	158
DONA Foundation	1 007	-	-	1 007	1 007	100	1 005
Smart Africa Alliance	1 500	-	-	1 500	1 454	97	-
	<b>28 584</b>	-	-	<b>28 584</b>	<b>28 538</b>		<b>25 964</b>
<b>TOTAL</b>	<b>28 584</b>	-	-	<b>28 584</b>	<b>28 538</b>		<b>25 964</b>



**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
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**ANNEXURE 1G**  
**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

	TRANSFER ALLOCATION					EXPENDITURE		2017/18 Final Appropriation R'000
	Adjusted Appropriation Act	Roll Overs	Adjust- ments	Total Available	Actual Transfer	% of Available funds Transferred		
	R'000	R'000	R'000	R'000	R'000	%		
<b>HOUSEHOLDS</b>								
<i>Transfers</i>								
H/H: EMPL S/BEN:LEAVE GRATUITY	412	-	-	412	1 036	251	1 240	
H/H: PMT/REFUND&REM-ACT/GRCE	44	-	-	44	60	136	42	
H/H: CLAIMS AGAINST THE STATE(CASH)	18 940	-	-	18 940	18 940	100	447	
H/H: DONATION GIFT AND SPONSORSHIPS	8	-	-	8	111	1 388	43	
<b>TOTAL</b>	<b>19 404</b>	<b>-</b>	<b>-</b>	<b>19 404</b>	<b>20 147</b>	<b>-</b>	<b>1 772</b>	

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**ANNEXURE 1H**  
**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
		R'000	R'000
<b>Received in cash</b>			
MTN South Africa	Sponsored ITU Conference 2018/2019	25 000	-
Microsoft SA	Sponsored ITU Conference 2018/2019	1 000	-
<b>Subtotal</b>		<b>26 000</b>	<b>-</b>
<b>Received in kind</b>			
China-Telecom Global	Sponsored training seminar by China Telecom Global: Development of IT for Development Countries.	-	250
Annual Workshop on Digital Economy and ICT Survey Methodology	Annual Workshop on Digital Economy and ICT Survey Methodology	6	-
TELKOM	Payment for the ITU Deposit : Telkom	20 000	-
VODACOM	Provided stands, branding, AV Media centre and accommodation @ Isogo sun: Vodacom	10 000	-
MULTICHOICE	Audio visual equipment's for the Conference Translation booths, head phones, all screens, all stages: Multichoice	5 000	-
ECONET/LIQUID	Media and Marketing, Leadership space and other furniture. Ground Transport: Econet/Liquid Telecom	5 536	-
DFA/SEACOM	Greenland connectivity to ITU.: DFA/SEACOM	3 714	-
Cell C	Ground transport for delegates and ITU staff: Cell C	2 500	-
Sentech	Daily subsistence allowance for ITU. Payment for ITU Deposit. Additional ground transport for VIP: Sentech	2 500	-

**ANNEXURE 1H  
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED (continued)**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19		2017/18	
		R'000		R'000	
BRAND SA	Design of the Pavilion.	265	-	-	-
SITA	Provided Iftu technology services and laptops: SITA	2 000	-	-	-
HUAWEI	Closing ceremony. 100000 USD redirected to ICC: Huawei	1 370	-	-	-
FTTX	Registration booths, VOC, BUILT KINGDOM STAND, Support 10 SMMEs.	254	-	-	-
Altron	Gala Dinner: Altron/Summeisun	1 000	-	-	-
FNB	Accommodation for Hilton Hotel: FNB	1 000	-	-	-
ZACR	Ministerial ground transport: ZACR	500	-	-	-
AXIZ	37 LAPTOPS: AXIZ	492	-	-	-
Standard Bank	SMME-Nelson Mandela and Albertina Sizulu: Standard Bank	5 200	-	-	-
Ericson	SMME-Nelson Mandela and Albertina Sizulu corridors: Sonny Ericson	1 341	-	-	-
Nemisa	Uniform: Nemisa	100	-	-	-
APEX ICT	Photocopy machines: APEX	259	-	-	-
ETHEKWINI MUNICIPALITY	Road closure, closing cocktail and city branding: ETHEKWINI	1 240	-	-	-
<b>Subtotal</b>		64 277	250		
<b>TOTAL</b>		<b>90 277</b>	<b>250</b>		

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
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**ANNEXURE 2A**  
**STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES**

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 2018/19	% Held 2017/18	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaran- feed Yes/No
				2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
<b>National/Provincial Public Entity</b>												
Universal Service and Access Agency of South Africa	3A	100%	100%	-	-	-	-	-	-	(24 440)	(84 160)	No
Universal Service and Access Fund	3A	100%	100%	-	-	-	-	-	-	(200 886)	(206 802)	No
Telkom SA Limited	2	41%	39%	207 038 053	207 038 053	2 070 381	2 070 381	-	-	1 419 000	3 158 000	No
South African Post Office Ltd	2	100%	100%	693 115 883	693 115 882	8 164 115	5 217 116	5 289 384	5 217 116	(1 50 846)	(916 983)	No
National Electronic Media Institute of South Africa	3A	100%	100%	-	-	-	-	-	-	297	(5 006)	No
Sentech (Pty) Ltd	3B	100%	100%	2 000	2 000	2	2	2 309 253	1 920 014	181 484	152 792	No
Vodacom Group Limited	2	0,004%	0,003%	63 658	63 658	3 743	3 743	-	-	15 532 000	15 562 000	No

**ANNEXURE 2A  
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES (continued)**

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held		Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed
		2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	
Broadband Infraco SOC Limited	2	74%	74%	74	74	74	74	448 109	715 987	(30 980)	(121 473)	No
SITA	3A	100%	100%	-	-	-	-	2 984 116	2 895 203	31 600	160 717	No
<b>Subtotal</b>		-	-	900 219 674	900 219 673	10 238 317	7 291 317	11 030 862	10 748 320	15 757 229	17 699 085	
<b>TOTAL</b>		-	-	900 219 674	900 219 673	10 238 317	7 291 317	11 030 862	10 748 320	15 757 229	17 699 085	

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

2 Comprised of 693 115 883 shares @ R1 per share. (The South African Post Office Ltd issued 287 176 058 shares for the IBVC loan converted to equity and 205 000 000 shares for 2013/14 MTEF fund allocation for the corporatisation of the Postbank as approved by the Minister of Finance on 7 April 2014).

3 Comprised of 2000 shares @ R1 per share. Reinstating the R75,892,000.00 share premium in 2017/18. The amount was incorrectly disclosed as the cost of investment.

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

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**ANNEXUR 3A**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 - LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2018	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2019	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2019
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Other									
ABSA	SAPO	223 500	86 500	137 000	223 500	-	-	-	-
INVESTEC	SAPO	196 000	76 000	120 000	196 000	-	-	-	-
NEDBANK	SAPO	223 500	86 500	137 000	223 500	-	-	-	-
STANDARD BANK	SAPO	252 000	97 000	155 000	252 000	-	-	-	-
RMB	SAPO	140 000	54 000	86 000	140 000	-	-	-	-
SAPO Guaranteee	SAPO	1 912 000	-	-	1 912 000	-	-	-	-
	Subtotal	<b>2 947 000</b>	<b>400 000</b>	<b>635 000</b>	<b>2 947 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>TOTAL</b>	<b>2 947 000</b>	<b>400 000</b>	<b>635 000</b>	<b>2 947 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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**ANNEXUR 3A  
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 - FOREIGN (continued)**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2018 R'000	Guarantees draw downs during the year R'000	Guarantees repayments/ cancelled/ reduced during the year R'000	Revaluation R'000	Closing balance 31 March 2019 R'000	Guaranteed Interest for the year ended 31 March 2019 R'000	Realised losses not recoverable i.e. claims paid out R'000
TELKOM	Other								
	Societe Generale export credit	281 723	111 145	-	-	12 671	123 816		
	Natexis Banque							3	
	Subtotal	281 723	111 145	-	-	12 671	123 816	3	-
	<b>TOTAL</b>	<b>281 723</b>	<b>111 145</b>	<b>-</b>	<b>-</b>	<b>12 671</b>	<b>123 816</b>	<b>3</b>	<b>-</b>

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
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**ANNEXURE 3B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019**

NATURE OF LIABILITY	Opening Balance 1 April 2018 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2019 R'000
<b>Claims against the Department</b>					
Possible legal claim	39 840	6 363	46 203	-	-
Possible legal claim	5 712	426	-	-	6 138
Possible legal claim	11 289	1 000	12 289	-	-
Possible legal claim	-	6 939	-	-	6 939
Possible legal claim	-	5 363	-	-	5 363
<b>TOTAL</b>	<b>56 841</b>	<b>20 091</b>	<b>58 492</b>	<b>-</b>	<b>18 440</b>



ANNEXURE 3B (continued)

NATURE OF ASSETS RECOVERABLE	Opening Balance 1 April 2018	Details of Liability and Recoverability	Movement during year	Closing Balance 31 March 2019
	R'000	R'000	R'000	R'000
Possible Legal Claim		DOC issued summons against Travelling agent for R2, 863,014 for the money owed to the Department. and a counter claim was raised by Travel Agency the amount of R400K is the difference in assets to the Department. Matter pending	554	6 631
Possible Legal Claim	6 077	Media Company award was issued in favour of the Department to recover the R30 Million against the company, the company is in a voluntary liquidation process and the Department has filed a R25 Million claim through that process	(30 000)	
<b>Total</b>	<b>36 077</b>		<b>(29 446)</b>	<b>6 631</b>

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
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**ANNEXURE 4**  
**CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19 *	
	31/03/2019 R'000	31/03/2018 R'000	31/03/2019 R'000	31/03/2018 R'000	31/03/2019 R'000	31/03/2018 R'000	Receipt date up to six (6) working days after year end	Amount R'000
<b>Department</b>								
SITA	-	300	-	-	-	300	-	-
Department of Communication	111	-	-	-	111	-	-	-
Gauteng Department of Education	-	-	3	-	3	-	-	-
<b>TOTAL</b>	<b>111</b>	<b>300</b>	<b>3</b>	<b>-</b>	<b>114</b>	<b>300</b>		<b>-</b>

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
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**ANNEXURE 5**  
**INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2018/19	
	31/03/2019 R'000	31/03/2018 R'000	31/03/2019 R'000	31/03/2018 R'000	31/03/2019 R'000	31/03/2018 R'000	Payment date up to six (6) working days before year end	Amount R'000
<b>DEPARTMENTS</b>								
<b>Current</b>								
SAPS	1 357	38	-	-	1 357	38	-	-
Correctional services	-	82	-	-	-	82	-	-
Limpopo Pro Gov: Public works road & infra	-	3	-	-	-	3	-	-
Doc	-	33	-	-	-	33	-	-
Department of transport and Public works	-	6	-	-	-	6	-	-
Department of Government printing	1	-	-	-	1	-	-	-
Department of Home Affairs	55	-	-	-	55	-	-	-
Department of International Relations and Cooperation's	1 702	-	723	-	2 455	-	-	-
<b>TOTAL INTERGOVERNMENTAL</b>	<b>3 115</b>	<b>162</b>	<b>723</b>	<b>-</b>	<b>3 838</b>	<b>162</b>	<b>-</b>	<b>-</b>

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
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**ANNEXURE 6**  
**INVENTORIES**

Inventories	Note	2018/19		2017/18	
		Quantity	R'000	Quantity	R'000
Opening balance		4	-	11	1
Add/(Less): Adjustments to prior year balance		(4)	-	-	-
Add: Additions/Purchases – Cash		-	-	100	21
Add: Additions - Non-cash		-	-	-	-
(Less): Disposals		-	-	-	-
(Less): Issues		-	-	(100)	20
Add/(Less): Received current, not paid (Paid current year, received prior year)		-	-	-	-
Add/(Less): Adjustments		-	-	(7)	(1)
<b>Closing balance</b>		-	-	<b>4</b>	<b>-</b>

\* Prior year errors 2017/18 in the Annexure relating to inventory. 91 Quantities of with a value of R212 were incorrectly classified. The figures were corrected and reclassified above.

**DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES – VOTE 32**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2019

**ANNEXURE 8A**  
**INTER-ENTITY ADVANCES PAID (note 11)**

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2019 R'000	31/03/2018 R'000	31/03/2019 R'000	31/03/2018 R'000	31/03/2019 R'000	31/03/2018 R'000
<b>NATIONAL DEPARTMENTS</b>						
DIRCO	43	2 182			43	2 182
<b>Subtotal</b>	<b>43</b>	<b>2 182</b>	-	-	<b>43</b>	<b>2 182</b>
<b>PUBLIC ENTITIES</b>						
BBi	-	4 900			-	4 900
<b>Subtotal</b>	<b>-</b>	<b>4 900</b>	-	-	<b>-</b>	<b>4 900</b>
<b>TOTAL</b>	<b>43</b>	<b>7 082</b>	-	-	<b>43</b>	<b>7 082</b>







**telecommunications  
& postal services**

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