



telecommunications
& postal services

Department:
Telecommunications and Postal Services
REPUBLIC OF SOUTH AFRICA

ANNUAL REPORT

2019-2020



**Submission of the Department of Telecommunications and Postal Services 2019/20
Annual Report**

To the Minister of Communications & Digital Technologies, Ms Stella Ndabeni-Abrahams.

I have the honour of submitting to you, in accordance with the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999), the Annual Report of the Department of Telecommunications and Postal Services for the period 1 April 2019 to 31 March 2020.



Ms Nomvuyiso Batyi

Acting Director-General

Date of submission: 20 October 2020

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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
AO	Accounting Officer
APP	Annual Performance Plan
ATU	African Telecommunication Union
AU	African Union
AU CICT	African Union Committee on Information and Communication Technologies
BBI	Broadband Infraco
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
DCDT	Department of Communications and Digital Technologies
DEC	Departmental Executive Committee
DG	Director-General
DPSA	Department of Public Service and Administration
DoC	Department of Communications
DTPS	Department of Telecommunications and Postal Services
EA	Executive Authority
ECA	Electronic Communications Act
ENE	Estimates of National Expenditure
ER	Employee Relations
ERP	Enterprise Resource Planning
EU	European Union
EWB	Employee Wellness and Health
EXCO	Executive Committee

FY	Financial year
HCT	HIV Counselling and Testing
HDIs	Historically Disadvantaged Individuals
HIV	Human Immunodeficiency Virus
HOD	Head of Department
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
RDCC	Rapid Deployment Coordination Centre
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
SOEs	State Owned Enterprises
TB	Tuberculosis
TMC	Top Management Committee

TR	Treasury Regulations
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 Telecommunications Development Conference
WTSA	World Telecommunications Standardisation Assembly
ZACR	ZA Central Registry
.za DNA	Domain Name Authority of South Africa

3. FOREWORD BY THE MINISTER



Stella Ndabeni-Abrahams
Minister of
Communications

The 2019/20 financial year has been a year of transition for both the Department of Telecommunications and Postal Services as well as the Department of Communications. During the reporting period, both Departments worked closely together on identified projects while sharing resources and expertise. This initiative was in the spirit of the pending merger between both the Departments in line with the President's pronouncement in the 2018 State of the Nation Address, to initiate better alignment and coordination on matters that are critical to the future of our economy in the 4IR context. As of 01 April 2020, the Department of Telecommunications and Postal Services and the Department of Communications merged to form the Department of Communications and Digital Technologies.

The current COVID-19 pandemic facing the world has shown us that the impact of digital technologies can no longer be ignored. The pandemic has forced the world to enter a "new normal" catalysed by a technological revolution that is irreversible, that changes the way that we live, work and relate to each other. Cutting edge technological innovations across all sectors of our economy and structures of society underpin the 4IR. It is then imperative that the country responds with a seamless and coordinated plan to leverage the benefits and mitigate challenges that come with the 4IR.

In this regard, the President delegated the Department the responsibility of coordinating and overseeing the work of Presidential Commission on the Fourth Industrial Revolution 4IR. During the reporting period, the Department worked closely with the Commissioners towards completing its mandate of developing South Africa's national response action plan to deal with 4IR through the identification of policies, strategies and plans which will position South Africa as a leading country in the evolution and development of the 4IR. Following robust engagements, and extensive efforts, the PC4IR released its Diagnostic Report followed by the Country Report for the Fourth Industrial Revolution.

During the period under review, the Department pursued the implementation of its 2019/20 legislative programme, in line with the National Integrated ICT Policy White Paper, which led to the development of priority ICT legislation and policies, including the Digital Development Fund Bill as well as the Data and Cloud Policy. The financial year 2020/21 saw the

Department putting more emphasis on reorganising and repurposing our State Owned Entities (SOEs) into resilient, self-sustaining and effective agents for delivery of services to the communities. Towards reducing the cost of administering these entities, DCDT initiated a process of ensuring greater alignment of purpose and the realization of synergies among these SOEs. In an effort to keep pace with the changing environment the DCDT began developing the State Digital Infrastructure Company Bill and the State Digital Services Company Bill. These are significant pieces of legislation with regards to the consolidation of broadband infrastructure for delivery of the electronic communications networks and services. These are further aimed at enabling the repurposing of SITA. Effort will be put into expediting the work such that these pieces of legislation are submitted to the Cabinet for approval before the end of 2020/21 financial year.

The Department being cognisant of the fact that the fast changing technology must be coupled with an equally smart suit of skills and knowledge. In this regard the Department has developed the National

Digital and Future Skills Strategy which focuses on critical skills such as data science, software development, cybersecurity, 3D printing, drone piloting and the production of digital content. The Department is currently finalising a framework for implementing the Digital Skills 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 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.

Given that this is the last Annual Report for the Department of Telecommunications and Postal Services, I would like to take this opportunity, on behalf of the erstwhile DTPS, to thank the Portfolio Committee for their guidance through this transition. I thank my colleague the Deputy Minister Ms Pinky Kekana, MP for her selfless support during the year under review. My gratitude goes to the former Director-General Mr Robert Nkuna for his able leadership together with his team of executives. We thank DTPS external stakeholders who kept a keen eye on how we administer our affairs in the service of the public during this transitional phase.

I would like to thank the lower levels of management and the entire staff of



MINISTER STELLA NDABENI-ABRAHAMS, MP
MINISTER OF COMMUNICATIONS & DIGITAL TECHNOLOGIES

4. STATEMENT BY THE DEPUTY MINISTER



Pinky Kekana
Deputy Minister of
Communications and
Digital Technologies

The Department of Telecommunications and Postal Services plays an integral role in creating an enabling environment for the ICT sector. In our current world, Telecommunications is one of the most dynamic sectors, and this makes for an exciting, but also challenging environment. Not just for government, but for all stakeholders. Obviously, the continued roll out of the National Broadband Network is a prominent cause of recalibration within the sector. Consumers consider telecommunications as an essential service that allows them to participate effectively in the economy, and for the possibilities offered by communication networks.

This Annual Report serves as one of the last reports of the DTPS since the merging of the Department with the Department of Communications (DoC), to form the Department of Communications and Digital Technologies (DCDT). The Department was tasked with establishing the Presidential Commission on the 4th Industrial Revolution (PC4IR), on behalf of the President. The mandate of this Commission was to propose an overarching strategy for the fourth industrial revolution (4IR) as well as making recommendations regarding the institutional frameworks and roles of various sectors of society within the broader plan. The PC4IR has subsequently delivered its first report to the President. The time is now

that South Africans can leverage the new growth plan and take advantage of opportunities of 4IR, to enter the next level of its growth and development, while showing continued progressive leadership in an evolving Africa and the world.

It is imperative that the scale of investment in Industry 4.0 should have a significant return in the form of economic development, leading to potentially increased investment in high growth technologies. Having high unemployment challenges in the country, the focus is on the digital economy, with skills shortages especially within the context of job creation and the promotion of local businesses. Businesses are being digitally disrupted, which presents an opportunity for a progressive and high growth digital economy. Improving and building skills sets for a digital world, will not only provide much needed digital literacy in the country, but also new careers, businesses, innovations, products and services, ensuring South Africa is globally competitive.

It is therefore critical that this Department positions itself as a world-class organisation while ensuring that there is an approach of educational awareness that drives a skills revolution, being both multi-faceted and multi-disciplined from all stakeholders. This would include sector, developmental agencies, educational institutions and forward-thinking individuals. Lessons learned from COVID-19 clearly tells us that we need to work as a collective in order to achieve intended goals and deliver on our mandate. Collaboration is key.

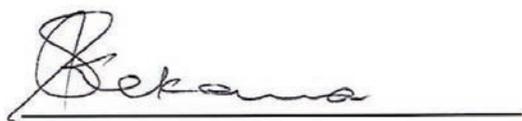
We are tasked with ensuring that our society is ready to embrace 4IR and be a new collective with a moral consciousness and a sense of shared destiny. WE need to shape our future.

We are facing major disruptions in different sectors, especially our universities and schools who need to adopt innovative and creative ways for business continuity. The paradigm shift brought about by 4IR, has contributed to a huge implication for most sectors in the country. The potential beneficial impacts of 4IR will assist in embracing the historic confluence of human engagements and insights, artificial intelligence and technology to be able to address the South African changes of poverty, inequality and unemployment.

The Department has made significant strides in cybersecurity monitoring. The operations of the Cybersecurity Hub contribute to the National Development Plan's Outcome 3: "All people in South Africa are, and feel safe". The Department has taken bold and ambitious steps to tackle the many threats face in cyberspace, and we recognise its responsibility to lead the national effort related to mitigating cyber threats through monitoring by the Cybersecurity Hub.

I am honoured to be part of this Department which will create it's legacy by maximising the opportunities of 4IR for the people of South Africa. The foundation of this legacy will be the new niches for our industry, ensuring sustainable, inclusive growth, and taking decisive steps to close the gaps in the digital divide through skills development, infrastructure, research and development. I am, therefore, optimistic about what can be achieved through partnership with our industry and society.

Together, we can not only lead South Africa towards a digital future, but also contribute to the world's growth in communications and digital technologies.

A handwritten signature in black ink, reading "Pinky Kekana", is positioned above a solid black horizontal line.

HON. MS PINKY KEKANA, MP

DEPUTY MINISTER OF COMMUNICATIONS AND DIGITAL TECHNOLOGIES

5. REPORT OF THE ACTING ACCOUNTING OFFICER



Ms Nomvuyiso Batyi
Act. Accounting Officer

Overview of the Operations of the Department:

The 2019/20 financial year was the last year for the implementation of the Department's strategic goals and strategic objectives as committed to in our 2015-2020 Strategic Plan. It was also a year of transformation for the Department itself, which required us to work very closely with the Department of Communications as we moved towards merging into the newly formed Department of Communications and Digital Technologies from the beginning of the 2020/21 financial year.

In an effort to implement its 2019/20 legislative programme, in line with the National Integrated ICT Policy White Paper, the Department focused on developing priority ICT legislation and policies. This included the development of the Digital Development Fund Bill as well as the Data and Cloud Policy. The Department did however experience challenges in finalising the State ICT Infrastructure Company Bill and the State IT Company Bill due to delays in finalising the revised Business Cases. We are expediting the finalisation of these Bills for submission to Cabinet in the 2020/21 financial year.

Another key initiative for the Department, in the 2019/20 financial year, was coordinating and supporting the work of the Presidential Commission on the Fourth Industrial Revolution (PC4IR). The PC4IR was appointed by the President to coordinate the development of South Africa's national response action plan to deal with 4IR through the identification of policies, strategies and plans which will position South Africa as a leading country in the evolution and development of the 4IR. Following robust engagements, and extensive efforts, the PC4IR released its Diagnostic Report followed by the Country Report for the Fourth Industrial Revolution which was submitted to the Minister and the Presidency in March 2020. The Department also focused on developing a Framing Document for the Review of the National Integrated ICT Policy White Paper which was informed by the outcomes of Report of the PC4IR.

During the reporting period, extensive efforts were focused on supporting, sustaining and growing existing ICT Small Medium and Micro Enterprises (SMMEs) through the implementation of the ICT SMME Development Strategy. The interventions related largely on capacity building programmes and increasing international competitiveness of ICT SMMEs. In line with the implementation of the National e-Strategy, the Department also made great strides with regards to the development of the National Digital Skills strategy which underwent stakeholder consultation and was submitted to Cabinet for approval in the last quarter of the financial year.

The Department also continued with the implementation of the e-Government Strategy through the development of the Draft National Smart Communities Framework and an e-Government Programme for Smart Communities to guide the implementation of e-Government at local government level. Accordingly, the Department formalised a partnership with the Internet of Things (IOT) Council and the Development Bank of South Africa (DBSA) which allows for the implementation of the e-Government Programme for Smart Communities.

With regards to the Broadband Programme, the Department monitored the provisioning of broadband services to 570 connected sites as well as coordinated the roll-out of broadband to identified sites. However, due to challenges related to lack of power supply as well as COVID-19 lockdown restrictions, the Department was able to activate end to end services in 154 of the 400 planned sites.

In terms of addressing our International Information Communications Technology Agenda, during the reporting period, the Department developed and advanced the Country Position Paper for the International Telecommunications Union – World Radio Conference - 2019 (ITU-WRC-19) after which the draft Outcomes Report of WRC-19 was developed. The Outcomes Report specifically focused on the outcomes impacting South Africa’s National Radio Frequency Plan. The Department also developed and advanced the Country Position Paper at the 5th Brazil, Russia, India, China and South Africa (BRICS) Ministers of Communications Meetings in Brazil.

In terms of interventions focused at improving the Department, we participated in the National Macro Organisation of Government (NMOG) process which focused on merging with the Department of Communications to form the new Department of Communications and Digital Technologies (DCDT). In this regard, we developed the start-up structure for the DCDT which was approved by the Department of Public Service and Administration (DPSA). Employees from the Department were also transferred to the newly established DCDT through formal appointment letters. Furthermore, the Department, together with the Department of Communications, developed the 2020-2025 Strategic Plan and 2020/21 APP in line with the new mandate of the DCDT.

In terms of performance against the 2019/20 Annual Performance Plan (APP), the Department committed to achieve 22 annual targets. The Department achieved 17 (77%) annual targets, while spending 96,1% of its budget allocation.

OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

Departmental receipts

Departmental receipts	2019/20			2018/19		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	74	82	-8	53	58	-5
Transfer received	-	360	-360	26 250	26 000	250
Interest, dividends and rent on land	600 110	664 637	-64 527	490 877	723 109	-232 232
Sale of capital assets	19	484	-465	25	52	-37
Financial transactions in assets and liabilities	-1 818	-1 612	-206	580	423	157
Total	598 385	663 951	-65 566	517 785	749 642	-231 867

The Departmental revenue comprises mainly of dividends received from Telkom and the sponsorship/donation received from MTN. Income from the sale of goods and services, other than capital assets, consisted mainly of commission received from the deduction of interest and other premiums from employees’ salaries and administration fees. Income from Sale of capital assets is mainly from the auction of assets that was held in March 2020.

Programme Expenditure

Programme Name	2019/20			2018/19		
	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	256 492	215 265	41 227	239 157	235 003	4 154
ICT International Affairs	54 610	53 149	1 461	85 334	85 084	250
Policy Research and Capacity Development	88 897	78 059	10 838	85 628	85 426	202
ICT Enterprise Development and Public Entity Oversight	716 781	715 967	814	3 200 502	3 200 454	48
ICT Infrastructure Support	567 794	558 444	9 350	396 315	388 447	7 868
Total	1 684 574	1 620 884	63 690	4 006 936	3 994 414	12 522

The Department of Telecommunication and Postal Services had a total adjusted appropriation of R1, 684 billion for the 2019/20 financial year. The adjusted allocation for 2019/20 was decreased by R2, 322 Billion (57,9%) as compared to the previous financial year allocation of R4, 006 billion. Of the total allocation, transfers and subsidies amount to R1, 053 billion (62.5%) of the budget. These transfers were mainly to departmental agencies and accounts, as well as allocation for digital broadcasting migration.

The allocation for good & services amounted to R367.3 million (22%) of the total budget. The allocation for compensation of employees amounted to R241.4 million (14%), while R23 million (1.4%) was allocated as payment for capital assets.

The spending for the 2019/20 financial year amounts to R1,620 billion (96.2%) of the adjusted budget of R1,684.5 billion. The under-spending of R63,6 million (3.8 %). The underspending was mainly due to capital assets on development of an online e-identity application utilising Digital Objective Architecture, delay in delivery of laptops for the Department by supplier due to Coronavirus outbreak. The underspending on compensation of employees is due to the announced merger of the Department of Telecommunications and Postal Services and the Department of Communications, subsequent to that, the NMOG process also had a major impact on the identification and filling of critical vacancies.

THE SPENDING TRENDS PER PROGRAMME ARE OUTLINED BELOW:

Programme 1: Administration

The programme had a final budget of R256.4 million and expenditure amounted to R 215.2 million (83.9%) in the current financial year, compared to R 235 million expenditure in the 2018/19 financial year.

Programme 2: International Affairs and Trade

The programme had a final budget of R54.6 million and expenditure amounted to R53 million (97.3%) in the current financial year, compared to R85 million expenditure in the 2018/19 financial year.

Programme 3: Policy, Research and Capacity Development

The programme had a final budget of R 88.8 million and expenditure amounted to R 78 million (87.8%) in the current financial year, compared to R 85.4 million expenditure in the 2018/19 financial year.

Programme 4: ICT Enterprise Development and Public Entities Oversight

The programme had a final budget of R716.7 million and expenditure amounted to R715.9 million (99.9%) in the current financial year, compared to R3,2 billion expenditure in the 2018/19 financial year. Major reduction of expenditure in the current financial year is due to the transfer of R2,9 billion made to the South African Post Office during 2018/19 financial year for the recapitalisation.

Programme 5: ICT Infrastructure Support

The programme had a final budget of R566.7 million and expenditure amounted to R555.9 million (98%) in the 2019/20 financial year as compared to expenditure of R388.4 million in the 2018/19 financial year.

Virements/roll overs

Virements as reflected on the Appropriation Statement were applied in terms of section 43(1) of the Public Finance Management Act, 1999 (Act 1 of 1999) which stipulates that virements may not exceed 8% of amount appropriated under that main division. Funds amounting to R26.5 million from Programmes 1, 2, 3 and 4 were transferred respectively to Programme 5 to defray excess expenditure. Programme 5 incurred overspending under goods and service under consultants and business advisory services (for SA Connect project).

No roll-overs were approved by National Treasury during the 2019/20 financial year.

Unauthorised, Irregular, fruitless and wasteful Expenditure

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

The Department incurred R722 thousand of irregular expenditure during the 2019/20 financial year.

Irregular expenditure of R208 million was incurred in the previous financial years. The Department has referred R114.6 million of cases stemming from previous financial years to National Treasury for condonement after investigations were concluded. Furthermore, the Department is continuing with the investigation to address the irregular expenditure incurred.

During the 2019/20 financial year, the Department incurred R4 thousand of fruitless expenditure related to no shows. R3 thousand was written off from expenditure incurred in the financial period and R1 thousand was recovered. 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 2020/21 financial year is not only the first year of the new Medium Term Strategic Framework (MTSF), but more significantly the first year of existence for the new Department of Communications and Digital Technologies (DCDT). The Department of Telecommunications and Postal Services (DTPS) will cease to exist on 31 March 2020, therefore, the future plans highlighted below are aligned to the mandate of the DCDT which will come into existence from 01 April 2020.

In line with its mandate of “Leading South Africa’s digital transformation to achieve digital inclusion that must result in economic growth through creating an enabling policy and regulatory environment”, the DCDT has identified four specific outcomes for the medium-term which focus on (1) *Enabling Digital transformation policies and strategies*, (2) *Increased access to secure Digital Infrastructure*, (3) *a Transformed digital society* and (4) *a High performing Portfolio to enable achievement of their respective mandates*, all of which will contribute to achieving the desired impact of digitally enabled citizens with secure and affordable universal access.

Following the appointment of the PC4IR, the Commission released its Diagnostic Report followed by the Country Report for the Fourth Industrial Revolution which will inform key priorities of the Department going forward. The DCDT will facilitate the implementation of the relevant recommendations of the PC4IR Report through a dedicated 4IR Project Management Office (PMO) which has been established within the Department.

In terms of its Legislative Programme, the DCDT will largely focus on creating a conducive policy environment through the development and review of relevant enabling policies, legislation and strategies including those that are targeted at improving the capacity of our State Owned Entities (SOEs) such as the South African Post Office SOC Ltd Amendment Bill, the South African Broadcasting Corporation SOC Ltd Bill, the State Digital Infrastructure Company Bill and the State Digital Services Company Bill. The Department will also prioritise the development and implementation of the Digital Economy Masterplan as well as issue Policy Direction on 5G Spectrum.

The Department will also pay specific focus to increasing access to digital infrastructure through accelerating the implementation of its two critical infrastructure related projects which have been dogged by legacy challenges. These are specifically the roll out of Broadband Connectivity and the Broadcasting Digital Migration projects. The Department will prioritise the sourcing of funding for Phase 2 of Broadband roll-out while facilitating subsidised digital television installations in identified provinces to enable analogue transmission switch-off. Another key focus will be on the revision of the National Radio Frequency Plan in line with the WRC-19 Outcomes.

In an effort to move towards a transformed digital society, key focus will be on continuing with the implementation of the National e-Government Strategy and Roadmap, towards digitisation of government services with specific focus on frontline services supported by a fully functional and accessible e-Services portal. Priority will also be given to addressing the digital skills gap through the implementation of the National Digital and Future Skills Strategy together with identified stakeholders. With regards to fulfilling our international ICT agenda, the Department will prioritise the development and advancement of three Country Positions to support the Digital Economy which will focus on BRICS, Universal Postal Union (UPU) and World Telecommunications Standardisation Assembly (WTSA).

The role of our State Owned Entities (SOEs) is critical in delivering our mandate. The Department will therefore ensure stringent and proactive oversight of their service delivery performance and compliance against plans and relevant prescripts. In terms of optimising the operations of the DCDT itself, the development and implementation of a fit for purpose organisational structure which is aligned to the mandate and strategy will be a priority. Focus will also be on capacity development of staff members in line with the skills requirements of the new mandate. The Department will also move towards a paperless organisation through the implementation of a Digital Transformation Strategy which will allow for seamless and efficient implementation of our policies, process and management decisions through digital platforms.

Public Private Partnerships

None.

Discontinued activities / activities to be discontinued

None

New or proposed activities

None

Supply chain management

The Department did not have unsolicited bid proposals during the year under review. Irregular expenditure has been dealt with in line with the guidelines from National treasury. The Supply Chain Management (SCM) policies, procedures and delegations have been put in place to ensure more stringent controls to prevent irregular expenditure. All bid committees are in place, namely: Specification, Evaluation and Adjudication. There are capacity constraints in the Supply Chain Unit that are negatively impacting on addressing irregular expenditure from previous financial years.

Gifts and Donations received in kind from non-related parties

None. The Department does have in place a Gift Register wherein gifts received are recorded.

Exemptions and deviations received from the National Treasury

There were no exemptions granted by National Treasury. A Deviations Register is maintained by the Department wherein approval from National Treasury are recorded.

Events after the reporting date

- As from 01 April 2020, the Department of Communications and Digital Technologies will come into existence through the merger of both the Department of Communications and the Department of Telecommunications and Postal Services
- 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 still pending.
- The Department and the Development Bank of South Africa entered in an agreement to provide a grant of R50 million from 01 April 2020 to 31 March 2021 related to conducting the Phase 2 feasibility study for the SA Connect programme.

- A lease agreement was signed on behalf of the Department by DPWI on 12 August 2020 for the next 5 years and is effective from 01 April 2020 to 31 March 2025. The commitment reflects a lease amount of R134 million over the lease period.
- The impact of COVID-19 on the country's economy led to downward revision of the 2020/21 budget allocation. With a budget cut of R111 million to the Department's allocation to contribute to the fight against the pandemic. This will affect service delivery as we reprioritise key strategic projects.

Other

None

Acknowledgement/s or Appreciation

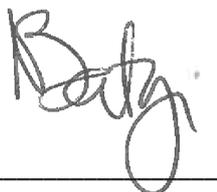
I would like to take this opportunity to sincerely thank the Minister and the Deputy Minister for their strategic leadership and guidance, specifically through this transformational period of the reconfiguration of the DTSPS and the DOC into the newly created Department of Communications and Digital Technologies.

I must also acknowledge and appreciate the Department's employees, the governance committees and the executive team for their dedication and commitment towards achieving the Department's planned targets for the 2019/20 financial year, sometimes in the face of severe challenges which were not always anticipated or within our control. Appreciation also goes out to the Parliamentary Oversight Committees as well as our State-Owned Entities (SOEs) for their support and contribution towards achieving the planned government outcomes.

I also acknowledge and appreciate the invaluable partnerships forged with the ICT Industry as we work together towards strengthening the ICT Sector and increasing our contribution towards socio-economic growth and development through leveraging on the opportunities presented by the Fourth Industrial Revolution.

Conclusion

During the reporting period, the Department has performed reasonably well despite the challenges experienced on specific projects. We do however acknowledge that with the advent of the Fourth Industrial Revolution, the road ahead is fairly uncharted and it requires full cooperation and partnership from not only the ICT sector but a multitude of sectors as well as other government departments. The Department is however geared to take on this strategic role of realising the opportunities presented by the 4IR while also mitigating the anticipated challenges and threats. I am confident 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 optimally fulfil this strategic role given to us as a Department.



Ms Nomvuyiso Batyi

Acting Accounting Officer: Communications & Digital Technologies

Date: 20 October 2020

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

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

All information and amounts disclosed throughout the Annual Report are consistent.

The Annual Report is complete, accurate and is free from any omissions.

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

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

The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

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

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2020.

Yours faithfully



Ms Nomvuyiso Batyi

Acting Accounting Officer: Communications & Digital Technologies

Date: 20 October 2020

7. STRATEGIC OVERVIEW

7.1 Vision

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

7.2 Mission

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

7.3 Values

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

8. LEGISLATIVE AND OTHER MANDATES

Name of Act	Purpose
Sectech Act, 1996 (Act No.63 of 1996)	To provide for the transfer of all the shares of the South African Broadcasting Corporation in Sentech (Pty) Ltd. to the State; for the conversion of Sentech (Pty) Ltd. from a private to a public company - Sentech Ltd; for the control of Sentech Ltd; and for matters connected therewith.
Former States Posts and Telecommunications Act, 1996 (Act No. 5 of 1996)	To provide for the integration of the Departments of Posts and Telecommunications of the former Republics of Transkei, Bophuthatswana, Venda and Ciskei with Telkom SA Limited and the South African Post Office Limited; the transfer of the postal and telecommunications enterprises by those departments, as well as certain land used by them for that purpose, to the said companies; and to provide for matters connected therewith.
Former States Broadcasting Reorganisation Act, 1996 (Act No. 91 of 1996)	To provide for the integration of the Departments of Posts and Telecommunications of the former Republics of Transkei, Bophuthatswana, Venda and Ciskei with Telkom SA Limited and the South African Post Office Limited; the transfer of the postal and telecommunications enterprises by those departments, as well as certain land used by them for that purpose, to the said companies; and to provide for matters connected therewith.

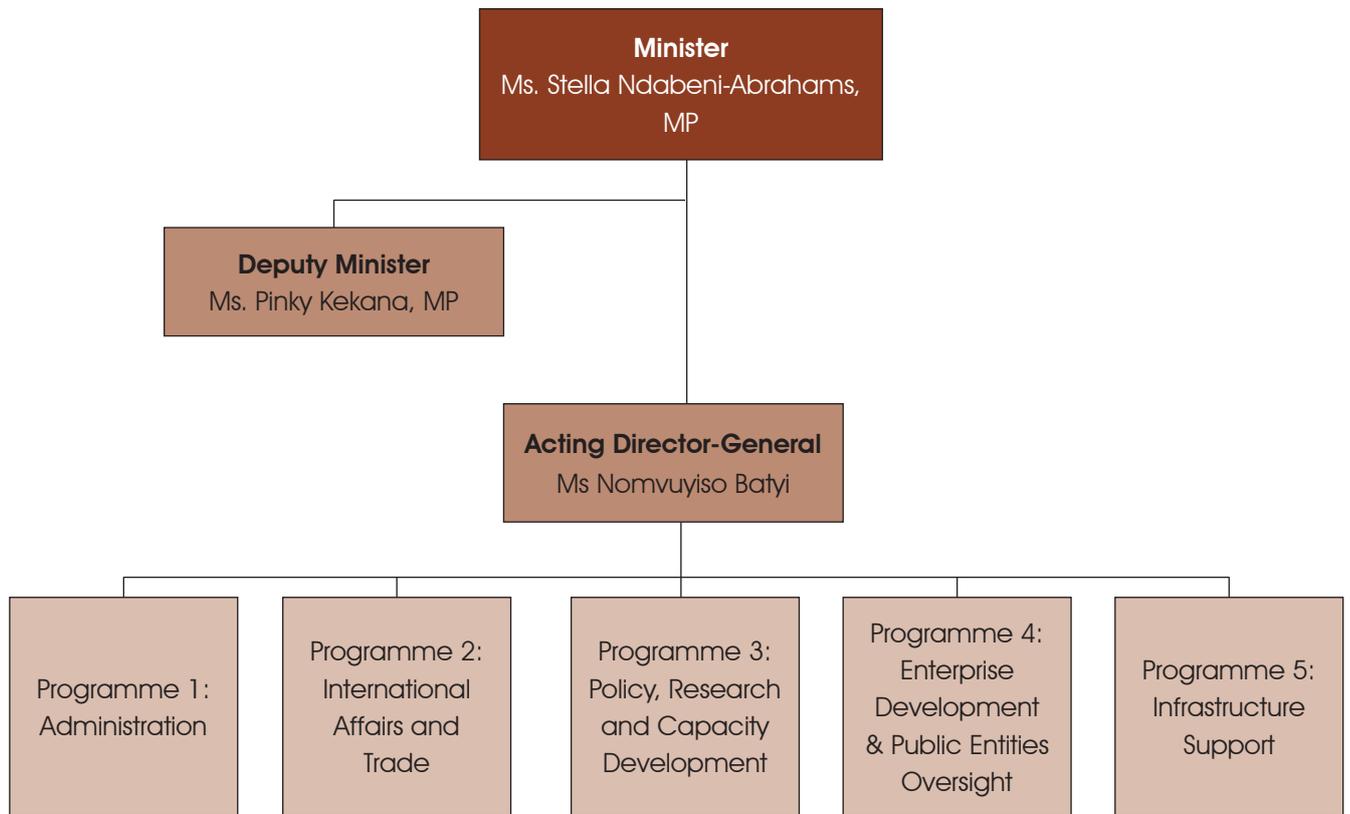
Name of Act	Purpose
Postal Service Act, 1998 (Act No. 124 of 1998)	To make new provision for the regulation of postal services; the operational functions of the postal company, including its universal service obligations structural matters relating to postal services, as well as the operation of the Postbank and National Savings Certificates; and to consolidate certain provisions relating to the postal company and amend or repeal others; and to provide for matters connected therewith.
Department of Communications Rationalisation Act, 1998 (Act No. 10 of 1998)	To provide for the rationalisation of the Department of Communications; and matters connected therewith.
Electronic Communications and Transactions Act, 2002 (Act No. 25 of 2002)	To provide for the facilitation and regulation of electronic communications and transactions; the development of a national e-strategy for the Republic; to promote universal access to electronic communications and transactions and the use of electronic transactions by Small, Medium and Micro-sized Enterprises (SMMEs); to provide for human resource development in electronic transactions; to prevent abuse of information systems; to encourage the use of e-Government services; and to provide for matters connected therewith.
Electronic Communications Act, 2005 (Act No. 36 of 2005)	To promote convergence in the broadcasting, broadcasting signal distribution and telecommunications sectors and to provide the legal framework for convergence of these sectors; to make new provision for the regulation of electronic communications services, electronic communications network services and broadcasting services; to provide for the granting of new licenses and new social obligations; to provide for the control of the radio frequency spectrum; to provide for the continued existence of the Universal Service Agency and the Universal Service Fund; and to provide for matters incidental thereto. (NB: The DTSP is responsible for the administration of the Act, with the exception of the following sections: Section 4(5), Section 5(6), and Chapter 9.
Independent Communications Authority of South Africa, 2000 (Act No. 13 of 2000)	In so far as the Independent Communication Authority may make recommendations to the Minister on policy matters and amendments to the Electronic Communications Act, No 36 of 2005 and the Postal Services Act, No 124 of 1998, which accord with the objectives of these Acts to promote development in the electronic transactions, postal and electronic communications sectors. Furthermore, in so far as policy made, and policy directions issued, by the Minister in terms of the Postal Services Act, No 124 of 1998, the Electronic Communications Act, No 36 of 2005 and any other applicable law.

Name of Act	Purpose
South African Post Bank Limited Act, 2010 (Act No. 9 of 2010)	To provide for the incorporation of the Postbank Division of the South African Post Office; to provide for the transfer of the enterprise of that Division to the Postbank company; to provide for the governance and functions of the Postbank company; and to provide for matters connected therewith.
South African Post Office SOC Ltd Act, 2011 (Act No. 22 of 2011)	To provide for the continued corporate existence of the South African Post Office and its subsidiaries; to provide for its governance and staff; and to provide for matters connected therewith.
State Information Technology Agency Act, 1998 (Act No. 88 of 1998)	To provide for the establishment of a company that will provide information technology, information systems and related services to, or on behalf of, participating departments and in regard to these services, act as an agent of the South African Government; and to provide for matters connected therewith.
Broadband Infraco Act, No. 33 of 2007.	To provide for the main objectives and powers of Broadband Infraco (Proprietary) Limited; to provide for the borrowing powers of Broadband Infraco (Proprietary) Limited; to provide for servitudes and additional rights in favour of Broadband Infraco (Proprietary) Limited; to provide for the expropriation of land or any right in land by the Minister on behalf of Broadband Infraco (Proprietary) Limited; to provide for the conversion of Broadband Infraco (Proprietary) Limited; into a public company having a share capital incorporated in terms of the Companies Act, 1973; and to provide for matters connected therewith.
<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 MoU between the Minister of Telecommunications and Postal Services and the Minister of Communications comes into effect. The MoU was entered into to implement certain matters relating to the transfer of powers and functions under the Independent Communications Authority of South Africa Act, No 13 of 2000 and the Electronic Communications Act, No 36 of 2005. The MoU was concluded with the aim of creating a framework, within which both Ministers can co-operate regarding implementation of certain matters relating to the assignment of powers and functions, to regulate their relationship and mutual co-operation regarding the laws assigned to them, and to assist both Ministers in: giving effect to the constitutional obligation of implementing national legislation; developing and implementing national policy; and coordinating functions entrusted to them.</p>	

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

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

9. ORGANISATIONAL STRUCTURE



10. ENTITIES REPORTING TO THE MINISTER

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

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
SITA	The State Information Technology Agency is governed by the State Information Technology Agency Act (1998), as amended. The Agency is responsible for the provision of IT services to Government. The Act separates the Agency's services into mandatory services and non-mandatory.	Self-funded	Provisioning and procurement of ICT goods and services on behalf of Government departments and public entities.
BBI	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: Including but not limited to under-developed and under-serviced areas; In support of projects of national interests; In accordance with the Electronic Communications Act and commensurate with international best practice and pricing; and Through the provision of electronic communications network services and electronic communications services.	Self-funded	Ensures that the high capacity connectivity and bandwidth requirements for specific projects of national interests are met.
SENTECH	Sentech was licensed through the Telecommunications Amendment Act (2001) as a state owned enterprise to provide common carrier broadcasting signal distribution services to licensed broadcasters in South Africa.	Transfer of funds	Provides signal distribution services in the broadcasting industry.



PART B: **PERFORMANCE INFORMATION**



1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on 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 122 of the Report of the Auditor General, published as Part E: Financial Information.

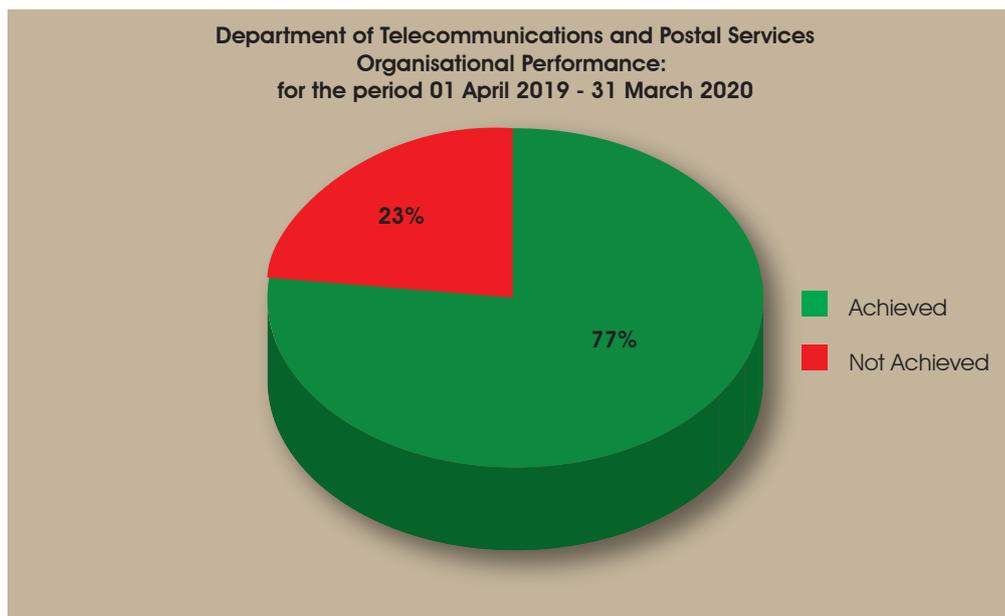
2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

During the reporting period, the Department found itself in a state of transformation as it participated in the National Macro Organisation of Government (NMOG) together with the Department of Communications (DoC), towards establishing the new Department of Communications and Digital Technologies (DCDT). Following the decision by the President to merge the Department of Telecommunications and Postal Services and the Department of Communications, both Departments worked very closely together on joint projects as well as undertook resource sharing from both a financial and human resource perspective.

Both the DTSPS and the DoC jointly developed the DCDT strategy which will further inform the development of a revised organisational structure for the DCDT that will be supported by the development of a new budget programme structure. As part of its digitisation journey, the new Department will prioritise the implementation of its Digital Transformation Strategy while taking into consideration the merger of the DTSPS and DOC which will require a consolidation of processes and systems that will also include the review of existing operational policies and procedures.

As reflected in the graph below, during the 2019/20 financial year, the Department achieved 77% of its planned targets as outlined in its 2019/20 Annual Performance Plan.



During the period under review the Department of Telecommunications and Postal Services was able to deliver on 17 of its 22 predetermined targets. Such key achievements as well as challenges can be summarised as follows:

Legislative Programme

In an effort to implement its 2019/20 legislative programme, in line with the National Integrated ICT Policy White Paper, the Department focused on developing its priority ICT legislation and policies. In an aim to ensure the development of the sector, the Department developed the Digital Development Fund Bill to establish a fund to support innovation. The Department also developed the Data and Cloud Policy which will review mainstream technology and methods in data management and storage.

With regards to the State ICT Infrastructure Company Bill and the State IT Company Bill, the Department was not able to fully achieve the planned targets due to challenges experienced with regards to finalising the revised Business Cases. The Department, however realises the significance of these pieces of legislation as they will ensure the consolidation of broadband infrastructure for delivery of the electronic communications networks and services as well as ensure the repurposing of SITA, respectively. Therefore, the finalisation of these legislation and submission to Cabinet for approval will be expedited early in the 2020/21 financial year.

Presidential Commission on the Fourth Industrial Revolution

In April 2019, President Cyril Ramaphosa appointed a 30 member Presidential Commission on the Fourth Industrial Revolution (PC4IR) to assist government in taking advantage of the opportunities presented by the digital industrial revolution through the identification of relevant policies, strategies and action plans that will position South Africa as a competitive global player. In order for the PC4IR to deliver on its mandate of developing South Africa's national response action plan to deal with the 4IR, the Department coordinated and supported the work of the PC4IR which resulted in the development of the PC4IR Diagnostic Report followed by the Country Report for the Fourth Industrial Revolution that was submitted to the Minister and the Presidency. Going forward, the Department will, together with relevant stakeholders, facilitate the implementation of the relevant recommendations stemming from the PC4IR Country Report.

Broadband Connectivity

The Department, during the reporting period, monitored the provisioning of broadband services to 570 connected sites. Through the State Information and Technology Agency (SITA) and the Broadband Infracore (BBI), the Department facilitated the activation of end to end services in 154 planned sites. Due to challenges related to power supply interruptions, technical difficulties as well as COVID-19 restrictions, connectivity to the remaining sites were not fully completed and will be expedited early in the 2020/21 financial year.

National Digital Skills Strategy

As part of continuing with the implementation of the National e-Strategy, the Department developed the National Digital and Future Skills Strategy, which was submitted to Cabinet for approval, following extensive stakeholder consultation. Going forward, the Department will focus on facilitating the implementation of the National Digital and Future Skills Strategy which is aimed at ensuring that citizens

are able to benefit from enhanced digital skills, thereby contributing to a significantly enhanced quality of life, improved education and higher economic growth.

Implementation of the e-Government Strategy

In terms of continuing with the implementation of the e-Government Strategy, the Department developed a Draft National Smart Communities Framework and an e-Government Programme for Smart Communities to guide the implementation of e-Government at local government level. Accordingly, the Department formalised a partnership with the IOT Council and the DBSA which allows for the implementation of the e-Government Programme for Smart Communities. The Department, together with SITA, will continue with the Implementation of the National e-Government Strategy focusing on digitisation of government services with specific focus on frontline services supported by a fully functional and accessible e-Services portal.

ICT SMMEs

The Department continued with the implementation of the ICT SMME Development Strategy through targeted interventions focused on supporting, sustaining and growing existing ICT SMMEs. Such interventions included capacity building programmes and increasing international competitiveness of ICT SMMEs.

ICT International Agenda

During the reporting period, the Department developed and advanced two country positions. The first being the Country Position Paper for ITU-WRC-19 which was advanced at the WRC-19 that took place in November 2019. The Outcomes of the WRC-19 will inform the review of South Africa's National Radio Frequency Plan in the 2020/21 financial year. The Department also developed and advanced the Country Position Paper at the 5th BRICS Ministers of Communications Meetings in Brazil.

2.2 Service Delivery Improvement Plan

The Department of Telecommunications and Postal Services (DTPS), with the assistance of DPSSA, 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). 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 not only monitored the provisioning of broadband services to 570 connected sites but also coordinated and monitored the roll-out of broadband to newly identified sites. Progress against the SDIP was submitted to the DPSSA.

Given that the DTPS no longer exists from 01 April 2020 due to the establishment of the Department of Communications and Digital Technologies (DCDT), a new SDIP will need to be developed for the new DCDT, which will then be implemented and monitored accordingly.

2.3 Organisational environment

In November 2018, President Ramaphosa announced the merger of the Department of Telecommunications and Postal Services (DTPS) and the Department of Communications (DOC) to be

headed by Minister Stella Ndabeni-Abrahams. Following the May 2019 General Elections, the President pronounced the establishment of the National Department of Communications and Digital Technologies. As a result, during the reporting period, the Department of Telecommunications and Postal Services and the Department of Communications have been participating in the National Macro Organisation of Government (NMOG) process, facilitated by the Department of Public Service and Administration, as it moves towards establishing itself as the Department of Communications and Digital Technologies.

Consequently, the DTPS has been in a state of transformation for the majority of the reporting period which in essence required the Department to collaborate with the Department of Communications in terms of jointly undertaking specific projects. Due to this collaboration, the DTPS and the DOC also shared critical resources which included both financial and human resources on key projects. The sharing of such resources was formalised through the development of a Cooperation Agreement which was signed by the relevant principals of both Departments. Furthermore, during the reporting period, all staff members from the DOC physically relocated to the premises of the DTPS where they were accommodated. During the reporting period, the Departments also worked together on developing the DCDT Strategy as well as a start-up structure that accommodated staff from both Departments as an interim measure while the revised organisational structure, aligned to the new DCDT mandate, will be developed in the 2020/21 financial year. This transformational journey required extensive internal communications and change management due to the disruption that was caused to both Departments.

With regard to human resource related matters, as at end of March 2020, the Department of Telecommunications and Postal Services had a total head count of 272 staff on its establishment. 247 of these posts were filled, and 25 posts were vacant and funded which equates to a 9.19% vacancy rate. The Department was allocated a total adjusted and exclusively earmarked amount of R241.3 million for compensation of employees in the 2019/20 financial year. At the end of March 2020, the Department had spent R215.9 million of its COE budget. The main reason for the underspending was the non-filling of vacancies due to a hold on filling of vacant positions due to the Department's participation in the NMOG process. However, certain critical posts were advertised and filled during the 2019/20 financial year, which included the Chief Director: Radio and Satellite Communications and a twelve month contract post of Director: External Communications, which was additional to the establishment.

2.4 Key policy developments and legislative changes

Following the May 2019 National Elections, the President pronounced the establishment of the National Department of Communications and Digital Technologies. Accordingly, the Presidential Proclamations in Government Gazette dated 14 August 2019 (President Minute: 372) confirmed the transfer of administration, powers and functions entrusted by legislation to the Minister of Communication in terms of Section 97 of the Constitution.

Based on the Presidential Proclamation, the Department of Telecommunications and Postal Services no longer exists in the 2020/21 financial year. The revised legislative mandate is applicable to the newly established Department of Communications and Digital Technologies (DCDT), which will become operational from 01 April 2020, and will inform the operations of the DCDT going forward.

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 was able to coordinate and monitor the roll-out of broadband to the identified sites, of which 154 sites have end-to-end services activated.

The Department has established an interim Rapid Deployment National Coordination Centre (RDCC) in line with the implementation of the Rapid Deployment Policy. The operations of the centre was maintained and all the resolutions referred to the RDCC were resolved and feedback was provided to relevant stakeholders.

The Department made strides with regards to the monitoring of the operations of the Cybersecurity Hub. The operations of the Virtual Cybersecurity Hub contributes 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. The Department recognises its responsibility to lead the national effort related to mitigating cyber threats through the monitoring of the operations of the Virtual Cybersecurity Hub. The Department monitored the Cybersecurity Hub operations and produced quarterly monitoring reports on its service offerings.

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

With regards to the focus area related to developing and implementing ICT Policy and legislation aimed at improving access and affordability of ICTs, the Department has developed priority ICT legislation and policies, in line with the National Integrated ICT Policy White Paper, which included the development of Digital Development Fund Bill and the Data and Cloud Policy. The Framing Document for the Review of the National Integrated ICT Policy White Paper was also developed as informed by the outcomes of the PC4IR Report. The development of the Bills and the policy contributes towards the achievement of Outcome 6 ("An efficient, competitive and responsive economic infrastructure network").

The Department continued with facilitating the implementation of the ICT SMME Development Strategy focused on the growth and sustainability of ICT SMMEs, which directly contributed towards Outcome 5 ("A skilled and capable workforce to support an inclusive growth path"). Key interventions included capacity building programmes as well as a focus on the international competitiveness of ICT SMMEs aligned to the ITU programme which contributes 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 services

As part of continuing with facilitating the implementation of the e-Government Strategy, the Department developed a draft National Smart Communities Framework and an e-Government Programme for Smart communities to guide the implementation of e-Government at local government level which contributes towards Outcome 12 ("An efficient, effective and development-oriented public service"). The Department formalised a partnership with the IOT Council and the DBSA through a Memorandum

of Understanding (MoU) which allowed for the implementation of the e-Government Programme for Smart Communities to guide the implementation of e-Government at local government.

In an effort to continue facilitating the implementation of the National e-Strategy, the Department developed the National Digital and Future Skills strategy which underwent stakeholder consultation and was submitted to Cabinet for approval. This initiative contributed towards Outcome 5 ("A skilled and capable workforce to support an inclusive growth path").

The Department also coordinated and supported the work of the PC4IR which resulted in the development of the PC4IR Country Report. Given the cross-cutting nature of the PC4IR Country report, it is related to multiple Outcomes, including Outcome 6 ("An efficient, competitive and responsive economic infrastructure network"), Outcome 3 ("All people in South Africa are and feel safe"), Outcome 5 ("A skilled and capable workforce to support an inclusive growth path") and Outcome 12 ("An efficient, effective and development-oriented public service").

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 2019/20 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

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Create a high performing organisation to enable achievement of the Department's mandate	Financial Management in line with the Public Finance Management Act and Treasury Regulations	<ul style="list-style-type: none"> The Department developed the 2018/19 Departmental Budget and Procurement Plan. The implementation of the 2018/19 Departmental Budget and 2018/19 Procurement Plan was monitored. 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. 	Departmental Budget, and the Procurement Plan developed and monitored, according to Departmental priorities	<ul style="list-style-type: none"> The Department developed the 2019/20 Departmental Budget and the procurement plan. The implementation of the 2019/20 Departmental Budget and the 2019/20 Procurement plan was monitored in line with Departmental priorities. Furthermore, the 2020/21 Estimates of National Expenditure (ENE) Chapter and the 2020/21 Procurement Plan was developed and approved in line with APP priorities, and submitted to National Treasury. 	None	None

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Create a high performing organisation to enable achievement of the Department's mandate	Approved Strategic Risk Assessment Reports and Risk Register	The 2019/20 Strategic risk assessment was conducted, and the Risk Register was updated and presented to relevant management structures.	Strategic Risk Assessments conducted and Risk Register updated	<ul style="list-style-type: none"> Strategic risk assessments were conducted for 3 Departmental Programmes. Furthermore, quarterly progress report on risk mitigation was developed and presented to the relevant Governance Structures for consideration. 	2020/21 strategic risk assessments were only completed for 3 out of the 6 Departmental Programmes.	Due to the implementation of the lockdown related to COVID-19, the 2020/21 Strategic Risk Assessment of the 3 outstanding Branches could not be completed in time. Implementation of a catch-up plan for the remaining 3 Branches will be implemented in quarter 1 of the 2020/21 FY, which will include the development of the updated Risk Register.

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Create a high performing organisation to enable achievement of the Department's mandate	Number of identified DTPS business processes digitised	<ul style="list-style-type: none"> The Department digitised the process of submitting memorandums through the roll-out of the e-Submission system. Training for users of the system was also conducted and a total of 167 staff were trained during the reporting period. Following the roll-out of the e-Submission system, 368 submissions were generated for the reporting period. 	One additional identified DTPS business process digitised	<ul style="list-style-type: none"> The Department identified and digitised the collaboration business process within the Department through the roll-out of Microsoft Teams. User acceptance testing and user training was conducted. Utilisation of the system was also monitored. 	None	None

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Create a high performing organisation to enable achievement of the Department's mandate	Approved Workplace Skills Plan and Quarterly Branch Implementation Reports	-	Implementation of approved Workplace Skills Plan in line with DIPS mandate facilitated	<ul style="list-style-type: none"> The Department developed and approved the Workplace Skills Plan in line with the DTPS mandate. Implementation of the Workplace Skills Plan was facilitated, and quarterly Progress Implementation Reports were developed. 	None	None
Create a high performing organisation to enable achievement of the Department's mandate	Reconfigured Department to deliver on its mandate	-	Reconfigured Department established to deliver on the new mandate	<ul style="list-style-type: none"> The reconfigured Department was established through the development of the start-up structure for the DCDT which was approved by the DPSA. The transfer of employees from the DCDT and the DOC to the newly established DCDT was also concluded. Furthermore, the 2020-2025 Strategic Plan and 2020/21 APP were developed in line with the new mandate of the DCDT. 	None	None

Strategy to overcome areas of under-performance

The Department acknowledges its under-performance on the target related to the Strategic Risk Assessments conducted and Risk Register updated. Due to the implementation of the lockdown related to COVID-19, the 2020/21 Strategic Risk Assessment of the 3 outstanding Branches could not be completed in time. Implementation of a catch-up plan for the remaining 3 Branches will be implemented in the 2020/21 Financial Year, through alternative modes of engagement during the COVID-19 lock-down.

Changes to planned targets

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

Linking performance with budgets

Spending was R215 million in the 2019/20 financial year and R235 million in the 2018/19 financial year. Spending under goods and services declined from R105 million in 2018/19 to R78 million in 2019/20 financial year. Spending in Operating lease decreased from R36.5 million in 2018/19 to R 21 million in the year under review. Travel and subsistence decreased from R20 million in 2018/19 to R12 million in 2019/20. Spending rate under this program is at 83.9 %.

Sub-programme expenditure

Sub-Programme Name	2019/20			2018/19		
	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	4 773	2 402	2 371	4 211	3 723	488
Department Management	46 539	39 503	7 036	48 966	48 712	264
Internal Audit	10 486	4 711	5 775	7 145	6 373	772
Corporate Services	110 595	97 619	12 976	91 213	90 420	793
Financial Management	55 620	42 551	13 069	48 966	47 119	1 847
Office Accommodation	28 479	28 479	-	38 656	38 656	-
Total	256 492	215 265	41 227	239 157	235 003	4 154

4.2 Programme 2: International Affairs and Trade

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

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; and
- **ICT Trade/Partnership** develops and advances the country's interests in international trade forums by participating in the World Trade Organisation's ICT-related initiatives, and other international trade agreements such as the South Africa-European Union trade agreement and bilateral agreements with counterpart countries.

The strategic objective for the 2019/20 Financial Year is listed below:

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

STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

Programme Name: International Affairs and Trade

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Advance South Africa's National ICT interests in Regional and International Forums towards attaining partnerships for economic growth and development	Number of RSA Positions developed	<ul style="list-style-type: none"> The RSA Position Paper for ITU-PP 18 was advanced at the ITU PP-18. South Africa was able to advanced 9 proposals which were tabled at the ITU PP-18. 	One (1) RSA Position Paper advanced for ITU-WRC-19 focused on Spectrum management and allocations for future technologies to support the digital development agenda.	<ul style="list-style-type: none"> RSA Position Paper was advanced for ITU-WRC-19 focused on Spectrum management and allocations for future technologies to support the digital development agenda. Furthermore, Regional Consultation Meetings took place through the SADC 6th WRC Preparatory meeting and the ATU 3rd WRC preparatory meeting. South Africa also hosted the 4th ATU APM for the WRC. 	None	None
		<ul style="list-style-type: none"> RSA Position Paper developed for BRICS ICT Ministerial 2018 meeting hosted. 	One (1) RSA Position Paper developed for BRICS ICT Ministerial 2019 meeting	<ul style="list-style-type: none"> RSA Position Paper was developed, signed and advanced at the 5th BRICS Ministers of Communications Meetings on 12 -14 August 2019 in Brazil. Furthermore, the Outcomes Report of the BRICS meeting was developed and engaged with relevant stakeholders. 	None	None

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2018/19	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
	Number of partnerships secured for 4IR		Two partnership programmes secured towards the development of 4IR in South Africa	<ul style="list-style-type: none"> Two Partnership programmes were secured with ITU and CISCO focused on development of the 4IR within South Africa. 	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 R53.1 million in the 2019/20 financial year and R85.1 million in the 2018/19 financial year. There was a decrease in goods and services from R38.9 million in 2018/19 to R5 million in 2019/20 financial year. The variance was mainly due to the Department hosted International Telecoms World conference in 2018/19 financial year, hence the major decrease in goods and services in 2019/20 financial year. Spending rate under this Programme is at 97.3%.

Sub-programme expenditure

Sub- Programme Name	2019/20			2018/19		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
	International Affairs	13 650	12 898	752	13 534	13 534
ICT Trade/ Partnership	40 960	40 251	709	71 800	71 550	250
Total	54 610	53 149	1 461	85 334	85 084	250

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 accelerated and shared economic growth. Develop strategies that increase the adoption and use of ICTs by the majority of the South African population to bridge the digital divide.

The ICT Policy, Research and Capacity Development Programme consists of the following subprogrammes:

- **ICT Policy Development** drafts legislation, regulations, policy and guidelines that govern the telecommunications, postal and IT sectors to ensure broad-based economic development.
- **Economic and Market Analysis** conducts economic analyses of the telecommunications, postal and IT sectors to determine trends and make growth projections. This subprogramme also undertakes market research to explore areas that require policy intervention; and is responsible for the reduction of the cost of communication.
- **Research** is responsible for understanding the ICT landscape and delivering a national ICT strategy.
- **Information Society Development** supports the effective and efficient functioning of the information society; and the development of institutional mechanisms. These include the interministerial committee on information society and development, the information society and development intergovernmental relations forum, the forum of South African directors-general for information society and development, and the intergovernmental relations forum technical committee.
- **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 2019/20 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: Policy Research and Capacity Development

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs	ICT Legislation and Policies in line with the National Integrated ICT Policy White Paper	<ul style="list-style-type: none"> 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). The 3 Bills were presented to Cluster and Cabinet after which they were introduced to Parliament. 	Priority ICT legislation and policies, in line with the National Integrated ICT Policy White Paper, developed	The Department developed the Priority ICT legislation and policies, in line with the National Integrated ICT Policy White Paper which included the following: <ul style="list-style-type: none"> The Digital Development Fund Bill was developed. The Data and Cloud Policy was developed. The Framing Document for the Review of the National Integrated ICT Policy White Paper was also developed as informed by the outcomes of the PC4IR Report which underwent extensive stakeholder consultation including consultation with the DG Cluster, Cabinet Lekgotla and through the Digital Economy Masterplan Development process. 	None	None

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs	Implemented State IT Company Act	<ul style="list-style-type: none"> The Business Case for the State IT Company was developed. Draft Legislation for the State IT Company was developed. 	State IT Company Bill submitted to Cabinet for approval	The Department did not achieve the target of submitting the State IT Company Bill to Cabinet for approval.	Public consultation on State IT Company Bill was not concluded as planned.	The public consultation did not take place as the final business case could not be concluded. However, the finalisation of the business case that would inform the draft legislation is being expedited for public comments and onward submission of the Bill to Cabinet in Quarter 3 of the 2020/21 financial year.

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Promote the growth and sustainability of ICT SMMEs through the development and implementation of the ICT SMME Strategy	Implemented ICT SMME Development Strategy	<ul style="list-style-type: none"> The Department facilitated the incubation of a total of 76 Internet Service Providers (ISPs) / SMMEs. A programme to promote the international competitiveness of ICT SMMEs at the BRICS Ministerial Meeting and ITU Telecom World 2018 benefited a total of 40 high tech SMEs. 	Implementation of the ICT SMME Development Strategy facilitated focusing on identified priority areas	<ul style="list-style-type: none"> The Department developed a programme to support, sustain and grow existing ICT SMME beneficiaries. The department facilitated the implementation of the ICT SMME Development Strategy which focused on the following interventions: Cellphone Repair project, fibre and Wi-Fi training project, tech for safety summit and hackathon, Masterclass/Women in ICT project and the SMME International Competitiveness programme aligned to the ITU. 	None	None

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
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"> The Department, in consultation with SITA, facilitated the implementation of the National e-Government Strategy and Roadmap. The National e-Services portal was developed. e-Services from selected Government Departments were uploaded on the National e-Services Portal. 	Implementation of the e-Government Programme for Smart Communities facilitated	<ul style="list-style-type: none"> The Department developed a Draft National Smart Communities Framework and an E-Government programme for Smart communities to guide implementation of e-Government at local government level. The Department formalised a partnership with the IOT Council and the DBSA through a Memorandum of Understanding (Mou) which allowed for the implementation of the e-Government Programme for Smart Communities. The initial phase of implementation at four identified municipalities was facilitated. 	None	None
		The Department developed the draft National Digital Skills Strategy which underwent stakeholder consultation. The Digital and Future Skills Strategy was submitted to Cabinet for approval.	National Digital Skills Strategy submitted to Cabinet for approval	<ul style="list-style-type: none"> The Department developed the National Digital Skills Strategy which underwent stakeholder consultation. The Digital and Future Skills Strategy was submitted to Cabinet for approval. 	None	None

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
		-	Development of the Country Plan for 4IR coordinated through the Presidential Commission on Fourth Industrial Revolution	The Development of the Country Report for 4IR was coordinated, through the Presidential Commission on Fourth Industrial Revolution, and submitted to Minister and the Presidency in March 2020.**	None	None

* The name change from National Digital Skills Strategy to the Digital and Future Skills Strategy was a result of advice received during stakeholder consultations as well as to align with the recommendations of the PC4IR Reports.

** The name change from Country Plan for 4IR to Country Report for 4IR is due to the fact that the Country Report for 4IR includes both the Report and the Plan

Strategy to overcome areas of under performance

The Department acknowledges its under-performance on the target related to the State IT Company Bill. There were challenges experienced in relation to finalising the revised Business Case for the Bill which impacted on the drafting of the Bill and the related processes. However, the finalisation of the Business Case that would inform the development of the Bill is being expedited, early in the 2020/21 financial year, so as to ensure that the Bill is drafted and submitted to Cabinet for approval.

Changes to planned targets

There were no changes to the planned targets during the reporting period. However, there was a name change from National Digital Skills Strategy to the Digital and Future Skills Strategy which was a result of advice received during stakeholder consultations as well as to align with the recommendations of the PC4IR Reports. There was also a name change from Country Plan for 4IR to Country Report for 4IR is due to the fact that the Country Report for 4IR includes both the Report and the Plan.

Linking performance with budgets

Spending was R78 million in the 2019/20 financial year and R85.4 million in the 2018/19 financial year. Spending on goods and services totalled to R 24.5 million in the year under review and R31.5 million in 2018/19 financial year. Consultants Business and Advisory Services decreased from R12.6 million in 2018/19 to R3 million in 2019/20 financial year. There was an overall underspending of R11.3 million in the 2019/20 financial year. The underspending is mainly under compensation of employees due to critical vacancies that were not filled during the year due to the moratorium that was put in place. Spending rate under this Programme is at 87.8 %.

Sub-programme expenditure

Sub- Programme Name	2019/20			2018/19		
	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	16 363	13 012	3 351	12 810	12 779	31
Economic and Market Analysis	4 160	3 138	1 022	13 968	13 968	-
Research	6 186	4 899	1 287	6 698	6 527	171
Information Society Development	57 840	53 573	4 267	49 015	49 015	-
Capacity Development	4 348	3 437	911	3 137	3 137	-
Total	88 897	78 059	10 838	85 628	85 426	202

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 the ICT public entities and state-owned companies. Facilitate the growth and development of small, medium and micro enterprises in the ICT sector.

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

- **Public Entity Oversight** provides oversight on public entities and companies by managing government's shareholder interests in them. This includes facilitating their corporate plans and strategic plans, and ensuring that planning cycles are aligned with legislation and comply with guidelines.
- **SMME Development** facilitates the growth and development of, and hosts an e-commerce platform for, SMMEs in the ICT sector.

The Strategic Objectives for the 2019/20 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 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Improve performance of SOEs through proactive and stringent oversight	Number of Quarterly SOE Performance Reports	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.	28 Quarterly SOE Performance Reports analysed and submitted to Minister	During the reporting period the Department analysed 28 Quarterly SOE Performance Reports and submitted the Reports to Minister.	None	None

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Improve performance of SOEs through proactive and stringent oversight	Corporatised Postbank	-	Corporatisation of the Postbank and licensing facilitated through undertaking an Amendment of the Postbank Act	<ul style="list-style-type: none"> Although the target was not achieved, the Department developed the draft Postbank Amendment Bill The draft Postbank Bill was revised to incorporate input and comments from the DPME and OSCLA who also certified the Bill for public consultations. Furthermore, the Department also facilitated the transfer of assets and liabilities of the Postbank. 	The Postbank Bill was certified for submission to the cluster for public consultations, however the actual public consultations could not be concluded by the end of Q4 as planned.	Due to the extensive engagements which took longer than envisaged with the OSCLA, the Bill was not published for public consultation, which is being expedited in the 2020/21 FY.

Strategy to overcome areas of under performance

The Department acknowledges the underperformance on the target related to Corporatisation of the Postbank which was due to the extensive engagements with the OCSLA which took longer than expected thus resulting in the Postbank Amendment Bill not being published for public consultation. The Bill, is being expedited in the 2020/21 financial year.

Changes to planned targets

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

Linking performance with budgets

Spending was R716.7 million in the 2019/20 financial year and R3,2 billion in the 2018/19 financial year. Major reduction of expenditure in the current financial year is due to the transfer of R2,9 billion made to the South African Post Office during 2018/19 financial year for the recapitalization. Spending rate under this Programme is at 99.9%.

Sub-programme expenditure

Sub- Programme Name	2019/2020			2018/2019		
	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	710 668	710 290	378	3 195 109	3 195 061	48
Small, Medium and Macro Enterprise Development	6 113	5 677	436	5 393	5 393	-
Total	716 781	715 967	814	3 200 502	3 200 454	48

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, and ensuring that goals for broadband are achieved.
- **Digital Terrestrial Television** is responsible for supporting the conversion from analogue to digital television transmission technology, with the ultimate goal of making the frequency spectrum available for next generation mobile broadband and other applications.
- **ICT Support** is responsible for the management and protection of South Africa's ICT environment.

The Strategic Objectives for the 2019/20 Financial Year are 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 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Coordinate the Broadband connectivity to achieve 100% population coverage	Availability of Broadband Services on connected sites	<ul style="list-style-type: none"> 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. Project management of infrastructure installation was undertaken for the remaining 304 facilities which still awaits service upgrades and activation. 	Provision of broadband services to 570 connected sites, monitored	<ul style="list-style-type: none"> The Department monitored to provisioning of broadband services to 570 connected sites, and produced quarterly monitoring reports in this regard. 	None	None

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Coordinate the Broadband connectivity to achieve 100% population coverage	Availability of Broadband Services on connected sites	The Department facilitated network and internet service pre-engineering for all 750 identified sites.	Rollout of broadband services to additional 400 sites coordinated and monitored	<ul style="list-style-type: none"> The Department coordinated and monitored the roll-out of broadband to the identified sites. Of the 400 sites, 154 sites have services activated end to end. 	Full connectivity was not completed at 257 of the planned 400 sites.	<p>Various challenges were experienced during the rollout of infrastructure and service activation, which among others include:</p> <ul style="list-style-type: none"> Lack of reliable power supply at the sites, which delayed network installations and testing Technical challenges such as network misconfigurations Covid-19 lockdown restrictions, which delayed service activations at the sites where infrastructure had been installed

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
Coordinate the Broadband connectivity to achieve 100% population coverage	Availability of Broadband Services on connected ites	The Department facilitated the establishment of the interim Rapid Deployment Coordination Centre (RDCC), in line with the implementation of the Rapid Deployment Policy	Operations of the Rapid Deployment National Coordination Centre maintained	<ul style="list-style-type: none"> The Department maintained the operations of the Rapid Deployment Coordination Centre. During the reporting period all resolutions referred to RDCC were resolved and feedback provided to all stakeholders. 	None	None
Coordinate the Broadband connectivity to achieve 100% population coverage	Operational Cybersecurity Hub	<ul style="list-style-type: none"> Operations of the Cybersecurity Hub was monitored, and quarterly monitoring reports were developed. Increased service offerings included the establishment of Sector-CSIRT and increased collaboration, resolution and responding to threats, information dissemination and incident management, amongst others. 	Operations of the Cybersecurity Hub monitored	The Department monitored the Cybersecurity Hub operations and produced quarterly monitoring reports on its service offerings.	None	None

STRATEGIC OBJECTIVES	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2018/19	PLANNED TARGET 2019/20	ACTUAL ACHIEVEMENT 2019/20	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/20	COMMENT ON DEVIATIONS
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"> The Department developed the draft SA Preliminary Position for WRC-19. 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 on draft CPM19-2 report. 	Draft WRC-19 Outcomes report developed to inform the revision of the National Radio Frequency Plan	South Africa, led by the Minister, participated at the WRC-19 after which the draft Outcomes Report of WRC-19, specifically focused on those impacting South Africa's National Radio Frequency Plan, was developed.	None	None
Develop and implement ICT Policy and legislation aimed at improving access and affordability of ICTs	Implemented State ICT Infrastructure Company Act	<ul style="list-style-type: none"> The Business Case for the State ICT Infrastructure Company was developed. Draft Legislation for the State ICT Infrastructure Company was developed. 	State ICT Infrastructure Company Bill submitted to Cabinet for approval	The Department did not achieve the target of submitting the State ICT Infrastructure Company Bill to Cabinet for approval.	Public consultation on State ICT Infrastructure Company Bill was not concluded as planned	The public consultation did not take place as the final business case could not be concluded. However, the finalisation of the business case that would inform the draft legislation is being expedited for public comments and onward submission of the Bill to Cabinet in Quarter 3 of the 2020/21 financial year.

Strategy to overcome areas of under performance

The Department acknowledges its under-performance on the targets related to rollout of broadband services. There were challenges experienced during the rollout of infrastructure and service activation, which among others include, lack of reliable power supply at the sites, which delayed network installations and testing, technical challenges such as network misconfigurations and COVID-19 lockdown restrictions, which delayed service activations at the sites where infrastructure had been installed. These challenges will be addressed in the 2020/21 financial year through increasing the project management capacity within the Department and through further collaboration between the Department and the implementing agencies, SITA and BBI.

The Department also acknowledges its under-performance on the target related to the State ICT Infrastructure Company Bill. There were challenges experienced in relation to finalising the revised Business Case for the Bill which impacted on the drafting of the Bill and the related processes. However, the finalisation of the Business Case that would inform the development of the Bill is being expedited, early in the 2020/21 financial year, so as to ensure that the Bill is drafted and submitted to Cabinet for approval.

Changes to planned targets

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

Linking performance with budgets

Spending was R558.4 million in the 2019/20 financial year and R388.4 million in the 2018/19 financial year. Spending on goods and services increased from R140.8 million in 2018/19 to R234.2 in the year under review. Consultants Business and Advisory Service increased from R132.8 million in 2018/19 to R227.2 million in 2019/20 financial year. The transfer to the Public entities increased from R223 million in 2018/19 to R301.6 million in 2019/20 financial year. These transfers are for the Digital Terrestrial Television Migration project. The underspending of R10.8 million in the 2019/20 financial year is mainly under payment for capital assets due to delays in development of an online e-identity application utilising Digital Objective Architecture, however this project was dependent on the Department of Home Affairs for concurrence and approval, with regards to goods and services underspending is due to delays in development of Web Portal and hosting of MISADI ICT infrastructure in a secured environment. Spending rate under this program is at 98.4 %.

Sub-programme expenditure

Sub- Programme Name	2019/2020				2018/2019		
	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	276 438	274 813	1 625	161 466	158 266	3 200	
Digital Terrestrial Television	277 539	277 539	-	222 840	222 840	-	
ICT Support	13 817	6 092	7 725	12 009	7 341	4 668	
Total	567 794	558 444	9 350	396 315	388 447	7868	

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	R95.3 million	R95.3 million	<ul style="list-style-type: none"> • Trained over 6500 learners in digital literacy. • Trained over 2500 sector users. • Trained over 800 ICT practitioners. • Trained over 240 e-leaders. • Hosted annual digital skills research colloquium • Hosted the 4IR symposium and developed a 4IR Plan of Action • Hosted the digital skills summit
SA POST OFFICE LTD	To provide postal and financial services	R474.6 million	R474.6 million	<ul style="list-style-type: none"> • Provided postal and financial services at post office USO branches • Provided mail delivery services
USAASA	To promote universal service and access in underserved areas.	R82.9 million	R82.9 million	<ul style="list-style-type: none"> • Implemented 50% of the Business Risk Action Plans as per risk register • ICT Master Plan Benchmark Report developed and approved by Board • Developed 2020-2023 Demand Plan and approved by the Board.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
USAF	USAF utilised the contributions from licensees exclusively for payment of subsidies to needy persons, undeserved areas and schools. To provide incentives to network licensees to construct and maintain networks in underserved areas.	R63.6 million	R63.6 million	<ul style="list-style-type: none"> • Provided 70% of internet access at existing connected sites to the following Local municipalities: Mutale, Nyandeni, Impendle, Mhlontlo and King Sabata Dalindyebo.
INDEPENDENT COMMUNICATION AUTHORITY SA	For the licensing of High Demand Spectrum	R24 million	R0	<ul style="list-style-type: none"> • The allocation was not spent as the results of the delays in the finalisation of the Terms of Reference for the appointment of an auctioneer. This will be expedited in the next financial year.
SENTECH	To provide common carrier broadcasting signal distribution services to licensed broadcasters in South Africa.	R250.9 million	R250.9 million	<ul style="list-style-type: none"> • Provided broadcasting signal distribution services provided in respect of the Dual illumination and Digital to Digital Migration projects

5.2 Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2019 to 31 March 2020

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 (R'000)	Reasons for the funds unspent by the entity
African Telecommunication union	Continental ICT Organisation	Membership Fee	Yes	1 114	1 114	-
Universal Postal Union (UPU)	Global Postal Organisation	Membership Fee	Yes	6 443	6 443	-
Pan African Postal Union (PAPU)	UN Specification Organisation (Postal)	Membership Fee	Yes	1 142	1 142	-
International Telecommunications Union (ITU)	UN Specialised ICT Organization	Membership Fee	Yes	18 829	18 829	-
Common Wealth Telecommunications Organization	International ICT Organisation for Common wealth members	Membership Fee	Yes	462	462	-
Organization for Economic Cooperation (CTO)	Continental ICT Organisation	Membership Fee	Yes	186	186	-
DONA Foundation	International Organisation	Membership Fee	Yes	1 108	1 108	-
Smart Africa Alliance	Portfolio Organisation(Foreign government International)	Membership Fee	Yes	741	741	-
Total				30 025	30 025	

The table below reflects the transfer payments which were budgeted for in the period 1 April 2019 to 31 March 2020, 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 grant

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

The Department has made a considerable progress in implementing the capital, investment and asset management plan. An updated and accurate asset register is maintained, which adheres to the minimum requirements set out by the National Treasury and the Departmental policy as well as the Asset Acquisition, Maintenance and Disposal Plan.

During the financial year, the Department did not have any infrastructure projects.

Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft were dealt with according to the Departmental Asset Management, Management of losses and Disposal policies. During the period under review, all cases due to theft were investigated, recommended and determination made by the Loss Control Committee. The number of asset losses due to theft were relatively low. All losses, scrapped, transfers, donations and auctioned assets were removed from the asset register after authorization was obtained from the Accounting Officer as follows:

- Scrapping R 3, 618 663.29
- Donations R 223 363.35
- Sold/Auctioned R 2, 646 225.69
- Losses R 243 405.69

97% of the book value of the disposed assets are at R1.00.

New assets are barcoded, updated on the asset register and allocated to the relevant officials.

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 that have been identified as redundant and no longer supporting service delivery have been earmarked for disposal in the next financial year. There are also assets that can no longer be cost-effectively repaired or refurbished that will be disposed by means of scraping in an environmentally healthy manner.

The Department has performed annual and *ad-hoc* asset verification, updated the asset locations on the asset register and ensured that asset owners signed office inventories to ensure accountability.

The department undertook monthly, quarterly and annual asset reconciliation to ensure that the quarterly and annual 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: 78%
- Fair condition 18%
- Bad condition 4%

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.

Integration 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. 3 EXCO meetings were held during the 2019/20 financial year.

Departmental Executive Committee (DEC). DEC meetings are attended by the Director- General (Chairperson) and Deputy Directors-General (DDGs). DEC provide strategic direction, make policy decisions and monitor the implementation of the Department's Strategy. The Chief Audit Executive and Director: Risk Management attend as ex-officio members. 13 DEC meetings were held during the 2019/20 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 Director: Risk Management attend as ex-officio members. 2 TMC meetings were held during the 2019/20 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 these policies and frameworks are in line with the strategic intent of the Department and relevant legislation. The Chief Audit Executive and Director: Risk Management attend as ex-officio members. OPSCOM convened 4 meetings in the 2019/20 financial year².

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 throughout the Department, in line with defined risk management practices 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 Department operates in terms of the approved Risk Management Framework (Policy, Strategy, Methodology and Implementation Plan) derived from the National Treasury Risk Management Framework. This Framework is further aligned to the Department's Strategic and Annual Performance Plans to ensure that it is relevant to manage DTPS's risk exposure.

The Department has an approved Risk Appetite and Tolerance Framework, which is used to measure the level of acceptable risks throughout the Department. This Framework is applied to ensure 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 ensure the risk exposures is reduced to acceptable levels.

The Department has also identified key risk indicators which assist to manage risk incidents within risk appetites and tolerance levels.

2.3 Risk Aware Culture

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

- 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. Due to the current economic conditions the Department operates in, the Directorate does not have adequate capacity to respond on the increasing needs of the Department and the complexities of the Department's operational processes.

2.5 Risk Assessments

The Top-Down risk management approach adopted by the Department requires strategic risk assessments to be completed first and thereafter operational risk assessments completed. The risk assessments are further considered on the basis of the Department's approved risk appetite and tolerance levels.

The 2019/20 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. Monitoring 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 seventeen (17) strategic risks identified during the 2019/20 financial year, two (2) were retired from the strategic register after the risk events were successfully completed, one (1) has been managed to acceptable risk levels while fourteen (14) 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 presence.
- c) Inadequate capacity in mandated entities.
- d) Reconfiguration of the Department and DoC.
- e) Undocumented processes in some areas.
- f) Conflicting legislation on the licensing of the Postbank.
- g) Length of time in board appointments in some SOCs.
- h) Lack of risk management software.

Operational Risk Management

Of forty-nine (49) operational risks, thirteen (13) have been managed to acceptable risk levels, two (2) were suspended, one (1) was retired while thirty-three (33) remained outside acceptable risk levels. Operational risks that remained outside the acceptable levels were due to the following key challenges/root causes:

- a) Delays in the implementation of an integrated action plan and operational risk mitigation plans.
- b) Inadequate capacity (financial and human resources) to implement some mitigations.
- c) Lack of documented standard operating procedures (SOPs) in some areas.

Project Risk Management

Of the twelve (12) project risks, five (5) have been managed to acceptable risk levels, four (4) have been retired as the respective risk events were completed while three (3) remained outside acceptable risk levels. Project risks that remained outside the acceptable levels were due to the following key challenges/root causes:

- a) Vandalisation of the ICT infrastructure, e.g. theft of batteries from network towers.
- b) Denial of access to some facilities/properties by owners for trenching to rollout fibre network.
- c) Different way leave application processes.
- d) Inadequate capacity in mandated entities to rollout broadband.

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 2019/20 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 nine (9) members consisting of one (1) independent non- executive member, who is also a member of Audit Committee and eight (8) 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 representative from Legal Services Chief Directorate 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 four (4) normal 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	4 of 4	-
Mr F. Osman	Internal member	3 of 4	Presented an apology in one meeting
Mr M. Sebola	Internal member	3 of 4	Presented an apology in one meeting
Mr L. Ndlovu	Internal Member	2 of 4	Presented two apologies in two meetings
Ms JK Masemola	Internal member	1 of 4	Presented three apologies in three meetings
Ms N Sihlahla	Internal member	3 of 4	Presented an apology in one meeting
Mr K Mabe	Internal member	1 of 3	Mr Mabe had a target of three meetings as he was appointed as the REC member on the 19th of July 2020 after the first meeting. Presented two apologies in two meetings
Mr L Motlatla	Internal member	2 of 3	Mr Motlatla had a target of three meetings as he was appointed as the REC member on the 07th of August 2020 after the first meeting Presented an apology in one meeting
Ms P Tsolo	Internal member	1 of 1	Ms Tsolo had a target of one meeting as she was appointed as interim REC member on the 20th of August 2020 in the absence of Mr Ntshingila who was on sick leave.
Mr M. Ntshingila	Internal member	0 of 1	Presented an apology in one meeting. Was on sick leave during the three meetings that were scheduled before returning to work.

3. FRAUD AND CORRUPTION

3.1 Fraud Prevention Plan and Implementation

- The Department operates in terms of approved Fraud Prevention Framework (Strategy, Policy, Investigation Procedure, Implementation Plan and Whistle Blowing Policy) derived from the National Anti-Corruption Framework (NACF), Public Service Regulation 2016 (PSR 2016) and other relevant prescripts. This Framework is further aligned to relevant Departmental Policies and Procedures to ensure alignment and relevance for managing DTPS's fraud and corruption exposures.
- 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 Committees (AC) 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 Service and Administration.

3.2 Mechanisms to report fraud and corruption

- The Department used the National Anti-Corruption Hotline (NACH) 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:

- 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.
- The Department also ensures a system of segregation of duties within the SCM Unit.

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 and declaration of gifts, donations and hospitality in a register in line with Public Service Regulation 2016 and Treasury Regulations. 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 ethics, integrity and financial disclosure requirements.

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 have undergone training to equip them to execute their assigned duties. An Emergency Evacuation Plan has been developed and pasted in the key points on the wall to ensure ease of access by all staff in the different office Blocks. 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
03 July 2019	Departments of Communications, & Telecommunications & Postal Services Annual Performance Plans, with Minister & Deputy
27 August 2019	Reconfiguration of Departments of Communications, & Telecommunications & Postal Services, with Deputy Minister
03 September 2019	Departments of Communications, & Telecommunications & Postal Services Quarter 1 performance, with Minister
08 October 2019	Audit Committee: AGSA briefing; Department of Communications & Digital Technologies 2018/19 Annual Reports; with Deputy Minister
12 November 2019	SA Post Office (SAPO) progress report; Department response to Committee recommendations
26 November 2019	SITA financial statements, governance challenges & operational action plan to respond to matters raised by AG; Department on ICASA Councillor Performance Agreements, with Minister
03 December 2019	USAASA progress; International Agreements; with Deputy Minister
04 February 2020	Implementation of Broadcast Digital Migration policy; Draft Performance Management System for ICASA; with Deputy Minister
18 February 2020	Department 2 & 3 performance; SOE convergence & board appointments; with Minister & Deputy
03 March 2020	Convergence of entities reporting to Department & appointment process of SOE board members: briefing; with Minister
10 March 2020	Sports Broadcast Regulations: ICASA briefing; with Minister and Deputy Minister

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

- Reconfiguration of Departments of Communications (DOC) & Telecommunications and Postal Services (DTPS) – recommended that the Department expedite the matter of reconfiguring the Departments into the new DCDT and ensure that there is proper communication to all staff members as well as zero job losses. During the period under review, the Department concluded the reconfiguration of the Departments as well as transferred all employees from both the DTPS and DOC into the new DCDT.

- Reconfiguration of Entities – The Portfolio Committee raised concerns with regards to the merging of ICASA, Film and Publication Board (FPB) and ZADNA because of ICASA being a Chapter 9 institution. The Department will ensure that a decision to merge regulators will only be made after seeking necessary legal opinions as well as conducting an impact study of these entities and taking into consideration the recommendation of the PC4IR.
- Separation of Postbank from the South African Post Office - Portfolio Committee Members raised concerns about the separation of Postbank and the Post Office. The Department confirmed that due to both the Postbank and Post Office sharing the same infrastructure in many respects, they will continue to work very closely and in an integrated manner. The Department will ensure that the separation does not negatively impact the functioning of the either entity.

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	2017/18	Irregular Expenditure matters amounting to R 209 million were addressed as follows: <ul style="list-style-type: none"> • Irregular Expenditure matters amounting to R114.6 million have been investigated and referred to National Treasury requesting condonation. • Irregular Expenditure matters amounting to R 78.8 million are under the Court Process • Irregular Expenditure matters amounting to R 15.6 million are under investigation and will be finalized during the 2020/2021

The financial statements submitted for auditing contained material findings	2017/18	The Finance Unit was capacitated. A plan to ensure that all inputs are received on time was implemented. Detailed review of the annual financial statements was done timeously.
Funded vacant posts not filled within 12 months after being vacant	2017/18	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.
Non-compliance with section 13(G)(1) of the BBBEE Act and BBBEE Regulation 12(2)	2018/19	The Department requested for an exemption for 2018/19 financial year from National Treasury.

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 (OPSCOM) provides oversight and manages the policy development process through a register of policies and ensuring that policies are vetted prior to presentation to the 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 improvements:

- The Department has developed an action plan to address matters raise in the different assurance providers' findings about the effectiveness of the currently implemented internal controls policies and procedures. Implementation of the action plans is monitored by the governance and management structures.
- The Department has established governance and management structures to monitor and track progress on addressing irregular expenditure, unauthorised, fruitless and wasteful expenditure. A plan has been developed to address any irregular, unauthorised, fruitless and wasteful 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 following key frameworks were developed and implemented to further strengthen the governance/control environment of the Department:

- Integrated Governance Framework – which outlines all the overarching governance principles.
- 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.

11. INTERNAL AUDIT AND AUDIT COMMITTEE

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 and 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 DTPS Internal Audit completed 86% of the approved Internal Audit Engagement in the Annual Internal Audit Plan for 2019/20 financial year as listed in the table below. The 24% internal audit engagements that could not be finalised in time and which will be carried over into the 2020/221 financial year was due to the following challenges:

Inadequate human resource capacity (Director: Internal Audit position vacant); and

Client delays in some audit engagements.

Additional number of consulting engagements were requested by management and audit committee.

The measures to address the above challenges, the Chief Directorate: 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 vacancy of the Director: Internal Audit has been filled during the reconfiguration process of Department of Telecommunications Postal Services and Department of Communications.

The following table depicts progress on Internal Audit Engagements that were approved and executed during the 2019/20 financial year:

No.	Internal Audit Engagement	Date Issued	Comments
	Development of Internal Audit Plan 2019/2020.	30/06/2019	Finalised
	Annual Financial Statement 2018/2019.	27/06/2019	Finalised
	Annual Performance Report and Q4 Performance Reporting 2018/2019.	27/06/2019	Finalised
	SOE Transfer Payment 2018/2019	27/06/2019	Finalised
	Supply Chain Management (SCM) – Consulting	13/11/2019	Finalised
	Monitoring ICT Policy and Legislation Implementation (MIPLI)	13/11/2019	Finalised
	Fraud and Corruption Programme and Management (F&C)	13/11/2019	Finalised
	Delegations Framework.	18/02/2020	Finalised
	Quarterly Performance Reporting Process and POE Q1.	20/08/2019	Finalised
	Interim Financial Statement 1920 Q1.	20/08/2019	Finalised
	Follow up on IAP – Q1 Expired Actions (Accumulative).	19/02/2020	Finalised
	Interim Financial Statements Q2.	14/11/2019	Finalised
	Quarterly Performance Reporting Process and POE Q2.	06/11/2019	Finalised
	Follow up on IAP – Q2 Expired Actions (accumulative).	19/02/2020	Finalised

	Interim Financial Statements Q3.	18/02/2020	Finalised
	Quarterly Performance Reporting Process and POE Q3.	18/02/2020	Finalised
	Strategic Plan 2020-2025 and Annual Performance Plan 2020-2021.	30/04/2020	Finalised
	SOC Transfer Payments 2019/2020.	25/06/2020	Finalised
	Follow up on IAP – Q3 Expired Actions Accumulative.	03/07/2020	Finalised
	E-Strategy Implementation Monitoring.	N/A	Deferred
	SOC Strategic Alignment.	N/A	Deferred
	Budget Management.	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 2019/20 and Chief Audit Executive interaction with Departmental Governance and Management Structures. The DTPS System of Internal Control requires enhancement, based on the internal control deficiencies and lack of key frameworks such as Integrated Governance Framework and Internal Framework; which will form the foundation for effective implementation of internal controls.

The development and documentation of comprehensive standard operating procedures for all business processes of the Department, remains the key root cause for some control deficiencies identified during Audit Engagements. Although Management has prioritised the digitization of specific business processes, a holistic approach should be implemented that will ensure that prior to engaging IT Chief Directorate for the digitization of 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 1996 as amended).

The following are areas that requires enhancement in the system of internal control; it suffices to indicate that management has developed management action plans to improve the internal controls:

- 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.
- The processes to ensure compliance to the Directive on Public Administration and Management Delegations framework were not effectively implemented.
- The integrated action plan implementation rate is standing at 51% (70 integrated action plans expired and confirmed implemented 28) compared to previously reported 74%. Deficiencies were

evident in relation to the relevant governance structures consistently monitoring implementation.

- 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:

- Integrated Strategic Planning, Monitoring and Reporting Policy, 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;
- Management has further implemented a process of ensuring that operational policies are developed, approved and timely reviewed through the Operations Committee.
- The Department has developed a fraud prevention plan in line with the legislative requirement and it articulates clearly the stunt of the department as it relates to fraud and corruption, which is a zero tolerance to fraud and corruption. It is supported by the establishment and institutionalization of the relevant governance structures and training programmes

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 2019/20 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	8 of 8
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	8 of 8
Dr. Pritish Dala (Member)	Bachelor of Information Technology (NQF 7); Baccalaureus Scientiae Cum Honoribus (NQF 8); Master of Information Technology (NQF 9); Doctrate of Philosophy in Information Technology (NQF 10); and CDPSE, CEH, CGEIT, CHFI, CISA, CISM, CISSP, COBIT, CRISC, LA27001	External	28/03/2018	8 of 8
Mr. Vincent Botto (Member)	Bachelor of Accounting Sciences (NQF7); Baccalaureus Artium in Law (NQF 7); Baccalaureus Legum (NQF 7); and Magister Legum (NQF 8);	External	28/03/2018	7 of 8

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

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, which is reviewed annually, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted revealed certain areas that requires improvement, which were then raised within the Department, and management has developed measures to address the risks related those areas. The following were areas that requires further attention by management:

- Ensure that Risk Management is embedded into the daily operations of the Department, specifically that all root causes are identified and controls are sufficient to reduce the risks to the set appetite level. Furthermore, the management consistently review its policies, processes and frameworks especially on risks that are not within acceptable appetite level.
- Development of overarching governance framework and ensuring that it is supported by detailed standard operating procedures for all key processes
- Overall improvement is required in the ICT control environment with a specific focus on the implementation of the ICT governance framework, contract management and cyber security. ICT needs to be positioned as a strategic partner so as to ensure that the Department's ICT function serve as an example of other Departments in the public service and is reflective of the overall mandate and objectives of the Department.
- The processes to ensure overall compliance including the Directive on Public Administration and Management Delegations framework
- Ensure that the Department's Business Continuity Plan is developed and implemented
- Development and implementation of the Combined Assurance Framework
- Capacitation of the Internal Audit to enhance the assurance capability and coverage, with a specific focus on core business that requires specialised ICT and performance audit expertise.
- An effective project management office to ensure roll out of Broadband project.
- Consequence management and application of the irregular expenditure framework.

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. The Audit Committee is concerned with the declined in the implementation rate to 51% compared to the previous financial year's implementation rate of 74%. Management was engaged and provide assurance that appropriate measures are being implemented to improve the implementation rate of agreed action plans.

INTERNAL AUDIT

The Audit Committee reviewed and approved the IAA's risk-based three-year rolling and operational plans for 2019/20. The Audit Committee also monitored performance of Internal Audit Unit against its approved operational plan on a quarterly basis, which achieved 86% activities.

We are satisfied that the Internal Audit Function is operating effectively and efficiently. The function has assisted in reducing risks a pertinent during the year under review. The Committee have met with the Chief Audit Executive during the year to ensure that the function is executed effectively and objectively. We are satisfied with satisfied with the assurance provided by Internal Audit Function on the adequacy, effectiveness, and efficiency of policies, procedures, including the integrity and reliability of both financial and non- financial information in safeguarding of assets.

In-Year Management and Quarterly Report

The Department has reported quarterly to the National Treasury as required by the PFMA. The Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer of the department during the year under review and is satisfied with the content thereof. The Committee has provided management with recommendations to improve the quality of the performance information and financial management reporting.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the draft audited annual financial statements submitted to the AGSA with Management;
- reviewed the Auditor General South Africa's report;
- reviewed any 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.

Auditor General's Report

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

CONCLUSION

The Audit Committee wishes to thank the Director-General, Senior Management and the relevant staff of DTSP 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.



Ms. P Mvulane

Chairperson of the Audit Committee

Department of Telecommunication and Postal Services



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

Due to the announced merger of the Department of Telecommunications and Postal Services with the Department of Communications, the development of the structure for the Department of Telecommunications and Postal Services was put on hold. A Start-Up structure was therefore developed during 2019/20 to prepare for the merger of the two Departments as the new Department of Communications and Digital Technologies with effect from 1 April 2020.

As at 31 March 2020, the total number of funded posts on the establishment for the Department was two hundred and seventy-two (272) which were captured on the PERSAL system. Of these positions, two hundred and forty-seven (247) positions were filled and twenty-five (25) positions were vacant and funded which equates to a 9.19% 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 targets.
- Development of a Start-Up Structure to prepare for the merger of the two Departments as the new Department of Communications and Digital Technologies with effect from 1 April 2020.
- National Macro Organization of Government (NMOG) process – The process commenced in June 2019 under the guidance of DPSA and the following departments were merged: Department of Communications and Department of Telecommunications and Postal Services to form the Department of Communications and Digital Technologies. The MPSA concurred with the DCDT start-up structure and employees were subsequently transferred to the new DCDT from the respective two departments.
- 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.
- 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

- Key vacancies were identified after an analysis of vacancies in the Department of Telecommunications and Postal Services. These vacancies were advertised after the lifting of a moratorium on the filling of vacancies (lifted on 18 July 2019).
- The Workplace Skills Plan was successfully implemented to ensure a skilled workforce.

Employee Performance Management

- The Department has a Performance Management and Development System (PMDS) which is implemented. Quality assurance was done by the Human Resource Development Unit to ensure alignment of Performance Agreements to the Annual Performance Plan 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 appointed ICAS to render employee wellness through an Employee Assistance Programme to employees as well as to their immediate family members. The Department also subscribes to the National Calendar of Events and commemorates wellness days like the World Aids day. Periodic wellness testing and screening are also arranged wherein employees are encouraged to participate in the screening of the following: High blood pressure; Body Mass Index; Cholesterol screening; Tuberculosis screening; and HIV and AIDS counselling and screening.

ACHIEVEMENTS AND CHALLENGES

Achievements

- The following positions were filled: Chief Director: Radio and Satellite Communications and Director: External Communications (12 month contract past).
- A project to update the personal information of employees was completed.
- HR Policies were reviewed and amended to be relevant for the Department of Communications and Digital Technologies, coming into effect in the 2020/21 financial year.
- Reporting to the Department of Labour took place on 15 January 2020, in terms of Section 21 of the Employment Equity Act, Act 55 of 1998. In this Report the Department reports on matters such as the workforce profile, recruitment, promotions, service terminations and skills development for the period 1 January 2019 to 31 December 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 the Organizational Structure, Culture and Climate, Recruitment and Selection, Training and Development, Performance Management and appointment of Interns are reported on.
- Provision of Employee Health and Wellness interventions i.e counselling services, health and wellness checks and Health Counselling and Testing.

- By the end of the financial year 2019/20, 219 training interventions were implemented out of 341 planned during the compilation of the WSP (64,2% of the planned interventions). This was attended by 129 employees (some employees attended more than 1 training intervention) which represents approximately 52,4% of the staff establishment at 31 March 2020.
- All of the training interventions that were implemented aligned with the respective areas of work and/or PDPs of the attendees. A number of training interventions specifically targeted the 4IR. This includes the following programmes which was implemented in conjunction with NEMISA and the University of the Western Cape CoLab for e-Inclusion and Social Innovation:
 - The Application of Data, Data Analytics and Artificial Intelligence for Decision-Making in Government
 - Digital Transformation for the Public Service: Leadership Imperative
- In addition, a number of other training interventions were implemented by individual DTPS employees as part of their PDPs which was also related to the 4IR and the core business of the Department. This includes the following programmes:
 - Digital Disruption – Digital Transformation Strategies
 - Data Science – Bridging Principles and Practice
 - Technical, Business and Regulatory Aspects of 5G Network
 - Short Learning Programme in Law and the 4IR
 - Master the Implementation and Management of Cyber Security Programme
 - Certificate in Cybersecurity Professional Practice and Leadership
 - Certificate in Telecommunications Policy, Regulation and Management
 - IT Practitioner programmes such as CISCO Certified Network Associate
 - Various Computer End User (Microsoft) courses (Digital Literacy)
 - Various ICT related conferences, seminars, summits and symposiums
- 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 reviews and concluding annual appraisals. The Department effectively implemented a quality assurance process across the Performance Management and Development System to ensure alignment of Performance Agreement and Performance Appraisal process. 2018/19 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

- The Reconfiguration of the Government and the subsequent NMOG process had an impact on the filling of vacancies in the Department as it resulted in the placement of a moratorium on the filling of posts which further impacted in an under-spending of the COE budget.
- Finalisation of disciplinary matters within the legislative timeframes. Disciplinary cases in general are not finalised within the prescribed timeframes. 90 days is the prescribed timeframe for the finalisation of disciplinary matters. The cases could not be finalised within the prescribed period due to the decision taken to suspend the disciplinary matters to allow the PSC Inquiry into the destabilisation of the Department. Further delays were as a result of the decision taken 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 forty-one percent (41%) 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-six percent (36%) against the target of fifty percent (50%) and efforts to close the gap are not yielding the results.
- Some training interventions, including 4IR related were scheduled for March 2020 but had to be postponed due to the social distancing and lockdown measures that came into effect. Uncertainty regarding the merging of the DTPS and DOC also played a role in delaying some employees with the implementation of their PDP's amongst other factors.

Future Plans/Goals

- Organisational structure aligned to the mandate of the new Department to be developed.
- 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 2023.
- 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 timeframes.
- 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 institutionalized 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 institutionalized through the Employment Equity Plan.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2019 and 31 March 2020

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Programme 1: Administration	215 265	99 993	880	0	46	741
Programme 2: International Affairs and Trade	53 149	17 823	61	0	34	1 273
Programme 3: Policy Research and Capacity Development	78 059	52 894	493	0	68	867
Programme 4: ICT Enterprise Development and Public Entities Oversight	715 967	22 898	167	0	3	1 041
Programme 5: ICT Infrastructure Support	555 985	22 362	161	0	4	972
Total	1 618 425	215 970	1 762	0	13	844

Table 3.1.2 Personnel costs by salary band for the period 1 April 2019 and 31 March 2020

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)	214	0.1	7	30
Skilled (level 3-5)	2 257	1.1	8	282
Highly skilled production (levels 6-8)	34 140	15.8	80	427

Highly skilled supervision (levels 9-12)	74 571	34.5	95	785
Senior and Top management (levels 13-16)	104 545	48.4	96	1 089
Other (includes Medical aid subsidy for former employees who retired and overtime payment to SAPS employees)	244	0.1	0	0
Total	215 971	100	286	755

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2019 and 31 March 2020

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Programme 1: Administration	67 463	67%	523	0,5	1 204	1,2	2 545	2,5
Programme 2: International Affairs and Trade	9 211	52%	29	0,2	341	2	415	2,3
Programme 3: Policy Research and Capacity Development	34 804	66%	156	0,3	700	1,3	1 200	2,3
Programme 4: ICT Enterprise Development and Public Entities Oversight	15 037	66%	-	-	195	0,8	391	1,7
Programme 5: ICT Infrastructure Support	15 223	68%	16	0,1	370	1,6%	338	1,5
Total	141 738	66%	724	0.3	2 810	1.3	4 889	2.3

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2019 and 31 March 2020

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)	214	100	0	0	0	0	0	0
Skilled (level 3-5)	1 546	68.5	18	0.8	127	5.6	175	7.8
Highly skilled production (levels 6-8)	23 919	70.1	301	0.9	1130	3.3	2 224	6.5
Highly skilled supervision (levels 9-12)	52 350	70.2	302	0.4	753	1.0	1 348	1.8
Senior management (level 13-16)	63 709	61	0	0	800	0.8	999	1.0
Other (includes Medical aid subsidy for former employees who retired and overtime payment to SAPS employees)	0	0	101	41.4	0	0	143	58.6
Total	141 738	65.6	722	0.3	2 810	1.3	4 889	2.3

3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

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

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

Table 3.2.1 Employment and vacancies by programme as on 31 March 2020

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Programme 1: Administration	139	127	8.63	8
Programme 2: International Affairs and Trade	15	14	6.7	0
Programme 3: Policy Research and Capacity Development	69	61	11.6	0
Programme 4: ICT Enterprise Development and Public Entities Oversight	23	22	4.3	0
Programme 5: ICT Infrastructure Support	26	23	11.5	0
Total	272	247	9.19	8

PLEASE NOTE:

- *The 8 employees appointed additional to the establishment under Programme 1 include seven (7) Interns and one (1) employee on salary level 13. The seven (7) Interns as well as the employee on salary level 13 are not included in the total of 247 filled posts.*

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2020

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)	9	7	22.2	0
Highly skilled production (6-8)	77	71	7.79	0
Highly skilled supervision (9-12)	94	88	6.38	0
Senior management (13-16)	92	72	21.74	0
Contract (Levels 1-2)	0	0	0	7
Contract (Levels 3 -5)	0	0	0	0
Contract (Levels 6 -8)	0	2	0	0
Contract (Levels 9 -12)	0	3	0	0
Contract (Levels 13 - 16)	0	4	0	1
Total	272	247	9.19	8

PLEASE NOTE:

- *The 8 employees appointed additional to the establishment under Programme 1 include seven (7) Interns and one (1) employee on salary level 13. The seven (7) Interns as well as the employee on salary level 13 are not included in the total of 247 filled posts.*
- *Only permanent posts are indicated on structure. Employees appointed on contract are placed against a permanent post.*

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2020

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related	53	51	3.8	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	7	12.5	0
Human Resource Related	7	7	0	0
Information Technology Related	6	5	16.7	0
Language Practitioners, Interpreters and Other Communication Related	4	4	0	0
Library Mail and Related Clerks	5	4	20	0
Logistical Support Personnel	12	12	0	0
Messengers, Porters and Deliverers	3	2	33.3	0
Other Administrative and Related Clerks and Organisers	42	40	4.8	7
Other Information Technology Personnel	6	6	0	0
Other Occupations	1	1	0	0
Secretaries and Other Keyboard Clerks	19	18	5.3	0
Senior Management	90	74	17.8	1
Total	272	247	9.19	8

PLEASE NOTE:

- *The 8 employees appointed additional to the establishment include seven (7) Interns under Other Administrative and Related Clerks and Organisers and one (1) employee under Senior Management. These employees are not included in the total of 247 filled posts.*

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 2020

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)	2	2	100	0	0
Salary Level 15	7	5	71.4	2	28.6
Salary Level 14	30	24	80	6	20
Salary Level 13	53	45	84.9	8	15.1
Total	92	76	82.6	16	17.4

Table 3.3.2 SMS post information as on 30 September 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)	2	2	100	0	0
Salary Level 15	7	5	71.4	2	28.6
Salary Level 14	29	24	82.8	5	17.2
Salary Level 13	49	46	93.9	3	6.1
Total	87	77	88.5	10	11.5

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2019 and 31 March 2020

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
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	1	0	1
Salary Level 13	1	0	1
Total	2	0	2

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 2019 and 31 March 2020

Reasons for vacancies not advertised within six months
The announced merger between the Departments of Telecommunications & Postal Services and Communications.
Moratorium placed on the filling of vacant posts by the Executive Authority due to the announced merger.

Reasons for vacancies not filled within twelve months
The announced merger between the Departments of Telecommunications & Postal Services and Communications.
Moratorium placed on the filling of vacant posts by the Executive Authority due to the announced merger.

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 2019 and 31 March 2020

Disciplinary actions taken due to vacancies not advertised within six months
None

Disciplinary actions taken due to 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 2019 and 31 March 2020

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)	9	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	77	2	2.6	0	0	0	0
Highly skilled supervision (Levels 9-12)	94	1	1.1	0	0	0	0
Senior Management Service Band A	53	8	15.1	0	0	0	0
Senior Management Service Band B	30	0	0	0	0	0	0
Senior Management Service Band C	7	1	14.3	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
Total	272	12	4.4	0	0	0	0

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2019 and 31 March 2020

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

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 and 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"> Accelerated and normal Grade Progressions. Ministerial appointments. 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 functions performed are production of nature. These are functions expected to be performed by officers occupying administration officers' posts: If necessary, the Department may create a proper supervisory post, if justifiable from organisational and functional decomposition.
	2	8	9	
	1	11	12	
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	
	1	11	12	
Library Mail and Related Clerks	1	5	6	
Logistical Support Personnel	1	5	6	
	1	7	8	
	1	9	10	

Other Administrative and Related Clerks and Organisers	7 1 4 1 1 1	5 7 7 7 9	6 6 8 9 11 10	DPSA circular on benchmark job descriptions and grading levels and implementation guidelines for jobs of Clerks dated 12 December 2012.	
Secretaries and Other Keyboard Clerks	9	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.
Total number of employees whose salaries exceeded the level determined by job evaluation					
Percentage of total employed					18.1

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 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	25	2	2	6	35
Male	6	1	1	2	10
Total	31	3	3	8	45

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 2019 and 31 March 2020

Salary band	Number of employees at beginning of period-1 April 2019	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	1	12.5
Highly skilled production (Levels 6-8)	79	0	3	3.8

Highly skilled supervision (Levels 9-12)	94	0	3	3.2
Senior Management Service Bands A (Level 13)	48	0	2	4.2
Senior Management Service Bands B (Level 14)	26	0	1	3.8
Senior Management Service Bands C (Level 15)	6	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)	0	1	4	0
Contract (Levels 9-12)	0	1	1	0
Contract (Band A) (Level 13)	0	3	3	0
Contract (Band B) (Level 14)	0	0	1	0
Contract (Band C) (Level 15)	0	0	1	0
Contract (Band D) (Level 16 including DG, Minister, Deputy Minister and Special Advisors)	0	0	0	0
Total	263	5	20	7.6

PLEASE NOTE:

- **Only permanent posts are indicated on the structure. Employees appointed on contract are placed against a permanent post.**

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2019 and 31 March 2020

Critical occupation	Number of employees at beginning of period-April 2019	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related	54	1	3	5.6
Communication and Information Related	2	0	0	0
Financial Clerks and Credit Controllers	2	0	0	0

Finance and Related Professionals	11	0	0	0
Head of Department	1	0	0	0
Human Resources and Organisational Development	8	0	1	12.5
Human Resource Related	7	0	0	0
Information Technology Related	5	0	0	0
Language Practitioners, Interpreters and Other Communication Related	5	0	1	20
Library Mail and Related Clerks	5	0	1	20
Logistical Support Personnel	12	0	0	0
Messengers, Porters and Deliverers	4	0	1	25
Other Administrative and Related Clerks and Organisers	41	0	3	7.3
Other Information Technology Personnel	6	0	0	0
Other Occupations	1	0	0	0
Secretaries and Other Keyboard Clerks	19	1	2	10.5
Senior Management	80	3	8	10
Total	263	5	20	7.6

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

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2019 and 31 March 2020

Termination Type	Number	% of Total Resignations
Death	2	10
Resignation	6	30
Expiry of contract	8	40
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	3	15
Transfer to other Public Service Departments	1	5
Other	0	0
Total	20	100
Total number of employees who left as a % of total employment	7.4%	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2019 and 31 March 2020

Occupation	Employees 1 April 2019	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	54	0	0	41	75.9
Communication and Information Related	2	0	0	2	100
Financial Clerks and Credit Controllers	2	0	0	0	0
Finance and Related Professionals	11	1	9	5	45.5
Head of Department	1	0	0	0	0
Human Resources and Organisational Development	8	1	12.5	2	25
Human Resource Related	7	0	0	3	42.9
Information Technology Related	5	0	0	3	60

Language Practitioners, Interpreters and Other Communication Related	5	0	0	0	0
Library Mail and Related Clerks	5	0	0	2	40
Logistical Support Personnel	12	0	0	5	41.7
Messengers, Porters and Deliverers	4	0	0	2	50
Other Administrative and Related Clerks and Organisers	41	0	0	18	43.9
Other Information Technology Personnel	6	0	0	5	83.3
Other Occupations	1	0	0	0	0
Secretaries and Other Keyboard Clerks	19	0	0	11	57.9
Senior Management	80	1	1.3	59	73.8
Total	263	3	1.1	158	60

Table 3.5.5 Promotions by salary band for the period 1 April 2019 and 31 March 2020

Salary Band	Employees 1 April 2019	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels 3-5)	8	0	0	4	50
Highly skilled production (Levels 6-8)	79	0	0	35	44.3
Highly skilled supervision (Levels 9-12)	94	2	2.1	60	63.8
Senior Management (Levels 13-16)	82	1	1.2	59	72
Total	263	3	1.1	158	60

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 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	37	2	3	3	26	2	2	1	76
Professionals	35	0	0	5	40	3	1	7	91
Technicians and associate professionals	15	2	1	0	45	5	1	4	73
Clerks	4	0	0	0	3	0	0	0	7
Total	91	4	4	8	114	10	4	12	247
Employees with disabilities	3	0	0	0	1	1	0	0	5
Interns (Appointed additional to the establishment)	2	0	0	0	5	0	0	0	7

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	0	0	0	3	0	0	0	7
Senior Management	33	2	3	3	23	2	2	1	69
Professionally qualified and experienced specialists and mid-management	35	0	0	5	40	3	1	7	91

Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	15	2	1	0	45	5	1	4	73
Semi-skilled and discretionary decision making	4	0	0	0	3	0	0	0	7
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	91	4	4	8	114	10	4	12	247

Table 3.6.3 Recruitment for the period 1 April 2019 to 31 March 2020

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

Total	3	0	0	0	2	0	0	0	5
Employees with disabilities	0	0	0	0	0	0	0	0	0
Interns (Appointed additional to the establishment)	2	0	0	0	5	0	0	0	7

Table 3.6.4 Promotions for the period 1 April 2019 to 31 March 2020

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

Table 3.6.5 Terminations for the period 1 April 2019 to 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	4	0	0	1	2	0	0	0	7
Professionally qualified and experienced specialists and mid-management	3	0	0	0	1	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	4	0	0	1	7
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	10	0	0	1	8	0	0	1	20
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2019 to 31 March 2020

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Suspension without pay and final written warning	2	0	0	0	0	0	0	0	2

Table 3.6.7 Skills development for the period 1 April 2019 to 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	28	0	2	4	21	1	1	2	59
Professionals	5	0	0	0	9	1	1	4	20

Technicians and associate professionals	2	0	0	0	4	0	0	0	6
Clerks	11	0	1	0	28	1	0	3	44
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	46	0	3	4	62	3	2	9	129
Employees with disabilities	2	0	0	0	0	1	0	0	3

3.7 Signing of Performance Agreements by SMS Members

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

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2019

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)	1	1	1	100%
Salary Level 15	4	6 (2 acting)	5 (1 signed after 31 August 2019)	83%
Salary Level 14	22	22	21	95.5%
Salary Level 13	46	46	46	100%
Total	73	75	74	97.3%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2020

Reasons
<ul style="list-style-type: none"> Reason provided for one (1) SMS Member who was on incapacity leave due to ill health. The official who concluded a Performance Agreement after 31 August 2019 was seconded to an SOE at the beginning of the performance cycle.

Notes

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

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2020

Reasons
None

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 2019 to 31 March 2020

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	35	91	38.5	871	24 886
Female	74	114	64.9	2 022	27 324
Asian					
Male	3	4	75	55	18 333
Female	3	4	75	73	24 333
Coloured					
Male	2	4	50	48	24 000
Female	4	10	40	107	26 750
White					
Male	5	8	62.5	114	22 800
Female	9	12	75	285	31 667
Total	135	247	54.7	3 575	26 481

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2019 to 31 March 2020

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 (Level 1-2)	0	0	0	0	0	0
Skilled (Level 3-5)	5	7	71.4	43	8 600	1.9
Highly skilled production (Level 6-8)	61	73	83.6	1 296	21 245	3.8
Highly skilled supervision (Level 9-12)	48	91	52.7	1 694	35 291	2.8
Total	114	171	66.7	3 033	26 605	2.7

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2019 to 31 March 2020

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	28	51	55	1 069	38 178
Communication and Information Related	0	2	0	0	0
Financial Clerks and Credit Controllers	2	2	100	28	14 000
Finance and Related Professionals	9	11	81.8	328	36 444
Head of Department	0	1	0	0	0
Human Resources and Organisational Development	7	7	100	149	21 285
Human Resource Related	2	7	28.6	45	22 500
Information Technology Related	0	5	0	0	0

Language Practitioners, Interpreters and Other Communication Related	4	4	100	160	40 000
Library Mail and Related Clerks	3	4	75	41	13 667
Logistical Support Personnel	12	12	100	258	21 500
Messengers, Porters and Deliverers	0	2	0	0	0
Other Administrative and Related Clerks and Organisers	28	40	70	551	19 678
Other Information Technology Personnel	2	6	33.3	45	22 500
Other Occupations	0	1	0	0	0
Secretaries and Other Keyboard Clerks	15	18	83.3	358	23 867
Senior Management	23	74	31.1	541	23 521
Total	135	247	54.7	3 575	26 481

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2019 to 31 March 2020

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	13	46	28.3	280	21 538	0.3
Band B	9	24	37.5	219	24 333	0.2
Band C	1	5	20	42	42 000	0.1
Band D	0	1	0	0	0	0
Total	23	76	29.9	541	23 521	0.5

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 2019 and 31 March 2020

Salary band	01 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% Change
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2019 and 31 March 2020

Major occupation	01 April 2019		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 2019 to 31 December 2019

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)	38	26.3	7	3.3	4	202
Highly skilled production (Levels 6-8)	651	27.3	68	32	9.6	326
Highly skilled supervision (Levels 9 -12)	587	32	76	35.9	7.7	547
Top and Senior management (Levels 13-16)	423	22.9	61	28.8	6.9	792
Total	1699	27.8	212	100	8	1 867

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2019 to 31 December 2019

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0

Highly skilled production (Levels 6-8)	10	100	1	33.3	10	373
Highly skilled supervision (Levels 9-12)	54	100	1	33.3	54	418
Senior management (Levels 13-16)	154	100	1	33.4	154	1 452
Total	218	100	3	100	72.7	748

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 2019 to 31 December 2019

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	18	6	3
Skilled (Levels 3-5)	191	7	27
Highly skilled production (Levels 6-8)	2022	73	28
Highly skilled supervision (Levels 9-12)	2441	91	27
Senior management (Levels 13-16)	1854	74	25
Total	6526	251	26

Table 3.10.4 Capped leave for the period 1 January 2019 to 31 December 2019

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 2019
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)	6	2	0.3	0.3
Senior management (Levels 13-16)	0	0	0	0
Total	6	2	0.3	0.3

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

Table 3.10.5 Leave payouts for the period 1 April 2019 and 31 March 2020

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2019/20 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2019/20	0	0	0
Current leave payouts on termination of service for 2019/20 (Resignations)	660	16	41
Current leave payouts on termination of service for 2019/20 (Death and Retirement)	106	2	53
Total	766	18	43

3.11 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

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

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

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Mr. ES Gumbi (He resigned with effect from 31 August 2019).
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.	Yes		E Netshiombo T Shakwane B Sakasa
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.	Yes		Counselling services
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		No	

5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		<ul style="list-style-type: none"> • Wellness Management Policy • Health and Productivity Management Policy • HIV and Aids and TB Management Policy • SHERQ Policy • Sport and Recreation Policy
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Protection of disclosure and confidentiality are incorporated in the HIV and AIDS and TB Management Policy.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		58 employees participated
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		No	

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2019 and 31 March 2020

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

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2019 and 31 March 2020

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	2	100
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	2	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2019 and 31 March 2020

Type of misconduct	Number	% of total
Utilisation of government vehicle without authorisation	1	50
Failure to comply with supply chain management policy	1	50
Total	2	100

Table 3.12.4 Grievances lodged for the period 1 April 2019 and 31 March 2020

Grievances	Number	% of Total
Number of grievances resolved	5	100
Number of grievances not resolved	0	0
Total number of grievances lodged	5	100

Table 3.12.5 Disputes lodged with Councils for the period 1 April 2019 and 31 March 2020

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	3	100
Total number of disputes lodged	3	100

Table 3.12.6 Strike actions for the period 1 April 2019 and 31 March 2020

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2019 and 31 March 2020

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

3.13 Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2019 and 31 March 2020

Occupational category	Gender	Number of employees as at 1 April 2019	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	32	0	28	32	60
	Male	50	0	60	27	87
Professionals	Female	52	0	29	13	42
	Male	42	0	10	16	26
Technicians and associate professionals	Female	59	0	12	2	14
	Male	20	0	3	1	4
Clerks	Female	4	0	67	24	91
	Male	4	0	10	7	17
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	147	0	136	71	207
	Male	116	0	83	51	134
Total		263	0	219	122	341

Table 3.13.2 Training provided for the period 1 April 2019 and 31 March 2020

Occupational category	Gender	Number of employees as at 1 April 2019	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	32	0	27	16	43
	Male	50	0	40	19	59
Professionals	Female	52	0	19	11	30
	Male	42	0	8	7	15
Technicians and associate professionals	Female	59	0	5	1	6
	Male	20	0	1	1	2

Clerks	Female	4	0	38	9	47
	Male	4	0	15	2	17
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	147	0	89	37	126
	Male	116	0	64	29	93
Total		263	0	153	66	219

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 2019 and 31 March 2020

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

3.15 Utilisation of Consultants

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

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

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2019 and 31 March 2020

Project title	Total number of consultants that worked on project	Duration (workdays)	Contract value in Rand
SA Connect (Broadband Infracore)	1	365	112 246 478
SA Connect (SITA)	1	365	109 695 893
Digital Development Fund Business Case (GTAC)	2	183	1 329 923

Total number of projects	Total individual consultants	Total duration Workdays	Total contract value in Rand
3	4	913	223 272 294

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 and 31 March 2020

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
SA Connect (Broadband Infracore)	N/A	N/A	N/A
SA Connect (SITA)	N/A	N/A	N/A
Digital Development Fund Business Case (GTAC)	N/A	N/A	N/A

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2019 and 31 March 2020

Project title	Total Number of consultants that worked on project	Duration (Workdays)	Donor and contract value in Rand
N/A	N/A	N/A	N/A

Total number of projects	Total individual consultants	Total duration Workdays	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 2019 and 31 March 2020

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

3.16 Severance Packages

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2019 and 31 March 2020

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



PARTE: **FINANCIAL INFORMATION**



Report on the audit of the financial statements

Unqualified opinion

1. I have audited the financial statements of the Department of Telecommunications and Postal services set out on pages 127 to 220, which comprise the appropriation statement, statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Telecommunications as at 31 March 2020 and financial performance and cash flows for the year then ended in accordance with Modified Cash Standards and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for the 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 Code of ethics for professional accountants and parts 1 and 3 of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as 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.

Non adjusting events after the reporting period

7. As disclosed in note 29 to the financial statements, a lease agreement was signed for office building on 12 August 2020.

Mergers

8. As disclosed in note 36 to the financial statement, following the general elections in May 2019, President Ramaphosa announced the reconfiguration of national departments. The Department of Communications and Department of Telecommunications and Postal Services will merge and be called Department of Communications and Digital Technologies.

Restatement of corresponding figures

9. As disclosed in note 34 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2020.

Other matter

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

Unaudited supplementary schedules

11. The supplementary information set out on pages 221 to 239 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

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. 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

14. 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.

15. 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

16. 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 on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of 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 do not examine whether the actions taken by the department enabled service delivery. My procedures also do 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.
18. 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 2020:

Programmes	Pages in the annual performance report
Programme 5- ICT Infrastructure support	53 - 59

19. 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.

Programme 5 – ICT Infrastructure support

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
- Programme 5 – ICT Infrastructure Support.

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement] of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph(s) 21 of this report.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of ICT Infrastructure support. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

26. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act of South Africa 2008 (Act No. 71 of 2008) (Companies Act). 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 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. I did not identify any significant deficiencies in internal control.
31. A significant improvement in the internal controls was noted compared to the previous year.

Auditor General.

Pretoria

30 September 2020



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

VOTE 32

APPROPRIATION STATEMENT
for the year ended 31 March 2020

Appropriation per programme	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Voted funds and direct charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	271 378	-	(14 886)	256 492	215 265	41 227	83,9%	239 157	235 003
2. International Affairs and Trade	59 358	-	(4 748)	54 610	53 149	1 461	97,3%	85 334	85 084
3. Policy, Research and Capacity Development	91 899	-	(3 002)	88 897	78 059	10 838	87,8%	85 628	85 426
4. ICT Enterprise Development and Public Entities Oversight	720 733	-	(3 952)	716 781	715 967	814	99,9%	3 200 502	3 200 454
5. ICT Infrastructure Support	541 206	-	26 588	567 794	558 444	9 350	98,4%	396 315	388 447
TOTAL	1 684 574	-	-	1 684 574	1 620 884	63 690	96,2%	4 006 936	3 994 414
Reconciliation with Statement of Financial Performance									
ADD:									
Departmental receipts				663 951				749 642	
NRF Receipts				-				-	
Aid assistance				-				-	
Actual amounts per statement of financial performance (total revenue)				2 348 525				4 756 578	
ADD:									
Aid assistance									
Prior year unauthorised expenditure approved without funding									

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

VOTE 32

APPROPRIATION STATEMENT
for the year ended 31 March 2020

Appropriation per programme	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Voted funds and direct charges	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Actual amounts per statement of financial performance (total expenditure)					1 620 884				3 994 414

Appropriation per economic classification	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic Classification									
Current payments	610 274	(1 579)	-	608 695	561 330	47 365	92,2%	546 748	539 195
Compensation of employees	241 399	-	-	241 399	215 970	25 429	89,5%	224 300	219 343
Salaries and wages	215 033	(538)	-	214 495	192 826	21 669	89,9%	200 314	195 568
Social contributions	26 366	538	-	26 904	23 144	3 760	86,0%	23 986	23 775
Goods and services	368 875	(1 579)	-	367 296	345 360	21 936	94,0%	322 448	319 852
Administrative fees	1 491	108	(82)	1 517	1 410	107	92,9%	1 498	1 498
Advertising	3 176	(161)	(146)	2 869	2 213	656	77,1%	4 297	2 088
Minor assets	1 781	(512)	(388)	881	96	785	10,9%	147	145
Audit costs: External	4 850	334	-	5 184	5 111	73	98,6%	6 261	6 261
Bursaries: Employees	2 627	(1 193)	(395)	1 039	588	451	56,6%	1 341	1 341

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

VOTE 32

APPROPRIATION STATEMENT
for the year ended 31 March 2020

Catering: Departmental activities	2 853	287	59	3 199	2 743	456	85,7%	2 271	2 271
Communication (G&S)	5 061	(394)	(52)	4 615	4 385	230	95,0%	5 284	5 284
Computer services	17 339	(7 229)	(3 665)	6 445	5 456	989	84,7%	6 387	6 387
Consultants: Business and advisory services	200 186	12 144	20 449	232 779	231 254	1 525	99,3%	147 605	147 605
Legal services	6 299	(3 630)	-	2 669	2 329	340	87,3%	6 068	6 068
Contractors	3 695	1 015	(384)	4 326	2 518	1 808	58,2%	6 200	6 200
Agency and support / outsourced services	3 119	(630)	-	2 489	-	2 489	-	56	-
Entertainment	269	(68)	(10)	191	81	110	42,4%	59	59
Fleet services (including government motor transport)	849	520	12	1 381	1 132	249	82,0%	852	852
Inventory: Materials and supplies	1	319	-	320	320	-	100,0%	-	-
Consumable supplies	478	(140)	55	393	255	138	64,9%	213	213
Consumable: Stationery, printing and office supplies	5 002	(479)	(470)	4 053	1 627	2 426	40,1%	2 478	2 478
Operating leases	36 702	(7 201)	(5 018)	24 483	21 731	2 752	88,8%	37 290	37 290
Property payments	14 357	6 575	-	20 932	18 040	2 892	86,2%	11 925	11 925
Travel and subsistence	36 932	3 059	(4 925)	35 066	33 968	1 098	96,9%	50 093	50 093
Training and development	10 643	(5 375)	(2 328)	2 940	1 762	1 178	59,9%	3 006	3 006
Operating payments	1 610	239	(625)	1 224	1 074	150	87,7%	2 607	2 355
Venues and facilities	8 941	(291)	(2 115)	6 535	5 765	770	88,2%	24 728	24 651
Rental and hiring	614	1 124	28	1 766	1 502	264	85,1%	1 782	1 782
Transfers and subsidies	1 051 094	1 578	-	1 052 672	1 052 672	-	100,0%	500 154	500 154
Provinces and municipalities	17	(2)	-	15	15	-	100,0%	13	13
Municipalities	17	(2)	-	15	15	-	100,0%	13	13
Municipal bank accounts	17	(2)	-	15	15	-	100,0%	13	13
Departmental agencies and accounts	265 918	-	-	265 918	265 918	-	100,0%	247 556	247 556
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	265 918	-	-	265 918	265 918	-	100,0%	247 556	247 556
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	30 025	-	-	30 025	30 025	-	100,0%	28 538	28 538

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

VOTE 32

APPROPRIATION STATEMENT
for the year ended 31 March 2020

Public corporations and private enterprises	725 561	-	-	725 561	725 561	-	100,0%	203 900	203 900
Public corporations	725 561	-	-	725 561	725 561	-	100,0%	203 900	203 900
Other transfers to public corporations	725 561	-	-	725 561	725 561	-	100,0%	203 900	203 900
Households	29 573	1 580	-	31 153	31 153	-	100,0%	20 147	20 147
Social benefits	-	1 484	-	1 484	1 484	-	100,0%	1 036	1 036
Other transfers to households	29 573	96	-	29 669	29 669	-	100,0%	19 111	19 111
Payments for capital assets	23 206	-	-	23 206	6 881	16 325	29,7%	11 374	6 406
Machinery and equipment	9 773	409	-	10 182	4 778	5 404	46,9%	6 340	4 772
Transport equipment	3 000	(3 000)	-	-	-	-	-	2 324	2 324
Other machinery and equipment	6 773	3 409	-	10 182	4 778	5 404	46,9%	4 016	2 448
Software and other intangible assets	13 433	(409)	-	13 024	2 103	10 921	16,1%	5 034	1 634
Payment for financial assets	-	1	-	1	1	-	100,0%	2 948 660	2 948 659
Total	1 684 574	-	-	1 684 574	1 620 884	63 690	96,2%	4 006 936	3 994 414

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

VOTE 32

APPROPRIATION STATEMENT
for the year ended 31 March 2020

Programme 1: Administration	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. MINISTRY	4 773	-	-	4 773	2 402	2 371	50,3%	4 211	3 723
2. DEPARTMENTAL MANAGEMENT	49 179	60	(2 700)	46 539	39 503	7 036	84,9%	48 966	48 712
3. INTERNAL AUDIT	11 284	(798)	-	10 486	4 711	5 775	44,9%	7 145	6 373
4. CORPORATE SERVICES	116 842	1 240	(7 487)	110 595	97 619	12 976	88,3%	91 213	90 420
5. FINANCIAL MANAGEMENT	69 575	(9 256)	(4 699)	55 620	42 551	13 069	76,5%	48 966	47 119
6. OFFICE ACCOMMODATION	19 725	8 754	-	28 479	28 479	-	100,0%	38 656	38 656
Total for sub programmes	271 378	-	(14 886)	256 492	215 265	41 227	83,9%	239 157	235 003
Economic Classification									
Current payments	228 233	(1 358)	(14 886)	211 989	178 324	33 665	84,1%	213 018	208 875
Compensation of employees	114 448	-	-	114 448	99 993	14 455	87,4%	107 897	103 754
Salaries and wages	100 606	(53)	-	100 553	88 802	11 751	88,3%	95 850	91 918
Social contributions	13 842	53	-	13 895	11 191	2 704	80,5%	12 047	11 836
Goods and services	113 785	(1 358)	(14 886)	97 541	78 331	19 210	80,3%	105 121	105 121
Administrative fees	631	(144)	-	487	457	30	93,8%	617	617
Advertising	1 813	(47)	-	1 766	1 110	656	62,9%	951	951
Minor assets	430	5	-	435	69	366	15,9%	70	70
Audit costs: External	4 850	334	-	5 184	5 111	73	98,6%	5 975	5 975
Bursaries: Employees	1 367	(687)	-	680	384	296	56,5%	836	836
Catering: Departmental activities	1 010	799	-	1 809	1 498	311	82,8%	951	951
Communication (G&S)	2 612	(575)	-	2 037	1 863	174	91,5%	2 505	2 505
Computer services	8 018	281	(2 300)	5 999	5 020	979	83,7%	5 458	5 458
Consultants: Business and advisory services	5 381	(157)	(2 800)	2 424	905	1 519	37,3%	1 748	1 748
Legal services	6 279	(3 610)	-	2 669	2 329	340	87,3%	6 068	6 068
Contractors	3 138	921	-	4 059	2 383	1 676	58,7%	5 321	5 321
Agency and support / outsourced services	2 469	-	-	2 469	-	2 469	-	-	-

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

VOTE 32

APPROPRIATION STATEMENT
for the year ended 31 March 2020

Entertainment	80	(18)	-	62	46	16	74,2%	25	25
Fleet services (including government motor transport)	784	496	-	1 280	1 076	204	84,1%	729	729
Consumable supplies	238	84	-	322	241	81	74,8%	171	171
Consumable: Stationery, printing and office supplies	3 300	439	-	3 739	1 341	2 398	35,9%	1 825	1 825
Operating leases	35 649	(7 311)	(4 699)	23 639	21 112	2 527	89,3%	36 546	36 546
Property payments	14 357	6 498	-	20 855	17 963	2 892	86,1%	11 740	11 740
Travel and subsistence	14 855	827	(2 700)	12 982	12 183	799	93,8%	20 394	20 394
Training and development	3 518	(24)	(2 000)	1 494	880	614	58,9%	1 748	1 748
Operating payments	1 102	350	(387)	1 065	1 052	13	98,8%	642	642
Venues and facilities	1 670	(434)	-	1 236	559	677	45,2%	310	310
Rental and hiring	234	615	-	849	749	100	88,2%	491	491
Transfers and subsidies	29 590	1 357	-	30 947	30 947	-	100,0%	19 420	19 420
Provinces and municipalities	17	(2)	-	15	15	-	100,0%	13	13
Municipalities	17	(2)	-	15	15	-	100,0%	13	13
Municipal bank accounts	17	(2)	-	15	15	-	100,0%	13	13
Households	29 573	1 359	-	30 932	30 932	-	100,0%	19 407	19 407
Social benefits	-	1 291	-	1 291	1 291	-	100,0%	414	414
Other transfers to households	29 573	68	-	29 641	29 641	-	100,0%	18 993	18 993
Payments for capital assets	13 555	-	-	13 555	5 993	7 562	44,2%	5 059	5 049
Machinery and equipment	6 611	400	-	7 011	3 890	3 121	55,5%	3 425	3 415
Transport equipment	3 000	(3 000)	-	-	-	-	-	2 324	2 324
Other machinery and equipment	3 611	3 400	-	7 011	3 890	3 121	55,5%	1 101	1 091
Software and other intangible assets	6 944	(400)	-	6 544	2 103	4 441	32,1%	1 634	1 634
Payment for financial assets	-	1	-	1	1	-	100,0%	1 660	1 659
Total	271 378	-	(14 886)	256 492	215 265	41 227	83,9%	239 157	235 003

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

VOTE 32

APPROPRIATION STATEMENT
for the year ended 31 March 2020

1.1 SUB PROGRAMME : Ministry									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 773	-	-	4 773	2 402	2 371	50,3%	4 211	3 723
Compensation of employees	4 773	-	-	4 773	2 402	2 371	50,3%	4 211	3 723
Salaries and wages	4 053			4 053	2 055	1 998	50,7%	3 542	3 197
Social contributions	720			720	347	373	48,2%	669	526
Total	4 773	-	-	4 773	2 402	2 371	50,3%	4 211	3 723

1.2 SUB PROGRAMME: Departmental Management									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	48 918	(406)	(2 700)	45 812	38 776	7 036	84,6%	48 637	48 383
Compensation of employees	28 637	-	-	28 637	24 294	4 343	84,8%	25 942	25 688
Salaries and wages	24 712			24 712	22 028	2 684	89,1%	23 624	23 438
Social contributions	3 925			3 925	2 266	1 659	57,7%	2 318	2 250
Goods and services	20 281	(406)	(2 700)	17 175	14 482	2 693	84,3%	22 695	22 695
Administrative fees	453	(198)		255	234	21	91,8%	367	367
Advertising	53	(48)		5	-	5	-	22	22
Minor assets	120			120	8	112	6,7%	12	12
Audit costs: External	500			500	427	73	85,4%	1 069	1 069
Bursaries: Employees	94			94	17	77	18,1%	16	16
Catering: Departmental activities	741			741	435	306	58,7%	448	448
Communication (G&S)	1 338	(509)		829	738	91	89,0%	1 290	1 290
Computer services	-			-	-	-	-	-	-
Consultants: Business and advisory services	852	(157)		695	687	8	98,8%	536	536

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

VOTE 32

APPROPRIATION STATEMENT
for the year ended 31 March 2020

Legal services	746	(406)		340	-	340	-	358	358
Contractors	9	198		207	207	-	100,0%	9	9
Entertainment	41			41	28	13	68,3%	10	10
Fleet services (including government motor transport)	28	509		537	537	-	100,0%	5	5
Consumable supplies	94			94	13	81	13,8%	41	41
Consumable: Stationery, printing and office supplies	730			730	176	554	24,1%	241	241
Operating leases	1 219	(782)		437	437	-	100,0%	464	464
Property payments	107			107	-	107	-	1	1
Travel and subsistence	11 728	871	(2 700)	9 899	9 899	-	100,0%	17 308	17 308
Training and development	396			396	268	128	67,7%	258	258
Operating payments	122	116		238	238	-	100,0%	184	184
Venues and facilities	810			810	133	677	16,4%	56	56
Rental and hiring	100			100	-	100	-	-	-
Transfers and subsidies	-	406	-	406	406	-	100,0%	15	15
Households	-	406	-	406	406	-	100,0%	15	15
Social benefits		396		396	396	-	100,0%	-	-
Other transfers to households		10		10	10	-	100,0%	15	15
Payments for capital assets	261	60	-	321	321	-	100,0%	314	314
Machinery and equipment	261	60	-	321	321	-	100,0%	314	314
Total	49 179	60	(2 700)	46 539	39 503	7 036	84,9%	48 966	48 712

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1.3 SUB PROGRAMME: Internal Audit									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8 799	(5)	-	8 794	4 658	4 136	53,0%	6 856	6 094
Compensation of employees	5 406	(5)	-	5 401	4 274	1 127	79,1%	5 955	5 193
Salaries and wages	4 896	(12)		4 884	3 757	1 127	76,9%	5 335	4 573
Social contributions	510	7		517	517	-	100,0%	620	620
Goods and services	3 393	-	-	3 393	384	3 009	11,3%	901	901
Administrative fees	8	(1)		7	3	4	42,9%	8	8
Advertising	-	1		1	1	-	100,0%	1	1
Minor assets	115			115	-	115	-	-	-
Bursaries: Employees	123			123	61	62	49,6%	120	120
Catering: Departmental activities	10			10	5	5	50,0%	5	5
Communication (G&S)	129			129	62	67	48,1%	62	62
Computer services	-			-	-	-	-	-	-
Contractors	-	6		6	6	-	100,0%	16	16
Agency and support / outsourced services	2 419			2 419	-	2 419	-	-	-
Entertainment	4			4	1	3	25,0%	1	1
Fleet services (including government motor transport)	-	13		13	13	-	100,0%	37	37
Administrative fees	8	(1)		7	3	4	42,9%	8	8
Consumable supplies	-			-	-	-	-	3	3
Consumable: Stationery, printing and office supplies	36			36	6	30	16,7%	9	9
Operating leases	84	(14)		70	67	3	95,7%	35	35
Property payments	-	1		1	1	-	100,0%	-	-
Travel and subsistence	113	(6)		107	68	39	63,6%	235	235
Training and development	330			330	73	257	22,1%	279	279
Operating payments	22			22	17	5	77,3%	69	69
Venues and facilities	-			-	-	-	-	21	21

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Transfers and subsidies	-	-	-	-	-	-	-	181	181
Households	-	-	-	-	-	-	-	181	181
Social benefits	-	-	-	-	-	-	-	181	181
Payments for capital assets	2 485	(793)	-	1 692	53	1 639	3,1%	108	98
Machinery and equipment	-	53	-	53	53	-	100,0%	108	98
Other machinery and equipment	-	53	-	53	53	-	100,0%	108	98
Software and other intangible assets	2 485	(846)	-	1 639	-	1 639	-	-	-
Total	11 284	(798)	-	10 486	4 711	5 775	44,9%	7 145	6 373

1.4 SUB PROGRAMME: Corporate Services									
Economic classification	2019/20						2018/19		
	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	82 264	(941)	(7 487)	73 836	63 662	10 174	86,2%	70 049	69 256
Compensation of employees	52 462	-	-	52 462	45 848	6 614	87,4%	48 679	47 886
Salaries and wages	46 466	-	-	46 466	40 524	5 942	87,2%	42 853	42 060
Social contributions	5 996	-	-	5 996	5 324	672	88,8%	5 826	5 826
Goods and services	29 802	(941)	(7 487)	21 374	17 814	3 560	83,3%	21 370	21 370
Administrative fees	40	55	-	95	95	-	100,0%	95	95
Advertising	1 758	-	-	1 758	1 108	650	63,0%	927	927
Minor assets	165	-	-	165	26	139	15,8%	9	9
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	350	(44)	-	306	306	-	100,0%	594	594
Catering: Departmental activities	241	776	-	1 017	1 017	-	100,0%	449	449
Communication (G&S)	804	(56)	-	748	748	-	100,0%	839	839
Computer services	7 942	281	(2 300)	5 923	5 009	914	84,6%	5 458	5 458
Consultants: Business and advisory services	4 529	-	(2 800)	1 729	218	1 511	12,6%	1 212	1 212
Legal services	5 533	(3 204)	-	2 329	2 329	-	100,0%	5 710	5 710
Contractors	889	717	-	1 606	1 606	-	100,0%	506	506
Entertainment	29	(17)	-	12	12	-	100,0%	6	6

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Fleet services (including government motor transport)	39	(26)		13	13	-	100,0%	38	38
Consumable supplies	52	37		89	89	-	100,0%	66	66
Consumable: Stationery, printing and office supplies	933	439		1 372	1 372	-	100,0%	1 014	1 014
Operating leases	443	12		455	455	-	100,0%	488	488
Property payments	30	(30)		-	-	-	-	-	-
Travel and subsistence	1 963	(38)		1 925	1 587	338	82,4%	2 173	2 173
Training and development	2 361	(24)	(2 000)	337	337	-	100,0%	923	923
Operating payments	707		(387)	320	312	8	97,5%	139	139
Venues and facilities	860	(434)		426	426	-	100,0%	233	233
Rental and hiring	134	615		749	749	-	100,0%	491	491
Transfers and subsidies	29 573	941	-	30 514	30 514	-	100,0%	19 148	19 148
Households	29 573	941	-	30 514	30 514	-	100,0%	19 148	19 148
Social benefits		895		895	895	-	100,0%	182	182
Other transfers to households	29 573	46		29 619	29 619	-	100,0%	18 966	18 966
Payments for capital assets	5 005	1 240	-	6 245	3 443	2 802	55,1%	2 016	2 016
Machinery and equipment	546	794	-	1 340	1 340	-	100,0%	382	382
Other machinery and equipment	546	794		1 340	1 340	-	100,0%	382	382
Software and other intangible assets	4 459	446		4 905	2 103	2 802	42,9%	1 634	1 634
Total	116 842	1 240	(7 487)	110 595	97 619	12 976	88,3%	91 213	90 420

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1.5 SUB PROGRAMME: Financial Management									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	63 754	(8 760)	(4 699)	50 295	40 347	9 948	80,2%	44 609	42 763
Compensation of employees	23 170	5	-	23 175	23 175	-	100,0%	23 110	21 264
Salaries and wages	20 479	(41)	-	20 438	20 438	-	100,0%	20 496	18 650
Social contributions	2 691	46	-	2 737	2 737	-	100,0%	2 614	2 614
Goods and services	40 584	(8 765)	(4 699)	27 120	17 172	9 948	63,3%	21 499	21 499
Administrative fees	130	-	-	130	125	5	96,2%	147	147
Advertising	2	-	-	2	1	1	50,0%	1	1
Minor assets	30	5	-	35	35	-	100,0%	49	49
Audit costs: External	4 350	334	-	4 684	4 684	-	100,0%	4 906	4 906
Bursaries: Employees	800	(643)	-	157	-	157	-	106	106
Catering: Departmental activities	18	23	-	41	41	-	100,0%	49	49
Communication (G&S)	341	(10)	-	331	315	16	95,2%	314	314
Computer services	76	-	-	76	11	65	14,5%	-	-
Contractors	2 240	-	-	2 240	564	1 676	25,2%	4 790	4 790
Agency and support / outsourced services	50	-	-	50	-	50	-	-	-
Entertainment	6	(1)	-	5	5	-	100,0%	8	8
Fleet services (including government motor transport)	717	-	-	717	513	204	71,5%	649	649
Contractors	2 240	-	-	2 240	564	1 676	25,2%	4 790	4 790
Consumable supplies	92	47	-	139	139	-	100,0%	61	61
Consumable: Stationery, printing and office supplies	1 601	-	-	1 601	(213)	1 814	(13,3%)	561	561
Operating leases	16 178	(8 754)	(4 699)	2 725	201	2 524	7,4%	185	185
Property payments	12 220	-	-	12 220	9 435	2 785	77,2%	8 457	8 457
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	1 051	-	-	1 051	629	422	59,8%	678	678

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Training and development	431			431	202	229	46,9%	288	288
Operating payments	251	234		485	485	-	100,0%	250	250
Transfers and subsidies	17	10	-	27	27	-	100,0%	76	76
Provinces and municipalities	17	(2)	-	15	15	-	100,0%	13	13
Municipalities	17	(2)	-	15	15	-	100,0%	13	13
Municipal bank accounts	17	(2)	-	15	15	-	100,0%	13	13
Households	-	12	-	12	12	-	100,0%	63	63
Social benefits				-		-	-	51	51
Other transfers to households		12		12	12	-	100,0%	12	12
Payments for capital assets	5 804	(507)	-	5 297	2 176	3 121	41,1%	2 621	2 621
Machinery and equipment	5 804	(507)	-	5 297	2 176	3 121	41,1%	2 621	2 621
Transport equipment	3 000	(3 000)		-		-	-	2 324	2 324
Other machinery and equipment	2 804	2 493		5 297	2 176	3 121	41,1%	297	297
Payment for financial assets		1		1	1	-	100,0%	1 660	1 659
Total	69 575	(9 256)	(4 699)	55 620	42 551	13 069	76,5%	48 966	47 119

1.6 SUB PROGRAMME: Office Accommodation

	2019/20						2018/19		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	19 725	8 754	-	28 479	28 479	-	100,0%	38 656	38 656
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	19 725	8 754	-	28 479	28 479	-	100,0%	38 656	38 656
Operating leases	17 725	2 227		19 952	19 952	-	100,0%	35 374	35 374
Property payments	2 000	6 527		8 527	8 527	-	100,0%	3 282	3 282
Total	19 725	8 754	-	28 479	28 479	-	100,0%	38 656	38 656

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Programme 2: International Affairs and Trade									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. INTERNATIONAL AFFAIRS	13 812	-	(162)	13 650	12 898	752	94,5%	13 534	13 534
2. ICT TRADE/PARTNERSHIP	45 546	-	(4 586)	40 960	40 251	709	98,3%	71 800	71 550
Total	59 358	-	(4 748)	54 610	53 149	1 461	97,3%	85 334	85 084
Economic classification									
Current payments	28 789	(2)	(4 748)	24 039	23 122	917	96,2%	56 321	56 071
Compensation of employees	18 404	-	-	18 404	17 824	580	96,8%	17 143	17 143
Salaries and wages	16 654	38	-	16 692	16 207	485	97,1%	15 530	15 530
Social contributions	1 750	(38)	-	1 712	1 617	95	94,5%	1 613	1 613
Goods and services	10 385	(2)	(4 748)	5 635	5 298	337	94,0%	39 178	38 928
Administrative fees	195	(1)	(82)	112	70	42	62,5%	316	316
Advertising	-	76	-	76	76	-	100,0%	413	413
Minor assets	240	-	(138)	102	3	99	2,9%	51	51
Bursaries: Employees	100	-	(50)	50	25	25	50,0%	-	-
Catering: Departmental activities	180	-	(70)	110	78	32	70,9%	104	104
Communication (G&S)	150	151	-	301	301	-	100,0%	347	347
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	228	228
Contractors	406	-	(384)	22	22	-	100,0%	94	94
Entertainment	12	(2)	(2)	8	4	4	50,0%	3	3
Fleet services (including government motor transport)	10	-	-	10	-	10	-	8	8
Consumable supplies	-	-	-	-	-	-	-	3	3
Consumable: Stationery, printing and office supplies	103	-	(75)	28	19	9	67,9%	44	44
Operating leases	313	-	(225)	88	78	10	88,6%	112	112

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Property payments	-	-	-	-	-	-	-	32	32
Travel and subsistence	5 595	(394)	(1 163)	4 038	4 038	-	100,0%	13 605	13 605
Training and development	120	34	-	154	61	93	39,6%	46	46
Operating payments	240	-	(238)	2	2	-	100,0%	1 167	917
Venues and facilities	2 721	(244)	(2 321)	156	143	13	91,7%	22 605	22 605
Rental and hiring	-	378	-	378	378	-	100,0%	-	-
Transfers and subsidies	30 025	2	-	30 027	30 027	-	100,0%	28 585	28 585
Foreign governments and international organisations	30 025	-	-	30 025	30 025	-	100,0%	28 538	28 538
Households	-	2	-	2	2	-	100,0%	47	47
Social benefits	-	-	-	-	-	-	-	21	21
Other transfers to households	-	2	-	2	2	-	100,0%	26	26
Payments for capital assets	544	-	-	544	-	544	-	428	428
Machinery and equipment	544	-	-	544	-	544	-	428	428
Other machinery and equipment	544	-	-	544	-	544	-	428	428
Total	59 358	-	(4 748)	54 610	53 149	1 461	97,3%	85 334	85 084

2.1 SUB PROGRAMME: International Affairs

	2019/20						2018/19		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	13 492	-	(162)	13 330	12 898	432	96,8%	13 487	13 487
Compensation of employees	10 291	-	-	10 291	10 196	95	99,1%	9 597	9 597
Salaries and wages	8 991	41	-	9 032	9 032	-	100,0%	8 457	8 457
Social contributions	1 300	(41)	-	1 259	1 164	95	92,5%	1 140	1 140
Goods and services	3 201	-	(162)	3 039	2 702	337	88,9%	3 890	3 890
Administrative fees	95	-	-	95	53	42	55,8%	57	57
Advertising	-	-	-	-	-	-	-	413	413
Minor assets	100	-	-	100	1	99	1,0%	-	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	50	-	-	50	25	25	50,0%	-	-

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Catering: Departmental activities	80			80	48	32	60,0%	65	65
Communication (G&S)	100	115		215	215	-	100,0%	237	237
Consultants: Business and advisory services	-			-	-	-	-	228	228
Contractors	-			-	-	-	-	14	14
Entertainment	6			6	2	4	33,3%	2	2
Fleet services (including government motor transport)	10			10	-	10	-	5	5
Consumable supplies	-			-	-	-	-	1	1
Consumable: Stationery, printing and office supplies	20			20	11	9	55,0%	37	37
Operating leases	250	-	(162)	88	78	10	88,6%	88	88
Travel and subsistence	1 970	129		2 099	2 099	-	100,0%	2 550	2 550
Training and development	120			120	27	93	22,5%	8	8
Operating payments	-			-	-	-	-	32	32
Venues and facilities	400	(244)		156	143	13	91,7%	153	153
Transfers and subsidies	-	-	-	-	-	-	-	47	47
Households	-	-	-	-	-	-	-	47	47
Social benefits	-			-	-	-	-	21	21
Other transfers to households	-			-	-	-	-	26	26
Payments for capital assets	320	-	-	320	-	320	-	-	-
Machinery and equipment	320	-	-	320	-	320	-	-	-
Other machinery and equipment	320			320		320		-	-
Total	13 812	-	(162)	13 650	12 898	752	94,5%	13 534	13 534

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2.2 [SUB PROGRAMME : ICT Trade/Partnership]									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	15 297	(2)	(4 586)	10 709	10 224	485	95,5%	42 834	42 584
Compensation of employees	8 113	-	-	8 113	7 628	485	94,0%	7 546	7 546
Salaries and wages	7 663	(3)		7 660	7 175	485	93,7%	7 073	7 073
Social contributions	450	3		453	453	-	100,0%	473	473
Goods and services	7 184	(2)	(4 586)	2 596	2 596	-	100,0%	35 288	35 038
Administrative fees	100	(1)	(82)	17	17	-	100,0%	259	259
Advertising	-	76		76	76	-	100,0%	-	-
Minor assets	140		(138)	2	2	-	100,0%	51	51
Audit costs: External	-			-	-	-	-	-	-
Bursaries: Employees	50		(50)	-	-	-	-	-	-
Catering: Departmental activities	100		(70)	30	30	-	100,0%	39	39
Communication (G&S)	50	36		86	86	-	100,0%	110	110
Current payments	100	(1)	(82)	17	17	-	100,0%	259	259
Contractors	406		(384)	22	22	-	100,0%	80	80
Entertainment	6	(2)	(2)	2	2	-	100,0%	1	1
Consumable supplies	-			-	-	-	-	3	3
Consumable: Stationery, printing and office supplies	-			-	-	-	-	2	2
Operating leases	83		(75)	8	8	-	100,0%	7	7
Property payments	63		(63)	-	-	-	-	24	24
Consumable supplies	-			-	-	-	-	32	32
Travel and subsistence	3 625	(523)	(1 163)	1 939	1 939	-	100,0%	11 055	11 055
Training and development	-	34		34	34	-	100,0%	38	38
Operating payments	240		(238)	2	2	-	100,0%	1 135	885
Venues and facilities	2 321		(2 321)	-	-	-	-	22 452	22 452
Rental and hiring	-	378		378	378	-	100,0%	-	-
Transfers and subsidies	30 025	2	-	30 027	30 027	-	100,0%	28 538	28 538

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Foreign governments and international organisations	30 025			30 025	30 025	-	100,0%	28 538	28 538
Households	-	2	-	2	2	-	100,0%	-	-
Other transfers to households		2		2	2	-	100,0%	-	-
Payments for capital assets	224	-	-	224	-	224	-	428	428
Machinery and equipment	224	-	-	224	-	224	-	428	428
Other machinery and equipment	224			224		224	-	428	428
Total	45 546	-	(4 586)	40 960	40 251	709	98,3%	71 800	71 550

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APPROPRIATION STATEMENT
for the year ended 31 March 2020**Programme 3: POLICY, RESEARCH AND CAPACITY DEVELOPMENT**

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. ICT POLICY DEVELOPMENT	18 013	-	(1 650)	16 363	13 012	3 351	79,5%	12 810	12 779
2. ECONOMIC AND MARKET ANALYSIS	4 760	-	(600)	4 160	3 138	1 022	75,4%	13 968	13 968
3. RESEARCH	7 172	(34)	(952)	6 186	4 899	1 287	79,2%	6 698	6 527
4. INFORMATION SOCIETY DEVELOPMENT	52 756	4 884	200	57 840	53 573	4 267	92,6%	49 015	49 015
5. CAPACITY DEVELOPMENT	9 198	(4 850)	-	4 348	3 437	911	79,0%	3 137	3 137
Total	91 899	-	(3 002)	88 897	78 059	10 838	87,8%	85 628	85 426
Economic classification									
Current payments	91 094	(79)	(3 002)	88 013	77 444	10 569	88,0%	84 632	84 430
Compensation of employees	61 073	-	-	61 073	52 894	8 179	86,6%	52 964	52 964
Salaries and wages	54 669	(263)	-	54 406	47 163	7 243	86,7%	47 211	47 211
Social contributions	6 404	263	-	6 667	5 731	936	86,0%	5 753	5 753
Goods and services	30 021	(79)	(3 002)	26 940	24 550	2 390	91,1%	31 668	31 466
Administrative fees	445	253	-	698	663	35	95,0%	398	398
Advertising	279	168	(146)	301	301	-	100,0%	422	251
Minor assets	839	(305)	(198)	336	15	321	4,5%	16	16
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	180	(10)	-	170	40	130	23,5%	338	338
Catering: Departmental activities	1 086	(28)	162	1 220	1 107	113	90,7%	996	996
Communication (G&S)	1 236	38	(52)	1 222	1 166	56	95,4%	1 301	1 301
Computer services	95	(197)	285	183	173	10	94,5%	112	112
Consultants: Business and advisory services	7 709	(1 839)	(2 770)	3 100	3 094	6	99,8%	12 589	12 589
Contractors	151	78	-	229	97	132	42,4%	627	627

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Agency and support / outsourced services	20	-	-	20	-	20	-	-	-
Entertainment	120	(12)	-	108	18	90	16,7%	22	22
Fleet services (including government motor transport)	55	5	12	72	37	35	51,4%	86	86
Inventory: Materials and supplies	1	319	-	320	320	-	100,0%	-	-
Consumable supplies	225	(216)	56	65	8	57	12,3%	25	25
Consumable: Stationery, printing and office supplies	953	(512)	(298)	143	124	19	86,7%	460	460
Operating leases	302	329	-	631	416	215	65,9%	411	411
Property payments	-	-	-	-	-	-	-	110	110
Travel and subsistence	7 613	4 908	(62)	12 459	12 160	299	97,6%	9 759	9 759
Training and development	6 401	(5 137)	(300)	964	493	471	51,1%	778	778
Operating payments	253	(110)	-	143	6	137	4,2%	538	538
Venues and facilities	1 688	2 048	281	4 017	3 937	80	98,0%	1 649	1 618
Rental and hiring	370	141	28	539	375	164	69,6%	1 031	1 031
Transfers and subsidies	-	79	-	79	79	-	100,0%	376	376
Households	-	79	-	79	79	-	100,0%	376	376
Social benefits	-	61	-	61	61	-	100,0%	296	296
Other transfers to households	-	18	-	18	18	-	100,0%	80	80
Payments for capital assets	805	-	-	805	536	269	66,6%	620	620
Machinery and equipment	796	9	-	805	536	269	66,6%	620	620
Other machinery and equipment	796	9	-	805	536	269	66,6%	620	620
Software and other intangible assets	9	(9)	-	-	-	-	-	-	-
Total	91 899	-	(3 002)	88 897	78 059	10 838	87,8%	85 628	85 426

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3.1 SUB PROGRAMME: ICT POLICY DEVELOPMENT									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	17 757	-	(1 650)	16 107	12 998	3 109	80,7%	12 735	12 704
Compensation of employees	12 279	-	-	12 279	9 330	2 949	76,0%	9 044	9 044
Salaries and wages	10 452			10 452	8 291	2 161	79,3%	8 050	8 050
Social contributions	1 827			1 827	1 039	788	56,9%	994	994
Goods and services	5 478	-	(1 650)	3 828	3 668	160	95,8%	3 691	3 660
Administrative fees	38	(18)		20	20	-	100,0%	47	47
Advertising	-	24		24	24	-	100,0%	-	-
Minor assets	7			7	4	3	57,1%	-	-
Audit costs: External	-			-	-	-	-	-	-
Bursaries: Employees	50	(42)		8	8	-	100,0%	262	262
Catering: Departmental activities	80	(53)		27	27	-	100,0%	12	12
Communication (G&S)	288	(54)		234	234	-	100,0%	246	246
Computer services	-			-	-	-	-	-	-
Consultants: Business and advisory services	2 061	569	(1 300)	1 330	1 330	-	100,0%	140	140
Contractors	8	(8)		-	-	-	-	26	26
Agency and support / outsourced services	-			-	-	-	-	-	-
Entertainment	14	(12)		2	2	-	100,0%	2	2
Fleet services (including government motor transport)	-	1		1	1	-	100,0%	3	3
Inventory: Materials and supplies	1	(1)		-	-	-	-	-	-
Consumable supplies	6	(3)		3	3	-	100,0%	4	4
Consumable: Stationery, printing and office supplies	366	(337)		29	29	-	100,0%	221	221
Operating leases	122	(61)		61	61	-	100,0%	114	114
Property payments	-			-	-	-	-	10	10

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Transport provided: Departmental activity				-				-	-
Travel and subsistence	1 916			1 916	1 772	144	92,5%	2 303	2 303
Training and development	180	40	(100)	120	120	-	100,0%	147	147
Operating payments	43	(40)		3	-	3	-	2	2
Venues and facilities	298	(5)	(250)	43	33	10	76,7%	152	121
Transfers and subsidies	-	-	-	-	-	-	-	31	31
Households	-	-	-	-	-	-	-	31	31
Social benefits	-	-	-	-	-	-	-	4	4
Other transfers to households	-	-	-	-	-	-	-	27	27
Payments for capital assets	256	-	-	256	14	242	5,5%	44	44
Machinery and equipment	256	-	-	256	14	242	5,5%	44	44
Other machinery and equipment	256	-	-	256	14	242	5,5%	44	44
Total	18 013	-	(1 650)	16 363	13 012	3 351	79,5%	12 810	12 779

3.2 SUB PROGRAMME: ECONOMIC AND MARKET ANALYSIS

	2019/20						2018/19		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 760	-	(600)	4 160	3 138	1 022	75,4%	13 960	13 960
Compensation of employees	3 312	-	-	3 312	2 834	478	85,6%	2 562	2 562
Salaries and wages	3 003			3 003	2 595	408	86,4%	2 356	2 356
Social contributions	309			309	239	70	77,3%	206	206
Goods and services	1 448	-	(600)	848	304	544	35,8%	11 398	11 398
Administrative fees	40	(2)		38	3	35	7,9%	13	13
Advertising	-			-	-	-	-	10	10
Minor assets	42			42	4	38	9,5%	-	-
Audit costs: External	-			-	-	-	-	-	-
Bursaries: Employees	60			60	-	60	-	-	-
Catering: Departmental activities	16			16	2	14	12,5%	-	-
Communication (G&S)	80			80	35	45	43,8%	89	89

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Computer services	-			-	-	-	-	-	-
Consultants: Business and advisory services	-			-	-	-	-	11 026	11 026
Contractors	43			43	-	43	-	-	-
Agency and support / outsourced services	20			20	-	20	-	-	-
Entertainment	4	(1)		3	3	-	100,0%	3	3
Fleet services (including government motor transport)	-	1		1	1	-	100,0%	-	-
Consumable supplies	-	2		2	2	-	100,0%	-	-
Consumable: Stationery, printing and office supplies	342		(300)	42	28	14	66,7%	63	63
Travel and subsistence	681		(300)	381	226	155	59,3%	122	122
Training and development	50			50	-	50	-	11	11
Operating payments	-			-	-	-	-	-	-
Venues and facilities	70			70	-	70	-	61	61
Transfers and subsidies	-	-	-	-	-	-	-	2	2
Households	-	-	-	-	-	-	-	2	2
Social benefits	-	-	-	-	-	-	-	2	2
Payments for capital assets	-	-	-	-	-	-	-	6	6
Machinery and equipment	-	-	-	-	-	-	-	6	6
Other machinery and equipment	-	-	-	-	-	-	-	6	6
Total	4 760	-	(600)	4 160	3 138	1 022	75,4%	13 968	13 968

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3.3 SUB PROGRAMME: RESEARCH									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	7 101	(2)	(952)	6 147	4 887	1 260	79,5%	6 655	6 484
Compensation of employees	3 588	-	-	3 588	2 634	954	73,4%	2 818	2 818
Salaries and wages	3 262			3 262	2 386	876	73,1%	2 568	2 568
Social contributions	326			326	248	78	76,1%	250	250
Goods and services	3 513	(2)	(952)	2 559	2 253	306	88,0%	3 837	3 666
Administrative fees	37	4		41	41	-	100,0%	42	42
Advertising	249		(246)	3	3	-	100,0%	171	-
Minor assets	215		(200)	15	-	15	-	-	-
Audit costs: External	-			-	-	-	-	-	-
Bursaries: Employees	70			70	-	70	-	6	6
Catering: Departmental activities	360	55		415	415	-	100,0%	372	372
Communication (G&S)	157		(52)	105	94	11	89,5%	128	128
Computer services	-	147		147	147	-	100,0%	69	69
Consultants: Business and advisory services	578	(572)		6		6	-	919	919
Contractors	-	32		32	32	-	100,0%	77	77
Agency and support / outsourced services	-			-		-	-	-	-
Entertainment	-	1		1	1	-	100,0%	2	2
Fleet services (including government motor transport)	-	3		3	3	-	100,0%	-	-
Inventory: Materials and supplies	-	320		320	320	-	100,0%	-	-
Consumable: Stationery, printing and office supplies	-	2		2	2	-	100,0%	1	1
Travel and subsistence	926		(254)	672	672	-	100,0%	933	933
Training and development	321		(200)	121	-	121	-	361	361
Operating payments	-			-	-	-	-	2	2
Venues and facilities	230	6		236	236	-	100,0%	142	142

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Rental and hiring	370			370	287	83	77,6%	612	612
Transfers and subsidies	-	2	-	2	2	-	100,0%	37	37
Households	-	2	-	2	2	-	100,0%	37	37
Social benefits				-			-	37	37
Other transfers to households		2		2	2		100,0%	-	
Payments for capital assets	71	(34)	-	37	10	27	27,0%	6	6
Machinery and equipment	71	(34)	-	37	10	27	27,0%	6	6
Other machinery and equipment	71	(34)		37	10	27	27,0%	6	6
Total	7 172	(34)	(952)	6 186	4 899	1 287	79,2%	6 698	6 527

3.4 SUB PROGRAMME: INFORMATION SOCIETY DEVELOPMENT

	2019/20						2018/19		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	52 278	4 773	200	57 251	52 984	4 267	92,5%	48 145	48 145
Compensation of employees	38 546	-	-	38 546	35 359	3 187	91,7%	35 403	35 403
Salaries and wages	34 954	(255)		34 699	31 512	3 187	90,8%	31 488	31 488
Social contributions	3 592	255		3 847	3 847	-	100,0%	3 915	3 915
Goods and services	13 732	4 773	200	18 705	17 625	1 080	94,2%	12 742	12 742
Administrative fees	330	269		599	599	-	100,0%	296	296
Advertising	30	144	100	274	274	-	100,0%	241	241
Minor assets	575	(305)	2	272	7	265	2,6%	16	16
Audit costs: External	-			-	-	-	-	-	-
Bursaries: Employees	-	32		32	32	-	100,0%	70	70
Catering: Departmental activities	630	(30)	162	762	663	99	87,0%	612	612
Communication (G&S)	711	92		803	803	-	100,0%	838	838
Computer services	95	(344)	285	36	26	10	72,2%	43	43
Consultants: Business and advisory services	5 070	(2 536)	(1 470)	1 064	1 064	-	100,0%	504	504
Current payments	52 278	4 773	200	57 251	52 984	4 267	92,5%	48 145	48 145
Contractors	100	54		154	65	89	42,2%	524	524

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Agency and support / outsourced services	-			-	-	-	-	-	-
Entertainment	102			102	12	90	11,8%	15	15
Fleet services (including government motor transport)	55		12	67	32	35	47,8%	83	83
Consumable supplies	219	(215)	56	60	3	57	5,0%	21	21
Consumable: Stationery, printing and office supplies	245	(177)	2	70	65	5	92,9%	175	175
Operating leases	180	390		570	355	215	62,3%	297	297
Property payments	-			-		-	-	100	100
Travel and subsistence	4 090	4 908	492	9 490	9 490	-	100,0%	6 401	6 401
Training and development	-	373		373	373	-	100,0%	259	259
Operating payments	210	(70)		140	6	134	4,3%	534	534
Venues and facilities	1 090	2 047	531	3 668	3 668	-	100,0%	1 294	1 294
Rental and hiring	-	141	28	169	88	81	52,1%	419	419
Transfers and subsidies	-	77	-	77	77	-	100,0%	306	306
Households	-	77	-	77	77	-	100,0%	306	306
Social benefits		61		61	61	-	100,0%	253	253
Other transfers to households		16		16	16	-	100,0%	53	53
Payments for capital assets	478	34	-	512	512	-	100,0%	564	564
Machinery and equipment	469	43	-	512	512	-	100,0%	564	564
Other machinery and equipment	469	43		512	512		100,0%	564	564
Software and other intangible assets	9	(9)		-				-	
Total	52 756	4 884	200	57 840	53 573	4 267	92,6%	49 015	49 015

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3.5 SUB PROGRAMME: CAPACITY DEVELOPMENT									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9 198	(4 850)	-	4 348	3 437	911	79,0%	3 137	3 137
Compensation of employees	3 348	-	-	3 348	2 737	611	81,8%	3 137	3 137
Salaries and wages	2 998	(8)		2 990	2 379	611	79,6%	2 749	2 749
Social contributions	350	8		358	358	-	100,0%	388	388
Goods and services	5 850	(4 850)	-	1 000	700	300	70,0%	-	-
Consultants: Business and advisory services		700		700	700	-	100,0%	-	-
Training and development	5 850	(5 550)		300		300	-	-	-
Total	9 198	(4 850)	-	4 348	3 437	911	79,0%	3 137	3 137

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Programme 4: ICT ENTERPRISE DEVELOPMENT AND PUBLIC ENTITIES OVERSIGHT									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. PUBLIC ENTITY OVERSIGHT	714 530	25	(3 887)	710 668	710 290	378	99,9%	3 195 109	3 195 061
2. SMME DEVELOPMENT	6 203	(25)	(65)	6 113	5 677	436	92,9%	5 393	5 393
Total	720 733	-	(3 952)	716 781	715 967	814	99,9%	3 200 502	3 200 454
Economic classification									
Current payments	30 551	(28)	(3 887)	26 636	25 804	832	96,9%	24 524	24 476
Compensation of employees	23 665	-	-	23 665	22 898	767	96,8%	20 983	20 983
Salaries and wages	21 700	(325)	-	21 375	20 613	762	96,4%	18 862	18 862
Social contributions	1 965	325	-	2 290	2 285	5	99,8%	2 121	2 121
Goods and services	6 886	(28)	(3 887)	2 971	2 906	65	97,8%	3 541	3 493
Administrative fees	155	(116)	-	39	39	-	100,0%	40	40
Advertising	-	726	-	726	726	-	100,0%	473	473
Minor assets	57	-	(38)	19	5	14	26,3%	6	6
Audit costs: External	-	-	-	-	-	-	-	286	286
Bursaries: Employees	730	(292)	(298)	140	93	47	66,4%	156	156
Catering: Departmental activities	69	7	(33)	43	43	-	100,0%	32	32
Communication (G&S)	447	39	-	486	486	-	100,0%	488	488
Consultants: Business and advisory services	13	-	(6)	7	5	2	71,4%	-	-
Entertainment	-	13	-	13	13	-	100,0%	14	14
Fleet services (including government motor transport)	-	13	-	13	13	-	100,0%	14	14
Consumable supplies	1	4	(1)	4	4	-	100,0%	4	4
Consumable: Stationery, printing and office supplies	200	(45)	(97)	58	58	-	100,0%	76	76
Operating leases	188	-	(94)	94	94	-	100,0%	152	152

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Property payments	-	-	-	-	-	-	-	43	43
Travel and subsistence	1 741	396	(1 000)	1 137	1 137	-	100,0%	1 134	1 134
Training and development	280	(85)	(28)	167	167	-	100,0%	329	329
Operating payments	-	11	-	11	11	-	100,0%	24	22
Venues and facilities	75	-	(75)	-	-	-	-	72	26
Transfers and subsidies	689 940	28	-	689 968	689 968	-	100,0%	228 751	228 751
Departmental agencies and accounts	215 313	-	-	215 313	215 313	-	100,0%	228 616	228 616
Departmental agencies	215 313	-	-	215 313	215 313	-	100,0%	228 616	228 616
Public corporations and private enterprises	474 627	-	-	474 627	474 627	-	100,0%	-	-
Public corporations	474 627	-	-	474 627	474 627	-	100,0%	-	-
Other transfers to public corporations	474 627	-	-	474 627	474 627	-	100,0%	-	-
Households	-	28	-	28	28	-	100,0%	135	135
Social benefits	-	26	-	26	26	-	100,0%	133	133
Other transfers to households	-	2	-	2	2	-	100,0%	2	2
Payments for capital assets	242	-	-	242	195	47	80,6%	227	227
Machinery and equipment	242	-	-	242	195	47	80,6%	227	227
Other machinery and equipment	242	-	-	242	195	47	80,6%	227	227
Payment for financial assets	-	-	-	-	-	-	-	2 947 000	2 947 000
Total	720 733	-	(3 952)	716 781	715 967	814	99,9%	3 200 502	3 200 454

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4.1 SUB PROGRAMME: PUBLIC ENTITY OVERSIGHT									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	24 420	(15)	(3 887)	20 518	20 140	378	98,2%	19 231	19 183
Compensation of employees	18 434	-	-	18 434	18 056	378	97,9%	16 720	16 720
Salaries and wages	16 901	(325)		16 576	16 198	378	97,7%	15 045	15 045
Social contributions	1 533	325		1 858	1 858	-	100,0%	1 675	1 675
Goods and services	5 986	(15)	(3 887)	2 084	2 084	-	100,0%	2 511	2 463
Administrative fees	5	33		38	38	-	100,0%	40	40
Advertising	-	215		215	215	-	100,0%	-	-
Minor assets	43		(38)	5	5	-	100,0%	5	5
Audit costs: External	-			-	-	-	-	-	-
Bursaries: Employees	585	(279)	(298)	8	8	-	100,0%	71	71
Catering: Departmental activities	66		(33)	33	33	-	100,0%	29	29
Communication (G&S)	303	72		375	375	-	100,0%	382	382
Computer services	-			-	-	-	-	-	-
Consultants: Business and advisory services	2 800	(581)	(2 219)	-	-	-	-	208	208
Entertainment	11		(6)	5	5	-	100,0%	-	-
Consumable supplies	-	4		4	4	-	100,0%	4	4
Consumable: Stationery, printing and office supplies	150		(96)	54	54	-	100,0%	55	55
Operating leases	188		(94)	94	94	-	100,0%	152	152
Property payments	-			-	-	-	-	38	38
Travel and subsistence	1 580	500	(1 000)	1 080	1 080	-	100,0%	1 118	1 118
Training and development	180		(28)	152	152	-	100,0%	314	314
Operating payments	-	8		8	8	-	100,0%	9	7
Venues and facilities	75		(75)	-	-	-	-	72	26
Transfers and subsidies	689 940	15	-	689 955	689 955	-	100,0%	228 725	228 725

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APPROPRIATION STATEMENT
for the year ended 31 March 2020

Departmental agencies and accounts	215 313	-	-	215 313	215 313	-	100,0%	228 616	228 616
Departmental agencies (non-business entities)	215 313			215 313	215 313	-	100,0%	228 616	228 616
Public corporations and private enterprises	474 627	-	-	474 627	474 627	-	100,0%	-	-
Public corporations	474 627	-	-	474 627	474 627	-	100,0%	-	-
Other transfers to public corporations	474 627			474 627	474 627	-	100,0%	-	-
Households	-	15	-	15	15	-	100,0%	109	109
Social benefits		13		13	13	-	100,0%	107	107
Other transfers to households		2		2	2	-	100,0%	2	2
Payments for capital assets	170	25	-	195	195	-	100,0%	153	153
Machinery and equipment	170	25	-	195	195	-	100,0%	153	153
Other machinery and equipment	170	25		195	195	-	100,0%	153	153
Payment for financial assets				-	-	-	-	2 947 000	2 947 000
Total	714 530	25	(3 887)	710 668	710 290	378	99,9%	3 195 109	3 195 061

4.2 SUB PROGRAMME: SMME DEVELOPMENT

Economic classification	2019/20						2018/19		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 131	(13)	(65)	6 053	5 664	389	93,6%	5 293	5 293
Compensation of employees	5 231	-	-	5 231	4 842	389	92,6%	4 263	4 263
Salaries and wages	4 799			4 799	4 415	384	92,0%	3 817	3 817
Social contributions	432			432	427	5	98,8%	446	446
Goods and services	900	(13)	(65)	822	822	-	100,0%	1 030	1 030
Administrative fees	150	(149)		1	1	-	100,0%	-	-
Advertising	-	511		511	511	-	100,0%	473	473
Minor assets	14		(14)	-	-	-	-	1	1
Audit costs: External	-			-	-	-	-	286	286
Bursaries: Employees	145	(13)	(47)	85	85	-	100,0%	85	85

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Catering: Departmental activities	3	7		10	10	-	100,0%	3	3
Communication (G&S)	144	(33)		111	111	-	100,0%	106	106
Computer services	-			-	-	-	-	-	-
Consultants: Business and advisory services	130	(105)		25	25	-	100,0%	4	4
Entertainment	2		(2)	-	-	-	-	-	-
Consumable supplies	1		(1)	-	-	-	-	-	-
Consumable: Stationery, printing and office supplies	50	(45)	(1)	4	4	-	100,0%	21	21
Property payments	-			-	-	-	-	5	5
Travel and subsistence	161	(104)		57	57	-	100,0%	16	16
Training and development	100	(85)		15	15	-	100,0%	15	15
Operating payments	-	3		3	3	-	100,0%	15	15
Transfers and subsidies	-	13	-	13	13	-	100,0%	26	26
Households	-	13	-	13	13	-	100,0%	26	26
Social benefits	-	13		13	13	-	100,0%	26	26
Payments for capital assets	72	(25)	-	47	-	47	-	74	74
Machinery and equipment	72	(25)	-	47	-	47	-	74	74
Other machinery and equipment	72	(25)		47		47	-	74	74
Total	6 203	(25)	(65)	6 113	5 677	436	92,9%	5 393	5 393

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APPROPRIATION STATEMENT
for the year ended 31 March 2020

Programme 5: ICT INFRASTRUCTURE SUPPORT									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. BROADBAND	247 639	2 211	26 588	276 438	274 813	1 625	99,4%	161 466	158 266
2. DIGITAL TERRESTRIAL TELEVISION	277 539	-	-	277 539	277 539	-	100,0%	222 840	222 840
3. ICT SUPPORT	16 028	(2 211)	-	13 817	6 092	7 725	44,1%	12 009	7 341
Total	541 206	-	26 588	567 794	558 444	9 350	98,4%	396 315	388 447
Economic classification									
Current payments	231 607	(112)	26 588	258 083	256 636	1 447	99,4%	168 253	165 343
Compensation of employees	23 809	-	-	23 809	22 362	1 447	93,9%	25 313	24 499
Salaries and wages	21 404	65	-	21 469	20 042	1 427	93,4%	22 861	22 047
Social contributions	2 405	(65)	-	2 340	2 320	20	99,1%	2 452	2 452
Goods and services	207 798	(112)	26 588	234 274	234 274	-	100,0%	142 940	140 844
Administrative fees	65	116	-	181	181	-	100,0%	127	127
Advertising	1 084	(1 084)	-	-	-	-	-	2 038	-
Minor assets	215	(212)	-	3	3	-	100,0%	4	2
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	250	(204)	-	46	46	-	100,0%	11	11
Catering: Departmental activities	508	(491)	-	17	17	-	100,0%	188	188
Communication (G&S)	616	(47)	-	569	569	-	100,0%	643	643
Computer services	9 226	(7 313)	(1 650)	263	263	-	100,0%	817	817
Consultants: Business and advisory services	184 166	14 826	28 238	227 230	227 230	-	100,0%	132 828	132 828
Legal services	20	(20)	-	-	-	-	-	-	-
Contractors	-	16	-	16	16	-	100,0%	158	158
Agency and support / outsourced services	630	(630)	-	-	-	-	-	56	-
Entertainment	44	(36)	-	8	8	-	100,0%	9	9

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for the year ended 31 March 2020

Fleet services (including government motor transport)	-	6	-	6	6	-	100,0%	15	15
Consumable supplies	14	(12)	-	2	2	-	100,0%	10	10
Consumable: Stationery, printing and office supplies	446	(361)	-	85	85	-	100,0%	73	73
Operating leases	250	(219)	-	31	31	-	100,0%	69	69
Property payments	-	77	-	77	77	-	100,0%	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	7 128	(2 678)	-	4 450	4 450	-	100,0%	5 201	5 201
Training and development	324	(163)	-	161	161	-	100,0%	105	105
Operating payments	15	(12)	-	3	3	-	100,0%	236	236
Venues and facilities	2 787	(1 661)	-	1 126	1 126	-	100,0%	92	92
Rental and hiring	10	(10)	-	-	-	-	-	260	260
Transfers and subsidies	301 539	112	-	301 651	301 651	-	100,0%	223 022	223 022
Departmental agencies and accounts	50 605	-	-	50 605	50 605	-	100,0%	18 940	18 940
Departmental agencies and accounts	50 605	-	-	50 605	50 605	-	100,0%	18 940	18 940
Public corporations and private enterprises	250 934	-	-	250 934	250 934	-	100,0%	203 900	203 900
Public corporations	250 934	-	-	250 934	250 934	-	100,0%	203 900	203 900
Other transfers to public corporations	250 934	-	-	250 934	250 934	-	100,0%	203 900	203 900
Households	-	112	-	112	112	-	100,0%	182	182
Social benefits	-	106	-	106	106	-	100,0%	172	172
Other transfers to households	-	6	-	6	6	-	100,0%	10	10
Payments for capital assets	8 060	-	-	8 060	157	7 903	1,9%	5 040	82
Machinery and equipment	1 580	-	-	1 580	157	1 423	9,9%	1 640	82
Other machinery and equipment	1 580	-	-	1 580	157	1 423	9,9%	1 640	82
Software and other intangible assets	6 480	-	-	6 480	-	6 480	-	3 400	-
Total	541 206	-	26 588	567 794	558 444	9 350	98,4%	396 315	388 447

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APPROPRIATION STATEMENT
for the year ended 31 March 2020**5.1 SUB PROGRAMME: BROADBAND**

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	223 349	2 099	26 588	252 036	250 589	1 447	99,4%	160 858	158 006
Compensation of employees	18 620	(152)	-	18 468	17 021	1 447	92,2%	19 112	18 298
Salaries and wages	16 640			16 640	15 213	1 427	91,4%	17 297	16 483
Social contributions	1 980	(152)		1 828	1 808	20	98,9%	1 815	1 815
Goods and services	204 729	2 251	26 588	233 568	233 568	-	100,0%	141 746	139 708
Administrative fees	65	102		167	167	-	100,0%	108	108
Advertising	1 084	(1 084)		-	-	-	-	2 038	-
Minor assets	33	(30)		3	3	-	100,0%	2	2
Audit costs: External	-			-	-	-	-	-	-
Bursaries: Employees	250	(228)		22	22	-	100,0%	11	11
Catering: Departmental activities	488	(471)		17	17	-	100,0%	185	185
Communication (G&S)	536	(63)		473	473	-	100,0%	516	516
Computer services	9 166	(7 253)	(1 650)	263	263	-	100,0%	694	694
Consultants: Business and advisory services	184 166	14 826	28 238	227 230	227 230	-	100,0%	132 828	132 828
Legal services	20	(20)		-	-	-	-	-	-
Contractors		16		16	16	-	100,0%	158	158
Agency and support / outsourced services	150	(150)		-	-	-	-	-	-
Entertainment	33	(28)		5	5	-	100,0%	5	5
Fleet services (including government motor transport)	-	6		6	6	-	100,0%	15	15
Consumable supplies	12	(10)		2	2	-	100,0%	10	10
Consumable: Stationery, printing and office supplies	262	(182)		80	80	-	100,0%	67	67
Operating leases	250	(219)		31	31	-	100,0%	69	69
Property payments	-	62		62	62	-	100,0%	-	-
Travel and subsistence	5 578	(1 535)		4 043	4 043	-	100,0%	4 402	4 402

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Training and development	324	(163)		161	161	-	100,0%	105	105
Operating payments	15	(12)		3	3	-	100,0%	236	236
Venues and facilities	2 287	(1 303)		984	984	-	100,0%	37	37
Rental and hiring	10	(10)		-	-	-	-	260	260
Transfers and subsidies	24 000	112	-	24 112	24 112	-	100,0%	178	178
Departmental agencies and accounts	24 000	-	-	24 000	24 000	-	100,0%	-	-
Departmental agencies (non-business entities)	24 000			24 000	24 000	-	100,0%	-	-
Households	-	112	-	112	112	-	100,0%	178	178
Social benefits		106		106	106	-	100,0%	172	172
Other transfers to households		6		6	6	-	100,0%	6	6
Payments for capital assets	290	-	-	290	112	178	38,6%	430	82
Machinery and equipment	210	-	-	210	112	98	53,3%	270	82
Other machinery and equipment	210			210	112	98	53,3%	270	82
Software and other intangible assets	80			80		80	-	160	
Total	247 639	2 211	26 588	276 438	274 813	1 625	99,4%	161 466	158 266

5.2 SUB PROGRAMME: DIGITAL TERRESTRIAL TELEVISION

	2019/20						2018/19		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	277 539	-	-	277 539	277 539	-	100,0%	222 840	222 840
Departmental agencies and accounts	26 605	-	-	26 605	26 605	-	100,0%	18 940	18 940
Departmental agencies (non-business entities)	26 605			26 605	26 605	-	100,0%	18 940	18 940

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Public corporations and private enterprises	250 934	-	-	250 934	250 934	-	100,0%	203 900	203 900
Public corporations	250 934	-	-	250 934	250 934	-	100,0%	203 900	203 900
Other transfers to public corporations	250 934	-	-	250 934	250 934	-	100,0%	203 900	203 900
Total	277 539	-	-	277 539	277 539	-	100,0%	222 840	222 840

5.3 SUB PROGRAMME: ICT SUPPORT

	2019/20						2018/19		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8 258	(2 211)	-	6 047	6 047	-	100,0%	7 395	7 337
Compensation of employees	5 189	152	-	5 341	5 341	-	100,0%	6 201	6 201
Salaries and wages	4 764	65	-	4 829	4 829	-	100,0%	5 564	5 564
Social contributions	425	87	-	512	512	-	100,0%	637	637
Goods and services	3 069	(2 363)	-	706	706	-	100,0%	1 194	1 136
Administrative fees	-	14	-	14	14	-	100,0%	19	19
Advertising	-	-	-	-	-	-	-	-	-
Minor assets	182	(182)	-	-	-	-	-	2	-
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	24	-	24	24	-	100,0%	-	-
Catering: Departmental activities	20	(20)	-	-	-	-	-	3	3
Communication (G&S)	80	16	-	96	96	-	100,0%	127	127
Computer services	60	(60)	-	-	-	-	-	123	123
Agency and support / outsourced services	480	(480)	-	-	-	-	-	56	-
Entertainment	11	(8)	-	3	3	-	100,0%	4	4
Consumable supplies	2	(2)	-	-	-	-	-	-	-
Consumable: Stationery, printing and office supplies	184	(179)	-	5	5	-	100,0%	6	6
Property payments	-	15	-	15	15	-	100,0%	-	-
Travel and subsistence	1 550	(1 143)	-	407	407	-	100,0%	799	799

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for the year ended 31 March 2020

Venues and facilities	500	(358)		142	142	-	100,0%	55	55
Transfers and subsidies	-	-	-	-	-	-	-	4	4
Households	-	-	-	-	-	-	-	4	4
Other transfers to households	-	-	-	-	-	-	-	4	4
Payments for capital assets	7 770	-	-	7 770	45	7 725	0,6%	4 610	-
Machinery and equipment	1 370	-	-	1 370	45	1 325	3,3%	1 370	-
Other machinery and equipment	1 370	-	-	1 370	45	1 325	3,3%	1 370	-
Software and other intangible assets	6 400	-	-	6 400	-	6 400	-	3 240	-
Total	16 028	(2 211)	-	13 817	6 092	7 725	44,1%	12 009	7 341

1. 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.

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:****Administration**

Current payments *

Transfers and subsidies

Payment for capital assets**

Payment for financial assets

TOTAL

Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
R'000	R'000	R'000	%
211 989	178 324	33 665	16%
30 947	30 947	-	0%
13 555	5 993	7 562	56%
1	1	-	0%
256 492	215 265	41 227	16%

*Current payments: consist of goods and services and compensation of employees. The underspending is mainly under goods & services as a result of funds allocated for Internal Audit capacity augmentation project where the SCM process did not find suitable service provider and savings realised from operating lease due to a credit balance the Department accumulated with DPW in respect of the lease.

**Payment for capital assets - underspending is mainly due to non-delivery of laptops by suppliers which was affected by the COVID-19 lockdown and on intangible assets, due to National Treasury not approving the deviation to implement the Integrated workflow management system for HR and finance processes.

International Affairs and Trade

Current payments

Transfers and subsidies

Payment for capital assets

Payment for financial assets

TOTAL

24 039	23 122	917	4%
30 027	30 027	-	0%
544	-	544	100%
-	-	-	0%
54 610	53 149	1 461	3%

Payment for capital assets - underspending is due to non-delivery of laptops which was affected by the COVID-19 lockdown.

Policy, Research and Capacity

Current payments

Transfers and subsidies

Payment for capital assets

Payment for financial assets

TOTAL

88 013	77 444	10 569	12%
79	79	-	0%
805	536	269	33%
-	-	-	0%
88 897	78 059	10 838	12%

Underspending in COE is due to vacant posts that were not filled. Goods and Services underspending is attributable due to planned Digital Government Transformation Summit on Smart City which did not take place as well as reduction of international travel and local travel. Payment for capital assets - underspending is due to non-delivery of laptops which was affected by the COVID-19 lockdown.

ICT Enterprise Development and Public**Entities Oversight**

Current payments	26 571	25 804	767	3%
Transfers and subsidies	689 968	689 968	-	0%
Payment for capital assets	242	195	47	19%
Payment for financial assets	-	-	-	0%
TOTAL	716 781	715 967	814	0%

Payment for capital assets - underspending is mainly due to non-delivery of laptops by suppliers which was affected by the COVID-19 lockdown.

ICT Infrastructure Support

Current payments	258 083	256 636	1 447	1%
Transfers and subsidies	301 651	301 651	-	0%
Payment for capital assets	8 060	157	7 903	98%
Payment for financial assets	-	-	-	0%
TOTAL	567 794	558 444	9 350	2%

Payments for capital assets consists of tangible and intangible assets: Underspending under intangible assets is due to delays in the development and implementation of an online e-identity application utilising Digital Objective Architecture as the project is dependent on concurrence by the Department of Home Affairs. Underspending under tangible assets mainly due to non-delivery of laptops by suppliers which was affected by the COVID-19 lockdown.

4.2 Per economic classification :**Current expenditure**

Compensation of employees*

Goods and services**

Interest and rent on land

Transfers and subsidies

Provinces and municipalities

Departmental agencies and accounts

Higher education institutions

Public corporations and private enterprises

Foreign governments and international organisations

Non-profit institutions

Households

Payments for capital assets

Buildings and other fixed structures

Machinery and equipment***

Heritage assets

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Compensation of employees*	241 399	215 970	25 429	11%
Goods and services**	367 296	345 360	21 936	6%
Interest and rent on land	-	-	-	-
Provinces and municipalities	15	15	-	0%
Departmental agencies and accounts	265 918	265 918	-	0%
Higher education institutions	-	-	-	0%
Public corporations and private enterprises	725 561	725 561	-	0%
Foreign governments and international organisations	30 025	30 025	-	0%
Non-profit institutions	-	-	-	0%
Households	31 153	31 153	-	0%
Buildings and other fixed structures	-	-	-	-
Machinery and equipment***	10 182	4 778	5 404	53%
Heritage assets	-	-	-	-

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NOTES TO THE APPROPRIATION STATEMENT

for the period ending 31 March 2020

Specialised military assets				
Biological assets				
Land and subsoil assets				
Software and other intangible assets****	13 024	2 103	10 921	84%
Payments for financial assets	1	1		0%

* Underspending under compensation of employees is due to critical vacancies not filled timeously during the financial year as a result of a moratorium that was in place during the MNOG process.

** Underspending in goods and services is mainly due to delays in implementation of projects and savings realised during the financial year such as operating lease.

*** Machinery and equipment: Underspending is mainly due to non-delivery of laptops by suppliers which was affected by the COVID-19 lockdown.

****Software and other intangible assets: The underspending is due to delays in the development and implementation of an online e-identity application utilising Digital Objective Architecture as the project is dependent on concurrence by the Department of Home Affairs.

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STATEMENT OF FINANCIAL PERFORMANCE

for the period ending 31 March 2020

	<i>Note</i>	2019/20 R'000	2018/19 R'000
REVENUE			
Annual appropriation	1	1 684 574	4 006 936
Departmental revenue	2	663 951	749 642
TOTAL REVENUE		2 348 525	4 756 578
EXPENDITURE			
Current expenditure			
Compensation of employees	3	215 970	219 343
Goods and services	4	345 360	319 852
Total current expenditure		561 330	539 195
Transfers and subsidies			
Transfers and subsidies	6	1 052 672	500 154
Aid assistance			-
Total transfers and subsidies		1 052 672	500 154
Expenditure for capital assets			
Tangible assets	7	4 778	4 772
Software and other Intangible assets	7	2 103	1 634
Total expenditure for capital assets		6 881	6 406
Unauthorised expenditure approved without funding	8	-	-
Payments for financial assets	5	1	2 948 659
TOTAL EXPENDITURE		1620 884	3 994 414
SURPLUS/(DEFICIT) FOR THE YEAR		727 641	762 164
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		63 690	12 522
Annual appropriation		63 690	12 522
Conditional grants		-	-
Departmental revenue and NRF Receipts	16	663 951	749 642
Aid assistance			-
SURPLUS/(DEFICIT) FOR THE YEAR		727 641	762 164

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

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STATEMENT OF FINANCIAL POSITION

for the period ending 31 March 2020

	<i>Note</i>	2019/20 R'000	2018/19 R'000
ASSETS			
Current assets			
		63 344	9 568
Unauthorised expenditure	9	4 741	4 741
Cash and cash equivalents	10	54 319	4 189
Prepayments and advances	11	4 015	99
Receivables	12	269	539
Non-current assets			
		11 590 646	11 595 177
Investments	13	10 238 242	10 238 242
Receivables	12	1 174	5 705
Loans	14	1 351 130	1 351 130
Other financial assets	10	100	100
TOTAL ASSETS		11 653 990	11 604 745
LIABILITIES			
Current liabilities			
		64 244	12 341
Voted funds to be surrendered to the Revenue Fund	15	63 690	12 272
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	462	33
Payables	17	92	36
Non-current liabilities			
Payables	18	-	-
TOTAL LIABILITIES		64 244	12 341
NET ASSETS			
		11 589 746	11 592 404
Represented by:			
Capitalisation reserve		11 589 372	11 589 372
Recoverable revenue		374	3 032
TOTAL		11 589 746	11 592 404

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

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STATEMENT OF CHANGES IN NET ASSETS

for the period ending 31 March 2020

	Note	2019/20 R'000	2018/19 R'000
Capitalisation Reserves			
Opening balance		11 589 372	8 642 372
Transfers:		-	-
Movement in Equity		-	2 947 000
Other movements		-	-
Closing balance		11 589 372	11 589 372
Recoverable revenue			
Opening balance		3 032	2 797
Transfers:		(2 658)	235
Irrecoverable amounts written off	5.2	-	(35)
Debts revised			
Debts recovered (included in departmental receipts)		(3 022)	(391)
Debts raised		364	661
Closing balance		374	3 032
Retained funds			
Opening balance		-	-
Transfer from voted funds to be surrendered (Parliament/Legislatures ONLY)			
Utilised during the year			
Other transfers			
Closing balance		-	-
Revaluation Reserve			
Opening balance		-	-
Revaluation adjustment (Housing departments)			
Transfers			
Other			
Closing balance		-	-
TOTAL		11 589 746	11 592 404

CASH FLOW STATEMENT

for the period ending 31 March 2020

		2019/20	2018/19
	<i>Note</i>	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 683 507	4 033 385
Annual appropriated funds received	1.1	1 684 574	4 006 686
Departmental revenue received	2	(1 170)	26 481
Interest received	2.3	103	281
NRF Receipts		-	-
Net (increase)/decrease in working capital		(3 590)	8 261
Surrendered to Revenue Fund		(675 794)	(1 031 947)
Surrendered to RDP Fund/Donor		-	-
Current payments		(561 330)	(539 195)
Interest paid		-	-
Payments for financial assets		(1)	(2 948 659)
Transfers and subsidies paid		(1 052 672)	(500 154)
Net cash flow available from operating activities	18	(609 880)	(978 309)
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution/dividend received		664 534	722 891
Payments for capital assets	7	(6 881)	(6 406)
Proceeds from sale of capital assets	2.4	484	52
(Increase)/decrease in loans		--	-
(Increase)/decrease in investments		-	(2 947 000)
(Increase)/decrease in other financial assets		-	-
Increase)/decrease in non-current receivable		4 531	-
Net cash flows from investing activities		662 668	(2 230 463)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(2 658)	2 947 235
Increase/(decrease) in non-current payables		-	-
Net cash flows from financing activities		(2 658)	2 947 235
Net increase/(decrease) in cash and cash equivalents		50 130	(261 537)
Cash and cash equivalents at beginning of period		4 189	265 726
Unrealized gains and losses within cash and cash equivalents		-	-
Cash and cash equivalents at end of period	19	54 319	4 189

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 comprise 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.

(Indicate when prepayments and advances are expensed and under what circumstances.)

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

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

Subsequent expenditure that is of a capital nature 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 Capital commitments

Capital commitments are recorded at cost in the notes to the financial statements.

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 or written off.

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, not condoned and removed or written-off.

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 estimates and errors

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. Principal-Agent Arrangement

The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

24. Departures from the MCS Requirements

[Insert information on the following: that management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.]

25. 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.

26. 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.

27. Related party transactions

Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.

28. 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.

29. 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

30. 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.

31. Transfers of functions

Transfers of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.

Transfers of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.

32. Mergers

Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger.

Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the period ending 31 March 2020

1. Annual Appropriation**1.1 Annual Appropriation**

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

	2019/20			2018/19		
	Final Approp- riation	Actual Funds Received	Funds not requested/ not received	Final Appropria- tion	Appropria- tion received	Funds not requested / not received
	R'000	R'000	R'000	R'000	R'000	
ADMINISTRATION	256 492	256 492	-	239 157	239 157	-
INTERNATIONAL AFFAIRS AND TRADE	54 610	54 610	-	85 334	85 084	250
POLICY, RESEARCH AND CAPACITY DEVELOPMENT	88 897	88 897	-	85 628	85 628	-
ICT ENTERPRISE DEVELOPMENT AND PUBLIC ENTITIES OVERSIGHT	716 781	716 781	-	3 200 502	3 200 502	-
ICT INFRASTRUCTURE SUPPORT	567 794	567 794	-	396 315	396 315	-
Total	1 684 574	1 684 574	-	4 006 936	4 006 686	250

All funds requested were received in accordance with the drawings approved by National Treasury

2. Departmental Revenue

	Note	2019/20 R'000	2018/19 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	82	58
Fines, penalties and forfeits	2.2	-	-
Interest, dividends and rent on land*	2.3	664 637	723 109
Sales of capital assets	2.4	484	52
Transactions in financial assets and liabilities**	2.5	(1 612)	423
Transfer received ***	2.6	360	26 000
Total revenue collected		663 951	749 642
Less: Own revenue included in appropriation	19	-	-

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the period ending 31 March 2020

Departmental revenue collected**663 951****749 642**

- * Departmental revenue received in 2019/20 amounting to R663,9 Million is mainly from Telkom investment in dividend pay-out.
- ** The negative R1,6 million relates to a reversal of a duplicated transaction that was incorrectly recorded as a receivable and a contingent asset as well. An investigation indicated that the transaction should be recorded as a contingent asset and no longer a receivable.
- *** The R26 million was a donation received in Cash from MTN for the ITU conference hosted by the Department during 2018/19 financial year.

2.1 Sales of goods and services other than capital assets

	Note	2019/20	2018/19
	2	R'000	R'000
Sales of goods and services produced by the department		81	58
Sales by market establishment		-	-
Administrative fees		24	2
Other sales		57	56
Sales of scrap, waste and other used current goods		1	-
Total		82	58

The increase in sale of goods and services other than capital assets is mainly from administrative fees of R22 thousand.

2.2 Fines, penalties and forfeits

	Note	2019/20	2018/19
	2	R'000	R'000
Fines		-	-
Penalties		-	-
Forfeits		-	-
Total		-	-

2.3 Interest, dividends and rent on land

	Note	2019/20	2018/19
	2	R'000	R'000
Interest		103	218
Dividends		664 534	722 891
Rent on land		-	-
Total		664 637	723 109

Departmental revenue received in 2019/20 amounting to R663,9 Million is mainly from Telkom investment in dividend pay-out.

2.4 Sale of capital assets

	Note	2019/20	2018/19
	2	R'000	R'000
Tangible assets			
Buildings and other fixed structures	36	-	-
Machinery and equipment	30	484	52
Heritage assets	30,36	-	-
Specialised military assets	30	-	-
Land and subsoil assets	36	-	-
Biological assets	30	-	-
Intangible assets			
Software	32	-	-
Total		484	52

The increase in the sale of capital assets is mainly from the disposal proceeds of an auction sale held by the Department in March 2020.

2.5 Transactions in financial assets and liabilities

	Note	2019/20	2018/19
	2	R'000	R'000
Loans and advances		-	-
Receivables		258	419
Forex gain		-	-
Stale cheques written back		-	-
Other Receipts including Recoverable Revenue		(1 870)	4
Gains on GFECRA		-	-
Total		(1 612)	423

The negative R1,6 million relates to a reversal of a duplicated transaction that was incorrectly recorded as a receivable and a contingent asset as well. An investigation indicated that the transaction should be recorded as a contingent asset and no longer a receivable.

2.6 Transfers received

	Note	2019/20	2018/19
	2	R'000	R'000
Other governmental units		-	-
Higher education institutions		-	-
Foreign governments		-	-
International organisations		-	-
Public corporations and private enterprises		360	26 000
Households and non-profit institutions		-	-
Total		360	26 000

The R26 million was a donation received in Cash from MTN for the ITU conference hosted by the Department during 2018/19 financial year.

3. Compensation of employees**3.1 Salaries and Wages**

	Note	2019/20	2018/19
		R'000	R'000
Basic salary		141 738	143 277
Performance award		3 575	3 332
Service Based		291	132
Compensative/circumstantial		2 334	3 271
Periodic payments		-	-
Other non-pensionable allowances		44 890	45 555
Total		192 828	195 567

Underspending under compensation of employees is due to critical vacancies not filled timeously during the financial year as a result of a moratorium that was in place during the MNOG process.

3.2 Social contributions

	Note	2019/20	2018/19
		R'000	R'000
Employer contributions			
Pension		18 228	18 319
Medical		4 889	5 433
UIF		-	-
Bargaining council		25	24
Official unions and associations		-	-
Insurance		-	-
Total		<u>23 142</u>	<u>23 776</u>
Total compensation of employees		<u>215 970</u>	<u>219 343</u>
Average number of employees		<u>255</u>	<u>273</u>

The reduction in the number of employees is due to resignations that were filled timeously as a result of a moratorium that was in place during the MNOG process.

4. Goods and services

	Note	2019/20	2018/19
		R'000	R'000
Administrative fees		1 412	1 498
Advertising		2 212	2 089
Minor assets	4.1	97	144
Bursaries (employees)		589	1 341
Catering		2 744	2 272
Communication		4 387	5 284
Computer services	4.2	5 456	6 386
Consultants: Business and advisory services*		231 255	147 606
Infrastructure and planning services		-	-
Laboratory services		-	-
Scientific and technological services		-	-
Legal services		2 329	6 068
Contractors		2 517	6 199
Agency and support / outsourced services		-	-
Entertainment		79	59

DEPARTMENT OF TELECOMMUNICATIONS AND POSTAL SERVICES

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the period ending 31 March 2020

Audit cost – external	4.3	5 111	6 261
Fleet services		1 133	851
Inventory	4.4	320	-
Consumables	4.5	1 883	2 692
Housing		-	-
Operating leases		21 731	37 290
Property payments**	4.6	18 043	11 925
Rental and hiring		1 502	1 782
Transport provided as part of the departmental activities		-	-
Travel and subsistence***	4.7	33 962	50 092
Venues and facilities		5 765	24 651
Training and development		1 761	3 006
Other operating expenditure	4.8	1 072	2 356
Total		345 360	319 852

* The increase under Consultants: Business and Advisory Services is due to an increase in the allocated budget for 2019/20 to implement the SA Connect project. All the allocated budget was advanced to SITA and BBI for SA Connect Project.

** Property payments reflect an increase in expenditure mainly from Security and Electricity expenses

*** The decrease on Travel & subsistence and Venues & facilities is mainly because previously the Department hosted the ITU during the 2018/19 financial year. The Goods and Services expenditure reflects a significant decrease in expenditure on most of the other line items.

4.1 Minor assets

	Note	2019/20	2018/19
	4	R'000	R'000
Tangible assets		97	144
Machinery and equipment		97	144
Transport assets		-	-
Intangible assets		-	-
Software		-	-
Total		97	144

4.2 Computer services*

	Note	2019/20	2018/19
	4	R'000	R'000
SITA computer services		3 492	4 714
External computer service providers		1 964	1 672
Total		5 456	6 386

SITA computer services decreased from the previous year by R1,22 million.

* Significant decrease is on SITA computer services.

4.3 Audit cost – External

	Note	2019/20	2018/19
	4	R'000	R'000
Regularity audits		4 684	4 905
Performance audits		-	-
Investigations		427	1 356
Total		5 111	6 261

4.4 Inventory

	Note	2019/20	2018/19
	4	R'000	R'000
Materials and supplies		320	-
Total		320	-

4.5 Consumables

	Note	2019/20	2018/19
	4	R'000	R'000
Consumable supplies		257	214
Uniform and clothing		-	7
Household supplies		156	36
Building material and supplies		21	-
Communication accessories		-	-
IT consumables		76	152
Other consumables		4	19
Stationery, printing and office supplies		1 626	2 478
Total		1 883	2 692

4.6 Property payments

	Note	2019/20	2018/19
	4	R'000	R'000
Municipal services*		8 123	3 131
Property management fees**		406	156
Property maintenance and repairs***		1 614	367
Other		7 900	8 271
Total		18 043	11 925

*Municipality services reflect an increase in expenditure mainly from Electricity expense.

**Property management fees relates mainly to air-condition repairs of the building.

***Included in other property payments are the following expenses: Cleaning R1,58 million, security R5,7 million and pest control R572 thousand.

4.7 Travel and Subsistence

	Note	2019/20	2018/19
		R'000	R'000
Local		21 125	26 687
Foreign		12 837	23 405
Total		33 962	50 092

The decrease on Travel & subsistence and Venue & facility is mainly because previously the Department hosted the ITU during the 2018/19 financial year

4.8. Other Operating Expenditure

	Note	2019/20	2018/19
	4	R'000	R'000
Professional bodies, membership and subscription fees		86	135
Resettlement costs		6	145
Other		980	2 076
Total		1 072	2 356

Included in other is courier services, non-life insurance and printing & publication services. The significant decrease is mainly due to courier services incurred in the 2018/19 for the ITU Telecom World Conference.

5. Payments for financial assets

	Note	2019/20	2018/19
		R'000	R'000
Material losses through criminal conduct		-	1 621
Theft	5.2	-	1 621

Other material losses		-	-
Purchase of equity		-	-
Extension of loans for policy purposes*		-	2 947 000
Other material losses written off	5.2	-	-
Debts written off	5.1	-	35
Forex losses	5.3	1	3
Debt take overs		-	-
Losses on GFECRA		-	-
Total		1	2 948 659

*For the Financial year 2019/20 the Department did not transfer any payment to SAPO for recapitalization, compared to the R2,9 billion transferred in the 2018/19 financial year.

5.1 Debts written off

	Note	2019/20	2018/19
	5	R'000	R'000
Nature of debts written off			
Recoverable revenue written off		-	-
Stolen laptops		-	31
Advances outstanding		-	4
Total		-	35
Other debt written off		-	-
Total		-	-
Total debt written off		-	35

5.2 Details of theft

	Note	2019/20	2018/19
	5	R'000	R'000
Nature of theft			
(Group major categories, but list material items)		-	-
Disallowance-Fraud		-	1 621
Total		-	1 621

The R1,6 million was a fraud case written off in 2018/19 financial year.

5.3 Forex losses

	Note	2019/20	2018/19
	5	R'000	R'000
Nature of losses			

Foreign exchange - Travel and subsistence	1	3
Total	1	3

6. Transfers and subsidies

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Provinces and municipalities	38, 39	15	13
Departmental agencies and accounts	<i>Annexure 1B</i>	265 918	247 556
Higher education institutions	<i>Annexure 1C</i>	-	-
Foreign governments and international organisations*	<i>Annexure 1E</i>	30 025	28 538
Public corporations and private enterprises**	<i>Annexure 1D</i>	725 561	203 900
Non-profit institutions	<i>Annexure 1F</i>	-	-
Households***	<i>Annexure 1G</i>	31 153	20 147
Total		1 052 672	500 154

*The increase in foreign government and international organisations of R1,3 million was mainly due to currency fluctuation.

**The increase on transfers to public corporations and private enterprises is mainly from subsidy pay-out to SAPO of R475 million

***An increase on households is due to pay-outs of claims against the Department amounting to R29 million.

7. Expenditure for capital assets

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Tangible assets		4 778	4 772
Buildings and other fixed structures	36	-	-
Heritage assets	36, 37	-	-
Machinery and equipment	30	4 778	4 772
Specialised military assets	30	-	-
Land and subsoil assets	36	-	-
Biological assets	30	-	-
Intangible assets		2 103	1 634
Software	32	2 103	1 634
Mastheads and publishing titles	32	-	-
Patents, licences, copyright, brand names, trademarks	32	-	-
Recipes, formulae, prototypes, designs, models	32	-	-
Services and operating rights	32	-	-
Total		6 881	6 406

8. Analysis of funds utilised to acquire capital assets – 2019/20

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	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	4 778		4 778
Buildings and other fixed structures	-	-	-
Heritage assets	-	-	-
Machinery and equipment	4 778	-	4 778
Specialised military assets	-	-	-
Land and subsoil assets	-	-	-
Biological assets	-	-	-
Intangible assets	2 103	-	2 103
Software	2 103	-	2 103
Mastheads and publishing titles	-	-	-
Patents, licences, copyright, brand names, trademarks	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-
Services and operating rights	-	-	-
Total	6 881	-	6 881

Analysis of funds utilised to acquire capital assets – 2018/19

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	4 772	-	4 772
Buildings and other fixed structures	-	-	-
Heritage assets	-	-	-
Machinery and equipment	4 772	-	4 772
Specialised military assets	-	-	-
Land and subsoil assets	-	-	-
Biological assets	-	-	-
Intangible assets	1 634	-	1 634
Software	1 634	-	1 634
Mastheads and publishing titles	-	-	-
Patents, licences, copyright, brand names, trademarks	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-
Services and operating rights	-	-	-

Total	<u>6 406</u>	<u>-</u>	<u>6 406</u>
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9. Unauthorised expenditure**9.1 Reconciliation of unauthorised expenditure**

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
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 and derecognised		-	-
Capital		-	-
Current		-	-
Transfers and subsidies		-	-
Less: Amounts recoverable	12	-	-
Less: Amounts written off		-	-
Closing balance		<u>4 741</u>	<u>4 741</u>

Analysis of closing balance

Unauthorised expenditure awaiting authorisation		4 741	4 741
Unauthorised expenditure approved without funding and not derecognised		-	-
Total		<u>4 741</u>	<u>4 741</u>

9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2019/20	2018/19
	R'000	R'000
Capital	-	-
Current	-	-
Transfers and subsidies	4 741	4 741
Total	<u>4 741</u>	<u>4 741</u>

9.3 Analysis of unauthorised expenditure awaiting authorisation per type

2019/20	2018/19
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	R'000	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	-	-
Total	4 741	4 741

The R4.7 million for unauthorised expenditure was referred to National Treasury to be condoned and the amount was not yet condoned at the end of financial year.

10. Cash and cash equivalents

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Consolidated Paymaster General Account		54 314	20 647
Cash receipts		-	-
Disbursements		(30)	(16 513)
Cash on hand		35	35
Investments (Domestic)		-	20
Investments (Foreign)		-	-
Total		<u>54 319</u>	<u>4 189</u>

10.1 Other Financial Assets

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Non-current		-	-
Local		-	-
Municipality Deposit		100	100
Total		<u>100</u>	<u>100</u>
Total Non-current other financial assets		<u>100</u>	<u>100</u>

11. Prepayments and advances

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Staff advances*		5	56
Travel and subsistence		-	-
Prepayments (Not expensed)	11.3	-	-
Advances paid (Not expensed)**	11.1	4 010	43
SOCPEN advances		-	-
Total		<u>4 015</u>	<u>99</u>

* A printing Error on the Annual Report was identified were Staff advance was incorrectly recorded as travel & subsistence.

**The increase in the advances paid (not expensed) to National Departments made of R3 million for foreign trips (DIRCO), R1 million (GCS) for Cybersecurity Awareness campaign

11.1 Advances paid (Not expensed)

Note	Balance as at 1 April 2019	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2020
	R'000	R'000	R'000	R'000	R'000
11					
National departments	43	-43	-	4 010	4 010
Provincial departments	-	-	-	-	-
Public entities	-	-	-	-	-
Other entities	-	-	-	-	-
Total	43	-43	-	4 010	4 010

The increase in the advances paid to National Departments made of R3 million for foreign trips (DIRCO), R1 million (GCIS) for Cybersecurity Awareness campaign .

Note	Balance as at 1 April 2018	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2019
	R'000	R'000	R'000	R'000	R'000
11					
National departments	2 182	(2 182)	-	43	43
Provincial departments	-	-	-	-	-
Public entities	4 900	(4 900)	-	-	-
Other entities	-	-	-	-	-
Total	7 082	(7 082)	-	43	43-

11.2 Advances paid (Expensed)

Note	Amount as at 1 April 2019	Less: Received in the current year	Add or Less: Other	Add: Current Year advances	Amount as at 31 March 2020
	R'000	R'000	R'000	R'000	R'000
11					
National departments	-	-	-	-	-
Provincial departments	-	-	-	-	-
Public entities	119 403	(119 403)	-	128 700	128 700
Other entities	-	-	-	-	-
Total	119 403	(119 403)	-	128 700	128 700

The R128.7 million advance is for the implementation of the SA connect project for 2019/20.

Note	Amount as	Less:	Add or Less:	Add:	Amount as
	at 1 April	Received in			
	2018	the current		advances	2019
	R'000	year	R'000	R'000	R'000
National departments	-	-	-	-	-
Provincial departments	-	-	-	-	-
Public entities	-	-	-	119 403	119 403
Other entities	-	-	-	-	-
Total	-	-	-	119 403	119 403

The R119.4 million advance is for the implementation of the SA connect project for 2018/19.

12. Receivables

	Note	2019/20			2018/19		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	12.1	185	-	185	114	-	114
Trade receivables	12.2	-	-	-	298	-	298
Recoverable expenditure	12.3	-	-	-	48	117	165
Staff debt	12.4	79	125	204	-	-	-
Fruitless and wasteful expenditure	12.6	-	-	-	-	-	-
Other receivables	12.5	5	1049	1054	79	5 588	5 667
Total		269	1 174	1 443	539	5 705	6 244

Other receivable includes ex-employees, suppliers and non-employees: The decrease of R4 million relates to a reversal of a duplicated transaction that was incorrectly recorded as a receivable and a contingent asset as well. An investigation indicated that the transaction should be recorded as a contingent asset and no longer a receivable. The retrospective restatement of the receivable for the financial year 2018/19 is impracticable to determine period specific effect, as the restatement requires a lot of estimate due to the nature of transactions and the time that lapsed. As a result, the restatement was made in the current period opening balances (which is the earliest period for which a retrospective restatement is practicable).

12.1 Claims recoverable

	<i>Note</i>	2019/20	2018/19
	<i>12 and Annex 4</i>	R'000	R'000
National departments		185	114
Total		185	114

12.2 Recoverable expenditure (disallowance accounts)

	<i>Note</i>	2019/20	2018/19
	<i>12</i>	R'000	R'000
Disallowance payments - CAI		-	298
Total		-	298

12.3 Staff debt

	<i>Note</i>	2019/20	2018/19
	<i>12</i>	R'000	R'000
Debt accounts		204	165
Total		204	165

12.4 Other receivables

	<i>Note</i>	2019/20	2018/19
	<i>12</i>	R'000	R'000
Ex-employees		402	402
Non-employees		112	198
Suppliers		540	5 067
Total		1 054	5 667

Other receivables includes ex-employees, suppliers and non-employees: The decrease of R4 million relates to a reversal of a duplicated transaction that was incorrectly recorded as a receivable and a contingent asset as well. An investigation indicated that the transaction should be recorded as a contingent asset and no longer a receivable.

12.5 Fruitless and wasteful expenditure

	<i>Note</i>	2019/20	2018/19
	<i>12</i>	R'000	R'000
Opening balance		-	-

Less amounts recovered	1	4
Less amounts written off	-	-
Transfers from note 32 Fruitless and Wasteful Expenditure	(1)	(4)
Interest	-	-
Total	-	-

12.6 Impairment of receivables

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Estimate of impairment of receivables		1 058	5 629
Total		1 058	5 629

The decrease of R4 million was a reversed receivable that included interest.

13. Investments

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Non-Current			
Shares and other equity			
Telkom SA Limited		2 070 381	2 070 381
South African Post Office Limited		8 164 116	8 164 116
Sentech		2	2
Vodacom		3 743	3 743
Total		10 238 242	10 238 242

		2019/20	2018/19
		R'000	R'000
Analysis of non-current investments			
Opening balance		10 238 242	7 291 242
Additions in cash		-	-
Disposals for cash		-	-
Non-cash movements		-	2 947 000
Closing balance		10 238 242	10 238 242

13.1 Impairment of investments

	<i>Note</i>	2019/20	2018/19
		R'000	R'000

Estimate of impairment	4 191 882	2 874 735
Total	4 191 882	2 874 735

The amount of R4.191 billion relates to an impairment of investment in the South African Post Office. The Net Asset Value of R3,972 billion as at 31 March 2020 was less than the investment amounting to R8.1 billion (SAPO).

14. Loans

	Note	2019/20 R'000	2018/19 R'000
Public corporations		1 351 130	1 351 130
Higher education institutions		-	-
Foreign governments		-	-
Private enterprises		-	-
Non-profit institutions		-	-
Staff loans		-	-
Total		1 351 130	1 351 130

Analysis of Balance

Opening balance	1 351 130	1 351 130
New Issues	-	-
Repayments	-	-
Write-offs	-	-
Closing balance	1 351 130	1 351 130

The loan amount of R1,3 billion is a non interest bearing loan made to BBI (Broad Band Infracore).

14.1 Impairment of loans

	Note	2019/20 R'000	2018/19 R'000
Estimate of impairment of loans		-	-
Total		-	-

15. Voted funds to be surrendered to the Revenue Fund

	Note	2019/20 R'000	2018/19 R'000
Opening balance		12 272	282 322
Prior period error	18.2	-	-
As restated		12 272	282 322
Transfer from statement of financial performance (as restated)		63 690	12 522
Add: Unauthorised expenditure for current year	11	-	-

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Voted funds not requested/not received	1.1	-	(250)
Transferred to retained revenue to defray excess expenditure (PARLIAMENT/LEGISLATURES ONLY)	18.1	-	-
Paid during the year		(12 272)	(282 322)
Closing balance		63 690	12 272

Underspending was as a result of delays in implementation of projects and savings realised during the financial year such as operating lease.

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

	Note	2019/20	2018/19
		R'000	R'000
Opening balance		33	16
Prior period error	19.1	-	-
As restated		33	16
Transfer from Statement of Financial Performance (as restated)		663 951	749 642
Own revenue included in appropriation		-	-
Transfer from aid assistance	4	-	-
Transfer to voted funds to defray expenditure (Parliament/ Legislatures ONLY)	18.1	-	-
Paid during the year		(663 522)	(749 625)
Closing balance		462	33

17. Payables – current

	Note	2019/20	2018/19
		R'000	R'000
Amounts owing to other entities		-	-
Advances received		-	-
Clearing accounts	17.1	73	17
Other payables	17.2	19	19
Total		92	36

The increase in the clearing accounts is mainly from the amount payable to SARS and Pensions as at 31 March 2020.

17.1 Clearing accounts

	Note	2019/20	2018/19
	21	R'000	R'000
Salary Pension		10	-
SARS - income Tax		63	17
Total		73	17

17.2 Other payables

	Note	2019/20	2018/19
	21	R'000	R'000
Supplier invoice dispute		19	19
Total		19	19

18. Net cash flow available from operating activities

	Note	2019/20	2018/19
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		727 641	762 164
Add back non-cash/cash movements not deemed operating activities		-1 337 521	(1 740 473)
(Increase)/decrease in receivables		270	1 346
(Increase)/decrease in prepayments and advances		(3 916)	7 174
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables – current		56	(259)
Proceeds from sale of capital assets		(484)	(52)
Proceeds from sale of investments		(664 534)	(722 891)
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		6 881	6 406
Surrenders to Revenue Fund		(675 794)	(1 031 947)
Surrenders to RDP Fund/Donor		-	-
Voted funds not requested/not received		-	(250)
Own revenue included in appropriation		-	-
Other non-cash items		-	-
Net cash flow generated by operating activities		(609 880)	(978 309)

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

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Consolidated Paymaster General account		54 314	20 647
Fund requisition account		-	-
Cash receipts		-	-
Disbursements		(30)	(16 513)
Cash on hand		35	35
Cash with commercial banks (Local)		-	20
Cash with commercial banks (Foreign)		-	-
Total		54 319	4 189

20. Contingent liabilities and contingent assets**20.1 Contingent liabilities**

		<i>Note</i>	2019/20	2018/19
			R'000	R'000
Liable to	Nature			
Motor vehicle guarantees	Employees	<i>Annex 3A</i>	-	-
Housing loan guarantees	Employees	<i>Annex 3A</i>	-	-
Other guarantees*		<i>Annex 3A</i>	148 925	123 816
Claims against the department**		<i>Annex 3B</i>	13 563	18 440
Intergovernmental payables (unconfirmed balances)		<i>Annex 5</i>	5	723
Environmental rehabilitation liability		<i>Annex 3B</i>	-	-
Other		<i>Annex 3B</i>	-	-
Total			162 493	142 979

*The increase in other Guarantees of R25 Million relates to currency inflation between the euro vs rand.

**The decrease in claims against the Department relates to a legal matter that was concluded in favour of the Department.

20.2 Contingent assets

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Legal claim: Counter claim submitted		7 076	6 631
Total		7 076	6 631

21. Capital commitments

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Machinery and Equipment		3 525	87
Software		448	127
Total		3 973	214

Machinery and equipment: Underspending is mainly due to non-delivery of laptops by suppliers which was affected by the COVID-19 lockdown.

22. Accruals and payables not recognised**22.1 Accruals**

		2019/20	2018/19	
		R'000	R'000	
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	46	846	892	1 546
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	3 000
Capital assets	-	-	-	-
Other	-	-	-	-
Total	46	846	892	4 546

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Listed by programme level			
Administration		58	3 343
ICT International Affairs and Trade		8	-
Policy, Research and Capacity Development		811	1 195
ICT Enterprise Development and Oversight		-	5
ICT Infrastructure Support		15	3
Total		892	4 546

22.2 Payables not recognised

	2019/20			2018/19
	R'000			R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	1 576	643	2 219	8 016
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	26 573
Capital assets	-	38	38	-
Other	-	-	-	-
Total	1 576	681	2 257	34 589

	Note	2019/20	2018/19
		R'000	R'000
Listed by programme level			
Administration		2 021	29 895
ICT International Affairs and Trade		15	1 000
Policy, Research and Capacity Development		152	3 258
ICT Enterprise Development and SOE Oversight		38	258
ICT Infrastructure Support		31	178
Total		2 257	34 589

	Note	2019/20	2018/19
		R'000	R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 5	25	3 115
Confirmed balances with other government entities	Annex 5	-	-
Total		25	3 115

The decrease on transfers and subsidies is due to pay-outs of claims against the Department amounting to R29 million.

23. Employee benefits

	Note	2019/20	2018/19
		R'000	R'000
Leave entitlement		8 497	8 310
Service bonus		4 577	4 464
Performance awards*		1 946	3 251
Capped leave		2 638	2 470

Other	87	94
Total	17 745	18 589

*The performance awards liability decreased from 1.5 % to 0.75% for 2019/20 financial year in accordance with the DPSA circular..

24. Lease commitments

24.1 Operating leases

2019/20	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	709	709
Later than 1 year and not later than 5 years	-	-	-	216	216
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	925	925

2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
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	-	-	-	-	-
Total lease commitments	-	-	-	1 895	1 895

*A lease Agreement signed for office building (5-year lease commitment) effective 1 April 2020. The lease agreement was signed on behalf of the Department by DPWI on 12 August 2020 for the next 5 years and is effective from 01 April 2020 to 31 March 2025. The commitment reflect a lease amount of R134 million over the lease period.

25. Irregular expenditure

25.1 Reconciliation of irregular expenditure

	Note	2019/20	2018/19
		R'000	R'000
Opening balance		208 386	226 220
Prior period error		-	-
As restated		208 386	226 220
Add: Irregular expenditure – relating to prior year		-	-

Add: Irregular expenditure – relating to current year	722	-
Less: Prior year amounts condoned	-	(3 895)
Less: Current year amounts condoned	-	(13 939)
Less: Prior year amounts not condoned and removed	-	-
Less: Current year amounts not condoned and removed	-	-
Less: Amounts recoverable (current and prior year)	15	-
Less: Amounts written off	-	-
Closing balance	209 108	208 386

Analysis of awaiting condonation per age classification

Current year	722	-
Prior years	208 386	208 386
Total	209 108	208 386

Cases amounting to R114.6 million were submitted to National Treasury to be condoned and at the year end these cases are yet to be condoned.

25.2 Details of current and prior year irregular expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2019/20
		R'000
Payment for Professors research (NEMISA)		700
Overtime worked at ITU conference without prior approval		22
Total		722

26. Fruitless and wasteful expenditure**26.1 Reconciliation of fruitless and wasteful expenditure**

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Opening balance		9 253	11 971
Prior period error		-	-
As restated		9 253	11 971
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		4	13
Less: Amounts recoverable	15.6	(1)	(4)
Less: Amounts written off		(3)	(2 727)

Closing balance		9 253	9 253
26.2 Details of current and prior year fruitless and wasteful expenditure – added current year (under determination and investigation)			
Incident	Disciplinary steps taken/criminal proceedings	2019/20	
		R'000	
No Show	In process	1	
No Show	In process	1	
No Show	In process	1	
No Show	Recovered	1	
Total		4	
26.3 Details of fruitless and wasteful expenditure written off			
Incident		2019/20	
		R'000	
ICAS: No Show:		1	
ICAS: No Show:		1	
ICAS: No Show:		1	
Total		3	
27. Related party transactions			
Revenue received	<i>Note</i>	2019/20	2018/19
		R'000	R'000
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		-	-
Total		-	-
Payments made	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Goods and services		221 942	119 403

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Interest and rent on land	-	-
Expenditure for capital assets	-	-
Payments for financial assets	-	-
Transfers and subsidies	-	-
Total	221 942	119 403

	Note	2019/20	2018/19
		R'000	R'000
Loans to / from related parties			
Non-interest-bearing loans to/(from)		1 351 130	1 351 130
Interest bearing loans to/(from)		-	-
Total		1 351 130	1 351 130

	Note	2019/20	2018/19
		R'000	R'000
In kind goods and services provided/received			
During the ITU conference the following Entities sponsored the following items:		-	-
NEMISA - Uniform		-	100
SITA - IT Technology Services		-	2 000
SENTECH - Subsistence allowance		-	2 500
.zaDNA - Ground transport		-	500
Brand SA		-	265
Total		-	5 365

The following are the related parties to the Department: SITA, NEMISA, USAASA, USAF, ZADNA, Sentech, SAPO, Vodacom group, Telkom SA Limited and Broadband Infracore are entities of the Department. All persons included in the Key management personnel form part of related parties.

- Department of Telecommunications and Postal Services and the Department of Communications, SABC, ICASA, FPB, GCIS, BRAND SA, MDDA are under the control of the same Minister.
- The R221,9 million relates to expenditure incurred towards the implementation of SA connect project by Sita and BBI.
- The R1,3 billion is a non-interest-bearing loan made to BBI.
- GCIS, BRAND SA and MDDA will be moved to and report to the Presidency from 01 April 2020.

28. Key management personnel

	No. of Individuals	2019/20	2018/19
		R'000	R'000
Political office bearers (provide detail below)	1	2 748	4 272

Officials:		-	-
Level 15 to 16	7	11 682	12 902
Level 14 (includes CFO if at a lower level)	13	18 861	21 861
Acting for level 14 act of level 15	4	6 640	3 826
Total		39 931	42 861

Underspending under compensation of employees is due to critical vacancies not filled timeously during the financial year as a result of a moratorium that was in place during the MNOG process.

29. Non-adjusting events after reporting date

	2019/20
Nature of event	R'000
DTPS and DOC reconfiguration*	-
DTPS in an agreement with DBSA for the SA Connect Project**	50 000
Impact of the COVID-19 on the Department operations***	(111 431)
Lease Agreement signed for office building (5-year lease commitment) effective 1 April 2020	134 130
Total	72 699

*The Department of Communications and the Department of Telecommunications and Postal Services will be reconfigured to form the Department of Communications and Digital Technologies from 01 April 2020.

**The Department of Telecommunication and Postal Services and the Development Bank of South Africa entered into an agreement of R50 million grant for SA connect programme PHASE 2 from 01 April 2020 to 31 March 2021.

***The effect of COVID-19 on the country's economy led to downward revision of the 2020/21 budget allocation to contribute to the fight against the pandemic. This will affect service delivery as we reprioritise key strategic projects.

****The lease agreement was signed on behalf of the Department by DPWI on 12 August 2020 for the next 5 years and is effective from 01 April 2020 to 31 March 2025. The commitment reflect a lease amount of R134 million over the lease period.

30. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS					
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT					
Transport assets	5 203	-	-	1 345	3 858
Computer equipment	26 395	-	2 461	4 578	24 278
Furniture and office equipment	13 792	-	1 397	136	15 053

Other machinery and equipment	19 013	-	920	673	19 260
SPECIALISED MILITARY ASSETS					
Specialised military assets	-	-	-	-	-
BIOLOGICAL ASSETS					
Biological assets	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	64 403	-	4 778	6 732	62 449

30.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS					
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT	4 778				4 778
Transport assets	-	-	-	-	-
Computer equipment	2 461	-	-	-	2 461
Furniture and office equipment	1 397	-	-	-	1 397
Other machinery and equipment	920	-	-	-	920
SPECIALISED MILITARY ASSETS					
Specialised military assets	-	-	-	-	-
BIOLOGICAL ASSETS					
Biological assets	-	-	-	-	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	4 778	-	-	-	4 778

30.2 Disposals**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
HERITAGE ASSETS				
Heritage assets	-	-	-	-
MACHINERY AND EQUIPMENT				
Transport assets	1 345	-	1 345	410
Computer equipment	1 148	3 430	4 578	63
Furniture and office equipment	-	136	136	-
Other machinery and equipment	153	520	673	11
SPECIALISED MILITARY ASSETS				
Specialised military assets	-	-	-	-
BIOLOGICAL ASSETS				
Biological assets	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	2 646	4 086	6 732	484

30.3 Movement for 2018/19**MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS					
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT					
Transport assets	4 177	(1 299)	2 325	-	5 203
Computer equipment	29 692		1 475	4 772	26 395
Furniture and office equipment	13 514	(428)	805	99	13 792
Other machinery and equipment	19 120	(12)	167	262	19 013
SPECIALISED MILITARY ASSETS					
Specialised military assets	-	-	-	-	-

BIOLOGICAL ASSETS

Biological assets	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	66 503	(1 739)	4 772	5 133	64 403

30.4 Prior period error

	<i>Note</i>	2018/19 R'000
Nature of prior period error		
Relating to 2018/19 (affecting the opening balance)		(1 739)
Transfer of Ministers Vehicle to Department of Home Affairs		(1 299)
Transfer of furniture and other machinery & equipment to other Departments		(440)
Total prior period errors		(1 739)

The prior year error relates to assets transferred in previous year to other Departments that were omitted in the note.

31. Minor assets**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2020**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	9 314	-	9 314
Value adjustments	-	-	-	(55)	-	(55)
Additions	-	-	-	96	-	96
Disposals	-	-	-	(573)	-	(573)
TOTAL MINOR ASSETS	-	-	-	8 782	-	8 782

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	114	-	114
Number of minor assets at cost	-	-	-	3 600	-	3 600

TOTAL NUMBER OF MINOR ASSETS	-	-	-	3 714	-	3 714
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The prior year error relates to assets transferred in previous year to other Departments that were omitted in the note.

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2020

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	6	-	9 493	-	9 499
Prior period error	-	-	-	-	-	-
Additions	-	-	-	144	-	144
Disposals	-	6	-	323	-	329
TOTAL MINOR ASSETS	-	-	-	9 314	-	9 314

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	126	-	126
Number of minor assets at cost	-	-	-	3 281	-	3 281
TOTAL NUMBER OF MINOR ASSETS	-	-	-	3 407	-	3 407

31.1 Prior period error

	Note	2018/19 R'000
Relating to 2018/19		(55)
Transfer of 15 minor assets to other Departments		(55)
Total prior period errors		(55)

The prior year error relates to assets transferred in previous year to other Departments that were omitted in the note.

31.2 Movable assets written off**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2020**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	243	-	243
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	243	-	243

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	65	-	65
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	65	-	65

S42 - Movable capital assets**MAJOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 31 MARCH 2020**

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

MINOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 31 MARCH 2020

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

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

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

Intangible Capital Assets**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020**

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	3 263	-	2 103	-	5 366
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	369	-	-	-	369
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	3 632	-	2 103	-	5 735

32.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Cash	Non-Cash	(Develop- ment work in progress cur- rent costs)	Received current year, not paid (Paid current year, re- ceived prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	2 103	-	-	-	2 103
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	-	-	-	-	-
RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	2 103	-	-	-	2 103

32.2 Movement for 2018/19

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	7 801	-	1 634	6 172	3 263
MASTHEADS AND PUBLISHING TITLES	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	369	-	-	-	369

RECIPES, FORMULAE, PROTOTYPES, DESIGNS, MODELS	-	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	-	-	-	-
TOTAL INTANGIBLE CAPITAL ASSETS	8 170	-	1 634	6 172	3 632

33. Immovable Tangible Capital Assets**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020**

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	18	-	-	-	18
Dwellings	-	-	-	-	-
Non-residential buildings	18	-	-	-	18
Other fixed structures	-	-	-	-	-
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
LAND AND SUBSOIL ASSETS	-	-	-	-	-
Land	-	-	-	-	-
Mineral and similar non- regenerative resources	-	-	-	-	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	18	-	-	-	18

33.1 Movement for 2018/19**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	18	-	-	-	18
Dwellings	-	-	-	-	-
Non-residential buildings	18	-	-	-	18
Other fixed structures	-	-	-	-	-

HERITAGE ASSETS

Heritage assets

-	-	-	-	-
-	-	-	-	-

LAND AND SUBSOIL ASSETS

Land

Mineral and similar non-regenerative resources

-	-	-	-	-
-	-	-	-	-

TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS**18**

-

-

-

18**34. Correction of prior period errors**

	<i>Note</i>	Amount before error correction	Prior period error	Restated Amount
		2018/19	2018/19	2019/20
		R'000	R'000	R'000
Revenue: Appropriation				
ADMINISTRATION	1	235 207	3 950	239 157
INTERNATIONAL AFFAIRS AND TRADE	1	79 985	5 349	85 334
POLICY, RESEARCH AND CAPACITY DEVELOPMENT	1	84 980	648	85 628
ICT ENTERPRISE DEVELOPMENT	1	3 205 149	(4 647)	3 200 502
ICT INFRASTRUCTURE SUPPORT	1	401 615	(5 300)	396 315
Net effect		4 006 936	-	4 006 936
Assets:				
Advance paid (expensed)	11	-	119 403	119 403
Broadband Infraco	13	74	(74)	-
Net effect		74	119 329	119 403

*The prior error was due to misclassification at programme level on note 1.1 in the previous financial year

**The R119 million relates to the advance paid to entities of the Department for the SA connect project, Broadband infraco cost of investment is R74

35. Inventories**35.1****Inventories for the year ended 31 March 2020**

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	TOTAL
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-	-
Add/(Less): Adjustments to prior year balances	-	-	-	-	-
Add: Additions/Purchases – Cash	-	320	-	-	320
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	-	(320)	-	-	(320)
Add/(Less): Received current, not paid (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
Closing balance	-	-	-	-	-

36. Transfer of functions and mergers**36.1 Transfer of functions**

None.

37. Mergers

On the 29th May 2019, Honourable President announced the reconfiguration of Department of Communication and Department of Telecommunications and services to form a new Department of Communications and Digital Technologies with effect from 01 April 2020.

37.1 Statement of Financial Position

	Balance before merger date	Balance before merger date	Balance before merger date	Balance after merger date
	Combining Dept (Specify)	Combining Dept (Specify)	Combining Dept (Specify)	Combined Dept (Specify)
Note	R'000	R'000	R'000	R'000
ASSETS				
Current Assets				
Unauthorised expenditure	9 568	-	-	9 568
Cash and cash equivalents	4 741	-	-	4 741
Other financial assets	-	-	-	-
Prepayments and advances	4 189	-	-	4 189
Receivables	-	-	-	-
Loans	99	-	-	99
	539	-	-	539

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for the period ending 31 March 2020

	Balance before merger date	Balance before merger date	Balance before merger date	Balance after merger date
	Combining Dept (Specify)	Combining Dept (Specify)	Combining Dept (Specify)	Combined Dept (Specify)
Note	R'000	R'000	R'000	R'000
Aid assistance prepayments	-	-	-	-
Aid assistance receivable	-	-	-	-
Non-Current Assets	11 595 177	-	-	11 595 177
Investments	10 238 242	-	-	10 238 242
Receivables	5 705	-	-	5 705
Loans	1 351 130	-	-	1 351 130
Other financial assets	100	-	-	100
TOTAL ASSETS	11 604 745	-	-	11 604 745
LIABILITIES				
Current Liabilities	12 341	-	-	12 341
Voted funds to be surrendered to the Revenue Fund	12 272	-	-	12 272
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	33	-	-	33
Bank Overdraft	-	-	-	-
Payables	36	-	-	36
Aid assistance repayable	-	-	-	-
Aid assistance unutilised	-	-	-	-
Non-Current Liabilities				
Payables	-	-	-	-
TOTAL LIABILITIES	12 341	-	-	12 341
NET ASSETS	11 592 404	-	-	11 592 404

NOTES

	Balance before merger date	Balance before merger date	Balance before merger date	Balance after merger date
	Combining Dept (Specify)	Combining Dept (Specify)	Combining Dept (Specify)	Combined Dept (Specify)
Note	R'000	R'000	R'000	R'000
Contingent liabilities	142 979	-	-	142 979
Contingent assets	6 631	-	-	6 631
Capital commitments	-	-	-	-
Accruals	4 546	-	-	4 546
Payables not recognised	34 589	-	-	34 589
Employee benefits	18 589	-	-	18 589
Lease commitments – Operating lease	1 895	-	-	1 895
Lease commitments – Finance lease	-	-	-	-
Lease commitments – Operating lease revenue	-	-	-	-
Accrued departmental revenue	-	-	-	-
Irregular expenditure	208 386	-	-	208 386
Fruitless and wasteful expenditure	9 253	-	-	9 253
Impairment	-	-	-	-
Provisions	-	-	-	-
Movable tangible capital assets	62 449	-	-	62 449
Immovable tangible capital assets	18	-	-	18
Intangible capital assets	5 735	-	-	5 735

38. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	2019/20							2018/19	
	GRANT ALLOCATION				TRANSFER			Division of Revenue Act	Actual transfer
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department		
R'000	R'000	R'000	R'000	R'000	R'000	R'000	%		
CITY OF TSHWANE	-	-	-	-	15	-	-	-	13
TOTAL	-	-	-	-	-	-	-	-	

39. BROAD BASED BLACK ECONOMIC EMPOWERMENT PERFORMANCE

Information on compliance with the B-BBEE Act is included in the Annual Report under the section titled B-BBEE Compliance Performance Information.



PART F: **ANNEXURES**



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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

ANNEXURE 1A**STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2018/19	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
CITY OF TSHWANE	-	-	-	-	15	-	-	-	-	-	-	13	-
TOTAL	-	-	-	-	15	-	-	-	-	-	-	13	-

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ANNEXURE 1B**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2018/19
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Universal Service and Access Agency of South Africa: Operations	82 949	-	-	82 949	82 949	100%	80 074
Universal Service and Access Fund: Operations	61 017	-	(24 000)	37 017	37 017	100%	57 781
Universal Service and Access Fund: BDM project management	26 605	-	-	26 605	26 605	100%	18 940
National Electronic Media Institute of SA: Operations	48 423	-	-	48 423	48 423	100%	46 325
National Electronic Media Institute of SA: INESI	46 924	-	-	46 924	46 924	100%	44 436
Independent Communication Authority SA	-	-	24 000	24 000	24 000	100%	-
TOTAL	265 918	-	-	265 918	265 918	-	247 556

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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				2018/19
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Transfers	250 934	-	-	250 934	250 934	100,0%	203 900	-	203 900
Sentech: Digitisation migration-Capital	58 440	-	-	58 440	58 440	100,0%	-	-	-
Sentech: Dual Illumination Capital	192 494	-	-	192 494	192 494	100,0%	203 900	-	203 900
Subsidies	474 627	-	-	474 627	474 627	100,0%	-	-	-
SA Post office Ltd	474 627	-	-	474 627	474 627	100,0%	-	-	-
Total	725 561	-	-	725 561	725 561	100,0%	203 900	-	203 900
Private Enterprises									
Transfers	-	-	-	-	-	-	-	-	-
Subsidies	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
TOTAL	725 561	-	-	725 561	725 561	100,0%	203 900	-	203 900

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ANNEXURE 1E**STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS**

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2018/19
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
African Telecommunications Union (ATU)	1 119	-	(5)	1 114	1 114	100%	989
Universal Postal Union (UPU)	6 741	-	(298)	6 443	6 443	100%	6 312
Pan African Postal Union (PAPU)	1 120	-	22	1 142	1 142	100%	1 068
International Telecommunications Union (ITU)	18 905	-	(76)	18 829	18 829	100%	17 077
Commonwealth Telecommunication Organization (CTO)	529	-	(67)	462	462	100%	457
Organisation for Economic Cooperation and Development	194	-	(8)	186	186	100%	174
DONA Foundation	1 200	-	(92)	1 108	1 108	100%	1 007
Smart Africa Alliance	-	-	741	741	741	100%	1 454
	29 808	-	217	30 025	30 025	-	28 538
Subsidies							
TOTAL	29 808	-	217	30 025	30 025	-	28 538

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

	TRANSFER ALLOCATION				EXPENDITURE		2018/19
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
HOUSEHOLDS							
Transfers							
H/H EMPL S/BEN:LEAVE GRATUITY	-	-	-	-	760	-	1 036
H/H:PMT/REFUND&REM-ACT/GRCE	-	-	-	-	78	-	60
H/H: CLAIMS AGAINST THE STATE (CASH)	29 572	-	-	29 572	29 573	100%	18 940
H/H: DONATION GIFT AND SPONSORSHIPS	-	-	-	-	19	-	111
H/H EMPL S/BEN:PST RETIRMT BENEFIT	-	-	-	-	331	-	-
H/H EMPL S/BEN:SEVERANCE PACKAGE	-	-	-	-	392	-	-
	29 572	-	-	29 572	31 153	-	20 147
Subsidies							
TOTAL	29 572	-	-	29 572	31 153	-	20 147

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ANNEXURE 1H**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2019/20	2018/19
		R'000	R'000
Received in cash			
MTN South Africa	Sponsored ITU Conference 2018/19 and 2019/20	360	25 000
Microsoft SA		-	1 000
Subtotal		360	26 000
Received in kind			
	2018/19 Financial year ITU		
Annual Workshop on Digital Economy and ICT Survey Methodology 24-27 April 2018 Sao Paulo, Brazil. R\$100 to be paid in person upon arrival, for extra expenses. The total amount of R\$385,00 will also be provided for expenses with transfer to and from the airport.		-	6
TELKOM	Payment for the ITU Deposit: Telkom	-	20 000
VODACOM	provided stands, branding, AV Media centre and accommodation @ Tsogo sun: Vodacom	-	10 000
MULTICHOICE	Audio visual equipment's for the Conference Translation booths, headphones, all screens, all stages 1,5 Million towards BRICS: 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

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NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2019/20	2018/19
		R'000	R'000
Sentech	Daily subsistence allowance for ITU. Payment for ITU Deposit. Additional ground transport for VIP: Sentech	-	2 500
SITA	Provided Itu technology services and laptops: SITA	-	2 000
HUAWEI	Closing ceremony. 100000 USD redirected to ICC: Huawei	-	1 370
Altron	Gala Dinner: Altron/Summersun	-	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
SEACOM	Part of DFA	-	-
CISCO	IT Equipment Switches.	-	-
Sizwe	iT Equipment cabling	-	-
Brand SA	Design of the Pavilion.	-	265
Nemisa	Uniform: Nemisa	-	100
FTTX	Registration booths, VOC, BUILT KINGDOM STAND. Support 10 SMMEs.	-	254
APEX ICT	Photocopy machines: APEX	-	259
ETHEKWINI MUNICIPALITY	Road closure, closing cocktail and city branding: ETHEKWINI	-	1 240
MTN	Sponsorship for 4th Africa regional preparatory meeting for World Radio Communication Conference (WRC).	280	-
Multichoice	Sponsorship for the ATU APM-4 Hosted in east London.	250	-
Liquid telecom	Sponsorship Site Inspection Meeting-African Planning Meeting in Preparation for WRC-19	150	-

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NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2019/20	2018/19
		R'000	R'000
Subtotal		680	64 277
TOTAL		1 040	90 277

ANNEXURE 1J**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE**

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2019/20	2018/19
	R'000	R'000
Made in kind		
During 2018/19 financial year:		
None	-	-
During 2019/20 financial year:		
None	-	-
TOTAL	<u>-</u>	<u>-</u>

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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 19/20	% Held 18/19	Number of shares held		Cost of investment		Net Asset value of investment		Profit/(Loss) for the year		Losses guaranteed Yes/No
				2019/20	2018/19	R'000		R'000		R'000		
						2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	
National/Provincial Public Entity												
Universal Service and Access Agency of South Africa	3A	100%	100%	-	-	-	-	-	-	(3 873)	(23 077)	No
Universal Service and Access Fund	3A	100%	100%	-	-	-	-	-	-	97 086	(184 761)	No
Telkom SA Limited	2	41%	41%	207 038 058	207 038 058	2 070 381	2 070 381	-	-	885 000	1 419 000	No
South African Post Office Ltd	2	100%	100%	693 115 883	693 115 883	8 164 116	8 164 116	3 972 234	5 289 384	(1 813)	(1 151)	No
National Electronic Media Institute of South Africa	3A	100%	100%	-	-	-	-	-	-	(10 758)	(2 471)	No
Sentech (Pty) Ltd	3B	100%	100%	2 000	2 000	2	2	2 520 597	2 209 875	158 127	182 726	No
Vodacom Group Limited	2	0,004%	0,004%	63 658	63 658	3 743	3 743	-	-	8 199	15 532	No
Broadband Infraco SOC Limited	2	74%	74%	74	74	-	-	498 080	448 109	(129 217)	(14 736)	No
SITA	3A	100%	100%	-	-	-	-	3 136 347	2 859 857	384 010	(101 508)	No
Subtotal		-	-	900 219 673	900 219 673	10 238 242	10 238 242	10 127 258	10 807 225	1 386 761	1 289 554	
TOTAL		-	-	900 219 673	900 219 673	10 238 242	10 238 242	10 127 258	10 807 225	1 386 761	1 289 554	

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Telkom shares: Comprised of 207 038 058 shares @ R10 per share.

SAPO shares: Comprised of 693 115 883 shares @ R1 per share. In 2018/19 One Share was issued to the Department for R2,9 Billion transferred to SAPO. Error on the AFS print for Loss column (-R150,846 recorded) instate of (-R1, 170,537).

The transfer of business enterprise for former Postbank as a division of SAPO was transferred to Postbank SOC Limited. The intention is for South African Postbank Limited SOC to be a standalone entity however the amendments to the Postbank Act that would give effect to that have not finalised through the Parliamentary processes. Postbank in its current form is considered a subsidiary of SAPO pending the finalisation of the Postbank Amendment Act.

Sentech shares: Comprised of 2000 shares @ R1 per share.

Vodacom: Comprised of 63658 shares @ R58,8 per share.

BBI: Removed the cost of investment of R74 for prior and current financial year.

Correction of Opening Balances on AFS:

- 1. Correction on Vodacom opening balance of R15,532,000,00 to R15,532,00*
- 2. Correction on SAPO opening Balance of -R150,846,00 to -R1, 150,846,00 AFS (Misprint/Omission) audited figure*
- 3. Opening Balance on Telkom number of shares incorrectly typed as 207 038 053 instate of 207 038 058*
- 4. SITA: The Audited financial reflects opening figures on Profit & Loss and NPV figures; Significantly change for profit/loss from R31,600,000,00 to (R101,508,000,00)*
- 5. The Audited financial statement figures of entities show changes to opening balances to the Net profit/Loss for Telkom, Vodacom, USAF, USSASA, SAPO, BBI and SITA*

ANNEXURE 3A**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2020 – FOREIGN**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2019	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2020	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2020
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Other								
Telkom SA Ltd	Societe Generale export credit	338 851	123 816			25 109	148 925	3	
	Subtotal								
	TOTAL	338 851	123 816	-	-	25 109	148 925	3	

Telkom initially had approved "Guaranteed capital amount" of FRF 113,000,000.00. That currency was later converted into Euro at an exchange rate of 1 Euro = FRF 6.55957 equating to Euro 17,302,963.46

Telkom's guarantee is a foreign guarantee which therefore requires to be converted and reported in Rands in this annexure; hence DTPS will convert the Telkom's numbers using the monthly published SARB exchange rates that are communicated by National Treasury and are also published in our website.

Telkom Foreign guarantee @ Euro 17,302,943.46 *R19.583434 =R338.8 Million Capital amount

Telkom Foreign guarantee: Opening Balance of R123.8 Million increased to R148.9 Million of revaluation from foreign currency movements

ANNEXURE 3B**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2020**

Nature of Liability	Opening Balance 1 April 2019 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2020 R'000
Claims against the department					
Possible legal claim	6 138	426	-	-	6 564
Possible legal claim	6 939	-	-	-	6 939
Possible legal claim	5 363	-	(5 363)	-	-
Possible legal claim	60	-	-	-	60
Total	18 500	426	(5 363)	-	13 563

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ANNEXURE 3B (continued)

Nature of Liabilities recoverable	Opening Balance 1 April 2019 R'000	Details of Liability and Recoverability	Movement during year R'000	Closing Balance 31 March 2020 R'000
Possible legal claim		DOC issued summons against Travelling company for R2,863,014 for the money owed to the Department. And a counter claim was raised by the Traveling company the amount of R511 thousand is the difference in assets to the Department. Matter pending		
	6 631		445	7 076
TOTAL	6 631		445	7 076

For the Draft FCB matter, a final settlement of R26,5 million was made in April 2019. A settlement agreement of R3 million was reached with on 27 March 2019 paid for in April 2019 by the Department to a Gitshasbaya consulting company. The other contingent liabilities relate to labour matters against the Department and a travelling company claims. In relation to the possible legal claim of R60 thousand, there is a subsequent event indicating that the claimant is intending to pursue a court process to claim a higher amount.

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ANNEXURE 4**CLAIMS RECOVERABLE**

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2019/20	
							Receipt date up to six (6) working days after year end	Amount
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019		
Government Entity	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Department of Communication	-	111	-	-	-	111		-
Gauteng Department of Education	-	-	-	3	-	3		-
Premier Western Cape	-	-	-	-	-	-		-
Department of Home Affairs	-	-	58	-	58	-		-
GOGTA	-	-	27	-	27	-		-
	-	111	85	3	85	114		-
Other Government Entities								
Nemisa	99	-	-	-	99	-		-
	99	-	-	-	99	-		-
TOTAL	99	111	85	3	184	114		-

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ANNEXURE 5**INTER-GOVERNMENT PAYABLES**

	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2019/20	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
GOVERNMENT ENTITY								
DEPARTMENTS								
Current								
SAPS	-	1 357	-	-	-	1 357		-
Government Printers	25	-	5	-	30	-		-
Department of Government printing	-	1	-	-	-	1		-
Department of Home Affairs	-	55	-	-	-	55		-
Department of the premier	-	-	-	-	-	-		-
Department of International Relations and Cooperation's	-	1 702	-	723	-	2 425		-
TOTAL INTERGOVERNMENTAL PAYABLES	25	3 115	5	723	30	3 838		-

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ANNEXURE 6**INVENTORIES**

Inventories for the year ended 31 March 2020	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	TOTAL
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-	-
Add/(Less): Adjustments to prior year balances	-	-	-	-	-
Add: Additions/Purchases – Cash	-	320	-	-	320
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	-	(320)	-	-	(320)
Add/(Less): Received current, not paid (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
Closing balance	-	-	-	-	-

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ANNEXURE 8A**INTER-ENTITY ADVANCES PAID (note 14)**

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Department of International Relations and Cooperation	272	43	2 738	-	3 010	43
GCIS	1 000				1 000	-
Subtotal	1 272	43	2 738	-	4 010	43
TOTAL	1 272	43	2 738	-	4 010	43



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**telecommunications
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