

# Vote 26

## Communications

|                                  |   |   |                 |                                |
|----------------------------------|---|---|-----------------|--------------------------------|
| <b>Amount to be appropriated</b> | <b>Main appropriation</b><br>R1 017 503 000 | <b>Adjusted appropriation</b><br>R1 031 683 000 | <b>Decrease</b> | <b>Increase</b><br>R14 180 000 |
| <b>Responsible minister</b>      | Minister of Communications                  |   |                 |                                |
| <b>Administering department</b>  | Department of Communications                |   |                 |                                |
| <b>Accounting officer</b>        | Director-General of Communications          |   |                 |                                |

### Aim

*The aim of the Department of Communications is to develop information and communication technology policies and legislation that stimulate and enhance the sustainable economic development of the South African first and second economies and positively impact on the social well-being of all South Africans, and to oversee state-owned telecommunications entities.*

### Changes to programme purposes and measurable objectives

No changes were made to programme purposes and measurable objectives.

### Adjusted Estimates of National Expenditure 2005

**Table 26.1: Communications**

| Programme  | 2005/06            |                          |                            |                 |                   |                                |                        |
|--|--------------------|--------------------------|----------------------------|-----------------|-------------------|--------------------------------|------------------------|
|  | Main appropriation | Additional appropriation |                            |                 |                   | Total additional appropriation | Adjusted appropriation |
|  |                    | Roll-overs               | Unforeseeable /unavoidable | Virement        | Other adjustments |                                |                        |
| R thousand                                       |                    |                          |                            |                 |                   |                                |                        |
| 1. Administration                                | 83 598             | –                        | –                          | 2 833           | –                 | 2 833                          | 86 431                 |
| 2. Strategic Policy Coordination and Integration | 33 343             | –                        | –                          | 13 361          | –                 | 13 361                         | 46 704                 |
| 3. Policy Unit                                   | 56 489             | –                        | –                          | 20 246          | –                 | 20 246                         | 76 735                 |
| 4. Finance and Shareholder Management            | 727 376            | –                        | –                          | 16 200          | –                 | 16 200                         | 743 576                |
| 5. Innovative Applications and Research          | 88 237             | 14 180                   | –                          | (49 245)        | –                 | (35 065)                       | 53 172                 |
| 6. Presidential National Commission              | 28 460             | –                        | –                          | (3 395)         | –                 | (3 395)                        | 25 065                 |
| <b>Total</b>                                     | <b>1 017 503</b>   | <b>14 180</b>            | <b>–</b>                   | <b>–</b>        | <b>–</b>          | <b>14 180</b>                  | <b>1 031 683</b>       |
| <b>Economic classification</b>                   |                    |                          |                            |                 |                   |                                |                        |
| <b>Current payments</b>                          | <b>247 141</b>     | <b>4 105</b>             | <b>–</b>                   | <b>27 355</b>   | <b>–</b>          | <b>31 460</b>                  | <b>278 601</b>         |
| Compensation of employees                        | 79 111             | –                        | –                          | 12 591          | –                 | 12 591                         | 91 702                 |
| Goods and services                               | 168 030            | 4 105                    | –                          | 14 764          | –                 | 18 869                         | 186 899                |
| <b>Transfers and subsidies to:</b>               | <b>763 882</b>     | <b>10 075</b>            | <b>–</b>                   | <b>(27 575)</b> | <b>–</b>          | <b>(17 500)</b>                | <b>746 382</b>         |
| Provinces and municipalities                     | 204                | –                        | –                          | –               | –                 | –                              | 204                    |
| Departmental agencies and accounts               | 194 189            | –                        | –                          | (1 000)         | –                 | (1 000)                        | 193 189                |
| Public corporations and private enterprises      | 551 326            | 10 075                   | –                          | (26 575)        | –                 | (16 500)                       | 534 826                |
| Non-profit institutions                          | 18 163             | –                        | –                          | –               | –                 | –                              | 18 163                 |
| <b>Payments for capital assets</b>               | <b>6 480</b>       | <b>–</b>                 | <b>–</b>                   | <b>220</b>      | <b>–</b>          | <b>220</b>                     | <b>6 700</b>           |
| Machinery and equipment                          | 6 480              | –                        | –                          | 220             | –                 | 220                            | 6 700                  |
| <b>Total</b>                                     | <b>1 017 503</b>   | <b>14 180</b>            | <b>–</b>                   | <b>–</b>        | <b>–</b>          | <b>14 180</b>                  | <b>1 031 683</b>       |

## Details of adjustments to Estimates of National Expenditure 2005

### Roll-overs – R14,18 million

Programme 5: Innovative Applications and Research

R10,075 million has been rolled over for community radio stations due to licensing delays.

R4,105 million has been rolled over for the public private partnership framework for the implementation of regional television services, following the required feasibility study.

### Virements

**Table 26.2: Communications (Net effect of all virements)**

| From                                   | R thousand | To   | R thousand |
|--|------------|--|------------|
| <b>Programme</b>                       |            |  |            |
| 1 Administration                       | 1 167      | 1 Administration                                 | 4 000      |
| 3 Policy Unit                          | 21 009     | 2 Strategic Policy Co-ordination and Integration | 13 361     |
| 5 Innovative Applications and Research | 54 330     | 3 Policy Unit                                    | 41 255     |
| 6 Presidential National Commission     | 3 395      | 4 Finance and Shareholder Management             | 16 200     |
|  |            | 5 Innovative Applications and Research           | 5 085      |
| <b>Economic classification item</b>    |            |  |            |
| Transfers and subsidies                | 27 575     | Compensation of employees                        | 12 591     |
|  |            | Goods and services                               | 14 764     |
|  |            | Machinery and equipment                          | 220        |

### Details of savings

Programme 1: Administration

Savings of R1,167 million are mainly due to the restructuring of the department and were realised under professional and special services.

Programme 3: Policy Unit

Savings of R18,500 million were realised because the Post Office will now be responsible for rolling out public internet terminals and the extension of services.

Savings of R1 million were realised from the transfer to the Information Systems, Electronics and Telecommunications Technologies Sector Education and Training Authority (ISETT-SETA), as the requirement is that only 1 per cent of the budgeted payroll should be contributed.

Savings of R1,509 million are due to a decrease in various items in the department's operational budget.

Programme 5: Innovative Applications and Research

Savings of R41,255 million are due to the reallocation of the Community Radio Stations and SABC: Programme Production subprogrammes to programme 3.

Savings of R3 million were realised because the multi-purpose community centres will now be rolled out by the Post Office.

Savings of R10,075 million are mainly because the roll-over for the community radio stations will not be used in the current financial year due to delays in licensing.

Programme 6: Presidential National Commission

Savings of R3,395 million are due to a decrease in professional and special services, which will be performed internally.

### **Utilisation of savings**

#### Programme 1: Administration

R4 million has been used to upgrade the department's network and data cabling.

#### Programme 2: Strategic Policy Co-ordination and Integration

R11,375 million has been used under the International subprogramme for the Presidential International Advisory Council (PIAC) conference, the women's conference, the disability conference and the World Summit on the Information Society (WSIS), as well as for professional bodies and membership fees.

R1 million has been allocated to the Women's Development Bank Trust for their computer-based functional literacy project.

R986 000 has been allocated for filling critical posts.

#### Programme 3: Policy Unit

R41,255 million has been allocated for the community radio station project and programme production under the Multi-Media Policy subprogramme.

#### Programme 4: Finance and Shareholder Management

R16,2 million has been used for reorganising the department's office into an open plan setting.

#### Programme 5: Innovative Applications and Research

R5,085 million has been used for compensation of employees, mainly due to the restructuring of the department.

### **Virements within a programme**

#### Programme 1: Administration

Savings of R2,7 million on goods and services are due to a decrease in professional services, which will now be performed internally, and have been used for compensation of employees and payments of capital assets.

#### Programme 2: Strategic Policy Co-ordination and Integration

Savings of R3,7 million on goods and services are due to a decrease in professional services for the independent monitor under the Postal Regulator subprogramme, and have been used for compensation of employees and payments of capital assets.

#### Programme 3: Policy Unit

Savings of R22 394 on goods and services are due to a decrease in professional services, which will now be performed internally, and have been used to fund compensation of employees.

#### Programme 4: Finance and Shareholder Management

Savings of R186 551 on goods and services, due to a decrease in advertising for tenders because projects were cancelled, have been used to fund compensation of employees.

Savings of R5 million, realised under good and services, have been shifted to the transfer to the SABC to partially settle the loan for start-up capital costs for Sentech.

## Expenditure 2004/05 and preliminary expenditure 2005/06

Table 26.3: Communications

| Programme   | 2004/05                |                     |                     |  | 2005/06                 |                     |  |
|---|------------------------|---------------------|---------------------|--|-------------------------|---------------------|--|
|   | Expenditure outcome    |                     |                     |  | Preliminary expenditure |                     |  |
| R thousand  | Adjusted appropriation | Apr 2004 - Sep 2004 | Apr 2004 - Mar 2005 | Apr 04 - Mar 05<br>% of adjusted appropriation | Adjusted appropriation  | Apr 2005 - Sep 2005 | % change<br>04/05 - 05/06<br>Apr - Sep |
| 1.Administration                                    | 47 914                 | 21 519              | 45 728              | 95,4   | 86 431                  | 35 772              | 66,2                                   |
| 2.Strategic Policy<br>Coordination and Integration  | 40 443                 | 9 383               | 21 888              | 54,1   | 46 704                  | 28 638              | 205,2                                  |
| 3.Policy Unit                                       | 46 260                 | 33 853              | 58 818              | 127,1  | 76 735                  | 10 790              | (68,1)                                 |
| 4.Finance and Shareholder<br>Management             | 1 406 774              | 289 227             | 1 404 212           | 99,8   | 743 576                 | 328 216             | 13,5                                   |
| 5.Innovative Applications<br>and Research           | 130 238                | 34 661              | 109 791             | 84,3   | 53 172                  | 28 424              | (18,0)                                 |
| 6.Presidential National<br>Commission               | 8 288                  | 4 401               | 9 502               | 114,6  | 25 065                  | 7 777               | 76,7                                   |
| <b>Total</b>  | <b>1 679 917</b>       | <b>393 044</b>      | <b>1 649 939</b>    | <b>98,2</b>                                    | <b>1 031 683</b>        | <b>439 617</b>      | <b>11,8</b>                            |
| <b>Current payments</b>                             | <b>233 260</b>         | <b>99 557</b>       | <b>215 923</b>      | <b>92,6</b>                                    | <b>278 601</b>          | <b>116 646</b>      | <b>17,2</b>                            |
| Compensation of employees                           | 70 783                 | 31 291              | 68 848              | 97,3   | 91 702                  | 44 817              | 43,2                                   |
| Goods and services                                  | 162 477                | 68 266              | 147 062             | 90,5   | 186 899                 | 71 825              | 5,2                                    |
| Financial transactions in<br>assets and liabilities | -                      | -                   | 13                  | -  | -                       | 4                   | -                                      |
| <b>Transfers and subsidies to:</b>                  | <b>1 440 144</b>       | <b>291 677</b>      | <b>1 430 844</b>    | <b>99,4</b>                                    | <b>746 382</b>          | <b>319 495</b>      | <b>9,5</b>                             |
| Provinces and municipalities                        | 273                    | 99                  | 260                 | 95,2   | 204                     | 171                 | 72,7                                   |
| Departmental agencies and<br>accounts               | 229 672                | 90 912              | 248 346             | 108,1  | 193 189                 | 133 061             | 46,4                                   |
| Universities and technikons                         | -                      | 100                 | 200                 | -  | -                       | 100                 | -                                      |
| Public corporations and<br>private enterprises      | 1 193 321              | 200 462             | 1 181 745           | 99,0   | 534 826                 | 186 047             | (7,2)                                  |
| Non-profit institutions                             | 16 878                 | 100                 | 200                 | 1,2  | 18 163                  | -                   | -                                      |
| Households  | -                      | 4                   | 93                  | -  | -                       | 116                 | 2800,0                                 |
| <b>Payments for capital assets</b>                  | <b>6 513</b>           | <b>1 810</b>        | <b>3 172</b>        | <b>48,7</b>                                    | <b>6 700</b>            | <b>3 476</b>        | <b>92,0</b>                            |
| Machinery and equipment                             | 6 513                  | 1 690               | 3 133               | 48,1   | 6 700                   | 3 322               | 96,6                                   |
| Software and other intangible<br>assets             | -                      | 120                 | 39                  | -  | -                       | 154                 | 28,3                                   |
| <b>Total</b>  | <b>1 679 917</b>       | <b>393 044</b>      | <b>1 649 939</b>    | <b>98,2</b>                                    | <b>1 031 683</b>        | <b>439 617</b>      | <b>11,8</b>                            |

### Selected expenditure trends for first half of 2005/06 financial year

Expenditure in the first six months of 2005/06 was R439,617 million, or 42,6 per cent of the adjusted appropriation of R1,032 billion for the whole year.

Fluctuations in expenditure levels are mainly due to the restructuring of the department.

The increase in the expenditure trend of *Programme 2: Strategic Policy Co-ordination and Integration* is mainly due to restructuring to focus the programme on strategic international relations through international events hosted by the department.

Increases in capacity increased operational expenses and payments for capital assets.

## Summary of transfers and subsidies

Table 26.4: Summary of transfers and subsidies per programme

| R thousand   | 2005/06            |                          |                            |          |                   |                                | Adjusted appropriation |
|--|--------------------|--------------------------|----------------------------|----------|-------------------|--------------------------------|------------------------|
|  | Main appropriation | Additional appropriation |                            |          |                   | Total additional appropriation |                        |
|  |                    | Roll-overs               | Unforeseeable /unavoidable | Virement | Other adjustments |                                |                        |
| <b>1.Administration</b>  |                    |                          |                            |          |                   |                                | <b>72</b>              |
| 72   |                    |                          |                            |          |                   |                                |                        |
| Provinces and municipalities   |                    |                          |                            |          |                   |                                |                        |
| Municipalities   |                    |                          |                            |          |                   |                                |                        |
| Municipal bank accounts  |                    |                          |                            |          |                   |                                |                        |
| Current  |                    |                          |                            |          |                   |                                | <b>72</b>              |
| 72   |                    |                          |                            |          |                   |                                |                        |
| Regional Service Council levies  | 72                 |                          |                            |          |                   |                                | 72                     |
| <b>2.Strategic Policy Coordination and Integration</b>                   |                    |                          |                            |          |                   |                                | <b>29</b>              |
| 29   |                    |                          |                            |          |                   |                                |                        |
| Provinces and municipalities   |                    |                          |                            |          |                   |                                |                        |
| Municipalities   |                    |                          |                            |          |                   |                                |                        |
| Municipal bank accounts  |                    |                          |                            |          |                   |                                |                        |
| Current  | 29                 |                          |                            |          |                   |                                | 29                     |
| 29   |                    |                          |                            |          |                   |                                |                        |
| Regional Service Council Levies  | 29                 |                          |                            |          |                   |                                | 29                     |
| <b>3.Policy Unit</b>   |                    |                          |                            |          |                   |                                | <b>43 086</b>          |
| 21 331   |                    |                          |                            | 21 755   |                   | 21 755                         |                        |
| Provinces and municipalities   |                    |                          |                            |          |                   |                                |                        |
| Municipalities   |                    |                          |                            |          |                   |                                |                        |
| Municipal bank accounts  |                    |                          |                            |          |                   |                                |                        |
| Current  | 31                 |                          |                            |          |                   |                                | 31                     |
| 31   |                    |                          |                            |          |                   |                                |                        |
| Regional Service Council Levies  | 31                 |                          |                            |          |                   |                                | 31                     |
| <b>Departmental agencies and accounts</b>                                |                    |                          |                            |          |                   |                                |                        |
| <b>Public entities</b>   |                    |                          |                            |          |                   |                                |                        |
| Current  | 2 800              |                          |                            | (1 000)  |                   | (1 000)                        | 1 800                  |
| 2 800  |                    |                          |                            | (1 000)  |                   | (1 000)                        | 1 800                  |
| Information System, Electronics and Communication Technologies Authority |                    |                          |                            |          |                   |                                |                        |
| <b>Public corporations and private enterprises</b>                       |                    |                          |                            |          |                   |                                |                        |
| <b>Public corporations</b>   |                    |                          |                            |          |                   |                                |                        |
| <b>Other transfers</b>   |                    |                          |                            |          |                   |                                |                        |
| Current  | 18 500             |                          |                            | 22 755   |                   | 22 755                         | 41 255                 |
| 10 000   |                    |                          |                            | (10 000) |                   | (10 000)                       |                        |
| South African Post Office: Public Internet Terminals                     |                    |                          |                            |          |                   |                                |                        |
| 8 500  |                    |                          |                            | (8 500)  |                   | (8 500)                        |                        |
| South African Post Office: Extension of Services                         |                    |                          |                            |          |                   |                                |                        |
|  |                    |                          |                            | 10 255   |                   | 10 255                         | 10 255                 |
| SABC: Community Radio Stations   |                    |                          |                            |          |                   |                                |                        |
|  |                    |                          |                            | 31 000   |                   | 31 000                         | 31 000                 |
| SABC: Programme Production   |                    |                          |                            |          |                   |                                |                        |
| <b>4. Finance and Shareholder Management</b>                             |                    |                          |                            |          |                   |                                |                        |
| 689 656  |                    |                          |                            | 5 000    |                   | 5 000                          | 694 656                |
| Provinces and municipalities   |                    |                          |                            |          |                   |                                |                        |
| Municipalities   |                    |                          |                            |          |                   |                                |                        |
| Municipal bank accounts  |                    |                          |                            |          |                   |                                |                        |
| Current  | 33                 |                          |                            |          |                   |                                | 33                     |
| 33   |                    |                          |                            |          |                   |                                |                        |
| Regional Service Council Levies  | 33                 |                          |                            |          |                   |                                | 33                     |

| 2005/06  |                    |                          |                            |                 |                   |                                |                        |
|--|--------------------|--------------------------|----------------------------|-----------------|-------------------|--------------------------------|------------------------|
| R thousand   | Main appropriation | Additional appropriation |                            |                 |                   | Total additional appropriation | Adjusted appropriation |
|  |                    | Roll-overs               | Unforeseeable /unavoidable | Virement        | Other adjustments |                                |                        |
| <b>Departmental agencies and accounts</b>                        |                    |                          |                            |                 |                   |                                |                        |
| <b>Public entities</b>   |                    |                          |                            |                 |                   |                                |                        |
| <b>Current</b>   | <b>191 389</b>     | -                        | -                          | -               | -                 | -                              | <b>191 389</b>         |
| Universal Service Agency   | 17 500             | -                        | -                          | -               | -                 | -                              | 17 500                 |
| Universal Service Fund   | 29 400             | -                        | -                          | -               | -                 | -                              | 29 400                 |
| Independent Communications Authority of South Africa             | 144 489            | -                        | -                          | -               | -                 | -                              | 144 489                |
| <b>Public corporations and private enterprises</b>               |                    |                          |                            |                 |                   |                                |                        |
| <b>Public corporations</b>                                       |                    |                          |                            |                 |                   |                                |                        |
| <b>Subsidies on production</b>                                   |                    |                          |                            |                 |                   |                                |                        |
| <b>Current</b>   | <b>300 000</b>     | -                        | -                          | -               | -                 | -                              | <b>300 000</b>         |
| South African Post Office: Subsidy                               | 300 000            | -                        | -                          | -               | -                 | -                              | 300 000                |
| <b>Other transfers</b>   |                    |                          |                            |                 |                   |                                |                        |
| <b>Current</b>   | <b>180 071</b>     | -                        | -                          | -               | -                 | -                              | <b>180 071</b>         |
| South African Broadcasting Corporation: Public Broadcaster       | 150 455            | -                        | -                          | -               | -                 | -                              | 150 455                |
| South African Broadcasting Corporation: Channel Africa           | 29 616             | -                        | -                          | -               | -                 | -                              | 29 616                 |
| <b>Capital</b>   | -                  | -                        | -                          | <b>5 000</b>    | -                 | <b>5 000</b>                   | <b>5 000</b>           |
| Sentech  | -                  | -                        | -                          | 5 000           | -                 | 5 000                          | 5 000                  |
| <b>Non-profit institutions</b>                                   |                    |                          |                            |                 |                   |                                |                        |
| <b>Current</b>   | <b>18 163</b>      | -                        | -                          | -               | -                 | -                              | <b>18 163</b>          |
| National Electronic Media Institute of South Africa              | 18 163             | -                        | -                          | -               | -                 | -                              | 18 163                 |
| <b>5. Innovative Applications and Research</b>                   | <b>52 771</b>      | <b>10 075</b>            | -                          | <b>(54 330)</b> | -                 | <b>(44 255)</b>                | <b>8 516</b>           |
| <b>Provinces and municipalities</b>                              |                    |                          |                            |                 |                   |                                |                        |
| <b>Municipalities</b>  |                    |                          |                            |                 |                   |                                |                        |
| <b>Municipal bank accounts</b>                                   |                    |                          |                            |                 |                   |                                |                        |
| <b>Current</b>   | <b>16</b>          | -                        | -                          | -               | -                 | -                              | <b>16</b>              |
| Regional Service Council Levies                                  | 16                 | -                        | -                          | -               | -                 | -                              | 16                     |
| <b>Public corporations and private enterprises</b>               |                    |                          |                            |                 |                   |                                |                        |
| <b>Public corporations</b>                                       |                    |                          |                            |                 |                   |                                |                        |
| <b>Other transfers</b>   |                    |                          |                            |                 |                   |                                |                        |
| <b>Current</b>   | <b>52 755</b>      | <b>10 075</b>            | -                          | <b>(54 330)</b> | -                 | <b>(44 255)</b>                | <b>8 500</b>           |
| African Advanced Institute for ICT                               | 7 000              | -                        | -                          | -               | -                 | -                              | 7 000                  |
| Multi - Purpose Community Centre                                 | 3 000              | -                        | -                          | (3 000)         | -                 | (3 000)                        | -                      |
| .za Domain Name Authority  | 1 500              | -                        | -                          | -               | -                 | -                              | 1 500                  |
| South African Broadcasting Corporation: Community Radio Stations | 10 255             | 10 075                   | -                          | (20 330)        | -                 | (10 255)                       | -                      |
| South African Broadcasting Corporation: Programme Production     | 31 000             | -                        | -                          | (31 000)        | -                 | (31 000)                       | -                      |
| <b>6. Presidential National Commission</b>                       | <b>23</b>          | -                        | -                          | -               | -                 | -                              | <b>23</b>              |
| <b>Provinces and municipalities</b>                              |                    |                          |                            |                 |                   |                                |                        |
| <b>Municipalities</b>  |                    |                          |                            |                 |                   |                                |                        |
| <b>Municipal bank accounts</b>                                   |                    |                          |                            |                 |                   |                                |                        |
| <b>Current</b>   | <b>23</b>          | -                        | -                          | -               | -                 | -                              | <b>23</b>              |
| Regional Service Council levies                                  | 23                 | -                        | -                          | -               | -                 | -                              | 23                     |
| <b>Total</b>   | <b>763 882</b>     | <b>10 075</b>            | -                          | <b>(27 575)</b> | -                 | <b>(17 500)</b>                | <b>746 382</b>         |