

Vote 32

Telecommunications and Postal Services

Adjusted budget summary

R thousand	2015/16			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 413 328	1 405 253	(8 075)	-
of which:				
Current payments	679 651	671 576	(8 075)	-
Transfers and subsidies	728 616	728 616	-	-
Payments for capital assets	5 061	5 061	-	-
Executive authority	Minister of Telecommunications and Postal Services			
Accounting officer	Director-General of Telecommunications and Postal Services			
Website address	www.dtps.gov.za			

Vote purpose

Develop information and communication technology (ICT) policies and legislation that create favourable conditions for accelerated and shared sustainable economic growth that positively impacts on the wellbeing of all South Africans.

Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2015/16 as published in the 2015 ENE	Achieved in the first six months of 2015/16 (April to September)	Changed target for 2015/16
Number of ICT position papers developed for international engagements per year	International Affairs	Outcome 6: An efficient, competitive and responsive economic infrastructure network	5	3	-
Number of identified government institutions connected as part of the national broadband plan: digital development (phase 1) per year	ICT Infrastructure Support		1 296	0	-
Number of identified schools connected as part of the national broadband plan: digital development (phase 1) per year	ICT Infrastructure Support		972	0	-

Mid-year progress

Progress related to the connectivity of the number of identified government institutions and schools is delayed due to the need for the appointment of a service provider in line with the July 2015 Cabinet Lekgotla decision. The process of appointing the service provider is in progress and connecting of these institutions will commence shortly thereafter.

Adjusted Estimates of National Expenditure 2015

Programme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Administration	173 650	-	-	4 774	-	1 925	6 699	180 349
International Affairs and Trade	43 447	-	-	-	-	-	-	43 447
Policy, Research and Capacity Development	105 578	-	-	-	-	-	-	105 578
ICT Enterprise Development and SOE Oversight	447 889	-	-	-	-	-	-	447 889
ICT Infrastructure Support	642 764	-	-	(4 774)	-	(10 000)	(14 774)	627 990
Total	1 413 328	-	-	-	-	(8 075)	(8 075)	1 405 253
Economic classification								
Current payments	679 651	-	-	-	-	(8 075)	(8 075)	671 576
Compensation of employees	191 788	-	-	4 774	-	1 925	6 699	198 487
Goods and services	487 863	-	-	(4 774)	-	(10 000)	(14 774)	473 089
Transfers and subsidies	728 616	-	-	-	-	-	-	728 616
Departmental agencies and accounts	532 570	-	-	-	-	-	-	532 570
Foreign governments and international organisations	22 194	-	-	-	-	-	-	22 194
Public corporations and private enterprises	173 852	-	-	-	-	-	-	173 852
Payments for capital assets	5 061	-	-	-	-	-	-	5 061
Machinery and equipment	5 061	-	-	-	-	-	-	5 061
Total	1 413 328	-	-	-	-	(8 075)	(8 075)	1 405 253

Programme 1: Administration

Subprogramme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Ministry	4 292	-	-	-	-	-	-	4 292
Departmental Management	29 814	-	-	4 774	-	1 925	6 699	36 513
Internal Audit	8 218	-	-	-	-	-	-	8 218
Corporate Services	52 261	-	-	-	-	-	-	52 261
Financial Management	69 932	-	-	-	-	-	-	69 932
Office Accommodation	9 133	-	-	-	-	-	-	9 133
Total	173 650	-	-	4 774	-	1 925	6 699	180 349
Economic classification								
Current payments	171 956	-	-	4 774	-	1 925	6 699	178 655
Compensation of employees	70 911	-	-	4 774	-	1 925	6 699	77 610
Goods and services	101 045	-	-	-	-	-	-	101 045
Payments for capital assets	1 694	-	-	-	-	-	-	1 694
Machinery and equipment	1 694	-	-	-	-	-	-	1 694
Total	173 650	-	-	4 774	-	1 925	6 699	180 349

Programme 5: ICT Infrastructure Support

Subprogramme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Broadband	271 494	-	-	-	-	-	-	271 494
Digital Terrestrial Television	371 270	-	-	(4 774)	-	(10 000)	(14 774)	356 496
Total	642 764	-	-	(4 774)	-	(10 000)	(14 774)	627 990
Economic classification								
Current payments	351 425	-	-	(4 774)	-	(10 000)	(14 774)	336 651
Compensation of employees	19 072	-	-	-	-	-	-	19 072
Goods and services	332 353	-	-	(4 774)	-	(10 000)	(14 774)	317 579
Transfers and subsidies	290 160	-	-	-	-	-	-	290 160
Departmental agencies and accounts	181 160	-	-	-	-	-	-	181 160
Public corporations and private enterprises	109 000	-	-	-	-	-	-	109 000
Payments for capital assets	1 179	-	-	-	-	-	-	1 179
Machinery and equipment	1 179	-	-	-	-	-	-	1 179
Total	642 764	-	-	(4 774)	-	(10 000)	(14 774)	627 990

Details of adjustments to the Estimates of National Expenditure 2015**Virements and shifts****Programmes**

- Administration
- International Affairs and Trade
- Policy, Research and Capacity Development
- ICT Enterprise Development and SOE Oversight
- ICT Infrastructure Support

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 5		(4 774)	Programme 1		4 774
Goods and services	Underspending on consultants due to delays in implementing the broadcasting digital migration call centre following the function shift to the Department of Communications ¹	(4 774)	Compensation of employees	Increase in personnel remuneration to provide for critical posts within the department ¹	4 774
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		0.7%			
Total		(4 774)	4 774		

1. National Treasury approval has been obtained.

Other adjustments – R8.075 million**Funds shifted between votes following the transfer of a function – R10 million**

Programme 5: ICT Infrastructure Support

R10. million has been transferred to the Department of Communications following the shift of the broadcasting digital migration function for the rollout of the digital migration awareness campaign project.

Adjustments due to significant and unforeseeable economic and financial events – R1.925 million

Programme 1: Administration

An additional R1.925 million has been allocated to the department to cover the costs of increases in personnel remuneration that were higher than provided for in the main Budget.

Expenditure outcome for 2014/15 and actual expenditure for 2015/16

Programme	2014/15 Audited outcome					2015/16 Actual expenditure			
	Adjusted appropriation	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted appropriation	Apr 14 - Mar 15	Apr 14 - Mar 15 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted appropriation
R thousand									
Administration	211 302	105 148	49.8	225 301	106.6	180 349	12.8	119 047	66.0
International Affairs and Trade	33 872	10 959	32.4	42 486	125.4	43 447	3.1	32 310	74.4
Policy, Research and Capacity Development	119 272	41 064	34.4	72 910	61.1	105 578	7.5	36 591	34.7
ICT Enterprise Development and SOE Oversight	210 608	374 768	177.9	247 607	117.6	447 889	31.9	354 441	79.1
ICT Infrastructure Support	1 041 361	79 528	7.6	979 774	94.1	627 990	44.7	249 523	39.7
Total	1 616 415	611 467	37.8	1 568 078	97.0	1 405 253	100.0	791 912	56.4
Economic classification									
Current payments	508 175	171 051	33.7	398 933	78.5	671 576	47.8	181 776	27.1
Compensation of employees	191 483	86 986	45.4	175 516	91.7	198 487	14.1	90 908	45.8
Goods and services	316 692	84 059	26.5	223 417	70.5	473 089	33.7	90 868	19.2
Interest and rent on land	–	6	–	–	–	–	–	–	–
Transfers and subsidies	1 101 131	437 771	39.8	1 158 520	105.2	728 616	51.8	605 510	83.1
Provinces and municipalities	–	6	–	9	–	–	–	11	–
Departmental agencies and accounts	946 165	287 565	30.4	781 075	82.6	532 570	37.9	475 453	89.3
Foreign governments and international organisations	16 161	1 285	8.0	23 724	146.8	22 194	1.6	24 001	108.1
Public corporations and private enterprises	138 805	148 699	107.1	353 179	254.4	173 852	12.4	105 657	60.8
Non-profit institutions	–	–	–	110	–	–	–	–	–
Households	–	216	–	423	–	–	–	388	–
Payments for capital assets	7 109	2 505	35.2	10 263	144.4	5 061	0.4	4 233	83.6
Machinery and equipment	5 109	2 356	46.1	10 058	196.9	5 061	0.4	2 177	43.0
Software and other intangible assets	2 000	149	7.5	205	10.3	–	–	2 056	–
Payments for financial assets	–	140	–	362	–	–	–	393	–
Total	1 616 415	611 467	37.8	1 568 078	97.0	1 405 253	100.0	791 912	56.4

Expenditure trends for the first half of 2015/16

Total expenditure in 2014/15 was 97 per cent of the 2014/15 adjusted appropriation. Expenditure in the first six months of 2015/16 was R791.9 million, or 56.4 per cent of the adjusted appropriation of R1.4 billion for the year. In comparison, mid-year expenditure in 2014/15 was R611.5 million, or 37.8 per cent of the 2014/15 adjusted appropriation. Compared to the first six months of 2014/15, expenditure over the same period in 2015/16 increased by R180.4 million, or 29.5 per cent. This is mainly due to an additional amount of R196 million being transferred to the Universal Service and Access Agency of South Africa to cover project management and distribution costs related to the broadcasting digital migration project.

Departmental receipts

R thousand	2014/15					2015/16				
	Adjusted estimate	Audited outcome			Actual receipts					
		Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted estimate	Apr 14 - Mar 15	Apr 14 - Mar 15 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted estimate
Departmental receipts	1 745 219	892 901	51.2	1 670 224	95.7	1 669 902	2 166 231	7.9	1 336 555	61.7
Sales of goods and services produced by department	53	25	47.2	57	107.5	62	55	-	50	90.9
Transfers received	728	728	100.0	728	100.0	-	-	-	-	-
Interest, dividends and rent on land	1 742 926	890 787	51.1	1 667 734	95.7	1 669 559	2 165 531	7.9	1 335 881	61.7
Transactions in financial assets and liabilities	1 512	1 361	90.0	1 705	112.8	281	645	-	624	96.7
National Revenue Fund receipts	-	-	-	-	-	-	25 419 092	92.1	12 597 734	49.6
Proceeds from sale of Vodacom shares	-	-	-	-	-	-	25 419 092	92.1	12 597 734	49.6
Total	1 745 219	892 901	51.2	1 670 224	95.7	1 669 902	27 585 323	100.0	13 934 289	50.5

Revenue trends for the first half of 2015/16

Revenue in the first six months of 2015/16 was R13.9 billion, or 50.5 per cent of the adjusted revenue estimate of R27.6 billion for the year. In comparison, mid-year revenue in 2014/15 was R892.9 million, or 51.2 per cent of the 2014/15 adjusted estimate. Compared to the first six months of 2014/15, revenue over the same period in 2015/16 increased by R13 billion, or 1 460.6 per cent. This was due to R12.6 billion in proceeds from the sale of Vodacom shares, and R507.3 million in dividends received from Telkom and a further R828.2 million in dividends received from Vodacom.

