

Vote 32

Telecommunications and Postal Services

Adjusted budget summary

R thousand	2017/18			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 614 206	5 174 377	(139 895)	3 700 066
of which:				
Current payments	795 542	655 647	(139 895)	–
Transfers and subsidies	806 713	806 713	–	–
Payments for capital assets	11 951	12 017	–	66
Payment for financial assets	–	3 700 000	–	3 700 000
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 2017/18 as published in the 2017 ENE	Achieved in the first six months of 2017/18 (April to September)	Changed target for 2017/18
Number of ICT position papers developed for international engagements per year	International Affairs and Trade	Outcome 6: An efficient, competitive and responsive economic infrastructure network	4	3	–
Number of identified government institutions connected as part of the national broadband plan: digital development (phase 1) per year	ICT Infrastructure Support		2 700	2	2 071
Number of identified schools connected as part of the national broadband plan: digital development (phase 1) per year ¹	ICT Infrastructure Support		887 ¹	– ¹	– ¹

¹ Indicator removed from the department's 2017/18 annual performance plan. This indicator will be reported as part of the "Number of identified government institutions connected as part of the national broadband plan: digital development (phase 1) per year" indicator.

Changes to indicators and targets published in the 2017 ENE

The targets for the South Africa Connect broadband connectivity project are being reduced in line with declared unspent funds.

Mid-year progress

Changes to the implementation model for phase 1 of the South Africa Connect broadband project resulted in delays. To date in 2017/18, the department has connected 2 government institutions out of a targeted 2 700 for the year, and not connected any schools out of its target of 887. In the second half of the year, the department will use entities within its portfolio, Broadband Infracore and the State Information Technology Agency, to implement this project. The entities are finalising their agreement to ensure seamless broadband rollout, and the department is confident that its targets will be met.

The department has developed 3 ICT papers for international engagements. These are on South Africa's position: on the localisation of ICT skills and innovation for the Brazil-Russia-India-China-South Africa group of countries; on home and away roaming for the Southern African Development Community; and on developmental issues pertaining to the internet and digital economies for the World Telecommunications Development Conference.

The department is on track to meet its annual targets.

Adjusted Estimates of National Expenditure 2017

Programme	2017/18							Adjusted appropriation
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
R thousand								
Administration	194 242	-	-	3 888	-	-	3 888	198 130
International Affairs and Trade Policy, Research and Capacity Development	47 793	-	-	3 127	-	-	3 127	50 920
ICT Enterprise Development and Oversight	90 365	-	-	(4 842)	-	-	(4 842)	85 523
ICT Infrastructure Support	251 115	-	-	576	-	3 700 000	3 700 576	3 951 691
	1 030 691	-	-	(2 749)	(139 829)	-	(142 578)	888 113
Total	1 614 206	-	-	-	(139 829)	3 700 000	3 560 171	5 174 377
Economic classification								
Current payments	795 542	-	-	(66)	(139 829)	-	(139 895)	655 647
Compensation of employees	214 706	-	-	6 500	-	-	6 500	221 206
Goods and services	580 836	-	-	(6 566)	(139 829)	-	(146 395)	434 441
Transfers and subsidies	806 713	-	-	-	-	-	-	806 713
Departmental agencies and accounts	295 181	-	-	-	-	-	-	295 181
Foreign governments and international organisations	25 532	-	-	-	-	-	-	25 532
Public corporations and private enterprises	486 000	-	-	-	-	-	-	486 000
Payments for capital assets	11 951	-	-	66	-	-	66	12 017
Machinery and equipment	10 596	-	-	(1 534)	-	-	(1 534)	9 062
Software and other intangible assets	1 355	-	-	1 600	-	-	1 600	2 955
Payments for financial assets	-	-	-	-	-	3 700 000	3 700 000	3 700 000
Total	1 614 206	-	-	-	(139 829)	3 700 000	3 560 171	5 174 377

Programme 1: Administration

Subprogramme	2017/18							Adjusted appropriation
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
R thousand								
Ministry	4 211	-	-	(200)	-	-	(200)	4 011
Departmental Management	37 325	-	-	1 534	-	-	1 534	38 859
Internal Audit	5 311	-	-	2 186	-	-	2 186	7 497
Corporate Services	66 806	-	-	7 820	-	-	7 820	74 626
Financial Management	70 491	-	-	(952)	-	-	(952)	69 539
Office Accommodation	10 098	-	-	(6 500)	-	-	(6 500)	3 598
Total	194 242	-	-	3 888	-	-	3 888	198 130
Economic classification								
Current payments	186 668	-	-	3 888	-	-	3 888	190 556
Compensation of employees	93 416	-	-	10 388	-	-	10 388	103 804
Goods and services	93 252	-	-	(6 500)	-	-	(6 500)	86 752
Payments for capital assets	7 574	-	-	-	-	-	-	7 574
Machinery and equipment	7 169	-	-	(1 600)	-	-	(1 600)	5 569
Software and other intangible assets	405	-	-	1 600	-	-	1 600	2 005
Total	194 242	-	-	3 888	-	-	3 888	198 130

Programme 2: International Affairs and Trade

Subprogramme	2017/18							Adjusted appropriation
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
R thousand								
International Affairs	14 484	-	-	(766)	-	-	(766)	13 718
ICT Trade/Partnership	33 309	-	-	3 893	-	-	3 893	37 202
Total	47 793	-	-	3 127	-	-	3 127	50 920
Economic classification								
Current payments	21 891	-	-	3 127	-	-	3 127	25 018
Compensation of employees	14 523	-	-	1 627	-	-	1 627	16 150
Goods and services	7 368	-	-	1 500	-	-	1 500	8 868
Transfers and subsidies	25 532	-	-	-	-	-	-	25 532
Foreign governments and international organisations	25 532	-	-	-	-	-	-	25 532
Payments for capital assets	370	-	-	-	-	-	-	370
Machinery and equipment	370	-	-	-	-	-	-	370
Total	47 793	-	-	3 127	-	-	3 127	50 920

Programme 3: Policy, Research and Capacity Development

Subprogramme		2017/18						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
ICT Policy Development	15 273	–	–	(2 915)	–	–	(2 915)	12 358
Economic and Market Analysis	5 353	–	–	(689)	–	–	(689)	4 664
Research	8 354	–	–	(473)	–	–	(473)	7 881
Information Society Development	53 356	–	–	(1 577)	–	–	(1 577)	51 779
Capacity Development	8 029	–	–	812	–	–	812	8 841
Total	90 365	–	–	(4 842)	–	–	(4 842)	85 523
Economic classification								
Current payments	89 784	–	–	(4 908)	–	–	(4 908)	84 876
Compensation of employees	56 247	–	–	(3 342)	–	–	(3 342)	52 905
Goods and services	33 537	–	–	(1 566)	–	–	(1 566)	31 971
Payments for capital assets	581	–	–	66	–	–	66	647
Machinery and equipment	581	–	–	66	–	–	66	647
Total	90 365	–	–	(4 842)	–	–	(4 842)	85 523

Programme 4: ICT Enterprise Development and Oversight

Subprogramme		2017/18						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Public Entity Oversight	238 592	–	–	710	–	3 700 000	3 700 710	3 939 302
Small, Medium and Micro Enterprise Development	4 789	–	–	11	–	–	11	4 800
ICT Support	7 734	–	–	(145)	–	–	(145)	7 589
Total	251 115	–	–	576	–	3 700 000	3 700 576	3 951 691
Economic classification								
Current payments	33 766	–	–	576	–	–	576	34 342
Compensation of employees	27 160	–	–	576	–	–	576	27 736
Goods and services	6 606	–	–	–	–	–	–	6 606
Transfers and subsidies	216 083	–	–	–	–	–	–	216 083
Departmental agencies and accounts	216 083	–	–	–	–	–	–	216 083
Payments for capital assets	1 266	–	–	–	–	–	–	1 266
Machinery and equipment	1 266	–	–	–	–	–	–	1 266
Payments for financial assets	–	–	–	–	–	3 700 000	3 700 000	3 700 000
Total	251 115	–	–	576	–	3 700 000	3 700 576	3 951 691

Programme 5: ICT Infrastructure Support

Subprogramme		2017/18						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Broadband	465 593	–	–	(2 749)	(139 829)	–	(142 578)	323 015
Digital Terrestrial Television	565 098	–	–	–	–	–	–	565 098
Total	1 030 691	–	–	(2 749)	(139 829)	–	(142 578)	888 113
Economic classification								
Current payments	463 433	–	–	(2 749)	(139 829)	–	(142 578)	320 855
Compensation of employees	23 360	–	–	(2 749)	–	–	(2 749)	20 611
Goods and services	440 073	–	–	–	(139 829)	–	(139 829)	300 244
Transfers and subsidies	565 098	–	–	–	–	–	–	565 098
Departmental agencies and accounts	79 098	–	–	–	–	–	–	79 098
Public corporations and private enterprises	486 000	–	–	–	–	–	–	486 000
Payments for capital assets	2 160	–	–	–	–	–	–	2 160
Machinery and equipment	1 210	–	–	–	–	–	–	1 210
Software and other intangible assets	950	–	–	–	–	–	–	950
Total	1 030 691	–	–	(2 749)	(139 829)	–	(142 578)	888 113

Details of adjustments to Estimates of National Expenditure 2017

Virements and shifts within votes

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1			Programme 1		
Machinery and equipment	Reclassification of funds incorrectly allocated in the 2017 ENE	(1 600)	Software and other intangible assets	Software upgrades	1 600
Goods and services	Operating leases	(3 316)	Compensation of employees	Personnel remuneration ¹	3 316
	Operating leases	(1 551)	Programme 3		1 551
	Operating leases	(813)	Compensation of employees	Personnel remuneration ¹	1 551
	Operating leases	(347)	Programme 4		813
	Operating leases	(473)	Compensation of employees	Personnel remuneration ¹	813
			Programme 5		347
			Compensation of employees	Personnel remuneration ¹	347
			Programme 2		473
			Compensation of employees	Personnel remuneration ¹	473
Shifts within the programme as a percentage of the programme budget		2.5%			
Virements to other programmes as a percentage of the programme budget		1.6%			
Programme 3			Programme 3		
Goods and services	Travel and subsistence	(66)	Machinery and equipment	Computers	66
	Business and advisory services	(1 500)	Programme 2		1 500
Compensation of employees	Vacant posts	(4 893)	Goods and services	Participation in the International Telecommunications Union event in South Korea	1 500
			Programme 1		4 893
			Compensation of employees	Secretarial allowances, cost of living adjustments and medical subsidies	4 893
Shifts within the programme as a percentage of the programme budget		0.1%			
Virements to other programmes as a percentage of the programme budget		7.1%			
Programme 4			Programme 1		
Compensation of employees	Reallocation of funds incorrectly allocated in the 2017 ENE	(237)	Compensation of employees	Secretarial allowances, cost of living adjustments and medical subsidies	237
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		0.1%			
Programme 5			Programme 1		
Compensation of employees	Vacant posts and reallocation of funds incorrectly allocated in the 2017 ENE	(1 942)	Compensation of employees	Secretarial allowances, cost of living adjustments and medical subsidies	1 942
	Reallocation of funds incorrectly allocated in the 2017 ENE	(1 154)	Programme 2		1 154
			Compensation of employees	Personnel remuneration	1 154
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		0.3%			
Total		(17 892)	17 892		

1. National Treasury approval has been obtained.

Declared unspent funds – R139.829 million

Programme 5: ICT Infrastructure Support

R139.829 million in unspent funds has been declared on the South Africa Connect broadband project due to delays resulting from changes to the implementation model.

Other adjustments – R3.7 billion

Appropriation of expenditure earmarked in the 2017 Budget speech for future allocation

Programme 4: ICT Enterprise Development and Oversight

An additional R3.7 billion has been allocated for the recapitalisation of the South African Post Office.

Expenditure outcome for 2016/17 and actual expenditure for 2017/18

Programme	2016/17					2017/18				
	Audited outcome					Actual expenditure				
R thousand	Adjusted appropriation	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted appropriation	Apr 16 - Mar 17	Apr 16 - Mar 17 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted appropriation	
Administration	207 904	109 699	52.8	211 582	101.8	198 130	3.8	107 808	54.4	
International Affairs and Trade	45 651	35 279	77.3	46 944	102.8	50 920	1.0	38 026	74.7	
Policy, Research and Capacity Development	88 781	40 681	45.8	78 494	88.4	85 523	1.7	32 782	38.3	
ICT Enterprise Development and Oversight	886 608	765 450	86.3	882 353	99.5	3 951 691	76.4	134 932	3.4	
ICT Infrastructure Support	1 188 468	428 253	36.0	856 319	72.1	888 113	17.2	419 064	47.2	
Total	2 417 412	1 379 362	57.1	2 075 692	85.9	5 174 377	100.0	732 612	14.2	
Economic classification										
Current payments	698 646	181 552	26.0	358 853	51.4	655 647	12.7	173 086	26.4	
Compensation of employees	213 713	99 638	46.6	205 248	96.0	221 206	4.3	106 480	48.1	
Goods and services	484 933	81 914	16.9	153 605	31.7	434 441	8.4	66 606	15.3	
Transfers and subsidies	1 054 148	541 059	51.3	1 057 493	100.3	806 713	15.6	551 395	68.4	
Provinces and municipalities	–	18	–	17	–	–	0.0	12	–	
Departmental agencies and accounts	790 785	394 576	49.9	790 789	100.0	295 181	5.7	158 557	53.7	
Foreign governments and international organisations	23 363	26 136	111.9	26 136	111.9	25 532	0.5	25 964	101.7	
Public corporations and private enterprises	240 000	120 038	50.0	240 050	100.0	486 000	9.4	366 000	75.3	
Non-profit institutions	–	–	–	25	–	–	0.0	–	–	
Households	–	291	–	476	–	–	0.0	862	–	
Payments for capital assets	14 618	6 720	46.0	9 299	63.6	12 017	0.2	8 109	67.5	
Machinery and equipment	7 718	2 808	36.4	5 098	66.1	9 062	0.2	2 191	24.2	
Software and other intangible assets	6 900	3 912	56.7	4 201	60.9	2 955	0.1	5 918	200.3	
Payments for financial assets	650 000	650 031	100.0	650 047	100.0	3 700 000	71.5	22	0.0	
Total	2 417 412	1 379 362	57.1	2 075 692	85.9	5 174 377	100.0	732 612	14.2	

Expenditure trends for the first six months of 2017/18

Total expenditure in 2016/17 was R2.1 billion, or 85.9 per cent of the 2016/17 adjusted appropriation. Expenditure in the first six months of 2017/18 was R732.6 million, or 14.2 per cent of the adjusted appropriation of R5.2 billion for the year. In comparison, mid-year expenditure in 2016/17 was R1.4 billion, or 57.1 per cent of the 2016/17 adjusted appropriation. Compared to the first six months of 2016/17, expenditure over the same period in 2017/18 decreased by R646.8 million, or 46.9 per cent. This is mainly due to a payment made in the previous period for the recapitalisation of the South African Post Office.

Departmental receipts

R thousand	2016/17					2017/18				
	Adjusted estimate	Audited outcome			Actual receipts					
		Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted estimate	Apr 16 - Mar 17	Apr 16 - Mar 17 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted estimate
Departmental receipts	559 537	559 413	100.0	831 411	148.6	508 090	654 413	100.0	653 467	99.9
Sales of goods and services produced by department	37	24	64.9	51	137.8	47	366	0.1	26	7.1
Transfers received	–	–	–	–	–	–	244	0.0	–	0.0
Interest, dividends and rent on land	559 240	559 236	100.0	831 077	148.6	507 384	653 263	99.8	653 263	100.0
Sales of capital assets	100	–	0.0	–	0.0	–	300	0.0	54	18.0
Transactions in financial assets and liabilities	160	153	95.6	283	176.9	659	240	0.0	124	51.7
Total	559 537	559 413	100.0	831 411	148.6	508 090	654 413	100.0	653 467	99.9

Revenue trends for the first six months of 2017/18

Revenue in the first six months of 2017/18 was R653.5 million, or 99.9 per cent of the adjusted revenue estimate of R654.4 million for the year. In comparison, mid-year revenue in 2016/17 was R559.4 million, or 100 per cent of the 2016/17 adjusted estimate. Compared to the first six months of 2016/17, revenue over the same period in 2017/18 increased by R94.1 million, or 16.8 per cent. This is due to an increase in dividends received from Telkom, and a payment returned to the National Revenue Fund by the Universal Service and Access Fund from interest earned on funding that was allocated for the broadcasting digital migration project.