

# Vote 27

## Communications

### Adjusted budget summary

R thousand	2013/14			
	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>2 043 917</b>	<b>2 372 117</b>	-	328 200
<b>of which:</b>				
Current payments	484 795	385 795	(99 000)	-
Transfers and subsidies	1 553 960	1 981 160	-	427 200
Payments for capital assets	5 162	5 162	-	-
Executive authority	Minister of Communications			
Accounting officer	Director-General of Communications			
Website address	www.doc.gov.za			

### Aim

*Develop information and communications 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 2013/14 as published in the 2013 ENE	Achieved in the first six months of 2013/14 (April to September)	Changed target for 2013/14
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	5	3	-
Rand reduction in per minute cost of mobile phones (wholesale interconnection rate per minute) per year	Policy, Research and Capacity Development		R0.4	R0.4	-
Rand reduction in per minute cost for fixed line (public access) phones per year	Policy, Research and Capacity Development		R0.12	R0.12	-
Number of community radio stations provided with broadcasting infrastructure per year	Policy, Research and Capacity Development		5	0	-
Number of young people participating in the national youth information society and development programme per year	Policy, Research and Capacity Development		500	0	-
Number of e-cooperatives established to increase entry of youth owned small enterprises into the ICT sector per year	Policy, Research and Capacity Development		60	0	-
Number of provinces for which provincial cultural heritage content is captured in the national digital repository per year	Policy, Research and Capacity Development		2	0	-

2013 Adjusted Estimates of National Expenditure

Indicator	Programme	Outcome	Annual performance		
			Projected for 2013/14 as published in the 2013 ENE	Achieved in the first six months of 2013/14 (April to September)	Changed target for 2013/14
Number of jobs created through ICT related projects per year	Policy, Research and Capacity Development	Outcome 6: An efficient, competitive and responsive economic infrastructure network	36 644 (40%)	-	-
Number of the ICT Small, Medium and Micro Enterprises hubs created in each province per year	Broadcasting and Communication Regulation and Support		2	0	-
Number of set top boxes produced per year	Broadcasting and Communication Regulation and Support		2 016 000	0	-
Percentage of broadband penetration per year	Infrastructure Support		10%	-1	-

1. There is no integrated figure for broadband penetration as categories are measured separately (i.e. households with mobile phones, households with internet over a personal computer or tablet). The department will measure and report on separate penetration indicators in future.

### Mid-year progress

There has been no achievement on the number of small, medium and micro ICT enterprise hubs created in each province within the first six months of the year, due to budgetary constraints as funding earmarked for this has been reallocated to other priorities.

There is no achievement to date on the number of e-cooperatives established to increase the entry of youth owned small enterprises into the ICT sector, because the e-cooperatives programme has been removed from the department's strategic plan, due to budgetary constraints in the current financial year.

Cabinet approved R2.4 billion for the procurement of 5 million set top boxes, but this amount did not take into account the costs of the acquisition of antennas and installations of the boxes. This has resulted in significant delays in the project, and nothing has been achieved to date. A further delaying factor has been the as yet unresolved legal dispute between the Department of Communications and free to air broadcaster e.tv about set top box control.

## Adjusted Estimates of National Expenditure 2013

Programme	2013/14							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Administration	216 066	-	-	-	-	-	-	216 066
International Affairs	33 271	-	-	-	-	-	-	33 271
Policy, Research and Capacity Development	84 398	-	-	5 000	-	-	5 000	89 398
Broadcasting and Communications Regulation and Support	1 129 298	-	-	(5 000)	(46 000)	374 200	323 200	1 452 498
ICT Infrastructure Support	580 884	-	-	-	-	-	-	580 884
<b>Total</b>	<b>2 043 917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46 000)</b>	<b>374 200</b>	<b>328 200</b>	<b>2 372 117</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>484 795</b>	<b>-</b>	<b>-</b>	<b>(53 000)</b>	<b>(46 000)</b>	<b>-</b>	<b>(99 000)</b>	<b>385 795</b>
Compensation of employees	194 995	-	-	-	-	-	-	194 995
Goods and services	289 800	-	-	(53 000)	(46 000)	-	(99 000)	190 800
<b>Transfers and subsidies</b>	<b>1 553 960</b>	<b>-</b>	<b>-</b>	<b>53 000</b>	<b>-</b>	<b>374 200</b>	<b>427 200</b>	<b>1 981 160</b>
Departmental agencies and accounts	773 375	-	-	15 000	-	-	15 000	788 375
Foreign governments and international organisations	16 161	-	-	-	-	-	-	16 161
Public corporations and private enterprises	764 424	-	-	38 000	-	374 200	412 200	1 176 624
<b>Payments for capital assets</b>	<b>5 162</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 162</b>
Machinery and equipment	5 162	-	-	-	-	-	-	5 162
<b>Total</b>	<b>2 043 917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(46 000)</b>	<b>374 200</b>	<b>328 200</b>	<b>2 372 117</b>

**Programme 1: Administration**

Subprogramme	2013/14								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
Ministry	3 871	-	-	-	-	-	-	3 871	
Departmental Management	35 329	-	-	(1 050)	-	-	(1 050)	34 279	
Internal Audit	3 735	-	-	-	-	-	-	3 735	
Corporate Services	104 844	-	-	2 550	-	-	2 550	107 394	
Financial Management	60 050	-	-	(1 500)	-	-	(1 500)	58 550	
Office Accommodation	8 237	-	-	-	-	-	-	8 237	
<b>Total</b>	<b>216 066</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216 066</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>214 695</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>214 695</b>	
Compensation of employees	78 114	-	-	-	-	-	-	78 114	
Goods and services	136 581	-	-	-	-	-	-	136 581	
<b>Transfers and subsidies</b>	<b>249</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249</b>	
Departmental agencies and accounts	249	-	-	-	-	-	-	249	
<b>Payments for capital assets</b>	<b>1 122</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 122</b>	
Machinery and equipment	1 122	-	-	-	-	-	-	1 122	
<b>Total</b>	<b>216 066</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216 066</b>	

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

Subprogramme	2013/14								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
ICT Policy Development	27 877	-	-	5 000	-	-	5 000	32 877	
Economic and Market Analysis	1 234	-	-	-	-	-	-	1 234	
Research	7 377	-	-	-	-	-	-	7 377	
Information Society Development	34 392	-	-	-	-	-	-	34 392	
Capacity Development	13 518	-	-	-	-	-	-	13 518	
<b>Total</b>	<b>84 398</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>89 398</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>82 886</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>87 886</b>	
Compensation of employees	59 617	-	-	-	-	-	-	59 617	
Goods and services	23 269	-	-	5 000	-	-	5 000	28 269	
<b>Payments for capital assets</b>	<b>1 512</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 512</b>	
Machinery and equipment	1 512	-	-	-	-	-	-	1 512	
<b>Total</b>	<b>84 398</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>89 398</b>	

**Programme 4: Broadcasting and Communications Regulation and Support**

Subprogramme	2013/14								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
Public Entity Oversight	1 007 136	-	-	53 000	-	374 200	427 200	1 434 336	
Small Medium and Micro Enterprise Development	9 388	-	-	-	-	-	-	9 388	
ICT Support	112 774	-	-	(58 000)	(46 000)	-	(104 000)	8 774	
<b>Total</b>	<b>1 129 298</b>	<b>-</b>	<b>-</b>	<b>(5 000)</b>	<b>(46 000)</b>	<b>374 200</b>	<b>323 200</b>	<b>1 452 498</b>	

**Programme 4: Broadcasting and Communications Regulation and Support (continued)**

R thousand	2013/14							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
<b>Economic classification</b>								
<b>Current payments</b>	<b>125 921</b>	–	–	(58 000)	(46 000)	–	(104 000)	<b>21 921</b>
Compensation of employees	11 723	–	–	–	–	–	–	11 723
Goods and services	114 198	–	–	(58 000)	(46 000)	–	(104 000)	10 198
<b>Transfers and subsidies</b>	<b>1 002 246</b>	–	–	<b>53 000</b>	–	<b>374 200</b>	<b>427 200</b>	<b>1 429 446</b>
Departmental agencies and accounts	773 126	–	–	15 000	–	–	15 000	788 126
Public corporations and private enterprises	229 120	–	–	38 000	–	374 200	412 200	641 320
<b>Payments for capital assets</b>	<b>1 131</b>	–	–	–	–	–	–	<b>1 131</b>
Machinery and equipment	1 131	–	–	–	–	–	–	1 131
<b>Total</b>	<b>1 129 298</b>	–	–	<b>(5 000)</b>	<b>(46 000)</b>	<b>374 200</b>	<b>323 200</b>	<b>1 452 498</b>

**Details of adjustments to the Estimates of National Expenditure 2013****Virements and shifts****Programmes**

- Administration
- International Affairs
- Policy, Research and Capacity Development
- Broadcasting and Communications Regulation and Support
- ICT Infrastructure Support

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 4</b>		<b>(58 000)</b>	<b>Programme 3</b>		<b>5 000</b>
Goods and services	Reallocation of unspent funds due to delays in implementing the 112 emergency call centre project <sup>1</sup>	(5 000)	Goods and services	ICT policy review projects	5 000
	Reallocation of unspent funds due to delays in implementing the 112 emergency call centre project <sup>1</sup>	(15 000)	<b>Programme 4</b>		<b>53 000</b>
	Reallocation of unspent funds due to delays in implementing the 112 emergency call centre project <sup>1</sup>	(38 000)	Departmental agencies and accounts	Projects related to e-skills training in the National Electronic Media Institute of South Africa	15 000
			Public corporations and private enterprises	Increased allocation to the South African Broadcasting Corporation for coverage of the 2014 general elections	38 000
Shifts within the programme as a percentage of the programme budget		4.7%			
Virements to other programmes as a percentage of the programme budget		0.4%			
<b>Total</b>		<b>(58 000)</b>	<b>58 000</b>		

1. National Treasury approval has been obtained.

**Other adjustments – R328.200 million****Appropriation of expenditure earmarked in the 2013 Budget speech for future allocation**

Programme 4: Broadcasting and Communications Regulation and Support

An additional R374.200 million has been allocated for the schools connectivity project.

**Declared unspent funds**

## Programme 4: Broadcasting and Communications Regulation and Support

R46 million in unspent funds has been declared due to delays in implementing the 112 emergency call centre project.

**Expenditure for 2012/13 and preliminary expenditure for 2013/14**

Programme	2012/13 Expenditure outcome					2013/14 Preliminary expenditure			
	Adjusted appropriation	Apr 12 - Sep 12	Apr 12 - % of adjusted appropriation	Apr 12 - Mar 13	Apr 12 - % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ total (%)	Apr 13 - Sep 13	Apr 13 - % of adjusted appropriation
R thousand									
Administration	197 009	95 769	48.6	195 959	99.5	216 066	9.1	134 003	62.0
International Affairs	41 046	19 944	48.6	44 190	107.7	33 271	1.4	13 057	39.2
Policy, Research and Capacity Development	107 863	61 009	56.6	113 262	105.0	89 398	3.8	48 673	54.4
Broadcasting and Communications Regulation and Support	1 073 634	377 806	35.2	1 070 223	99.7	1 452 498	61.2	481 318	33.1
ICT: Infrastructure Support	235 472	209 100	88.8	227 577	96.6	580 884	24.5	330 893	57.0
<b>Total</b>	<b>1 655 024</b>	<b>763 628</b>	<b>46.1</b>	<b>1 651 211</b>	<b>99.8</b>	<b>2 372 117</b>	<b>100.0</b>	<b>1 007 944</b>	<b>42.5</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>421 036</b>	<b>235 217</b>	<b>55.9</b>	<b>414 069</b>	<b>98.3</b>	<b>385 795</b>	<b>16.3</b>	<b>232 791</b>	<b>60.3</b>
Compensation of employees	184 517	78 733	42.7	157 512	85.4	194 995	8.2	84 625	43.4
Goods and services	236 519	156 484	66.2	256 534	108.5	190 800	8.0	148 163	77.7
Interest and rent on land	–	–	0.0	23	0.0	–	0.0	3	0.0
<b>Transfers and subsidies</b>	<b>1 229 097</b>	<b>526 602</b>	<b>42.8</b>	<b>1 230 707</b>	<b>100.1</b>	<b>1 981 160</b>	<b>83.5</b>	<b>773 137</b>	<b>39.0</b>
Provinces and municipalities	–	2	0.0	5	0.0	–	0.0	6	0.0
Departmental agencies and accounts	775 427	253 084	32.6	775 191	100.0	788 375	33.2	398 429	50.5
Higher education institutions	–	100	0.0	100	0.0	–	0.0	–	0.0
Foreign governments and international organisations	16 161	–	0.0	21 383	132.3	16 161	0.7	853	5.3
Public corporations and private enterprises	433 624	272 817	62.9	433 243	99.9	1 176 624	49.6	373 178	31.7
Non-profit institutions	3 885	208	5.4	309	8.0	–	0.0	399	0.0
Households	–	391	0.0	476	0.0	–	0.0	272	0.0
<b>Payments for capital assets</b>	<b>4 891</b>	<b>1 756</b>	<b>35.9</b>	<b>6 092</b>	<b>124.6</b>	<b>5 162</b>	<b>0.2</b>	<b>1 575</b>	<b>30.5</b>
Machinery and equipment	4 826	1 756	36.4	5 723	118.6	5 162	0.2	1 503	29.1
Software and other intangible assets	65	–	0.0	369	567.7	–	0.0	72	0.0
<b>Payments for financial assets</b>	<b>–</b>	<b>53</b>	<b>–</b>	<b>343</b>	<b>–</b>	<b>–</b>	<b>0.0</b>	<b>441</b>	<b>0.0</b>
<b>Total</b>	<b>1 655 024</b>	<b>763 628</b>	<b>46.1</b>	<b>1 651 211</b>	<b>99.8</b>	<b>2 372 117</b>	<b>100.0</b>	<b>1 007 944</b>	<b>42.5</b>

**Expenditure trends for the first half of 2013/14**

Total expenditure for 2012/13 was 99.8 per cent of the 2012/13 adjusted appropriation. Expenditure in the first six months of 2013/14 was R1.008 billion, or 42.5 per cent of the adjusted appropriation of R2.372 billion for the year. In comparison, mid-year expenditure in 2012/13 was R763.628 million, or 46.1 per cent of the 2012/13 adjusted appropriation. Compared to the first six months of 2012/13,

expenditure over the same period in 2013/14 increased by R244.316 million, or 32 per cent. This was due to an increased allocation to Sentech and an earlier transfer payment to the Universal Service Access Fund for set top box subsidies. Furthermore, spending on compensation of employees increased due to the filling of senior management posts.

## Departmental receipts

R thousand	2012/13					2013/14				
	Audited outcome					Actual receipts				
	Adjusted estimate	Apr 12 - Sep 12	Apr 12 - Sep 12 % of adjusted estimate	Apr 12 - Mar 13	Apr 12 - Mar 13 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/total (%)	Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted estimate
<b>Departmental receipts</b>	<b>2 181 585</b>	<b>1 306 024</b>	<b>59.9</b>	<b>2 612 220</b>	<b>119.7</b>	<b>2 929 281</b>	<b>3 044 645</b>	<b>88.6</b>	<b>1 563 931</b>	<b>51.4</b>
Sales of goods and services produced by department	1 060 161	372 475	35.1	941 949	88.8	928 651	1 374 373	40.0	671 485	48.9
Sales of scrap, waste, arms and other used current goods	36	36	100.0	-	-	-	-	-	-	-
Interest, dividends and rent on land	1 120 758	932 950	83.2	1 669 331	148.9	2 000 363	1 669 372	48.6	891 598	53.4
Transactions in financial assets and liabilities	630	563	89.4	940	149.2	267	900	0.0	848	94.2
<b>Extraordinary receipts</b>	<b>3 500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 000</b>	<b>390 355</b>	<b>11.4</b>	<b>390 355</b>	<b>100.0</b>
Departmental agencies and accounts	3 500	-	-	-	-	5 000	8 795	0.3	8 795	100.0
FIFA 2010 close up project	-	-	-	-	-	-	381 560	11.1	381 560	100.0
<b>Total</b>	<b>2 185 085</b>	<b>1 306 024</b>	<b>59.8</b>	<b>2 612 220</b>	<b>119.5</b>	<b>2 934 281</b>	<b>3 435 000</b>	<b>100.0</b>	<b>1 954 286</b>	<b>56.9</b>

## Revenue trends for the first half of 2013/14

Departmental revenue in the first six months of 2013/14 was R1.564 billion, or 51.4 per cent of the adjusted revenue estimate of R3.045 billion for the year. In comparison, mid-year revenue in 2012/13 was R1.306 billion, or 59.9 per cent of the 2012/13 adjusted estimate. Compared to the first six months of 2012/13, revenue over the same period in 2013/14 increased by R257.907 million, or 19.7 per cent. This was mainly due to the increase in transfers for the school connectivity project and increased revenue from the Independent Communications Authority of South Africa for telecommunication licence fees.

## Changes to transfers and subsidies, including conditional grants

### Summary of changes to transfers and subsidies per programme

R thousand	Main appropriation	2013/14 Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
<b>Broadcasting and Communications Regulation and Support</b>								
<b>Departmental agencies and accounts</b>								
<b>Departmental agencies (non-business entities)</b>								
<b>Current</b>	<b>35 746</b>	<b>-</b>	<b>-</b>	<b>15 000</b>	<b>-</b>	<b>-</b>	<b>15 000</b>	<b>50 746</b>
National Electronic Media Institute of South Africa	35 746	-	-	15 000	-	-	15 000	50 746
<b>Public corporations and private enterprises</b>								
<b>Public corporations</b>	<b>89 055</b>	<b>-</b>	<b>-</b>	<b>38 000</b>	<b>-</b>	<b>374 200</b>	<b>412 200</b>	<b>501 255</b>
<b>Other transfers</b>								
<b>Current</b>								
South African Broadcasting Corporation: Public broadcaster	89 055	-	-	38 000	-	-	38 000	127 055
Schools Connectivity Project	-	-	-	-	-	374 200	374 200	374 200