

Communications

Adjusted budget summary

R thousand	2014/15			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 593 427	2 236 657	–	643 230
of which:				
Current payments	503 438	524 668	–	21 230
Transfers and subsidies	1 084 520	1 704 520	–	620 000
Payments for capital assets	5 469	7 469	–	2 000
Executive authority	Minister of Communications			
Accounting officer	Director-General of Communications			
Website address	www.doc.gov.za			

Aim

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.

2014 national macro organisation of the state

In accordance with the reorganisation of some national departments announced by the President in May 2014, all telecommunications and postal services functions and staff will be transferred from the Department of Communications to the new Department of Telecommunications and Postal Services. The oversight function for Broadband Infraco will shift to this department from the Department of Public Enterprises, and the department will take over the oversight responsibility of the State Information Technology Agency from the Department of Public Service and Administration. These changes will be effected in the 2015 ENE process.

Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2014/15 as published in the 2014 ENE	Achieved in the first six months of 2014/15 (April to September)	Changed target for 2014/15
Number of ICT position papers developed for international engagements per year	International Affairs	Outcome 6: An efficient, competitive and responsive economic infrastructure network	5	2	–
Number of community radio stations provided with broadcasting infrastructure per year	Policy, Research and Capacity Development		5	5	–
Number of content and business profiles loaded into the e-commerce platform per year	ICT Enterprise Development and State Owned Enterprise Oversight		60	0	–
Number of set top boxes to be produced per year	Infrastructure Support		676 000	0	–
Number of television transmitter sites switched off national per year	Infrastructure Support		63	0	–

Mid-year progress

The department achieved the target of installing relevant broadcasting infrastructure in 5 identified community radio stations in the first half of 2014/15. These are: Radio Maputalani in Jozini, Radio Good News in Durban, Radio Valley FM in Western Cape, Radio KC in Western Cape and Radio Vaaltar FM in Taung.

The indicators relating to content and business profiles loaded onto e-commerce platforms and the number of television transmitter sites switched off, will be discontinued as it is not currently a priority.

The protracted court case on the set top box control mechanism initiated by some broadcasters and manufacturers has resulted in no production of set top box and no switching-off of television transmitter sites in the first six months of the financial year. Through the ministry, the department is in the process of engaging with relevant stakeholders to agree on the way forward.

Adjusted Estimates of National Expenditure 2014

Programme	2014/15								Adjusted appropriation
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
Administration	216 399	-	-	14 000	-	-	-	14 000	230 399
International Affairs	36 817	-	-	-	-	-	-	-	36 817
Policy, Research and Capacity Development	98 029	-	-	23 000	-	-	-	23 000	121 029
ICT Enterprise	719 182	-	23 230	-	-	-	-	23 230	742 412
Development and State Owned Enterprise Oversight	523 000	-	-	(37 000)	-	-	620 000	583 000	1 106 000
Total	1 593 427	-	23 230	-	-	-	620 000	643 230	2 236 657
Economic classification									
Current payments	503 438	-	23 230	(2 000)	-	-	-	21 230	524 668
Compensation of employees	204 599	-	-	-	-	-	-	-	204 599
Goods and services	298 839	-	23 230	(2 000)	-	-	-	21 230	320 069
Transfers and subsidies	1 084 520	-	-	-	-	-	620 000	620 000	1 704 520
Departmental agencies and accounts	771 386	-	-	-	-	-	551 000	551 000	1 322 386
Foreign governments and international organisations	16 161	-	-	-	-	-	-	-	16 161
Public corporations and private enterprises	296 973	-	-	-	-	-	69 000	69 000	365 973
Payments for capital assets	5 469	-	-	2 000	-	-	-	2 000	7 469
Machinery and equipment	5 469	-	-	-	-	-	-	-	5 469
Software and other intangible assets	-	-	-	2 000	-	-	-	2 000	2 000
Total	1 593 427	-	23 230	-	-	-	620 000	643 230	2 236 657

Programme 1: Administration

Subprogramme	2014/15								Adjusted appropriation
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
Ministry	4 103	-	-	-	-	-	-	-	4 103
Departmental Management	34 372	-	-	6 000	-	-	-	6 000	40 372
Internal Audit	4 510	-	-	2 000	-	-	-	2 000	6 510
Corporate Services	102 228	-	-	6 000	-	-	-	6 000	108 228
Financial Management	62 455	-	-	-	-	-	-	-	62 455
Office Accommodation	8 731	-	-	-	-	-	-	-	8 731
Total	216 399	-	-	14 000	-	-	-	14 000	230 399
Economic classification									
Current payments	214 346	-	-	12 000	-	-	-	12 000	226 346
Compensation of employees	88 801	-	-	-	-	-	-	-	88 801
Goods and services	125 545	-	-	12 000	-	-	-	12 000	137 545

Programme 1: Administration (continued)

R thousand	2014/15								Adjusted appropriation
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
Transfers and subsidies	264	-	-	-	-	-	-	-	264
Departmental agencies and accounts	264	-	-	-	-	-	-	-	264
Payments for capital assets	1 789	-	-	2 000	-	-	-	2 000	3 789
Machinery and equipment	1 789	-	-	-	-	-	-	-	1 789
Software and other intangible assets	-	-	-	2 000	-	-	-	2 000	2 000
Total	216 399	-	-	14 000	-	-	-	14 000	230 399

Programme 3: Policy, Research and Capacity Development

R thousand	2014/15								Adjusted appropriation
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
ICT Policy Development	31 054	-	-	3 000	-	-	-	3 000	34 054
Economic and Market Analysis	1 295	-	-	-	-	-	-	-	1 295
Research	8 540	-	-	-	-	-	-	-	8 540
Information Society Development	42 862	-	-	5 000	-	-	-	5 000	47 862
Capacity Development	14 278	-	-	15 000	-	-	-	15 000	29 278
Total	98 029	-	-	23 000	-	-	-	23 000	121 029
Economic classification									
Current payments	96 882	-	-	23 000	-	-	-	23 000	119 882
Compensation of employees	63 175	-	-	-	-	-	-	-	63 175
Goods and services	33 707	-	-	23 000	-	-	-	23 000	56 707
Payments for capital assets	1 147	-	-	-	-	-	-	-	1 147
Machinery and equipment	1 147	-	-	-	-	-	-	-	1 147
Total	98 029	-	-	23 000	-	-	-	23 000	121 029

Programme 4: ICT Enterprise Development and State Owned Enterprise Oversight

R thousand	2014/15								Adjusted appropriation
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
Public Entity Oversight	704 573	-	23 230	-	-	-	-	23 230	727 803
Small Medium and Micro Enterprise Development	6 311	-	-	-	-	-	-	-	6 311
ICT Support	8 298	-	-	-	-	-	-	-	8 298
Total	719 182	-	23 230	-	-	-	-	23 230	742 412
Economic classification									
Current payments	22 287	-	23 230	-	-	-	-	23 230	45 517
Compensation of employees	10 694	-	-	-	-	-	-	-	10 694
Goods and services	11 593	-	23 230	-	-	-	-	23 230	34 823
Transfers and subsidies	696 290	-	-	-	-	-	-	-	696 290
Departmental agencies and accounts	531 122	-	-	-	-	-	-	-	531 122
Public corporations and private enterprises	165 168	-	-	-	-	-	-	-	165 168
Payments for capital assets	605	-	-	-	-	-	-	-	605
Machinery and equipment	605	-	-	-	-	-	-	-	605
Total	719 182	-	23 230	-	-	-	-	23 230	742 412

Programme 5: ICT Infrastructure Support

Subprogramme	2014/15								Adjusted appropriation
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
R thousand									
Broadband	68 231	-	-	-	-	-	-	-	68 231
Digital Terrestrial Television	454 769	-	-	(37 000)	-	-	620 000	583 000	1 037 769
Total	523 000	-	-	(37 000)	-	-	620 000	583 000	1 106 000
Economic classification									
Current payments	149 836	-	-	(37 000)	-	-	-	(37 000)	112 836
Compensation of employees	28 902	-	-	-	-	-	-	-	28 902
Goods and services	120 934	-	-	(37 000)	-	-	-	(37 000)	83 934
Transfers and subsidies	371 805	-	-	-	-	-	620 000	620 000	991 805
Departmental agencies and accounts	240 000	-	-	-	-	-	551 000	551 000	791 000
Public corporations and private enterprises	131 805	-	-	-	-	-	69 000	69 000	200 805
Payments for capital assets	1 359	-	-	-	-	-	-	-	1 359
Machinery and equipment	1 359	-	-	-	-	-	-	-	1 359
Total	523 000	-	-	(37 000)	-	-	620 000	583 000	1 106 000

Details of adjustments to the Estimates of National Expenditure 2014**Unforeseeable and unavoidable expenditure – R23.230 million**

Programme 4: ICT Enterprise Development and State Owned Enterprise Oversight

The department has been allocated an additional R23.230 million to reimburse Telkom and Sentech for expenses incurred for the services provided during the state funeral of the late former President Nelson Mandela. Sentech has been allocated an additional R18.654 million for satellite connectivity and broadcast services, while Telkom received an additional R4.576 million for telecommunications network services.

Virements and shifts**Programmes**

- Administration
- International Affairs
- Policy, Research and Capacity Development
- ICT Enterprise Development and State Owned Enterprise Oversight
- ICT Infrastructure Support

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 5		(37 000)	Programme 1		14 000
Goods and services	Reduced spending on contractors due to delays in implementing the digital terrestrial television call centre	(2 000)	Software and other intangible assets	Auditing software	2 000
	Reduced spending on consultants due to delays in implementing the digital terrestrial television call centre	(12 000)	Goods and services	Upgrading of the department's IT infrastructure and the provision of support for the ICT policy review process	12 000
	Reduced spending on consultants due to delays in implementing the digital terrestrial television call centre	(23 000)	Programme 3		23 000
			Goods and services	Establishment of e-skills co-labs, contracting of the service provider to undertake the national roaming study, and the implementation of information society and development projects	23 000
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		7.1%			
Total		(37 000)	37 000		

Other adjustments – R620 million

Appropriation of expenditure earmarked in the 2014 Budget speech for future allocation

Programme 5: ICT Infrastructure Support

R620 million was announced in the 2014 Budget speech to support the broadcast digital migration programme to be appropriated in the adjusted appropriations budget. An additional R551 million has been allocated to the Universal Services and Access Fund to cover the costs of the broadcast digital migration project. An additional R69 million has been allocated to Sentech to cover the dual illumination costs relating to the digital migration project.

Expenditure outcome for 2013/14 and actual expenditure for 2014/15

Programme	2013/14 Audited outcome					2014/15 Actual expenditure				
	Adjusted appropriation	Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted appropriation	Apr 13 - Mar 14	Apr 13 - Mar 14 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted appropriation	
R thousand										
Administration	216 066	134 003	62.0	210 444	97.4	230 399	10.3	105 307	45.7	
International Affairs	33 271	13 057	39.2	41 405	124.4	36 817	1.6	11 324	30.8	
Policy, Research and Capacity Development	89 398	48 673	54.4	88 793	99.3	121 029	5.4	43 717	36.1	
ICT Enterprise Development and State Owned Enterprise Oversight	761 143	481 318	63.2	1 062 749	139.6	742 412	33.2	374 768	50.5	
ICT Infrastructure Support	1 272 239	330 893	26.0	959 395	75.4	1 106 000	49.4	336 914	30.5	
Total	2 372 117	1 007 944	42.5	2 362 786	99.6	2 236 657	100.0	872 030	39.0	
Economic classification										
Current payments	759 995	232 791	30.6	758 730	99.8	524 668	23.5	176 567	33.7	
Compensation of employees	194 995	84 625	43.4	169 682	87.0	204 599	9.1	91 463	44.7	
Goods and services	565 000	148 163	26.2	589 042	104.3	320 069	14.3	85 098	26.6	
Interest and rent on land	–	3	0.0	6	0.0	–	0.0	6	0.0	
Transfers and subsidies	1 606 960	773 137	48.1	1 600 775	99.6	1 704 520	76.2	692 782	40.6	
Provinces and municipalities	–	6	0.0	9	0.0	–	0.0	6	0.0	
Departmental agencies and accounts	788 375	398 429	50.5	786 547	99.8	1 322 386	59.1	527 565	39.9	
Foreign governments and international organisations	16 161	853	5.3	20 902	129.3	16 161	0.7	1 285	8.0	
Public corporations and private enterprises	802 424	373 178	46.5	791 920	98.7	365 973	16.4	163 699	44.7	
Non-profit institutions	–	399	0.0	399	0.0	–	0.0	–	0.0	
Households	–	272	0.0	998	0.0	–	0.0	227	0.0	
Payments for capital assets	5 162	1 575	30.5	2 726	52.8	7 469	0.3	2 541	34.0	
Machinery and equipment	5 162	1 503	29.1	2 654	51.4	5 469	0.2	2 392	43.7	
Software and other intangible assets	–	72	0.0	72	0.0	2 000	0.1	149	7.5	
Payments for financial assets	–	441	0.0	555	0.0	–	0.0	140	0.0	
Total	2 372 117	1 007 944	42.5	2 362 786	99.6	2 236 657	100.0	872 030	39.0	

Expenditure trends for the first half of 2014/15

Total expenditure in 2013/14 was 99.6 per cent of the 2013/14 adjusted appropriation. Expenditure in the first six months of 2014/15 was R872.030 million, or 39 per cent of the adjusted appropriation of R2.237 billion for the year. In comparison, mid-year expenditure in 2013/14 was R1.008 billion, or

42.5 per cent of the 2013/14 adjusted appropriation. Compared to the first six months of 2013/14, expenditure over the same period in 2014/15 decreased by R135.914 million, or 13.5 per cent. This was mainly due to the decrease in expenditure on goods and services as the digital terrestrial television awareness campaign has been put on hold, while the ICT review process will be completed later in the year. The smaller allocation for Sentech in 2014/15 explains the lower expenditure on transfers and subsidies relative the same period in 2013/14.

Departmental receipts

R thousand	2013/14					2014/15				
	Audited outcome					Actual receipts				
	Adjusted estimate	Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted estimate	Apr 13 - Mar 14	Apr 13 - Mar 14 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted estimate
Departmental receipts	3 044 645	1 563 931	51.4	1 711 942	56.2	2 993 946	1 746 809	100.0	893 707	51.2
Sales of goods and services produced by department	1 374 373	671 485	48.9	123	0.0	974 948	60	0.0	21	35.0
Transfers received	–	–	0.0	–	0.0	–	728	0.0	728	100.0
Interest, dividends and rent on land	1 669 372	891 598	53.4	1 710 831	102.5	2 018 717	1 744 509	99.9	891 599	51.1
Transactions in financial assets and liabilities	900	848	94.2	988	109.8	281	1 512	0.1	1 359	89.9
National Revenue Fund receipts	390 355	390 355	100.0	–	0.0	–	–	0.0	–	0.0
Independent Communications Authority of South Africa	8 795	8 795	100.0	–	0.0	–	–	0.0	–	0.0
2010 FIFA close-up project	381 560	381 560	100.0	–	0.0	–	–	0.0	–	0.0
Total	3 435 000	1 954 286	56.9	1 711 942	49.8	2 993 946	1 746 809	100.0	893 707	51.2

Revenue trends for the first half of 2014/15

Revenue in the first six months of 2014/15 was R893.707 million, or 51.2 per cent of the adjusted revenue estimate of R1.747 billion for the year. In comparison, mid-year revenue in 2013/14 was R1.564 billion, or 51.4 per cent of the 2013/14 adjusted estimate. Compared to the first six months of 2013/14, revenue over the same period in 2014/15 decreased by R670.224 million, or 42.9 per cent. This was mainly due to the decrease in administration fees, as the revenue collected by and received from the Independent Communications Authority of South Africa is no longer recognised as the department's own revenue, in terms of a directive from National Treasury.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

R thousand	Main appropriation	2014/15							Adjusted appropriation
		Adjustments appropriation						Total adjustments appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
ICT Infrastructure Support									
Departmental agencies and accounts									
Departmental agencies (non-business entities)									
Current	240 000	–	–	–	–	–	551 000	551 000	791 000
Universal Service and Access Fund: Broadcasting digital migration	240 000	–	–	–	–	–	551 000	551 000	791 000
Public corporations and private enterprises									
Public corporations									
Other transfers									
Capital	–	–	–	–	–	–	69 000	69 000	69 000
Sentech: Digital terrestrial television (dual illumination)	–	–	–	–	–	–	69 000	69 000	69 000