

# Vote 32

## Telecommunications and Postal Services

### Adjusted budget summary

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>2 417 412</b>	<b>2 417 412</b>	-	-
<i>of which:</i>				
Current payments	708 296	698 646	(9 650)	-
Transfers and subsidies	1 054 148	1 054 148	-	-
Payments for capital assets	4 968	14 618	-	9 650
Payments for financial assets	650 000	650 000	-	-
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 2016/17 as published in the 2016 ENE	Achieved in the first six months of 2016/17 (April to September)	Changed target for 2016/17
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	-
Number of identified government institutions connected as part of the national broadband plan: digital development (phase 1) per year	ICT Infrastructure Support		1 293	0	-
Number of identified schools connected as part of the national broadband plan: digital development (phase 1) per year	ICT infrastructure Support		1 507	0	-

### Mid-year progress

No targets relating to the national broadband plan have been met as the tender for connecting government institutions and schools has not been awarded as yet. The department has requested the State Information Technology Agency to procure the service provider. In June 2016, the agency issued a bid document inviting prospective service providers to bid for broadband connectivity of the identified sites, and the bids are currently being evaluated. It is anticipated that the procurement process will be completed by the end of October 2016, after which the broadband connection of government buildings and schools will begin.

The department has developed the Southern African Development Community, Internet Public policy, and the Brazil, Russia, India, China and South Africa position papers, while the Universal Postal Union and World Telecommunication Standardisation Assembly position papers will be finalised in October 2016.

## Adjusted Estimates of National Expenditure 2016

Programme	2016/17								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
Administration	193 337	–	–	14 567	–	–	14 567	207 904	
International Affairs and Trade	44 710	–	–	941	–	–	941	45 651	
Policy, Research and Capacity Development	95 618	–	–	(6 837)	–	–	(6 837)	88 781	
ICT Enterprise Development and Oversight	891 801	–	–	(5 193)	–	–	(5 193)	886 608	
ICT Infrastructure Support	1 191 946	–	–	(3 478)	–	–	(3 478)	1 188 468	
<b>Total</b>	<b>2 417 412</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2 417 412</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>708 296</b>	<b>–</b>	<b>–</b>	<b>(9 650)</b>	<b>–</b>	<b>–</b>	<b>(9 650)</b>	<b>698 646</b>	
Compensation of employees	213 713	–	–	–	–	–	–	213 713	
Goods and services	494 583	–	–	(9 650)	–	–	(9 650)	484 933	
<b>Transfers and subsidies</b>	<b>1 054 148</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 054 148</b>	
Departmental agencies and accounts	790 785	–	–	–	–	–	–	790 785	
Foreign governments and international organisations	23 363	–	–	–	–	–	–	23 363	
Public corporations and private enterprises	240 000	–	–	–	–	–	–	240 000	
<b>Payments for capital assets</b>	<b>4 968</b>	<b>–</b>	<b>–</b>	<b>9 650</b>	<b>–</b>	<b>–</b>	<b>9 650</b>	<b>14 618</b>	
Machinery and equipment	4 568	–	–	3 150	–	–	3 150	7 718	
Software and other intangible assets	400	–	–	6 500	–	–	6 500	6 900	
<b>Payments for financial assets</b>	<b>650 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>650 000</b>	
<b>Total</b>	<b>2 417 412</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2 417 412</b>	

## Programme 1: Administration

Subprogramme	2016/17								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
Ministry	4 575	–	–	(217)	–	–	(217)	4 358	
Departmental Management	42 474	–	–	3 348	–	–	3 348	45 822	
Internal Audit	7 978	–	–	143	–	–	143	8 121	
Corporate Services	53 626	–	–	15 566	–	–	15 566	69 192	
Financial Management	75 067	–	–	(4 273)	–	–	(4 273)	70 794	
Office Accommodation	9 617	–	–	–	–	–	–	9 617	
<b>Total</b>	<b>193 337</b>	<b>–</b>	<b>–</b>	<b>14 567</b>	<b>–</b>	<b>–</b>	<b>14 567</b>	<b>207 904</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>190 557</b>	<b>–</b>	<b>–</b>	<b>6 067</b>	<b>–</b>	<b>–</b>	<b>6 067</b>	<b>196 624</b>	
Compensation of employees	92 349	–	–	4 017	–	–	4 017	96 366	
Goods and services	98 208	–	–	2 050	–	–	2 050	100 258	
<b>Payments for capital assets</b>	<b>2 780</b>	<b>–</b>	<b>–</b>	<b>8 500</b>	<b>–</b>	<b>–</b>	<b>8 500</b>	<b>11 280</b>	
Machinery and equipment	2 380	–	–	2 000	–	–	2 000	4 380	
Software and other intangible assets	400	–	–	6 500	–	–	6 500	6 900	
<b>Total</b>	<b>193 337</b>	<b>–</b>	<b>–</b>	<b>14 567</b>	<b>–</b>	<b>–</b>	<b>14 567</b>	<b>207 904</b>	

## Programme 2: International Affairs and Trade

Subprogramme	2016/17								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
International Affairs	15 084	–	–	(599)	–	–	(599)	14 485	
ICT Trade/Partnership	29 626	–	–	1 540	–	–	1 540	31 166	
<b>Total</b>	<b>44 710</b>	<b>–</b>	<b>–</b>	<b>941</b>	<b>–</b>	<b>–</b>	<b>941</b>	<b>45 651</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>20 799</b>	<b>–</b>	<b>–</b>	<b>791</b>	<b>–</b>	<b>–</b>	<b>791</b>	<b>21 590</b>	
Compensation of employees	13 000	–	–	941	–	–	941	13 941	
Goods and services	7 799	–	–	(150)	–	–	(150)	7 649	
<b>Transfers and subsidies</b>	<b>23 363</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>23 363</b>	
Foreign governments and international organisations	23 363	–	–	–	–	–	–	23 363	
<b>Payments for capital assets</b>	<b>548</b>	<b>–</b>	<b>–</b>	<b>150</b>	<b>–</b>	<b>–</b>	<b>150</b>	<b>698</b>	
Machinery and equipment	548	–	–	150	–	–	150	698	
<b>Total</b>	<b>44 710</b>	<b>–</b>	<b>–</b>	<b>941</b>	<b>–</b>	<b>–</b>	<b>941</b>	<b>45 651</b>	

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

Subprogramme		2016/17						
		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	22 844	-	-	(7 337)	-	-	(7 337)	15 507
Economic and Market Analysis Research	4 739	-	-	122	-	-	122	4 861
Information Society Development	6 001	-	-	885	-	-	885	6 886
Capacity Development	51 601	-	-	49	-	-	49	51 650
	10 433	-	-	(556)	-	-	(556)	9 877
<b>Total</b>	<b>95 618</b>	<b>-</b>	<b>-</b>	<b>(6 837)</b>	<b>-</b>	<b>-</b>	<b>(6 837)</b>	<b>88 781</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>94 964</b>	<b>-</b>	<b>-</b>	<b>(6 837)</b>	<b>-</b>	<b>-</b>	<b>(6 837)</b>	<b>88 127</b>
Compensation of employees	56 978	-	-	(1 287)	-	-	(1 287)	55 691
Goods and services	37 986	-	-	(5 550)	-	-	(5 550)	32 436
<b>Payments for capital assets</b>	<b>654</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>654</b>
Machinery and equipment	654	-	-	-	-	-	-	654
<b>Total</b>	<b>95 618</b>	<b>-</b>	<b>-</b>	<b>(6 837)</b>	<b>-</b>	<b>-</b>	<b>(6 837)</b>	<b>88 781</b>

**Programme 4: ICT Enterprise Development and Oversight**

Subprogramme		2016/17						
		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	870 952	-	-	2 076	-	-	2 076	873 028
Small, Medium and Micro Enterprise Development	13 605	-	-	(7 846)	-	-	(7 846)	5 759
ICT Support	7 244	-	-	577	-	-	577	7 821
<b>Total</b>	<b>891 801</b>	<b>-</b>	<b>-</b>	<b>(5 193)</b>	<b>-</b>	<b>-</b>	<b>(5 193)</b>	<b>886 608</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>39 765</b>	<b>-</b>	<b>-</b>	<b>(5 693)</b>	<b>-</b>	<b>-</b>	<b>(5 693)</b>	<b>34 072</b>
Compensation of employees	31 269	-	-	(5 193)	-	-	(5 193)	26 076
Goods and services	8 496	-	-	(500)	-	-	(500)	7 996
<b>Transfers and subsidies</b>	<b>201 401</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>201 401</b>
Departmental agencies and accounts	201 401	-	-	-	-	-	-	201 401
<b>Payments for capital assets</b>	<b>635</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>1 135</b>
Machinery and equipment	635	-	-	500	-	-	500	1 135
<b>Payments for financial assets</b>	<b>650 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>650 000</b>
<b>Total</b>	<b>891 801</b>	<b>-</b>	<b>-</b>	<b>(5 193)</b>	<b>-</b>	<b>-</b>	<b>(5 193)</b>	<b>886 608</b>

**Programme 5: ICT Infrastructure Support**

Subprogramme		2016/17						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Broadband	362 562	-	-	(3 478)	-	-	(3 478)	359 084
Digital Terrestrial Television	829 384	-	-	-	-	-	-	829 384
<b>Total</b>	<b>1 191 946</b>	<b>-</b>	<b>-</b>	<b>(3 478)</b>	<b>-</b>	<b>-</b>	<b>(3 478)</b>	<b>1 188 468</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>362 211</b>	<b>-</b>	<b>-</b>	<b>(3 978)</b>	<b>-</b>	<b>-</b>	<b>(3 978)</b>	<b>358 233</b>
Compensation of employees	20 117	-	-	1 522	-	-	1 522	21 639
Goods and services	342 094	-	-	(5 500)	-	-	(5 500)	336 594
<b>Transfers and subsidies</b>	<b>829 384</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>829 384</b>
Departmental agencies and accounts	589 384	-	-	-	-	-	-	589 384
Public corporations and private enterprises	240 000	-	-	-	-	-	-	240 000
<b>Payments for capital assets</b>	<b>351</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>851</b>
Machinery and equipment	351	-	-	500	-	-	500	851
<b>Total</b>	<b>1 191 946</b>	<b>-</b>	<b>-</b>	<b>(3 478)</b>	<b>-</b>	<b>-</b>	<b>(3 478)</b>	<b>1 188 468</b>

## Details of adjustments to the Estimates of National Expenditure 2016

### Virements and shifts within votes

#### Programmes

1. Administration
2. International Affairs and Trade
3. Policy, Research and Capacity Development
4. ICT Enterprise Development and Oversight
5. ICT Infrastructure Support

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 1</b>		<b>(4 500)</b>	<b>Programme 1</b>		<b>4 500</b>
Goods and services	Reallocation of funds from advertising	(4 500)	Software and other intangible assets	IT software upgrades	4 500
Shifts within the programme as a percentage of the programme budget		2.3%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.0%</b>			
<b>Programme 2</b>		<b>(150)</b>	<b>Programme 2</b>		<b>150</b>
Goods and services	Reallocation of funds from minor assets	(150)	Machinery and equipment	Office furniture	150
Shifts within the programme as a percentage of the programme budget		0.3%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.0%</b>			
<b>Programme 3</b>		<b>(6 837)</b>	<b>Programme 1</b>		<b>6 837</b>
Goods and services	Reallocation of funds from various items	(2 000)	Software and other intangible assets	Software upgrades for internal audit	2 000
	Reallocation of funds from travel and subsistence	(1 550)	Goods and services	Travel and subsistence and Special Investigations Unit audit	1 550
	Reallocation of funds from consultants	(2 000)	Machinery and equipment	Replacement of old laptop computers	2 000
Compensation of employees	Reallocation of funds across organisational structure	(1 287)	Compensation of employees	Funding of critical posts	1 287
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>7.2%</b>			
<b>Programme 4</b>		<b>(5 693)</b>	<b>Programme 4</b>		<b>500</b>
Goods and services	Reallocation of funds from minor assets	(500)	Machinery and equipment	Office furniture	500
Compensation of employees	Reallocation of funds across organisational structure	(2 730)	<b>Programme 1</b>		<b>2 730</b>
	Reallocation of funds across organisational structure	(941)	Compensation of employees	Funding of critical posts	2 730
	Reallocation of funds across organisational structure	(1 522)	<b>Programme 2</b>		<b>941</b>
			Compensation of employees	Funding of critical posts	941
			<b>Programme 5</b>		<b>1 522</b>
			Compensation of employees	Funding of critical posts	1 522
Shifts within the programme as a percentage of the programme budget		0.1%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.6%</b>			
<b>Programme 5</b>		<b>(5 500)</b>	<b>Programme 1</b>		<b>5 000</b>
Goods and services	Reallocation of funds from travel and subsistence	(5 000)	Goods and services	Travel and subsistence and Special Investigations Unit audit	5 000
	Reallocation of funds from minor assets and computer services				
	Reallocation of funds from minor assets	(500)	<b>Programme 5</b>		<b>500</b>
			Machinery and equipment	Office furniture	500
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>0.4%</b>			
<b>Total</b>		<b>(22 680)</b>			<b>22 680</b>

**Expenditure outcome for 2015/16 and actual expenditure for 2016/17**

Programme	2015/16 Audited outcome					2016/17 Actual expenditure			
	Adjusted appropriation	Apr 15 - Sep 15	adjusted appropriation % of	Apr 15 - Mar 16	adjusted appropriation % of	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 16 - Sep 16	adjusted appropriation % of
R thousand									
Administration	180 349	119 047	66.0	221 864	123.0	207 904	8.6	109 699	52.8
International Affairs and Trade	43 447	32 310	74.4	41 542	95.6	45 651	1.9	35 279	77.3
Policy, Research and Capacity Development	105 578	36 591	34.7	73 979	70.1	88 781	3.7	40 681	45.8
ICT Enterprise Development and Oversight	447 889	354 441	79.1	488 959	109.2	886 608	36.7	765 450	86.3
ICT Infrastructure Support	627 990	249 523	39.7	473 753	75.4	1 188 468	49.2	428 253	36.0
<b>Total</b>	<b>1 405 253</b>	<b>791 912</b>	<b>56.4</b>	<b>1 300 097</b>	<b>92.5</b>	<b>2 417 412</b>	<b>100.0</b>	<b>1 379 362</b>	<b>57.1</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>671 576</b>	<b>181 776</b>	<b>27.1</b>	<b>412 120</b>	<b>61.4</b>	<b>698 646</b>	<b>28.9</b>	<b>181 552</b>	<b>26.0</b>
Compensation of employees	198 487	90 908	45.8	181 693	91.5	213 713	8.8	99 638	46.6
Goods and services	473 089	90 868	19.2	230 427	48.7	484 933	20.1	81 914	16.9
<b>Transfers and subsidies</b>	<b>728 616</b>	<b>605 510</b>	<b>83.1</b>	<b>882 049</b>	<b>121.1</b>	<b>1 054 148</b>	<b>43.6</b>	<b>541 059</b>	<b>51.3</b>
Provinces and municipalities	–	11	–	13	–	–	–	18	–
Departmental agencies and accounts	597 422	475 453	79.6	532 574	89.1	790 785	32.7	394 576	49.9
Foreign governments and international organisations	22 194	24 001	108.1	24 629	111.0	23 363	1.0	26 136	111.9
Public corporations and private enterprises	109 000	105 657	96.9	324 104	297.3	240 000	9.9	120 038	50.0
Households	–	388	–	729	–	–	–	291	–
<b>Payments for capital assets</b>	<b>5 061</b>	<b>4 233</b>	<b>83.6</b>	<b>5 481</b>	<b>108.3</b>	<b>14 618</b>	<b>0.6</b>	<b>6 720</b>	<b>46.0</b>
Machinery and equipment	5 061	2 177	43.0	3 425	67.7	7 718	0.3	2 808	36.4
Software and other intangible assets	–	2 056	–	2 056	–	6 900	0.3	3 912	56.7
<b>Payments for financial assets</b>	<b>–</b>	<b>393</b>	<b>–</b>	<b>447</b>	<b>–</b>	<b>650 000</b>	<b>26.9</b>	<b>650 031</b>	<b>100.0</b>
<b>Total</b>	<b>1 405 253</b>	<b>791 912</b>	<b>56.4</b>	<b>1 300 097</b>	<b>92.5</b>	<b>2 417 412</b>	<b>100.0</b>	<b>1 379 362</b>	<b>57.1</b>

**Expenditure trends for the first six months of 2016/17**

Total expenditure in 2015/16 was 92.5 per cent of the 2015/16 adjusted appropriation. Expenditure in the first six months of 2016/17 was R1.4 billion, or 57.1 per cent of the adjusted appropriation of R2.4 billion for the year. In comparison, mid-year expenditure in 2015/16 was R791.9 million, or 56.4 per cent of the 2015/16 adjusted appropriation. Compared to the first six months of 2015/16, expenditure over the same period in 2016/17 increased by R587.5 million, or 74.2 per cent. This was mainly due to the once-off payment for the recapitalisation of the South African Post Office in 2016/17.

## Departmental receipts

R thousand	2015/16					2016/17				
	Adjusted estimate	Audited outcome				Actual receipts				
		Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted estimate	Apr 15 - Mar 16	Apr 15 - Mar 16 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted estimate
<b>Departmental receipts</b>	<b>27 633 930</b>	<b>1 336 555</b>	<b>4.8</b>	<b>26 804 435</b>	<b>97.0</b>	<b>508 093</b>	<b>559 537</b>	<b>100.0</b>	<b>559 413</b>	<b>100.0</b>
Sales of goods and services produced by department	55	50	90.9	52	94.5	58	37	-	24	64.9
Interest, dividends and rent on land	2 165 531	1 335 881	61.7	1 335 925	61.7	507 383	559 240	99.9	559 236	100.0
Sales of capital assets	-	-	-	-	-	-	100	-	-	-
Transactions in financial assets and liabilities	25 468 344	624	0.0	25 468 458	100.0	652	160	-	153	95.6
<b>National Revenue Fund receipts</b>	<b>-</b>	<b>12 597 734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Proceeds from sale of Telkom's share in Vodacom	-	12 597 734	-	-	-	-	-	-	-	-
<b>Total</b>	<b>27 633 930</b>	<b>13 934 289</b>	<b>50.4</b>	<b>26 804 435</b>	<b>97.0</b>	<b>508 093</b>	<b>559 537</b>	<b>100.0</b>	<b>559 413</b>	<b>100.0</b>

### Revenue trends for the first six months of 2016/17

Revenue in the first six months of 2016/17 was R559.4 million, or 100 per cent of the adjusted revenue estimate of R559.5 million for the year. In comparison, mid-year departmental receipts in 2015/16 amounted to R1.3 billion, or 4.8 per cent of the 2015/16 adjusted estimate. Compared to the first six months of 2015/16, revenue over the same period in 2016/17 decreased by R777.1 million, or 58.1 per cent. The decrease is due to less revenue from dividends following the sale of Vodacom shares by government in 2015/16.