

Vote 3

Communications

Adjusted budget summary

2017/18				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 425 095	1 428 300	(2 567)	5 772
of which:				
Current payments	100 166	104 380	–	4 214
Transfers and subsidies	1 324 888	1 322 321	(2 567)	–
Payments for capital assets	41	1 599	–	1 558
Executive authority	Minister of Communications			
Accounting officer	Director-General of Communications			
Website address	www.doc.gov.za			

Vote purpose

Create an enabling environment for the provision of inclusive communication services to all South Africans in a manner that promotes socioeconomic development and investment through broadcasting, new media, print media and other new technologies, and brand the country locally and internationally.

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 digital broadcasting awareness campaigns hosted per year	Industry and Capacity Development	Outcome 14: Nation building and social cohesion	10	54	–
Number of reports showing consumer access to digital broadcasting, particularly those supported with set-top boxes, per year	Industry and Capacity Development		4	2	–
Number of position papers tabled at multilateral engagements per year	Industry and Capacity Development		2	1	–
Number of stakeholder engagements coordinated per year	Industry and Capacity Development		10	5	–
Number of shareholder compact accountability instruments signed per year	Entity Oversight		5	0	–

Mid-year progress

The department planned to host 10 digital broadcasting awareness campaigns in 2017/18, and has already held 54, particularly door-to-door registration campaigns, in the first six months of the year. This overachievement is mainly due to the establishment of partnerships with other national and provincial departments and local municipalities.

The targeted five instruments for shareholder compact accountability are expected to be signed in the fourth quarter of 2017/18.

Adjusted Estimates of National Expenditure 2017

Programme	2017/18							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Administration	62 771	–	–	7 581	(2 967)	–	4 614	67 385
Communications Policy, Research and Development	8 492	–	–	(679)	(914)	–	(1 593)	6 899
Industry and Capacity Development	22 290	11 300	–	(5 434)	–	–	5 866	28 156
Entity Oversight	1 331 542	–	–	(1 468)	(7 314)	3 100	(5 682)	1 325 860
Total	1 425 095	11 300	–	–	(11 195)	3 100	3 205	1 428 300
Economic classification								
Current payments	100 166	11 300	–	(2 291)	(4 795)	–	4 214	104 380
Compensation of employees	76 697	–	–	(733)	(4 795)	–	(5 528)	71 169
Goods and services	23 469	11 300	–	(1 558)	–	–	9 742	33 211
Transfers and subsidies	1 324 888	–	–	733	(6 400)	3 100	(2 567)	1 322 321
Departmental agencies and accounts	1 151 122	–	–	–	(6 400)	3 100	(3 300)	1 147 822
Public corporations and private enterprises	173 766	–	–	–	–	–	–	173 766
Households	–	–	–	733	–	–	733	733
Payments for capital assets	41	–	–	1 558	–	–	1 558	1 599
Machinery and equipment	41	–	–	1 558	–	–	1 558	1 599
Total	1 425 095	11 300	–	–	(11 195)	3 100	3 205	1 428 300

Programme 1: Administration

Subprogramme		2017/18						
	Main appropriation	Adjustments appropriation					Adjusted appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		Total adjustments appropriation
Ministry	9 377	–	–	1 851	(853)	–	998	10 375
Departmental Management	30 537	–	–	4 659	(1 188)	–	3 471	34 008
Internal Audit	787	–	–	180	–	–	180	967
Corporate Services	11 849	–	–	749	(612)	–	137	11 986
Financial Management	10 221	–	–	142	(314)	–	(172)	10 049
Total	62 771	–	–	7 581	(2 967)	–	4 614	67 385
Economic classification								
Current payments	62 771	–	–	5 393	(2 967)	–	2 426	65 197
Compensation of employees	50 202	–	–	(589)	(2 967)	–	(3 556)	46 646
Goods and services	12 569	–	–	5 982	–	–	5 982	18 551
Transfers and subsidies	–	–	–	589	–	–	589	589
Households	–	–	–	589	–	–	589	589
Payments for capital assets	–	–	–	1 599	–	–	1 599	1 599
Machinery and equipment	–	–	–	1 599	–	–	1 599	1 599
Total	62 771	–	–	7 581	(2 967)	–	4 614	67 385

Programme 2: Communications Policy, Research and Development

Subprogramme	2017/18							
		Adjustments appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Broadcasting Policy	6 802	–	–	(371)	(914)	–	(1 285)	5 517
Media Policy	158	–	–	(158)	–	–	(158)	–
Technology and Engineering Services	1 532	–	–	(150)	–	–	(150)	1 382
Total	8 492	–	–	(679)	(914)	–	(1 593)	6 899
Economic classification								
Current payments	8 492	–	–	(679)	(914)	–	(1 593)	6 899
Compensation of employees	6 129	–	–	–	(914)	–	(914)	5 215
Goods and services	2 363	–	–	(679)	–	–	(679)	1 684
Total	8 492	–	–	(679)	(914)	–	(1 593)	6 899

Programme 3: Industry and Capacity Development

Subprogramme	2017/18							Adjusted appropriation
	Adjustments appropriation						Total adjustments appropriation	
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Enterprise Development	3 045	–	–	(291)	–	–	(291)	2 754
Broadcasting Digital Migration	14 383	11 300	–	(5 143)	–	–	6 157	20 540
Industry Research and Analysis	2 922	–	–	–	–	–	–	2 922
Inter-governmental Relations and Stakeholder Management	1 940	–	–	–	–	–	–	1 940
Total	22 290	11 300	–	(5 434)	–	–	5 866	28 156
Economic classification								
Current payments	22 249	11 300	–	(5 537)	–	–	5 763	28 012
Compensation of employees	15 680	–	–	(144)	–	–	(144)	15 536
Goods and services	6 569	11 300	–	(5 393)	–	–	5 907	12 476
Transfers and subsidies	–	–	–	144	–	–	144	144
Households	–	–	–	144	–	–	144	144
Payments for capital assets	41	–	–	(41)	–	–	(41)	–
Machinery and equipment	41	–	–	(41)	–	–	(41)	–
Total	22 290	11 300	–	(5 434)	–	–	5 866	28 156

Programme 4: Entity Oversight

Subprogramme	2017/18							Adjusted appropriation
	Adjustments appropriation						Total adjustments appropriation	
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Programme Management for Entity Oversight	2 570	–	–	(156)	(914)	–	(1 070)	1 500
Broadcasting and Community Media	205 449	–	–	(328)	–	–	(328)	205 121
Communication and Branding	599 542	–	–	(492)	(6 400)	3 100	(3 792)	595 750
Regulatory Institutions	523 981	–	–	(492)	–	–	(492)	523 489
Total	1 331 542	–	–	(1 468)	(7 314)	3 100	(5 682)	1 325 860
Economic classification								
Current payments	6 654	–	–	(1 468)	(914)	–	(2 382)	4 272
Compensation of employees	4 686	–	–	–	(914)	–	(914)	3 772
Goods and services	1 968	–	–	(1 468)	–	–	(1 468)	500
Transfers and subsidies	1 324 888	–	–	–	(6 400)	3 100	(3 300)	1 321 588
Departmental agencies and accounts	1 151 122	–	–	–	(6 400)	3 100	(3 300)	1 147 822
Public corporations and private enterprises	173 766	–	–	–	–	–	–	173 766
Total	1 331 542	–	–	(1 468)	(7 314)	3 100	(5 682)	1 325 860

Details of adjustments to Estimates of National Expenditure 2017**Roll-overs – R11.3 million****Programme 3: Industry and Capacity Development**

R11.3 million has been rolled over for the radio component of, and the door-to-door awareness campaign for the digital terrestrial television project.

Virements and shifts within votes

Programmes

1. Administration
2. Communications Policy, Research and Development
3. Industry and Capacity Development
4. Entity Oversight

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(642)	Programme 1		642
Compensation of employees	Vacant posts ¹	(589)	Households	Leave gratuities	589
Goods and services	Cost containment measures effected mainly on travel and subsistence	(53)	Machinery and equipment	Laptop computers for new employees	53
Shifts within the programme as a percentage of the programme budget		1.8%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Programme 2		(679)	Programme 1		679
Goods and services	Cost containment measures effected mainly on publication and printing costs, and travel and subsistence	(679)	Goods and services	Fleet services, legal services, stationery, and travel and subsistence	679
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		8.0%			
Programme 3		(5 578)	Programme 3		144
Compensation of employees	Vacant posts ¹	(144)	Households	Leave gratuities	144
Goods and services	Cost containment measures effected mainly on travel and subsistence	(1 505)	Programme 1		5 434
	Cost containment measures effected mainly on travel and subsistence	(3 888)	Machinery and equipment	Vehicles	1 505
			Goods and services	Audit fees, computer services, fleet services, legal costs, stationery, and travel and subsistence	3 888
Machinery and equipment	Laptop computers	(41)	Machinery and equipment	Laptop computers and office equipment	41
Shifts within the programme as a percentage of the programme budget		0.6%			
Virements to other programmes as a percentage of the programme budget		24.4%²			
Programme 4		(1 468)	Programme 1		1 468
Goods and services	Cost containment measures effected mainly on travel and subsistence	(1 468)	Goods and services	Fleet services, and travel and subsistence	1 468
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%			
Total		(8 367)			8 367

1. National Treasury approval has been obtained.

2. Only the legislature may approve this virement.

Declared unspent funds – R11.195 million

R11.195 million in unspent funds has been declared on vacant posts.

Programme 1: Administration

R2.967 million

Programme 2: Communications Policy, Research and Development

R914 000

Programme 4: Entity Oversight

R7.314 million, of which R6.4 million is from the Government Communication and Information System.

Other adjustments – R3.1 million

Self-financing expenditure

Programme 4: Entity Oversight

Revenue of R3.1 million is expected to be generated in 2017/18 from advertising in the bi-monthly Vuk'uzenzele government newspaper, which is coordinated by the Government Communication and Information System. This will be used to increase the print run from 850 000 to 1 040 000 copies per edition.

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

Programme	2016/17 Audited outcome					2017/18 Actual expenditure			
	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
R thousand									
Administration	57 103	31 592	55.3	57 255	100.3	67 385	4.7	32 289	47.9
Communications Policy, Research and Development	7 728	3 109	40.2	6 324	81.8	6 899	0.5	2 473	35.8
Industry and Capacity Development	47 692	11 479	24.1	35 166	73.7	28 156	2.0	12 280	43.6
Entity Oversight	1 237 197	620 586	50.2	1 236 997	100.0	1 325 860	92.8	628 613	47.4
Total	1 349 720	666 766	49.4	1 335 742	99.0	1 428 300	100.0	675 655	47.3
Economic classification									
Current payments	113 971	47 515	41.7	99 844	87.6	104 380	7.3	46 917	44.9
Compensation of employees	68 169	33 091	48.5	65 482	96.1	71 169	5.0	31 570	44.4
Goods and services	45 802	14 424	31.5	34 362	75.0	33 211	2.3	15 347	46.2
Transfers and subsidies	1 231 949	618 031	50.2	1 232 091	100.0	1 322 321	92.6	627 149	47.4
Departmental agencies and accounts	1 049 799	552 244	52.6	1 049 799	100.0	1 147 822	80.4	539 547	47.0
Public corporations and private enterprises	182 093	65 731	36.1	182 093	100.0	173 766	12.2	86 884	50.0
Households	57	56	98.2	199	349.1	733	0.1	718	98.0
Payments for capital assets	3 800	1 217	32.0	3 784	99.6	1 599	0.1	1 562	97.7
Machinery and equipment	3 800	1 217	32.0	3 784	99.6	1 599	0.1	1 562	97.7
Payments for financial assets	-	3	-	23	-	-	0.0	27	-
Total	1 349 720	666 766	49.4	1 335 742	99.0	1 428 300	100.0	675 655	47.3

Expenditure trends for the first six months of 2017/18

Total expenditure in 2016/17 was R1.3 billion, or 99 per cent of the adjusted appropriation for 2016/17. Expenditure in the first six months of 2017/18 was R675.7 million, or 47.3 per cent of the adjusted appropriation of R1.4 billion for the year. In comparison, mid-year expenditure in 2016/17 was R666.8 million, or 49.4 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 increased by R8.9 million, or 1.3 per cent. The increase is mainly due to an increase in expenditure on travel and subsistence, consultancy services and rental costs for the digital terrestrial television project.

Departmental receipts

R thousand	2016/17					2017/18				
	Audited outcome					Actual receipts				
	Adjusted estimate	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	1 026 751	852 752	83.1	1 171 168	114.1	1 036 565	1 036 995	100.0	541 224	52.2
Sales of goods and services produced by department	74	36	48.6	61	82.4	82	74	0.0	27	36.5
Interest, dividends and rent on land	2 168	1 168	53.9	2 239	103.3	2 200	2 462	0.2	1 231	50.0
Transactions in financial assets and liabilities	1 024 509	851 548	83.1	1 168 868	114.1	1 034 283	1 034 459	99.8	539 966	52.2
Total	1 026 751	852 752	83.1	1 171 168	114.1	1 036 565	1 036 995	100.0	541 224	52.2

Revenue trends for the first six months of 2017/18

Revenue in the first six months of 2017/18 was R541.2 million, or 52.2 per cent of the adjusted revenue estimate of R1 billion for the year. In comparison, mid-year revenue in 2016/17 was R852.8 million, or 83.1 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 decreased by R311.5 million, or 36.5 per cent. This is mainly due to lower than anticipated revenue generated from the Independent Communications Authority of South Africa for license fees as a result of a decrease in the number of new licensees.

Changes to transfers and subsidies

Summary of changes to transfers and subsidies per programme

2017/18								
R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Administration								
Households								
Social benefits								
Current	–	–	–	589	–	–	589	589
Households	–	–	–	589	–	–	589	589
Industry and Capacity Development								
Households								
Social benefits								
Current	–	–	–	144	–	–	144	144
Households	–	–	–	144	–	–	144	144
Entity Oversight								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	404 750	–	–	–	(6 400)	3 100	(3 300)	401 450
Government Communication and Information System	404 750	–	–	–	(6 400)	3 100	(3 300)	401 450