

Vote 32

Telecommunications and Postal Services

Adjusted budget summary

R thousand	2018/19			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	923 407	4 006 936	(1 398)	3 084 927
<i>of which:</i>				
Current payments	403 256	541 183	–	137 927
Transfers and subsidies	498 893	497 495	(1 398)	–
Payments for capital assets	21 258	21 258	–	–
Payments for financial assets	–	2 947 000	–	2 947 000
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 ICT policies and legislations 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	MTSF outcome	Annual performance		
			Projected for 2018/19 as published in the 2018 ENE	Achieved in the first six months of 2018/19 (April to September)	Changed target for 2018/19
Number of ICT position papers developed for international engagements per year	International Affairs and Trade		4	4	–
Number of identified government institutions connected as part of the national broadband plan: digital development (phase 1) per year	ICT Infrastructure Support	Outcome 6: An efficient, competitive and responsive economic infrastructure network	0	63 government facilities were connected to broadband infrastructure and have broadband services running 310 government facilities are connected to broadband infrastructure only	570 government facilities connected to broadband services

Mid-year progress

The department developed 4 ICT position papers for international engagements in the first half of 2018/19 against a target of 4 for the year, as per the department's 2018/19 annual performance plan.

Although there was no planned target for the number of identified government institutions connected as part of the national broadband plan in 2018/19, due to the approval of rollover funding in the first half of the financial year, a new target of 570 government facilities to be connected to broadband services has been set. As such, in the first half of 2018/19, 63 facilities were connected to broadband infrastructure and services, while 310 facilities were connected to broadband infrastructure only. The remaining facilities are on track to be connected by the end of 2018/19.

Adjusted Estimates of National Expenditure 2018

Programme	2018/19							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Administration	218 332	–	–	1 490	–	15 385	16 875	235 207
International Affairs and Trade Policy, Research and Capacity Development	52 035	–	–	23 630	–	4 320	27 950	79 985
ICT Enterprise Development and Public Entities Oversight	85 975	–	–	(6 273)	–	5 278	(995)	84 980
ICT Infrastructure Support	250 440	–	–	6 442	–	2 948 267	2 954 709	3 205 149
	316 625	110 279	–	(25 289)	–	–	84 990	401 615
Total	923 407	110 279	–	–	–	2 973 250	3 083 529	4 006 936
Economic classification								
Current payments	403 256	110 279	–	1 398	–	26 250	137 927	541 183
Compensation of employees	224 300	–	–	–	–	–	–	224 300
Goods and services	178 956	110 279	–	1 398	–	26 250	137 927	316 883
Transfers and subsidies	498 893	–	–	(1 398)	–	–	(1 398)	497 495
Provinces and municipalities	15	–	–	–	–	–	–	15
Departmental agencies and accounts	266 496	–	–	(18 940)	–	–	(18 940)	247 556
Foreign governments and international organisations	28 482	–	–	(1 398)	–	–	(1 398)	27 084
Public corporations and private enterprises	203 900	–	–	–	–	–	–	203 900
Payments for capital assets	21 258	–	–	–	–	–	–	21 258
Machinery and equipment	10 145	–	–	–	–	–	–	10 145
Software and other intangible assets	11 113	–	–	–	–	–	–	11 113
Payments for financial assets	–	–	–	–	–	2 947 000	2 947 000	2 947 000
Total	923 407	110 279	–	–	–	2 973 250	3 083 529	4 006 936

Programme 1: Administration

Subprogramme	2018/19							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Ministry	4 211	–	–	–	–	–	–	4 211
Departmental Management	42 780	–	–	506	–	–	506	43 286
Internal Audit	7 219	–	–	370	–	–	370	7 589
Corporate Services	77 481	–	–	15 999	–	–	15 999	93 480
Financial Management	77 457	–	–	(11 385)	–	11 385	–	77 457
Office Accommodation	9 184	–	–	(4 000)	–	4 000	–	9 184
Total	218 332	–	–	1 490	–	15 385	16 875	235 207
Economic classification								
Current payments	206 534	–	–	(17 450)	–	15 385	(2 065)	204 469
Compensation of employees	108 762	–	–	–	–	–	–	108 762
Goods and services	97 772	–	–	(17 450)	–	15 385	(2 065)	95 707
Transfers and subsidies	15	–	–	18 940	–	–	18 940	18 955
Provinces and municipalities	15	–	–	–	–	–	–	15
Payments for capital assets	11 783	–	–	–	–	–	–	11 783
Machinery and equipment	7 280	–	–	–	–	–	–	7 280
Software and other intangible assets	4 503	–	–	–	–	–	–	4 503
Total	218 332	–	–	1 490	–	15 385	16 875	235 207

Programme 2: International Affairs and Trade

Subprogramme	2018/19							
	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	14 638	–	–	200	–	–	200	14 838
ICT Trade/Partnership	37 397	–	–	23 430	–	4 320	27 750	65 147
Total	52 035	–	–	23 630	–	4 320	27 950	79 985
Economic classification								
Current payments	23 163	–	–	25 028	–	4 320	29 348	52 511
Compensation of employees	13 725	–	–	–	–	–	–	13 725
Goods and services	9 438	–	–	25 028	–	4 320	29 348	38 786
Transfers and subsidies	28 482	–	–	(1 398)	–	–	(1 398)	27 084
Foreign governments and international organisations	28 482	–	–	(1 398)	–	–	(1 398)	27 084
Payments for capital assets	390	–	–	–	–	–	–	390
Machinery and equipment	390	–	–	–	–	–	–	390
Total	52 035	–	–	23 630	–	4 320	27 950	79 985

Programme 3: Policy, Research and Capacity Development

Subprogramme	2018/19							
	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	14 149	–	–	(968)	–	1 078	110	14 259
Economic and Market Analysis	4 481	–	–	(1 092)	–	1 200	108	4 589
Research	7 090	–	–	(888)	–	1 000	112	7 202
Information Society Development	50 934	–	–	(3 325)	–	2 000	(1 325)	49 609
Capacity Development	9 321	–	–	–	–	–	–	9 321
Total	85 975	–	–	(6 273)	–	5 278	(995)	84 980
Economic classification								
Current payments	85 631	–	–	(6 273)	–	5 278	(995)	84 636
Compensation of employees	52 592	–	–	–	–	–	–	52 592
Goods and services	33 039	–	–	(6 273)	–	5 278	(995)	32 044
Payments for capital assets	344	–	–	–	–	–	–	344
Machinery and equipment	294	–	–	–	–	–	–	294
Software and other intangible assets	50	–	–	–	–	–	–	50
Total	85 975	–	–	(6 273)	–	5 278	(995)	84 980

Programme 4: ICT Enterprise Development and Public Entities Oversight

Subprogramme	2018/19							
	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	245 330	–	–	6 628	–	2 948 021	2 954 649	3 199 979
Small, Medium and Micro Enterprise Development	5 110	–	–	(186)	–	246	60	5 170
Total	250 440	–	–	6 442	–	2 948 267	2 954 709	3 205 149
Economic classification								
Current payments	21 322	–	–	6 442	–	1 267	7 709	29 031
Compensation of employees	15 968	–	–	7 100	–	–	7 100	23 068
Goods and services	5 354	–	–	(658)	–	1 267	609	5 963
Transfers and subsidies	228 616	–	–	–	–	–	–	228 616
Departmental agencies and accounts	228 616	–	–	–	–	–	–	228 616
Payments for capital assets	502	–	–	–	–	–	–	502
Machinery and equipment	502	–	–	–	–	–	–	502
Payments for financial assets	–	–	–	–	–	2 947 000	2 947 000	2 947 000
Total	250 440	–	–	6 442	–	2 948 267	2 954 709	3 205 149

Programme 5: ICT Infrastructure Support

R thousand	2018/19								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
Broadband	58 691	110 279	–	(6 558)	–	–	103 721	162 412	
Digital Terrestrial Television	241 780	–	–	(18 940)	–	–	(18 940)	222 840	
ICT Support	16 154	–	–	209	–	–	209	16 363	
Total	316 625	110 279	–	(25 289)	–	–	84 990	401 615	
Economic classification									
Current payments	66 606	110 279	–	(6 349)	–	–	103 930	170 536	
Compensation of employees	33 253	–	–	(7 100)	–	–	(7 100)	26 153	
Goods and services	33 353	110 279	–	751	–	–	111 030	144 383	
Transfers and subsidies	241 780	–	–	(18 940)	–	–	(18 940)	222 840	
Departmental agencies and accounts	37 880	–	–	(18 940)	–	–	(18 940)	18 940	
Public corporations and private enterprises	203 900	–	–	–	–	–	–	203 900	
Payments for capital assets	8 239	–	–	–	–	–	–	8 239	
Machinery and equipment	1 679	–	–	–	–	–	–	1 679	
Software and other intangible assets	6 560	–	–	–	–	–	–	6 560	
Total	316 625	110 279	–	(25 289)	–	–	84 990	401 615	

Details of adjustments to Estimates of National Expenditure 2018**Roll-overs – R110.279 million**

Programme 5: ICT Infrastructure support

R110.279 million has been rolled over for the upgrading and provision of broadband connectivity to 194 government facilities by the State Information Technology Agency, and the provision of broadband infrastructure and service activation to 313 facilities by Broadband Infracore and the State Information Technology Agency.

Virements and shifts within the vote

Programmes					
1. Administration					
2. International Affairs and Trade					
3. Policy, Research and Capacity Development					
4. ICT Enterprise Development and Public Entities Oversight					
5. ICT Infrastructure Support					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(17 950)	Programme 2		15 585
Goods and services	Various goods and services items	(15 585)	Goods and services	International Telecommunications Union Telecom World Conference 2018	15 585
	Training and bursaries	(1 005)	Programme 3		1 005
	Training and bursaries	(609)	Goods and services	Training and bursaries	1 005
	Training and bursaries	(751)	Programme 4		609
			Goods and services	Training and bursaries	609
			Programme 5		751
			Goods and services	Training and bursaries	751
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		8.2% ²			

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 2		(1 398)	Programme 2		1 398
Foreign governments and international organisations	Membership fees ¹	(1 398)	Goods and services	International Telecommunications Union Telecom World Conference 2018	1 398
Shifts within the programme as a percentage of the programme budget		2.7%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Programme 3		(7 278)	Programme 1		500
Goods and services	Various non-core goods and services items	(500)	Goods and services	Ministerial imbizo	500
	Various goods and services items	(6 778)	Programme 2		6 778
			Goods and services	International Telecommunications Union Telecom World Conference 2018	6 778
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		8.5% ²			
Programme 4		(1 267)	Programme 2		1 267
Goods and services	Various goods and services items	(1 267)	Goods and services	International Telecommunications Union Telecom World Conference 2018	1 267
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		0.5%			
Programme 5		(26 040)	Programme 4		7 100
Compensation of employees	Vacant posts	(7 100)	Compensation of employees	Alignment of budget with organisational structure	7 100
Departmental agencies and accounts	Universal Service and Access Fund ²	(18 940)	Programme 1		18 940
			Households	Settlement of Arbitration award	18 940
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		8.2% ²			
Total		(53 933)			53 933

1. National Treasury approval has been obtained.

2. Only the Legislature may approve this virement.

Other adjustments – R2.973 billion

Appropriation of expenditure earmarked in the 2018 Budget speech for future allocation – R2.947 billion

Programme 4: ICT Enterprise Development and Public Entities Oversight

R2.947 billion has been allocated for the South African Post Office to defray debt and fund operational requirements.

Self-financing expenditure – R26.250 million

R26.250 million has been generated from sponsorships from MTN, Microsoft and the Industrial Development Corporation, and will be used to reimburse costs incurred in hosting the International Telecommunications Union Telecom World Conference 2018.

Expenditure outcome for 2017/18 and actual expenditure for 2018/19

Programme	2017/18					2018/19			
	Audited outcome					Actual expenditure			
R thousand	Adjusted appropriation	Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted appropriation	Apr 17 - Mar 18	Apr 17 - Mar 18 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 18 - Sep 18	Apr 18 - Sep 18 % of adjusted appropriation
Administration	198 130	107 808	54.4	209 452	105.7	235 207	5.9	91 785	39.0
International Affairs and Trade	50 920	38 026	74.7	50 612	99.4	79 985	2.0	66 499	83.1
Policy, Research and Capacity Development	85 523	32 782	38.3	78 524	91.8	84 980	2.1	35 702	42.0
ICT Enterprise Development and Public Entities Oversight	3 944 102	134 932	3.4	3 949 056	100.1	3 205 149	80.0	124 609	3.9
ICT Infrastructure Support	895 702	419 064	46.8	604 411	67.5	401 615	10.0	239 029	59.5
Total	5 174 377	732 612	14.2	4 892 055	94.5	4 006 936	100.0	557 624	13.9
Economic classification									
Current payments	655 647	173 086	26.4	372 134	56.8	541 183	13.5	192 059	35.5
Compensation of employees	221 206	106 480	48.1	219 843	99.4	224 300	5.6	109 569	48.8
Goods and services	434 441	66 606	15.3	152 291	35.1	316 883	7.9	82 490	26.0
Transfers and subsidies	806 713	551 395	68.4	808 931	100.3	497 495	12.4	362 611	72.9
Provinces and municipalities	–	12	0.0	14	0.0	15	0.0	6	40.0
Departmental agencies and accounts	295 181	158 557	53.7	295 181	100.0	247 556	6.2	131 102	53.0
Foreign governments and international organisations	25 532	25 964	101.7	25 964	101.7	27 084	0.7	27 084	100.0
Public corporations and private enterprises	486 000	366 000	75.3	486 000	100.0	203 900	5.1	203 900	100.0
Households	–	862	0.0	1 772	0.0	18 940	0.5	519	2.7
Payments for capital assets	12 017	8 109	67.5	10 740	89.4	21 258	0.5	2 831	13.3
Machinery and equipment	9 062	2 191	24.2	4 728	52.2	10 145	0.3	1 572	15.5
Software and other intangible assets	2 955	5 918	200.3	6 012	203.5	11 113	0.3	1 259	11.3
Payments for financial assets	3 700 000	22	0.0	3 700 250	100.0	2 947 000	73.5	123	0.0
Total	5 174 377	732 612	14.2	4 892 055	94.5	4 006 936	100.0	557 624	13.9

Expenditure trends for the first half of 2018/19

Total expenditure in 2017/18 was R4.9 billion, 94.5 per cent of the 2017/18 adjusted appropriation. Mid-year expenditure in 2017/18 was R732.6 million, 14.2 per cent of the 2017/18 adjusted appropriation, whereas expenditure in the first half of 2018/19 was R557.6 million, 13.9 per cent of the adjusted appropriation of R4 billion for the year. Compared to the first half of 2017/18, expenditure over the same period in 2018/19 decreased by R175 million, 23.9 per cent, mainly due to a transfer payment to the South African Post Office for broadcasting digital migration that ended in 2017/18.

Departmental receipt

R thousand	2017/18					2018/19				
	Adjusted estimate	Audited outcome			Actual receipts					
		Apr 17 - Sep 17	adjusted estimate	% of	Apr 17 - Mar 18	adjusted estimate	% of	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)
Departmental receipts	654 413	653 467	99.9	1 141 106	174.4	600 379	517 828	100.0	516 156	99.7
Sales of goods and services produced by department	366	26	7.1	57	15.6	52	53	0.0	29	54.7
Transfers received	244	–	–	–	–	–	26 250	5.1	25 000	95.2
Interest, dividends and rent on land	653 263	653 263	100.0	1 140 002	174.5	600 100	490 877	94.8	490 822	100.0
Sales of capital assets	300	54	18.0	713	237.7	–	68	0.0	6	8.8
Transactions in financial assets and liabilities	240	124	51.7	334	139.2	227	580	0.1	299	51.6
Total	654 413	653 467	99.9	1 141 106	174.4	600 379	517 828	100.0	516 156	99.7

Revenue trends for the first half of 2018/19

Mid-year revenue in 2018/19 was R516.2 million, 99.7 per cent of the adjusted revenue estimate of R517.8 million for the year, whereas mid-year revenue in 2017/18 was R653.5 million, 99.9 per cent of the 2017/18 adjusted estimate. In comparison, revenue over the same period in 2018/19 decreased by R137.3 million, 21 per cent, mainly due to lower dividends received from Vodacom and Telkom.

Changes to transfers and subsidies

Summary of changes to transfers and subsidies per programme

R thousand	2018/19							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Administration								
Households								
Other transfers to households								
Current	–	–	–	18 940	–	–	18 940	18 940
Households	–	–	–	18 940	–	–	18 940	18 940
International Affairs and Trade								
Foreign governments and international organisations								
Current	20 470	–	–	(1 398)	–	–	(1 398)	19 072
International	18 252	–	–	(1 175)	–	–	(1 175)	17 077
Telecommunications Union								
African Telecommunications Union	1 047	–	–	(59)	–	–	(59)	988
DONA Foundation	1 171	–	–	(164)	–	–	(164)	1 007
ICT Infrastructure Support								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	37 880	–	–	(18 940)	–	–	(18 940)	18 940
Universal Service and Access Fund: Broadcasting digital migration	37 880	–	–	(18 940)	–	–	(18 940)	18 940

