

Vote 25

Communications

To be appropriated by Vote	R487 523 000
Statutory appropriations	–
Responsible Minister	Minister for Communications
Administering Department	Department of Communications
Accounting Officer	Director-General of Communications

Aim

The aim of the Department of Communications is policy formulation and implementation for the telecommunications, postal and broadcasting services, as well as the control of transfers to the portfolio organisations such as the South African Post Office, the South African Broadcasting Corporation, the Independent Communications Authority of South Africa, the National Media Institute of South Africa and the Universal Service Agency.

Key objectives and programmes

South Africa's integration into the knowledge-based economy will bring the benefits of technological investment and innovation, and related trade and investment. The mission of the Department of Communications is to facilitate a knowledge-based society and an information economy. Its main objective is "universal access" to enable ordinary people to have access not only to traditional media but also to the convenience of information technology. The Department is structured into three business units and an auxiliary programme:

- *Telecommunications policy* sets and promotes the implementation of telecommunications policy, and controls the transfer of funds to the Universal Service Agency and the Universal Service Fund.
- The core functions of *Postal services* include developing and refining the policy framework for the postal sector and the Post Office in particular. It is also responsible for shareholder management functions of the Post Office as a state-owned enterprise. The Postal Services Act of 1998 provides for the establishment of a postal regulator as a directorate within the Department.
- *Broadcasting policy* promotes government policy in the broadcasting sector and manages transfers to the South African Broadcasting Corporation (SABC), the Independent Communications Authority of South Africa and the National Electronic Media Institute of South Africa.
- *Auxiliary and associated services* render support services in promotion of the Department's aims.

Strategic overview and key policy developments: 1997/98 – 2003/04

Established in 1998, the Department of Communications assists the country with taking advantage of the convergence in communication technologies. The telecommunications, broadcasting, postal, information technology and multimedia sectors used to be distinct communication industries with separate characteristics and legislative and regulatory frameworks. As technologies converge, allowing communication, information and audio-visual services to be distributed over different types of networks, new policy and regulatory frameworks are required. The new broadcasting

policy framework seeks to set up a broadcasting system based on universal access, diversity within a framework of national unity, democratisation of the airwaves, nation building and education. These principles are embodied in the Broadcasting Act of 1999.

Electronic mail, the Internet and electronic commerce pose new challenges and opportunities for the postal sector, and traditional mail business in particular. A key challenge for the Post Office is to extend the provision of postal services in a sustainable and cost-effective manner, while repositioning its business to deal with the threats and opportunities of e-commerce. Its focus is on core issues such as universal service and the related extension of postal outlets, and addressing the improvement of traditional revenue streams from third party payments. It is also emphasising the parcel and courier business, financial services, the restructuring of the Post Bank, and an e-commerce strategy.

Recent initiatives of the Department include the establishment of an Internet directorate and a feasibility study on a network of public emergency communication centres. These centres will integrate various emergency services and form the basis for upgrading the related infrastructure and technology.

The ongoing restructuring of the Post Office and the drive to open the postal market to competition have necessitated the separation of the regulatory function from operational postal services. The Department's postal regulator will monitor the Post Office's progress in the execution of its mandate and will seek to balance the interests of the Post Office with those of private operators.

Expenditure estimates

Table 25.1: Communications

Programme	Expenditure outcome					Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted	Revised			
R thousand	1997/98	1998/99	1999/00	appropriation	estimate	2001/02	2002/03	2003/04
				2000/01				
Administration ¹	-	39 270	53 921	62 477	62 602	59 643	62 309	71 151
Telecommunications policy	-	33 543	58 187	110 631	108 690	96 635	92 594	87 085
Postal services ²	464 000	444 133	305 802	22 098	21 003	43 624	44 390	50 018
Broadcasting services policy	-	325 305	349 029	284 757	284 571	282 405	238 893	250 353
Auxiliary and Associated services	-	-	-	5 628	5 628	5 216	5 034	6 129
Total	464 000	842 251	766 939	485 591	482 494	487 523	443 220	464 736
Change to 2000 Budget Estimate				18 643	15 546	9 255	11 551	

¹ Authorised losses of R 37 000 in 1998/99 and R327 000 in 1999/00 included

² Post Offices losses in 1997/98 previously included on Finance Vote

Economic classification

	464 000	840 108	761 756	480 277	477 113	481 592	439 919	461 240
Current								
Personnel	-	23 459	24 265	36 361	34 817	44 107	46 770	53 255
Transfer payments	464 000	794 123	704 012	360 382	359 832	346 518	301 527	306 722
Other current	-	22 526	33 479	83 534	82 464	90 967	91 622	101 263
Capital								
Transfer payments	-	2 143	5 183	5 314	5 381	5 931	3 301	3 496
Acquisition of capital assets	-	-	-	-	-	-	-	-
Acquisition of capital assets	-	2 143	5 183	5 314	5 381	5 931	3 301	3 496
Total	464 000	842 251	766 939	485 591	482 494	487 523	443 220	464 736

Standard items of expenditure								
Personnel	-	23 459	24 265	36 361	34 817	44 108	46 770	53 255
Administrative	-	8 862	13 841	23 613	22 976	24 011	25 444	29 430
Inventories	-	2 107	3 323	8 289	8 006	10 518	10 397	12 657
Equipment	-	4 772	7 235	14 063	14 130	11 235	6 290	8 326
Land and buildings	-	4 212	6 447	11 287	11 287	18 085	17 661	15 505
Professional and special services	-	4 543	7 578	31 208	31 058	33 048	35 131	38 841
Transfer payments	464 000	794 123	704 012	360 382	359 832	346 518	301 527	306 722
Miscellaneous								
Civil Pensions	-	173	238	388	388	-	-	-
Stabilisation Fund								
Total	464 000	842 251	766 939	485 591	482 494	487 523	443 220	464 736

Departmental receipts

Departmental receipts amount to R6 million in 2000/01, including interest on the SABC loan, short-term interest on the Department's bank account and staff debt. The Department estimates receipts of R3 million over the medium term.

Expenditure trends

The merger between the Independent Broadcasting Authority and the South African Telecommunications Authority to form the new Independent Communications Authority of South Africa has resulted in the restructuring of the Department's programmes. The allocation for the new Authority (combining the allocations of the two entities previously in different programmes) has been located within the *Broadcasting policy* programme. As a result, baseline allocations for the *Telecommunications policy* programme have been reduced, while the allocations for the *Broadcasting policy* programme have been increased.

The 2000/01 allocation for the Department shows a significant decline from R766,9 million in 1998/99 to R485,6 million. This is explained mainly by the eventual termination of the Post Office subsidy, which has been gradually phased down from R464 million in 1997/98. The subsidy to the SABC is projected to fall over the medium term to R44,7 million in 2003/04. These reductions in subsidies to public enterprises follow the process of restructuring and commercialising of their operations. A strategic management partner was appointed to manage the turnaround of the Post Office, and the Department is engaged on separating the commercial activities of the SABC from its public mandate function.

Spending on the Communications Vote decreased by an average of 24,3 per cent between 1998/99 and 2000/01. The decline continues, at a average rate of 1,2 per cent a year over the medium term, as a result of the reduction in the SABC subsidy. Personnel expenditure has grown from R23,5 million in 1998/99 to R53,3 million 2003/04 as the Department is building capacity in line with its evolving mandate. This represents an increase of 17,8 per cent a year in the period under review.

The 2001 Budget allocates an additional R12 million to Communications over the medium term for the establishment of the Internet directorate, which will monitor misuse of the Internet and ensure security on government transactions. A further R80 million will be made available over the medium term as a special allocation to fund the establishment of public emergency communication centres. These funds will be disbursed in terms of a workable business plan and upon agreement on the funding mechanism for the ongoing operational expenses of such centres.

Programme 1: Administration

The programme conducts the overall management of the Department and provides all the required support services. It comprises policy formulation by the Minister, Director-General and other members of the Department's management, and renders centralised administrative, legal, financial, personnel and other services, as well as procedures for and the exercising of control of the services.

Table 25.2: Administration

Programme	Expenditure outcome			Adjusted appropriation 2000/01	Medium-term expenditure estimate		
	Audited 1997/98	Audited 1998/99	Preliminary outcome 1999/00		2001/02	2002/03	2003/04
R thousand							
Minister ¹	-	512	574	518	577	608	639
Management	-	8 607	8 567	11 519	12 927	14 010	15 440
Corporate services	-	30 151	44 780	50 440	46 139	47 691	55 072
Total	-	39 270	53 921	62 477	59 643	62 309	71 151
Change to 2000 Budget Estimate				4 215	(3 131)	(207)	

¹ Payable as from 1 April 2000: salary: R478 530, car allowance: R119 632

Economic classification

Current	-	38 285	51 800	60 966	58 294	61 170	69 782
Personnel	-	14 963	14 633	18 532	20 564	21 648	23 501
Transfer payments	-	9 389	16 797	9 288	9 368	8 814	9 528
Other current	-	13 933	20 370	33 146	28 362	30 708	36 753
Capital	-	985	2 121	1 511	1 349	1 139	1 369
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	-	985	2 121	1 511	1 349	1 139	1 369
Total	-	39 270	53 921	62 477	59 643	62 309	71 151

Standard items of expenditure

Personnel	-	14 963	14 633	18 532	20 564	21 648	23 501
Administrative	-	6 594	10 727	14 381	11 963	12 888	15 003
Inventories	-	1 232	3 005	3 582	4 560	4 627	6 268
Equipment	-	2 869	3 790	2 574	2 737	2 602	3 233
Land and buildings	-	2 527	2 887	6 098	4 126	4 538	5 296
Professional and special services	-	1 578	1 927	7 824	6 325	7 192	8 322
Transfer payments	-	9 389	16 797	9 288	9 368	8 814	9 528
Miscellaneous							
Civil Pensions Stabilisation Fund	-	118	155	198	-	-	-
Total	-	39 270	53 921	62 477	59 643	62 309	71 151

Expenditure trends

Expenditure on *Administration* increases by an average of 4,4 per cent a year between 2000/01 and 2003/04, as against 16,8 per cent from 1997/98 to 1999/00. Significant growth in earlier years is due to the contributions to the Human Resources Fund. The Fund, which was established through the Telecommunications Act of 1996, ceased to exist on 31 March 2000. Its activities were transferred to the Sectoral Education and Training Authority established by the Skills Development Act of 1998.

The Department established the Project management and Knowledge management offices during 2000. The Project management office will provide a centralised monitoring service to track all projects of the Department across programmes. The Knowledge management office will enable the Department to improve the way it creates, adopts, validates, diffuses, stores and uses knowledge in order to attain its goals faster and more effectively.

Programme 2: Telecommunications policy

The programme formulates policies on information communication technologies and initiates projects to enhance service delivery and shareholder management of portfolio organisations. It is divided into three subprogrammes:

- Telecommunications policy is responsible for policy formulation and implementation, and oversees the related portfolio organisations. It also promotes the delivery of technology infrastructure and drives the process to restructure the industry.
- The Universal Service Agency makes financial contributions to the Agency, which implements policy and monitors the performance of telecommunications operators against their universal service obligations.
- The Universal Service Fund manages contributions by telecommunications operators to the Fund, which seeks to stimulate the development of services in underserved areas.

Table 25.3: Telecommunications policy

Programme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited 1997/98	Audited 1998/99	Preliminary outcome 1999/00		2001/02	2002/03	2003/04
R thousand				2000/01			
Telecommunications policy	–	10 579	26 058	75 073	63 944	58 204	51 129
Universal Service Agency	–	8 901	8 034	9 641	10 205	10 711	11 211
Universal Service Fund	–	482	11 295	21 100	22 486	23 679	24 745
Information technology secretariat ¹	–	13 581	12 800	4 817	–	–	–
Total	–	33 543	58 187	110 631	96 635	92 594	87 085
Change to 2000 Budget Estimate				(53 900)	(87 297)	(94 816)	

¹ Financial contribution to the Secretariat to address, manage and monitor the effect on information technology products and existing computer applications, flowing from the year 2000

Economic classification

Current	–	32 500	55 619	107 796	92 912	91 178	85 686
Personnel	–	4 105	4 244	7 901	11 946	12 720	14 231
Transfer payments	–	22 963	43 632	61 558	46 101	46 440	40 060
Other current	–	5 432	7 743	38 337	34 865	32 018	31 395
Capital	–	1 043	2 568	2 835	3 723	1 416	1 399
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	–	1 043	2 568	2 835	3 723	1 416	1 399
Total	–	33 543	58 187	110 631	96 635	92 594	87 085

Standard items of expenditure

Personnel	–	4 105	4 244	7 901	11 946	12 720	14 231
Administrative	–	1 679	1 644	4 297	5 607	5 606	6 428
Inventories	–	632	205	3 160	4 522	4 338	4 462
Equipment	–	1 537	2 764	9 528	6 364	2 300	3 183
Land and buildings	–	1 053	2 838	4 094	12 584	11 611	8 443
Professional and special services	–	1 547	2 831	20 007	9 511	9 579	10 278
Transfer payments	–	22 963	43 632	61 558	46 101	46 440	40 060
Miscellaneous							
Civil Pensions Stabilisation Fund	–	27	29	86	–	–	–
Total	–	33 543	58 187	110 631	96 635	92 594	87 085

Policy developments

The Department is developing policies for the privatisation and further divestiture of government equity in Telkom; the post-exclusivity period of Telkom; competition and trade liberalisation in telecommunications; and for universal service delivery. It aims to have 20 per cent of Telkom's shares listed on the stock exchange in 2001. The Department's policy framework for services is in

line with the Global Mobile Personal Communications by Satellite Memorandum of Understanding, to which South Africa became a signatory in October 1997. This internationally coordinated concept advances the provision of wireless personal communications based on new technological developments in space and terrestrial services, and the extensive use of the radio frequency spectrum.

Changes in the telecommunications and broadcasting fields necessitate an investigation into spectrum pricing – the principle associated with the costs of using the spectrum and the possible sale of selected areas of the frequency spectrum. Considerable care must be taken to ensure that a spectrum pricing system is implemented and used effectively. In order to derive maximum benefit from the introduction of such a system, the Department is gathering information on the subject.

South Africa has long had an exclusive public telecommunication service provider, which had the entire range of numbers in the numbering plan available for its use. With more network operators being foreseen, a different structure for the numbering plan may be required. The Department is investigating a numbering policy, taking into consideration technological and networking trends, and the needs of future telecommunications service providers.

A Green Paper on Electronic Commerce was published in November 2000, addressing key issues in e-commerce policy, namely:

- Confidence in the security and privacy of transactions performed electronically
- Enhancement of the information infrastructure for electronic commerce
- Establishment of rules that will govern electronic commerce
- Extension of the opportunities of electronic commerce to the entire population

The Department completed a feasibility study on the provision of public emergency communication centres in 2000. A legal framework is being finalised in preparation of a strategy, which will ensure that communities are provided with access to emergency services through communication centres.

Expenditure trends

Telecommunications policy is projected to consume an average of 19,8 per cent of the total budget over the medium term. Spending declines at an average rate of 7,1 per cent a year over this period, after the significant increase from R33,5 million in 1998/99 to R110,6 million in 2000/01. This was due to increased spending on the Telecommunications subprogramme – R9 million for emergency communications and about R15 million for the equipment and technology licence for the Houwteq facility, which trains disadvantaged students in satellite software applications. Up to 2000/01, the programme also housed the Information technology secretariat, which oversaw the year 2000 compliance challenge. The secretariat spent about R32 million in the three years from 1998/99 to 2000/01.

Outputs and service delivery trends

Table 25.4: Telecommunications policy: Key outputs and indicators

Subprogramme	Outputs	Service delivery indicators
Telecommunications policy	Infrastructure roll-out	2,7 million new lines (Telkom) 7,7 million (Vodacom and MTN) 150 Internet service providers
	Third mobile cellular licence	Additional infrastructure roll-out
	Initial Public Offering	Capital investment
	Electronic commerce policy	Maximum consumer, business and Government use of e-commerce based trading of goods and services
	Establishment of Public Emergency Communication Centres	Enhance public emergency coordination
	Third generation licence	Improve access to emergency services Roll-out of infrastructure

The Department has initiated a project, called Internet 2000, to provide 2000 Internet linkages to priority customers, mainly schools, over three to five years. The Department is also investigating the possibility of an educational programme about the Internet on television.

At present, rural communities have little access to medical resources and skills. The Department of Communications and the Department of Health are collaborating on a project to use multimedia to bridge this gap. Tele-medicine will provide education to medical staff via distance learning, enabling them to communicate with various medical institutions regarding medical problems encountered in rural clinics. There will be a direct link with Community Information Centres and clinics using wireless technologies.

Programme 3: Postal services

The programme manages policy for postal services, regulates the postal sector, and provides shareholder management of the Post Office and its subsidiaries. The core functions of the programme include developing and refining the policy framework for the postal sector and the Post Office in particular. The Postal Services Act of 1998 made provision for the establishment of a postal regulator as a directorate within the Department. The programme is divided into two subprogrammes:

- Postal policy is responsible for policy formulation and implementation, management of shareholding, and control of funds made available to portfolio organisations.
- The Postal regulator is responsible for licensing and registering all operators in the sector, the promotion of universal postal services, and for ensuring compliance with provisions of the Act and any terms and conditions of licence or registration certificates.

Table 25.5: Postal services

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited 1997/98	Audited 1998/99	Preliminary outcome 1999/00	Adjusted appropriation 2000/01	2001/02	2002/03	2003/04
R thousand							
Postal policy	-	3 982	21 933	18 941	23 565	23 070	24 539
Postal regulator	-	-	669	3 157	20 059	21 320	25 479
Post Office losses	464 000	440 151	283 200	-	-	-	-
Total	464 000	444 133	305 802	22 098	43 624	44 390	50 018
Change to 2000 Budget Estimate				824	22 053	35 425	

Economic classification							
Current	464 000	444 029	305 448	21 735	43 161	44 009	49 555
Personnel	–	2 034	2 798	4 913	6 526	7 048	9 312
Transfer payments	464 000	440 151	301 160	13 000	16 000	15 000	15 500
Other current	–	1 844	1 490	3 822	20 635	21 961	24 743
Capital	–	104	354	363	463	381	463
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	–	104	354	363	463	381	463
Total	464 000	444 133	305 802	22 098	43 624	44 390	50 018
Standard items of expenditure							
Personnel	–	2 034	2 798	4 913	6 526	7 048	9 312
Administrative	–	315	791	1 667	3 140	3 401	3 823
Inventories	–	135	3	348	474	468	705
Equipment	–	308	447	751	943	776	994
Land and buildings	–	337	385	584	579	637	743
Professional and special services	–	841	186	783	15 962	17 060	18 941
Transfer payments	464 000	440 151	301 160	13 000	16 000	15 000	15 500
Miscellaneous							
Civil Pensions	–	12	32	52	–	–	–
Stabilisation Fund							
Total	464 000	444 133	305 802	22 098	43 624	44 390	50 018

Policy developments

In 1998, Cabinet approved the restructuring of the South African Post Office Limited as part of its comprehensive programme to restructure state-owned assets. This approval made provision for the introduction of new Articles and Memorandum of Associations for the Post Office. A strategic management partner was appointed to facilitate the restructuring of the Post Office as it moves towards full commercial viability after the discontinuation of the government subsidy. The Department has moved to separate regulatory functions from operational activities, and the Postal regulator has now been established within the Department to perform the regulatory function.

The restructuring of the Post Bank was approved by Cabinet in 2000 as follows:

- Phase 1 provides for greater autonomy within the existing divisional structure and for separate financial statements and balance sheets.
- Completion of Phase 2 will result in a corporatised Post Bank with a new corporate governance structure. The Bank will provide deposit services and credit business on a new policy framework.
- In Phase 3, the Post Bank will be further restructured either to introduce a strategic equity partner or an initial public offering in order to recapitalise the Bank and provide banking skills. Services will be expanded to include investment-related products.

Expenditure trends

After decreasing by an average of 78,3 per cent a year between 1998/99 and 2000/01, the *Postal services* programme shows a marked recovery, averaging growth of 33,5 per cent a year over the medium term. Increased spending over the next three years reflects the provision for the establishment of a postal regulator within the Department, after two years of planning and design.

The decline in the programme between 1998/99 and 2000/01 reflects the discontinuation of the Post Office subsidy. Prior to the establishment of the Department, a subsidy allocation of R464 million was provided in 1997/98 on the Vote of the National Treasury (then the Department

of Finance). The subsidy to the Post Office included R303 million and R164,4 million in 1998/99 and 1999/00, respectively, on the Communications Vote as compensation for operational losses. A further R137,2 million in 1998/99 and R118,8 million in 1999/00 were provided as a subsidy to the former TBVC states' postal operations. The two operations have since been integrated and the Post Office has achieved a financial turnaround in its operations, hence the phasing out of the subsidy.

For these reasons, transfer payments decreased significantly between 1998/99 and 2000/01. The remaining transfer payments of about R15 million a year over the medium term include allocations for public information terminals and the extension of postal services of about R8 million and R6 million a year, respectively.

Outputs and service delivery trends

Table 25.6: Postal services: Key outputs and indicators

Subprogramme	Outputs	Service delivery indicators
Postal policy	Postal infrastructure	Upgrading and modernising postal infrastructure Rebalance and extend the network by 25 per cent for greater access Roll-out of 4 million addresses over three years Public access to electronic information, especially government information and services
Postal regulator	Regulations for postal industry	Improved regulation of the postal industry Number of licences and certificates to be issued Retail and delivery point expansion

New projects of the postal policy section include the establishment of a Postal Training Institute for the postal industry and postal security improvements both locally and regionally. The Department and the Post Office introduced the public information terminal project to make information and technology accessible to the wider population – 100 units were introduced during 2000/01 at an average annual cost of R60 000 per unit, excluding software.

The restructuring of the Southern African Transport Communication Commission will establish a Postal Operators Association. The Commission assists SADC countries in introducing a regional postal code system and with postal security in the SADC. The project will accelerate economic growth and job creation in the region by improving the quality of delivery.

Programme 4: Broadcasting services policy

The programme formulates, implements and maintains an effective government policy framework for the broadcasting sector, including signal distribution and technology. In addition, it is responsible for the monitoring of the financial and general performance of portfolio organisations, including the SABC, Sentech and the Independent Communications Authority. The activities of the programme are divided into six subprogrammes:

- Broadcasting policy involves the formulation and implementation of policy, as well as control of funds to portfolio organisations.
- The SABC subprogramme provides funding for public broadcasting projects, and financial and other assistance to the public broadcaster in respect of losses incurred due to the integration of the former TBVC broadcasters.
- Channel Africa provides for the defrayment of operating expenditure for external broadcasting services, which are rendered to promote the country's international image.
- Community radio provides financial assistance for the development of community broadcasting in South Africa.

- The Independent Communications Authority regulates the telecommunication and broadcasting sectors in the country.
- The National Electronic Media Institute of South Africa promotes skills development in the broadcasting sector.

Table 25.7: Broadcasting services policy

Subprogramme	Expenditure outcome			Adjusted appropriation 2000/01	Medium-term expenditure estimate		
	Audited 1997/98	Audited 1998/99	Preliminary outcome 1999/00		2001/02	2002/03	2003/04
R thousand							
Broadcasting policy	-	4 685	18 306	32 200	41 856	45 120	49 219
SABC	-	-	-	-	-	-	-
Public broadcaster	-	140 000	138 804	37 000	40 114	42 930	44 717
TBVC broadcasters	-	65 000	60 700	74 500	53 790	-	-
Channel Africa	-	21 218	25 619	28 200	26 743	26 450	26 288
Community radio	-	877	6 216	6 500	-	-	-
Independent Communication Authority	-	93 525	99 384	94 357	107 260	111 190	116 376
National Electronic Media Institute	-	-	-	12 000	12 642	13 203	13 753
Total	-	325 305	349 029	284 757	282 405	238 893	250 353
Change to 2000 Budget Estimate				67 808	78 233	72 013	

Economic classification							
Current	-	325 294	348 889	284 710	282 264	238 839	250 299
Personnel	-	2 357	2 590	2 974	3 122	3 331	4 067
Transfer payments	-	321 620	342 423	276 536	275 049	231 273	241 634
Other current	-	1 317	3 876	5 200	4 093	4 235	4 598
Capital	-	11	140	47	141	54	54
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	-	11	140	47	141	54	54
Total	-	325 305	349 029	284 757	282 405	238 893	250 353

Standard items of expenditure							
Personnel	-	2 357	2 590	2 974	3 123	3 331	4 067
Administrative	-	274	679	1 841	1 656	1 773	1 994
Inventories	-	108	110	721	775	766	788
Equipment	-	58	234	173	295	193	219
Land and buildings	-	295	337	511	507	557	651
Professional and special services	-	577	2 634	1 969	1 000	1 000	1 000
Transfer payments	-	321 620	342 423	276 536	275 049	231 273	241 634
Miscellaneous							
Civil Pensions Stabilisation Fund	-	16	22	32	-	-	-
Total	-	325 305	349 029	284 757	282 405	238 893	250 353

Policy developments

The new broadcasting policy framework seeks to set up a broadcasting system that offers universal access. It also aims to establish a three-tier system for the broadcasting industry, namely policy formulation and development by Government, licensing and regulation by the regulatory authority, and service provision by broadcasters. The Broadcasting Act of 1999 and the Independent Communications Authority Act of 2000 set the legal framework for this system. Further developments in the sector will include:

- Repositioning of public broadcasting services, including the corporatisation and restructuring of the SABC, implementation of a Statutory Charter for the public broadcasting arm of the SABC, disposal of excess capacity, and the possible introduction of private equity or management expertise for commercial services

- Implementation of a new private broadcasting structure, which will encourage investment but meet certain public broadcasting obligations
- Implementation of a national strategy that will ensure the roll-out of community services, particularly to rural and poor areas
- Introduction of new licence categories for public service broadcasting and private broadcasters
- Restructuring of the signal distribution sector to achieve universal access and to ensure that social goals are met
- Restructuring of Sentech to introduce a strategic equity partner and international expertise
- Establishment of a regulatory regime for multi-channel distribution systems that will serve social goals and be cost-efficient and effective
- Establishment of a digital advisory body to advise Government on digital broadcasting issues and technology

Expenditure trends

Spending on the programme is projected to consume on average about 55,2 per cent of the total over the medium term. Expenditure is projected to decline by an average of 4,2 per cent a year over the next three years, as against to an average decline of 4,4 per cent a year between 1998/99 to 2000/01, due to the reduction in the subsidy to the SABC.

Just over 96 per cent of the programme is allocated as transfer payments to portfolio organisations, and the Independent Communications Authority accounts for 44 per cent of the programme. The SABC subsidy declines by 20,4 per cent a year from R140 million in 1998/99 to R44,7 million in 2003/04. The subsidy to the former TBVC states services will terminate in 2001/02, having averaged just over R60 million a year since 1998/99. The last payment of R6,5 million was made towards the development of community broadcasting. Other transfers to the National Electronic Media Institute and Channel Africa remain relatively stable in the medium term at about R13 million and R26 million a year, respectively.

The Broadcasting policy subprogramme grows by 15,2 per cent a year over the medium term, as the Department gears to monitor further policy developments and oversee the restructuring of portfolio entities, particularly the SABC.

Outputs and service delivery trends

Table 25.8: Broadcasting services policy: Key activities and outputs

Subprogramme	Outputs	Service delivery indicators
Broadcasting policy	Restructuring of SABC and Channel Africa	Implementation of the recommended restructuring of the SABC
	Roll-out of digital network	Commercialisation and corporatisation of Channel Africa Introduction of a multi-channel broadcasting environment.
	Installation of community radio stations in rural and peri-urban areas	Migration from analogue to digital services Number of community radios and multimedia centres
	A dedicated educational channel	Completing feasibility studies and consultations with key stakeholders
	A dedicated parliamentary channel	
	Communications policy on disability	Meeting the needs of people with disabilities

The Department has established 36 community radio stations in six provinces and 25 multimedia centres in schools for people with disabilities in all provinces. It provided basic radio broadcasting equipment at a cost of R300 000 per station to 18 selected community stations in the past two years. It intends to involve more than 80 community stations in the Children in Broadcasting project, to produce programmes in all official languages. The Youth in Broadcasting project will produce 29 programmes to create awareness of career paths in broadcasting, postal services,

communications, telecommunications, technology and engineering. Similar projects will target women and people with disabilities to train them in radio broadcasting management, editing and production.

Programme 5: Auxiliary and associated services

The programme renders auxiliary services and services associated with the Department's aims. It was created in 2000/01 to facilitate and conduct research on the communications industry and to design and develop technological infrastructure to create an information society. It comprises two subprogrammes:

- Research facilitates research on telecommunications, broadcasting, postal services, converging information and communication technologies, and the information society.
- Infrastructure development involves the design and development of technological infrastructure to create an information society.

The allocation to this programme grows by an annual average of 2,9 per cent a year between 2000/01 and 2003/04, from a base of R5,6 million.

Table 25.9: Auxiliary and associated services

Subprogramme	Expenditure outcome			Adjusted appropriation 2000/01	Medium-term expenditure estimate		
	Audited 1997/98	Audited 1998/99	Preliminary outcome 1999/00		2001/02	2002/03	2003/04
R thousand							
Research	-	-	-	3 768	3 722	4 016	4 931
Infrastructure development	-	-	-	1 860	1 494	1 018	1 198
Total	-	-	-	5 628	5 216	5 034	6 129
Change to 2000 Budget Estimate				(304)	(603)	(864)	
Economic classification							
Current	-	-	-	5 070	4 961	4 723	5 918
Personnel	-	-	-	2 041	1 949	2 023	2 144
Transfer payments	-	-	-	-	-	-	-
Other current	-	-	-	3 029	3 012	2 700	3 774
Capital	-	-	-	558	255	311	211
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	-	-	-	558	255	311	211
Total	-	-	-	5 628	5 216	5 034	6 129
Standard items of expenditure							
Personnel	-	-	-	2 041	1 949	2 023	2 144
Administrative	-	-	-	1 427	1 645	1 776	2 182
Inventories	-	-	-	478	187	198	434
Equipment	-	-	-	1 037	896	419	697
Land and buildings	-	-	-	-	289	318	372
Professional and special services	-	-	-	625	250	300	300
Transfer payments	-	-	-	-	-	-	-
Miscellaneous							
Civil Pensions	-	-	-	20	-	-	-
Stabilisation Fund	-	-	-	-	-	-	-
Total	-	-	-	5 628	5 216	5 034	6 129

Outputs and service delivery trends

Table 25.10: Broadcasting service policy: Key outputs and indicators

Subprogramme	Outputs	Service delivery indicators
Infrastructure development	Smart card system	Skills pool on security infrastructure technology
	Certification authority	Improving secure communications
	Virus monitoring system	Monitoring system to act as early warning system for virus management
Research	Information	Number of reports on communications

This programme will provide information on existing communications infrastructure, create a database to inform decision-making on policy formulation and the roll-out of services, and develop computer laboratories to create an information society.

Public entities reporting to the Minister responsible for Communications

South African Broadcasting Corporation

The mandate of the SABC is to provide public and commercial broadcasting services to all South Africans in all official languages in accordance with its Charter and the provisions of the Broadcasting Act of 1999. The SABC is a largely self-funding public corporation. Over the medium term, the departmental budget for the SABC will fund public broadcasting projects, human resources development, the operational deficit of the TBVC broadcasters, and Channel Africa. Requirements for government funding to the SABC are expected to decline considerably from R111,5 million in 2000/01 to R44,7 million in 2003/04.

Sentech Limited

Sentech is the common carrier for broadcasting signal distribution in South Africa. It was a business unit of the SABC until 1992, when it was converted into a private company operating commercially but owned by the SABC. Restructuring of Sentech will involve the sale of government equity in order to access capital, technology and expertise from an alliance with a strategic equity partner, such as a global signal distributor, carrier or multimedia company. This will reposition Sentech for a multimedia communications future and new business opportunities.

Independent Communications Authority of South Africa

Recognising the rapid convergence between telecommunications and broadcasting technology, Government has merged the Independent Broadcasting Authority and the South African Telecommunications Authority. The Independent Communications Authority of South Africa was established in 2000 to regulate broadcasting and telecommunications in the public interest and to ensure fairness and a diversity of views broadly representing the South African society. The allocation to the Independent Communications Authority is expected to increase over the medium term – R107,3 million will be allocated in 2001/02, R111,2 million in 2002/03 and R116,4 million in 2003/04.

National Electronic Media Institute of South Africa

The Institute provides training for the broadcasting industry, focusing on management, project management, regulation, policy formulation and spectrum management. The Department allocated R12,6 million to the Institute in 2001/02, growing to R13,8 million in 2003/04.

Telkom

Telkom provides a range of exclusive and non-exclusive telecommunications services and facilities. Its licence requires the delivery of 2,69 million access lines and 120 000 payphones over five years up to 2002, and the roll-out of priority services and universal access for underserved communities. Main telephone services exceed 5 million in 1999, that is 430 000 more than in 1998. Revenue over the same period increased from R20,2 billion to R22,7 billion.

South African Post Office

As monopoly provider, the mandate of the Post Office is to provide a universal postal service. This mandate rebalances the postal network for equity, the improvement of the scale, scope and quality of service, and the elimination of cost inefficiencies. In order to facilitate the effective delivery of a universal service, a set of reserved postal services have been established, conferring exclusive rights to the monopoly provider in terms of the Postal Services Act of 1998.

Government does not envisage any change in the current ownership structure of the Post Office. A strategic management partnership is in place to assist the Post Office in breaking even and achieving profit, and the subsidy has been withdrawn from 2000/01.

Universal Service Agency

The Universal Service Agency advises the Minister on universal communication services and facilitates the development of services in underserved areas. Tele-centres for providing Internet access and telephone, facsimile, photocopying and printing services were developed at 27 sites. The Agency also monitors the Universal Service Fund, to which all operators in the industry contribute.

Annexure: Vote 25: Communications

Table 25.11: Summary of expenditure trends and estimates per programme

Table 25.12: Summary of expenditure trends and estimates per economic classification

Table 25.13: Summary of expenditure trends and estimates per standard item

Table 25.14: Summary of transfers and subsidies per programme

Table 25.15: Summary of personnel numbers and cost

Table 25.16: Summary of expenditure on training

Table 25.11: Summary of expenditure trends and estimates per programme

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 1999/00	Other adjustments	Adjusted appropriation		Current	Capital	Total	2002/03	2003/04
	1997/98	1998/99	1999/00										
R thousand													
Administration	-	39 270	53 921	55 343	1 227	5 907	62 477	62 602	58 294	1 349	59 643	62 309	71 151
Telecommunications policy	-	33 543	58 187	101 855	12 825	(4 049)	110 631	108 690	92 912	3 723	96 635	92 594	87 085
Postal services	464 000	444 133	305 802	21 858	26	214	22 098	21 003	43 161	463	43 624	44 390	50 018
Broadcasting services policy	-	325 305	349 029	281 960	2 744	53	284 757	284 571	282 264	141	282 405	238 893	250 353
Auxiliary and associated services	-	-	-	5 932	-	(304)	5 628	5 628	4 961	255	5 216	5 034	6 129
Total	464 000	842 251	766 939	466 948	16 822	1 821	485 591	482 494	481 592	5 931	487 523	443 220	464 736
Change to 2000 Budget Estimate							18 643	15 546			9 255	11 551	

Table 25.12: Summary of expenditure trends and estimates per economic classification

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome	Rollovers from 1999/00	Other adjustments 2000/01	Adjusted appropriation		Current	Capital	Total	2002/03	2003/04	
	1997/98	1998/99	1999/00										
R thousand													
Current	464 000	840 108	761 756	464 918	13 538	1 821	480 277	477 113	481 592	-	481 592	439 919	461 240
Personnel	-	23 459	24 265	34 793	-	1 568	36 361	34 817	44 107	-	44 107	46 770	53 255
Salaries and wages	-	16 450	17 694	25 875	-	1 906	27 781	26 237	32 700	-	32 700	34 970	40 214
Other	-	7 009	6 571	8 918	-	(338)	8 580	8 580	11 407	-	11 407	11 800	13 041
Transfer payments	464 000	794 123	704 012	357 307	3 075	-	360 382	359 832	346 518	-	346 518	301 527	306 722
Other levels of Government	464 000	666 369	526 283	152 700	-	-	152 700	152 700	136 647	-	136 647	84 380	86 505
Households and non-profit institutions	-	127 754	177 729	204 607	3 075	-	207 682	207 132	209 871	-	209 871	217 147	220 217
Foreign countries and international credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current expenditure	-	22 526	33 479	72 818	10 463	253	83 534	82 464	90 967	-	90 967	91 622	101 263
Capital		2 143	5 183	2 030	3 284	-	5 314	5 381	-	5 931	5 931	3 301	3 496
Capital transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Other levels of Government	-	-	-	-	-	-	-	-	-	-	-	-	-
Other capital transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Movable capital	-	2 143	5 183	2 030	3 284	-	5 314	5 381	-	5 931	5 931	3 301	3 496
Motor vehicles	-	94	689	96	-	-	96	96	-	140	140	95	65
Equipment	-	1 836	4 201	1 369	3 284	-	4 653	4 720	-	2 582	2 582	2 436	2 510
Computers	-	203	165	448	-	-	448	448	-	342	342	356	569
Other office equipment	-	10	128	117	-	-	117	117	-	2 867	2 867	414	352
Fixed capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	464 000	842 251	766 939	466 948	16 822	1 821	485 591	482 494	481 592	5 931	487 523	443 220	464 736

Table 25.13: Summary of expenditure trends and estimates per standard item

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 1999/00	Other adjustments 2000/01	Adjusted appropriation		Current	Capital	Total	2002/03	2003/04
	1997/98	1998/99	1999/00										
R thousand													
Personnel	-	23 459	24 265	34 793	-	1 568	36 361	34 817	44 108	-	44 108	46 770	53 255
Administrative expenditure	-	8 862	13 841	23 204	40	369	23 613	22 976	24 011	-	24 011	25 444	29 430
Inventories	-	2 107	3 323	8 414	250	(375)	8 289	8 006	10 518	-	10 518	10 397	12 657
Equipment	-	4 772	7 235	11 198	3 306	(441)	14 063	14 130	5 304	5 931	11 235	6 290	8 326
Land and buildings	-	4 212	6 447	10 287	-	1 000	11 287	11 287	18 085	-	18 085	17 661	15 505
Professional and special services	-	4 543	7 578	21 357	10 151	(300)	31 208	31 058	33 048	-	33 048	35 131	38 841
Transfer payments	464 000	794 123	704 012	357 307	3 075	-	360 382	359 832	346 518	-	346 518	301 527	306 722
Miscellaneous													
Civil Pensions Stabilisation Fund	-	173	238	388	-	-	388	388	-	-	-	-	-
Total	464 000	842 251	766 939	466 948	16 822	1 821	485 591	482 494	481 592	5 931	487 523	443 220	464 736

Table 25.14: Summary of transfers and subsidies per programme

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 1999/00	Other adjustments 2000/01	Adjusted appropriation		Current	Capital	Total	2002/03	2003/04
	1997/98	1998/99	1999/00										
R thousand									2001/02				
Administration	-	-	-	-	-	-	4 000	4 000	-	-	-	-	-
Contribution to International Telecommunications Union	-	4 401	3 687	4 000	-	-	416	416	4 160	-	4 160	4 326	4 500
South African Transport and Communications Commissions	-	168	175	416	-	-	400	400	433	-	433	450	468
Contribution to Pan African Telecommunications Union	-	-	437	400	-	-	1 872	1 872	432	-	432	450	468
Contribution to Conferences (Tel Com 99)	-	-	1 319	1 872	-	-	300	300	1 947	-	1 947	1 097	1 500
World Telecommunications Day	-	-	100	300	-	-	100	100	108	-	108	112	117
Contribution to Pan African Postal Union	-	-	-	100	-	-	2 200	2 200	-	-	-	-	-
Contribution to Universal Postal Union	-	-	2 210	2 200	-	-	-	-	2 288	-	2 288	2 379	2 475
Human Resources Fund Contribution	-	4 820	8 869	-	-	-	-	-	-	-	-	-	-
Telecommunications policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Universal Service Agency	-	8 901	8 034	9 641	-	-	9 641	9 641	10 205	-	10 205	10 711	11 211
Universal Service Fund	-	482	11 295	21 100	-	-	21 100	21 100	22 486	-	22 486	23 679	24 745
Infrastructure investment	-	-	3 000	3 000	-	-	3 000	3 000	-	-	-	-	-
Multi-purpose centres	-	-	8 503	6 700	1 500	-	8 200	8 200	2 000	-	2 000	2 000	2 000
Information technology secretariat (Y2K)	-	13 580	12 800	4 817	-	-	4 817	4 817	-	-	-	-	-
Contribution to emergency Communications Fund	-	-	-	7 000	-	-	7 000	7 000	-	-	-	-	-
Technology licence to University of Stellenbosch	-	-	-	7 800	-	-	7 800	7 800	8 000	-	8 000	8 000	-
Contribution to SETA	-	-	-	-	-	-	-	-	3 410	-	3 410	2 050	2 104
Postal services	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Post Office	464 000	302 984	164 442	-	-	-	-	-	-	-	-	-	-
Transfer to Post Office – TBVC states	-	137 167	118 758	-	-	-	-	-	-	-	-	-	-
Post Office: Extension of services	-	-	10 000	5 000	-	-	5 000	5 000	6 000	-	6 000	7 000	7 500
Post Office: Public Information Terminal	-	-	7 960	8 000	-	-	8 000	8 000	8 000	-	8 000	8 000	8 000
Multi-purpose centres	-	-	-	-	-	-	-	-	2 000	-	2 000	-	-

Broadcasting services policy	-	-	-	-	-	-	-	-	-	-	-	-	
SABC	-	-	-	-	-	-	-	-	-	-	-	-	
Public broadcaster	-	140 000	138 804	37 000	-	-	37 000	37 000	40 114	-	40 114	42 930	44 717
TBVC broadcasters	-	65 000	60 700	74 500	-	-	74 500	74 500	53 790	-	53 790	-	-
Channel Africa	-	21 218	25 619	28 200	-	-	28 200	28 200	26 743	-	26 743	26 450	26 288
Independent Communications Authority of South Africa	-	93 525	99 384	94 357	-	-	94 357	94 357	107 260	-	107 260	111 190	116 376
National Electronic Media Institute of South Africa	-	-	-	12 000	-	-	12 000	12 000	12 642	-	12 642	13 203	13 753
Community Radio	-	877	6 216	6 500	1 575	-	8 075	8 075	8 000	-	8 000	8 500	9 000
Contribution to Children in Broadcasting	-	1 000	2 700	4 500	-	-	4 500	4 500	6 000	-	6 000	6 500	7 000
Contribution to Youth Programming	-	-	3 500	5 000	-	-	5 000	5 000	5 000	-	5 000	5 500	6 000
Contribution to Women in Broadcasting	-	-	2 500	4 500	-	-	4 500	4 500	6 500	-	6 500	7 000	7 500
Contribution to the disabled in Broadcasting	-	-	3 000	5 404	-	-	5 404	5 404	6 000	-	6 000	6 500	7 000
HIV/Aids	-	-	-	3 000	-	-	3 000	3 000	3 000	-	3 000	3 500	4 000
Total	464 000	794 123	704 012	357 307	3 075	-	360 382	360 382	346 518	-	346 518	301 527	306 722

Table 25.15: Summary of personnel numbers and costs¹

Personnel numbers	1997/98	1998/99	1999/00	2000/01	2001/02
Administration	-	93	90	97	98
Telecommunication policy	-	26	28	41	57
Postal services	-	11	23	23	29
Broadcasting services policy	-	10	12	12	12
Auxiliary and associated services	-	-	-	13	13
Total	-	140	153	186	209
Total personnel cost (R thousand)	-	23 459	24 265	36 361	44 107
Unit cost (R thousand)	-	167,6	158,6	195,5	211,0

¹ Full-time equivalent

Table 25.16: Summary of expenditure on training

R thousand	Preliminary outcome	Revised estimate	Medium-term expenditure estimate		
	1999/00	2000/01	2001/02	2002/03	2003/04
Administration	1 487	3 260	1 660	1 686	1 783
Telecommunications policy	-	-	1 275	1 356	1 396
Postal services	-	-	235	285	257
Broadcasting services policy	-	-	115	117	137
Auxiliary and associated services	-	-	250	301	322
Total	1 487	3 260	3 535	3 745	3 895