

# Vote 24

## Communications

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	152.3	149.4	0.1	2.8	159.9	168.6
ICT International Affairs and Trade	45.6	41.2	3.0	1.4	48.7	51.4
ICT Policy Development	94.2	54.9	37.8	1.4	178.5	188.8
ICT Enterprise Development	1 392.7	18.3	1 373.9	0.5	1 585.7	1 564.7
ICT Infrastructure Development	548.1	87.3	458.5	2.3	255.6	111.1
Presidential National Commission	34.0	32.9	–	1.1	36.0	38.0
<b>Total expenditure estimates</b>	<b>2 266.9</b>	<b>384.1</b>	<b>1 873.3</b>	<b>9.4</b>	<b>2 264.4</b>	<b>2 122.8</b>
Executive authority	Minister of Communications					
Accounting officer	Director-General of Communications					
Website address	www.doc.gov.za					

### Aim

*The aim of the Department of Communications is to develop ICT policies and legislation that create favourable conditions for accelerated and shared sustainable economic growth that positively impact on the wellbeing of all South Africans.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide strategic support to the ministry and overall management of the department.

#### Programme 2: Information and Communication Technology International Affairs and Trade

**Purpose:** Give effect to South Africa's foreign policy on ICT related matters by prioritising Africa's development. Establish a dynamic, effective and mutually beneficial multi-stakeholder partnership in the ICT sector that is reflective of, and responsive to South Africa's policy priorities.

#### Programme 3: Information and Communication Technology Policy Development

**Purpose:** Develop ICT policies and legislation that support the development of an ICT sector that creates conditions for the accelerated and shared growth of the economy. Develop strategies that increase the uptake and usage of ICTs by the majority of the South African population, thus bridging the digital divide.

#### Programme 4: Information and Communication Technology Enterprise Development

**Purpose:** Oversee and manage government's shareholding interests in public entities, in a manner that improves the capacity of the state to deliver on its mandate and support the speedy attainment of national strategic goals and priorities. Ensure, through the use of ICTs, the development and promotion of the small, medium and micro enterprises sector.

## **Programme 5: Information and Communication Technology Infrastructure Development**

**Purpose:** Ensure the development of robust, reliable, secure and affordable ICT infrastructure that supports and enables the provision of a multiplicity of applications and services to meet the diverse needs of the broader South African population.

## **Programme 6: Presidential National Commission**

**Purpose:** Provide timely and informed advice to the Presidency on all matters related to the development of an inclusive information society. Facilitate the development of an integrated information society in South Africa by promoting the realisation of the country's information society vision.

## **Strategic overview: 2005/06 – 2011/12**

The Department of Communications develops and implements policy interventions that create an enabling ICT environment. This should help government advance its development agenda, with the objective of making South Africa a global leader in harnessing ICT for socioeconomic development. In support of this aim, the department has identified five key strategic goals:

- contribute to creating favourable conditions for an accelerated and shared growth of the South African economy through the development and implementation of ICT policies and strategies that positively impact on the wellbeing of all South Africans
- ensure that ICT infrastructure is robust, reliable, affordable and secure to meet the needs of the country and its people
- accelerate the socioeconomic development of South African society by increasing access to, as well as the uptake and use of, ICT through partnerships with business, civil society and the three spheres of government
- improve the capacity of state owned ICT enterprises as the delivery arms of government
- contribute to building an inclusive information society globally by prioritising Africa's development.

### **Strategic policy and regulatory interventions**

#### *Change in ICT sector facilitated by Electronic Communications Act (2005)*

The department has facilitated the completion of a number of strategic interventions in the ICT sector since 2005/06. The promulgation of the Electronic Communications Act in 2005 creates a legal framework for change in the ICT sector. The act provides for the convergence of the ICT sector and the removal of barriers to entry for new players, thus increasing competition, reducing the cost to communicate, enabling technology neutral licensing, and informing managed liberalisation. As a critical milestone in the implementation of the act, the Independent Communications Authority of South Africa completed the conversion of existing telecommunications and broadcasting licences to new electronic communications network services or electronic communications service type licences in January 2009.

#### *Local loop unbundling*

The policy directive on local loop unbundling was issued by the Minister of Communications in 2007. The local loop is the final connection between homes and businesses and their relevant telecommunications exchanges. This network infrastructure is currently owned by Telkom. Local loop unbundling refers to the process of opening up access to the network to other service providers to promote competition and increase innovation within the sector. Due to the current technological changes in the industry, research is being undertaken to find the optimal way of implementing the local loop unbundling directive in line with chapter 10 of the Electronic Communications Act (2005).

#### *Broadcasting digital migration policy*

The broadcasting digital migration policy was approved by Cabinet in August 2008. This policy guides the country in migrating from analogue to digital broadcasting, thus ensuring the efficient use of frequency

spectrum. The policy has informed the development of a draft set-top-box manufacturing sector development strategy. This manufacturing strategy outlines the country's vision for building the domestic capacity to manufacture set-top-boxes including discussing how, when and where manufacturing will take place and what incentives will be provided to households. The strategy will be finalised in the first half of 2009 after extensive consultation with relevant stakeholders.

#### *Accelerated rollout of broadband*

Increasing access to broadband is critical to sustainable socioeconomic development. A draft municipal and provincial broadband policy was developed in 2008, following consultation with provinces, some metropolitan municipalities and a number of local municipalities. This policy creates an enabling environment that will intensify broadband rollout and provide affordable and accessible broadband to all citizens.

#### *Radio frequency spectrum policy*

The radio frequency spectrum supports essential communication services such as mobile, wireless, satellite communications, broadcasting, radiolocation, radio navigation, defence and other safety and security applications. The radio frequency spectrum use policy was developed in November 2008 and is aimed at providing the Independent Communications Authority of South Africa with appropriate guidelines for conducting annual reviews of the national radio frequency plan. The main aim of these reviews is to promote the rational, economical, efficient and effective use of the radio frequency spectrum by keeping pace with the rapid evolution of new technologies and services within the framework of the broader sector.

#### *Information society and development plan*

As part of the implementation of the information society and development plan, the department has developed a medium to long term information society and development cluster work programme, linking the medium term strategic framework with the World Summit on Information Society targets for 2015.

#### **Infrastructure related developments**

The technical specifications for ICT infrastructure during the 2010 FIFA World Cup have been finalised and signed off between the Department of Communications, FIFA and the FIFA local organising committee. Telkom and Sentech have also completed their design and implementation plans for the infrastructure. Service provider contracts have been concluded with Sentech and Telkom, and the implementation of both the satellite and fixed network connectivity is on track.

Extensive work has already been done nationally and in partnership with other governments on the continent to provide access to broadband connectivity in line with the objectives of the New Partnership for Africa's Development (NEPAD). This work has culminated in the adoption of the protocol on the policy and regulatory framework for the NEPAD ICT broadband infrastructure network for Eastern and Southern Africa (the Kigali Protocol).

#### **Focus over the medium term**

Over the medium term, the department will:

- ensure that 2010 ICT guarantees are met within the prescribed timeframes
- implement the information society and development plan, at national and provincial levels, starting with the establishment of information society hubs around the Dinaledi schools precinct using available resources
- facilitate the construction of a submarine cable, covering the east and west coast of Africa. The Uhurunet cable will expand access continental and international broadband connectivity in line with NEPAD objectives and principles
- develop a cyber security framework and establish the computer security incident response team
- prioritise work on functional literacy, e-skills development, self employment focusing on small, medium and micro-enterprises and cooperatives, broad based black economic empowerment (BEE) and youth development
- finalise the municipal and provincial broadband policy by March 2010

- issue policy directives to the South African Post Office on the rollout of postal addresses to prioritised areas
- table the Post Bank Bill, which will serve as enabling legislation for facilitating the corporatisation of the Post Bank.

## Selected performance and operations indicators

**Table 24.1 Communications**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Total number of PC broadband subscribers in South Africa <sup>1</sup>	ICT Policy Development	160 001	366 415	780 594	1.5 million (estimated)	2 million	3 million	4 million
Number of broadband subscribers per 100 people <sup>1</sup>	ICT Policy Development	–	–	–	1.7	3	5	8
Number of stadiums for 2009 FIFA Confederations Cup and 2010 FIFA World Cup linked to Telkom core network	ICT Infrastructure Development	–	–	–	–	4	10	–
Percentage readiness for service of the NEPAD submarine cable project	ICT International Affairs and Trade	–	–	–	25%	50%	75%	100%
Total number of community radio stations provided with broadcasting infrastructure	ICT Policy Development	–	–	45	35	45	50	60
Number of women in the construction sector listed on the e-commerce construction web portal each year	ICT Enterprise Development	–	–	–	–	900	900	1200
Number of ICT position papers developed for international engagement each year	ICT International Affairs and Trade	–	–	–	8	5	5	5
Number of young people who participated in the national youth information society and development programme each year	Presidential National Commission	–	–	830	2 120	2 500	2 500	2 500
Number of e-cooperatives established (to increase entry of youth owned small enterprises into the ICT sector) each year	Presidential National Commission	–	–	46	96	100	100	100

1. The department's 2008 study to benchmark South Africa with comparator countries (Brazil, Chile, India, Malaysia and South Korea) is being used to develop a programme of action to improve quality, availability, usage and cost of communication, which will be finalised in 2009. A consultative process will lead to detailed indicators and targets for the next MTEF period, and the targets given here are likely to be amended in line with this.

## Expenditure estimates

**Table 24.2 Communications**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08			2009/10	2010/11	2011/12
R million								
1. Administration	122.4	160.9	143.5	146.8	135.8	152.3	159.9	168.6
2. ICT International Affairs and Trade	41.7	39.6	37.4	41.2	54.2	45.6	48.7	51.4
3. ICT Policy Development	74.2	77.3	60.6	77.0	77.0	94.2	178.5	188.8
4. ICT Enterprise Development	705.4	960.8	1 573.9	1 329.4	1 327.4	1 392.7	1 585.7	1 564.7
5. ICT Infrastructure Development	68.3	57.6	69.1	690.5	690.5	548.1	255.6	111.1
6. Presidential National Commission	22.4	23.3	27.3	46.6	46.6	34.0	36.0	38.0
<b>Total</b>	<b>1 034.4</b>	<b>1 319.6</b>	<b>1 911.8</b>	<b>2 331.5</b>	<b>2 331.5</b>	<b>2 266.9</b>	<b>2 264.4</b>	<b>2 122.8</b>
Change to 2008 Budget estimate				607.9	607.9	560.2	490.5	401.4

Table 24.2 Communications (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Current payments</b>	<b>268.4</b>	<b>304.6</b>	<b>311.0</b>	<b>373.8</b>	<b>373.8</b>	<b>384.1</b>	<b>410.2</b>	<b>432.3</b>
Compensation of employees	88.4	99.0	97.7	127.9	127.9	148.2	155.3	163.3
Goods and services	179.9	197.2	213.2	245.9	245.9	235.9	254.9	269.0
<i>of which:</i>								
Administrative fees	0.3	1.1	1.1	32.8	32.8	2.2	2.3	2.4
Advertising	4.5	7.7	10.6	16.5	16.5	18.4	19.4	20.3
Assets less than R5 000	1.2	2.1	2.9	3.0	3.0	3.3	3.5	3.7
Audit costs: External	–	–	2.1	1.8	1.8	1.9	2.0	2.6
Bursaries (employees)	0.2	0.2	0.3	0.8	0.8	1.0	1.0	1.1
Catering: Departmental activities	0.9	0.8	2.5	3.4	3.4	4.6	4.9	5.1
Communication	6.7	6.8	6.9	6.9	6.9	8.6	10.7	10.9
Computer services	1.2	4.1	10.7	2.6	2.6	2.8	3.3	3.6
Consultants and professional services: Business and advisory service	20.5	11.8	18.7	73.4	73.4	48.3	43.5	34.7
Consultants and professional services: Legal costs	0.9	0.7	0.9	0.3	0.3	0.5	0.6	0.6
Contractors	21.9	10.2	17.5	12.6	12.6	13.4	15.4	15.6
Agency and support / outsourced services	22.3	21.3	15.3	3.0	3.0	13.6	15.9	16.9
Entertainment	0.3	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Inventory: Other consumables	0.0	0.0	6.9	0.1	0.1	0.1	0.1	0.1
Inventory: Stationery and printing	3.5	5.6	5.2	3.7	3.7	5.4	5.8	6.3
Lease payments	13.2	19.8	38.3	15.8	15.8	18.3	20.3	23.6
Owned and leasehold property expenditure	1.9	2.2	7.7	11.9	11.9	12.1	13.7	14.7
Travel and subsistence	26.7	29.7	35.5	23.6	23.6	30.5	32.8	34.3
Training and development	13.9	16.1	3.7	3.8	3.8	4.5	4.7	4.9
Operating expenditure	29.9	49.4	13.3	6.7	6.7	19.6	26.3	37.8
Venues and facilities	9.8	7.3	12.7	22.8	22.8	26.4	28.7	29.5
Financial transactions in assets and liabilities	0.1	8.4	0.1	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>754.6</b>	<b>1 006.5</b>	<b>1 592.3</b>	<b>1 949.5</b>	<b>1 949.5</b>	<b>1 873.3</b>	<b>1 843.8</b>	<b>1 679.6</b>
Provinces and municipalities	0.3	0.1	0.1	–	–	–	–	–
Departmental agencies and accounts	224.1	277.5	324.6	345.0	345.0	377.2	625.9	714.6
Universities and technikons	0.1	–	–	–	–	–	–	–
Public corporations and private enterprises	529.0	724.9	1 264.4	1 601.4	1 601.4	1 493.1	1 214.5	961.2
Foreign governments and international organisations	–	1.4	1.2	0.7	0.7	–	–	–
Non-profit institutions	0.1	2.1	2.0	2.5	2.5	3.0	3.5	3.7
Households	1.0	0.5	0.1	–	–	–	–	–
<b>Payments for capital assets</b>	<b>11.5</b>	<b>8.5</b>	<b>8.5</b>	<b>8.2</b>	<b>8.2</b>	<b>9.4</b>	<b>10.3</b>	<b>11.0</b>
Machinery and equipment	8.8	8.3	8.2	8.2	8.2	9.4	10.3	11.0
Software and other intangible assets	2.6	0.2	0.3	–	–	–	–	–
<b>Total</b>	<b>1 034.4</b>	<b>1 319.6</b>	<b>1 911.8</b>	<b>2 331.5</b>	<b>2 331.5</b>	<b>2 266.9</b>	<b>2 264.4</b>	<b>2 122.8</b>

## Expenditure trends

Expenditure increased from R1 billion in 2005/06 to R2.3 billion in 2008/09, at an average annual rate of 31.1 per cent, driven by the transfer payments to the public entities. Transfers to public corporations increase from R529 million to R1.6 billion between 2005/06 and 2008/09, rising at an average annual rate of 44.7 per cent. This increase is driven by: the additional allocation of R500 million to Sentech for the national wireless broadband network in 2007/08 and an additional R600 million in 2008/09 for the last mile access network between 2010 FIFA World Cup stadiums and the Telkom national network.

Compensation of employees increases from R88.4 million in 2005/06 to R127.9 million in 2008/09 due to the filling of vacant positions in the department and the consolidation of the organisational structure to support the implementation of the Electronic Communications Act (2005) and the information society and development plan. Over the same period, the increase in expenditure on goods and services rises from R179.9 million to R245.9 million at an average annual rate of 11 per cent, driven mainly by additional expenditure incurred in 2008/09 for: consultants for the implementation of the information society and development plan; additional expenditure on goods and services to implement the third apex priority project, which is aimed at speeding up ICT interventions; the development of an electronic document management system for the department; and technical services for ICT development in small, medium and micro enterprises (SMMEs).

Abnormal expenditure of R38.3 million on lease payments in 2007/08 includes an amount of R16 million refunded to the Department of Public Works for an incorrect allocation of property management funds to the Department of Communications.

Furthermore, funds amounting to R11 million were shifted from the *Administration* programme to the *ICT International Affairs and Trade* programme in 2008/09 to fund the hosting of the world telecommunication standardisation assembly in October 2008.

Over the medium term, expenditure decreases from R2.3 billion in 2008/09 to R2.1 billion in 2011/12, at a negative average annual rate of 3.1 per cent, mostly driven by the changes in the composition of transfers and subsidies. As the implementation of ICT infrastructure for the 2010 FIFA World Cup nears completion, allocations for this project are expected to decrease to R450 million in 2009/10 and to R150 million in 2010/11 in the *ICT Infrastructure Development* programme. Nonetheless, over the MTEF period, transfers to departmental agencies and accounts increase from R377.2 million to R714.6 million, comprising, among others:

- additional allocations of R105 million (R10 million in 2009/10, R40 million in 2010/11, R55 million in 2011/12) to the Universal Service and Access Agency of South Africa
- R400 million (R180 million in 2010/11 and R220 million in 2011/2012) to the Universal Service and Access Fund for the subsidisation of set-top-boxes.

## **Savings and reprioritisation**

In aggregate, over the medium term, savings of R13.6 million, R14.3 million and R17.8 million have been identified under goods and services expenditure.

## **Infrastructure spending**

The department's expenditure on infrastructure is limited to its transfers to public entities, which undertake infrastructure development.

### *Mega projects*

In 2007/08, R500 million was allocated to Sentech for the national wireless broadband network. R450 million has been allocated in 2009/10 and R150 million in 2010/11 for ICT infrastructure related projects for the 2010 FIFA World Cup.

### *Large projects*

Sentech is allocated R160 million, R161 million and R159 million over the MTEF period for the digitisation of the signal distribution infrastructure. A further R100 million for 2009/10 has been allocated to Sentech to fund the infrastructure related projects for the 2010 FIFA World Cup.

### *Small projects*

R55 million has been allocated to the Universal Service and Access Agency and the Universal Service and Access Fund to build capacity and procure the necessary supporting infrastructure to expand ICT access to South Africans in the under serviced areas. R30 million was allocated to the Independent Communications Authority of South Africa to strengthen its monitoring capability and procure any capital equipment required.



## Departmental receipts

Total departmental receipts increased from R2.1 billion in 2005/06 to R3.2 billion in 2008/09. Most of the receipts under goods and services relate to administration fees collected by the Independent Communications Authority of South Africa from telecommunications operators and the South African Post Office licence fees which are paid directly into the National Revenue Fund. Dividends from the shareholding interests in Telkom SA Ltd amounted to R2.2 billion, which represents the sum of ordinary and special dividends declared in 2007/08. Receipts are expected to stabilise over the MTEF period.

**Table 24.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>2 143 642</b>	<b>2 613 835</b>	<b>3 007 442</b>	<b>3 218 929</b>	<b>3 218 929</b>	<b>3 311 237</b>	<b>3 408 474</b>	<b>3 510 535</b>
Sales of goods and services produced by department	1 311 952	1 568 047	1 760 132	1 848 139	1 848 139	1 940 545	2 037 572	2 139 450
Sales of scrap, waste, arms and other used current goods	2	51	62	–	–	–	–	–
Transfers received	110	360	942	–	–	–	–	–
Fines, penalties and forfeits	–	962	–	–	–	–	–	–
Interest, dividends and rent on land	830 977	1 038 619	1 245 453	1 369 840	1 369 840	1 370 006	1 370 181	1 370 364
Sales of capital assets	20	20	5	296	296	–	–	–
Financial transactions in assets and liabilities	581	5 776	848	654	654	686	721	721
<b>Extraordinary receipts</b>	<b>1 035 240</b>	<b>828 190</b>	<b>1 035 238</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Special dividends: Telkom	1 035 240	828 190	1 035 238	–	–	–	–	–
<b>Total</b>	<b>3 178 882</b>	<b>3 442 025</b>	<b>4 042 680</b>	<b>3 218 929</b>	<b>3 218 929</b>	<b>3 311 237</b>	<b>3 408 474</b>	<b>3 510 535</b>

## Programme 1: Administration

### Expenditure estimates

**Table 24.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	0.8	0.9	1.0	1.6	1.7	1.8	1.9
Deputy Minister <sup>1</sup>	0.6	0.7	0.7	1.3	1.4	1.5	1.6
Management	29.9	32.2	30.5	39.0	41.6	43.7	45.3
Operations	86.6	110.6	106.5	99.2	101.3	106.0	112.4
Property Management	4.4	16.6	4.9	5.7	6.3	6.9	7.4
<b>Total</b>	<b>122.4</b>	<b>160.9</b>	<b>143.5</b>	<b>146.8</b>	<b>152.3</b>	<b>159.9</b>	<b>168.6</b>
Change to 2008 Budget estimate				–	(3.2)	(3.4)	(4.6)

<sup>1</sup>. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this only salary and car allowances are included. Administrative and other subprogramme expenditure may in addition include payments for capital as well as transfers and subsidies

**Table 24.4 Administration (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>113.4</b>	<b>153.3</b>	<b>137.4</b>	<b>144.2</b>	<b>149.4</b>	<b>156.8</b>	<b>165.2</b>
Compensation of employees	41.4	47.9	49.0	54.9	63.0	65.9	69.3
Goods and services	71.9	105.3	88.4	89.3	86.4	91.0	95.9
of which:							
Administrative fees	0.1	0.3	0.5	0.3	0.4	0.4	0.4
Advertising	2.4	5.6	7.7	13.8	14.7	15.4	16.1
Assets less than R5 000	0.9	0.9	2.0	1.5	1.6	1.6	1.7
Audit costs: External	–	–	2.1	0.3	0.3	0.4	0.4
Catering: Departmental activities	0.5	0.5	1.1	2.9	3.0	3.2	3.3
Communication	2.5	2.5	3.0	3.6	3.6	3.6	3.6
Computer services	0.9	2.9	9.8	2.1	2.2	2.5	2.8
Consultants and professional services: Business and advisory services	4.0	0.1	2.0	8.1	5.6	5.4	4.3
Consultants and professional services: Legal costs	0.9	0.7	0.9	–	–	–	–
Contractors	5.5	4.4	6.1	8.6	8.5	9.1	9.0
Agency and support / outsourced services	0.8	0.6	0.5	2.5	2.6	2.8	2.9
Inventory: Other consumables	0.0	0.0	6.8	0.0	0.0	0.0	0.0
Inventory: Stationery and printing	2.0	2.9	2.9	2.8	2.9	3.1	3.2
Lease payments	6.0	17.8	20.3	12.6	13.3	14.0	16.6
Owned and leasehold property expenditure	0.5	0.7	6.6	11.0	11.0	12.0	12.6
Travel and subsistence	8.1	8.0	9.1	9.3	7.4	7.5	7.8
Training and development	11.3	14.8	1.7	2.2	2.4	2.5	2.6
Operating expenditure	22.6	40.0	2.1	0.4	0.9	1.9	3.1
Venues and facilities	2.6	2.5	2.6	6.7	5.5	5.3	4.9
Financial transactions in assets and liabilities	0.1	0.1	0.1	–	–	–	–
<b>Transfers and subsidies</b>	<b>1.3</b>	<b>0.5</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>
Provinces and municipalities	0.2	0.0	0.1	–	–	–	–
Departmental agencies and accounts	–	–	0.1	0.1	0.1	0.1	0.2
Universities and technikons	0.1	–	–	–	–	–	–
Non-profit institutions	0.1	–	0.0	–	–	–	–
Households	1.0	0.5	0.1	–	–	–	–
<b>Payments for capital assets</b>	<b>7.7</b>	<b>7.1</b>	<b>5.7</b>	<b>2.5</b>	<b>2.8</b>	<b>3.0</b>	<b>3.2</b>
Machinery and equipment	7.4	7.0	5.5	2.5	2.8	3.0	3.2
Software and other intangible assets	0.3	0.1	0.3	–	–	–	–
<b>Total</b>	<b>122.4</b>	<b>160.9</b>	<b>143.5</b>	<b>146.8</b>	<b>152.3</b>	<b>159.9</b>	<b>168.6</b>

## Expenditure trends

Expenditure increased from R122.4 million in 2005/06 to R146.8 million in 2008/09, at an average annual rate of 6.2 per cent. Expenditure rises steadily over the medium term to R168.6 million in 2011/12, at an average annual rate of 4.7 per cent. Expenditure on compensation of employees is expected to rise from R54.9 million in 2008/09 to R69.3 million in 2011/2012 at an average annual rate of 8.1 per cent due to the restructuring of the department.

The decrease between 2006/07 and 2007/08 from R160.9 million to R143.5 million is due to the incorrect allocation of an additional R18 million towards property management by the Department of Public Works and the completion of the refurbishment of the department's offices.



The 31.2 per cent decrease between 2005/06 and 2008/09 on capital payments is due to the reallocation of funds relating to the IT unit, which was moved from the *Administration* programme to the *ICT Infrastructure Development* programme.

## Programme 2: ICT International Affairs and Trade

- *International Affairs* coordinates the functions and responsibilities of the department to meet South Africa's international ICT obligations. Funding is for membership fees to international ICT organisations, and participation in multilateral forums.
- *ICT Trade/Partnerships* develops and advances South African interests in international trade forums through participation in World Trade Organisation ICT related initiatives and other international trade agreements. The subprogramme also promotes the interests of the South African ICT sector and developing countries through these forums. Funding is mainly used for compensation of employees, and related expenditure on goods and services.

### Objectives and measures

- Support economic development and promote an inclusive information society by implementing a stepped India-Brazil-South-Africa information society plan with specific action plans by March 2010.
- Strengthen the African Agenda in the ICT sector by:
  - facilitating and coordinating the 6 planning meetings for the Uhurunet undersea cable by 2009/10
  - rolling out the NEPAD e-schools business plan in 2009/10.
- Promote development in Africa through African multilateral and bilateral ICT programmes by facilitating the signing of 4 memorandums of understanding by 2009/10.

### Service delivery and spending focus

South Africa is one of the signatories to the protocol on the policy and regulatory framework for the NEPAD ICT broadband infrastructure network for Eastern and Southern Africa, which came into effect in February 2008. A ministerial meeting of the signatory countries was held in October 2007, and an agreement was reached on the construction of an international submarine cable (Uhurunet) that will encircle the African continent, as well as a terrestrial cable (Umojanet) that will interconnect all African countries.

Since April 2008, the interim management of Baharicom, the company that will own Uhurunet, the NEPAD e-Africa Commission and the Department of Communications have had separate meetings with various parties to secure their financial commitment and joint collaboration. It is expected that a supply contract will be ready in early 2009. Over the medium term, the department will prioritise activities, such as coordination meetings and multilateral engagements aimed at facilitating the development and construction of the Uhurunet cable, as part of its efforts to expand broadband connectivity and usage.

South Africa also chaired the African support committee for the 2008 Universal Postal Union congress and was elected to the Postal Operations Council of the union. In October 2008, South Africa hosted the world telecommunications standardisation assembly.

South Africa continues to participate in the NEPAD e-schools demonstration project, which pilots the use of ICTs within the education sector to improve teaching methods and prepare students for participation in an inclusive information society. 6 schools are currently participating in the e-schools demonstration project. In addition, South Africa hosted the 2008 NEPAD e-schools conference in Johannesburg, where 7 resolutions aimed at the rollout of the business plan were adopted. Over the medium term, the department will extend the rollout of the NEPAD e-schools, and the number of schools to be connected will be determined with the Department of Education, based on the available budget.

## Expenditure estimates

**Table 24.5 ICT International Affairs and Trade**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
International Affairs	19.5	27.1	30.9	22.2	24.4	26.1	27.1
ICT Trade/Partnerships	6.4	4.2	6.4	19.0	21.2	22.6	24.3
Postal Regulator	15.8	8.3	0.1	–	–	–	–
<b>Total</b>	<b>41.7</b>	<b>39.6</b>	<b>37.4</b>	<b>41.2</b>	<b>45.6</b>	<b>48.7</b>	<b>51.4</b>
Change to 2008 Budget estimate				–	(1.3)	(1.2)	(1.5)

### Economic classification

<b>Current payments</b>	<b>41.4</b>	<b>35.9</b>	<b>34.2</b>	<b>37.1</b>	<b>41.2</b>	<b>43.7</b>	<b>46.1</b>
Compensation of employees	12.0	13.0	8.6	12.4	14.3	15.1	15.7
Goods and services	29.3	23.0	25.6	24.7	26.9	28.6	30.4
of which:							
Advertising	1.0	1.1	0.4	0.7	0.7	0.7	0.8
Communication	0.9	1.0	1.1	0.8	0.8	0.9	0.9
Consultants and professional services: Business and advisory services	7.8	3.3	1.7	8.1	7.5	7.3	6.2
Contractors	2.8	0.6	0.6	0.1	0.1	0.1	0.1
Agency and support / outsourced services	0.8	0.9	0.1	0.1	0.1	0.1	0.2
Inventory: Stationery and printing	0.6	1.6	0.3	0.3	0.3	0.4	0.4
Lease payments	2.2	0.4	0.4	0.6	0.6	0.6	0.7
Travel and subsistence	7.3	8.4	4.7	5.6	5.7	6.0	6.3
Training and development	0.3	0.5	0.3	0.2	0.2	0.2	0.2
Operating expenditure	0.4	2.9	9.1	6.0	9.1	10.2	12.3
Venues and facilities	4.6	1.5	6.6	1.6	1.0	1.3	1.5
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>3.5</b>	<b>3.2</b>	<b>3.2</b>	<b>3.0</b>	<b>3.5</b>	<b>3.7</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Foreign governments and international organisations	–	1.4	1.2	0.7	–	–	–
Non-profit institutions	–	2.0	2.0	2.5	3.0	3.5	3.7
Households	–	0.0	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>0.9</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>
Machinery and equipment	0.3	0.2	0.1	0.9	1.4	1.5	1.6
<b>Total</b>	<b>41.7</b>	<b>39.6</b>	<b>37.4</b>	<b>41.2</b>	<b>45.6</b>	<b>48.7</b>	<b>51.4</b>

### Details of selected transfers and subsidies

<b>Foreign governments and international organisations</b>							
<b>Current</b>	–	1.4	1.2	0.7	–	–	–
International Telecommunications Union	–	1.4	1.2	0.7	–	–	–
<b>Non-profit institutions</b>							
<b>Current</b>	–	2.0	2.0	2.5	3.0	3.5	3.7
New Partnership for Africa's Development e-Africa Commission	–	2.0	2.0	2.5	3.0	3.5	3.7

## Expenditure trends

Expenditure decreased from R41.7 million in 2005/06 to R41.2 million in 2008/09, at a negative average annual rate of 0.3 per cent, due to the gradual transfer of the Postal Regulator along with its staff and associated operating expenses to the Independent Communications Authority of South Africa. It is set to increase steadily over the medium term from R41.2 million in 2008/09 to R51.4 million in 2011/12 at an average annual rate of 7.6 per cent

Transfers and subsidies increase from R41 000 in 2005/06 to R3.2 million in 2008/09 due to transfers for NEPAD to fund its ICT initiatives and to the International Telecommunication Union in line with the memorandum of understanding.

The 43.8 per cent increase between 2005/06 and 2008/09 in the *ICT Trade /Partnership* subprogramme is due to additional allocations for the expansion of the ICT trade partnership unit. The 50.8 per cent growth in capital

assets over the same period was due to expenditure on equipment for the expansion of the ICT trade partnership unit.

### Programme 3: ICT Policy Development

- *ICT Policy Development* drafts legislation, regulations, policy and guidelines that govern the broadcasting, telecommunications, postal and IT sectors, thus ensuring broad based economic development within the ICT sector. Funding is used for compensation of employees and operational expenses.
- *Economic Analysis, Market Modelling and Research* is responsible for economic analysis of the broadcasting, telecommunications, postal and IT sectors to determine trends and make growth projections. The subprogramme also undertakes market research to explore areas which require policy intervention. Funding is used for compensation of employees, and related expenditure in goods and services.
- *ICT Uptake and Usage* ensures that the ICT industry adheres to and implements policy and legislation, and undertakes research to determine the extent to which policies are being implemented in the broadcasting, telecommunications, postal and IT sectors.
- *Intergovernmental Relations* builds, restores and fosters relationships within the three spheres of government.
- *South African Broadcasting Corporation: Community Radio Stations* focuses on extending signal distribution to reach all communities and extending community multimedia services at selected nodal points.
- *South African Broadcasting Corporation: Programme Production* makes transfers to the South African Broadcasting Corporation and other entities for producing programmes with local content on issues relating to youth, women, children, the disabled, and HIV and AIDS, for commercial and community radio stations.

### Objectives and measures

- Contribute to the reduction of the cost of communications by developing policies and implementing the programme of action aimed to achieve 25 per cent improvement in the cost, quality, availability and usage of ICTs by March 2010.
- Broaden participation in the economy and increase universal service and access by ensuring that 50 per cent of South African homes have individual postal addresses by March 2010.
- Improve access to and modernise broadcasting services in South Africa by facilitating the implementation of the broadcasting digital migration policy to ensure a smooth transition from analogue to digital broadcasting by November 2011.
- Contribute to the development of a competitive electronics manufacturing industry by participating in finalising the set-top-box manufacturing strategy, which aims to ensure that the set-top-boxes are locally manufactured, by March 2009.

### Service delivery and spending focus

The digital broadcasting signal was switched on in November 2008 and the analogue broadcasting signal will be switched off in November 2011. During 2008, Cabinet approved the broadcasting digital migration policy, which among others informs the retention of sufficient spectrum for the provision of public channels to cater for education, health, government services, regional television, sports, SMMEs and young people.

Cabinet agreed that, in addition to receiving the digital signal, the set-top-boxes will be designed to enable the delivery of e-government services directly to the South African public. In 2008, Cabinet also approved a scheme for ownership support of the set-top-boxes for poor households. The department has successfully established an office to manage the implementation of the broadcasting digital migration policy, known as the Digital Dzonga. Over the medium term, the department will continue to implement initiatives in support of broadcasting digital migration. Over the medium term, this programme will focus on rolling out the broadcasting digital migration policy and associated activities, including the implementation of the set-top-box manufacturing strategy.

The ICT skills development strategy was finalised in 2008. The South African e-Skills Council, a body that advises the Presidency on the shortage of ICT skills, tabled a report outlining the ICT skills gap based on a supply and demand analysis.

## Expenditure estimates

**Table 24.6 ICT Policy Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
ICT Policy Development	24.7	31.0	35.9	28.6	34.2	36.1	38.0
Economic Analysis, Market Modelling and Research	2.6	1.6	1.0	6.1	6.4	6.9	7.3
ICT Uptake and Usage	0.2	0.3	2.5	6.7	6.7	7.4	7.8
Intergovernmental Relations	5.5	5.9	5.7	8.6	9.1	9.6	10.1
South African Broadcasting Corporation: Community Radio Stations	10.3	10.7	–	12.1	12.8	13.6	14.4
South African Broadcasting Corporation: Programme Production	31.0	27.8	15.5	15.0	25.0	105.0	111.3
<b>Total</b>	<b>74.2</b>	<b>77.3</b>	<b>60.6</b>	<b>77.0</b>	<b>94.2</b>	<b>178.5</b>	<b>188.8</b>
Change to 2008 Budget estimate				(15.0)	(1.5)	(1.6)	(2.1)

### Economic classification

<b>Current payments</b>	<b>32.6</b>	<b>38.3</b>	<b>43.5</b>	<b>48.6</b>	<b>54.9</b>	<b>58.4</b>	<b>61.5</b>
Compensation of employees	9.1	10.7	12.2	17.8	20.6	21.6	22.5
Goods and services	23.6	19.2	31.3	30.8	34.4	36.7	39.0
<i>of which:</i>							
Administrative fees	0.0	0.0	0.0	30.8	0.0	0.0	0.0
Advertising	0.9	0.5	1.1	–	0.9	1.0	1.0
Catering: Departmental activities	0.1	0.1	0.1	–	1.0	1.1	1.1
Communication	2.4	2.4	1.1	–	1.8	1.9	1.9
Consultants and professional services: Business and advisory services	2.8	4.1	5.5	–	7.6	7.4	5.9
Contractors	3.5	0.3	0.0	–	0.7	0.7	0.7
Inventory: Stationery and printing	0.3	0.3	0.6	–	1.5	1.6	1.9
Lease payments	1.8	0.1	15.3	–	1.7	1.8	1.8
Travel and subsistence	3.5	4.3	4.6	–	8.3	8.7	9.1
Training and development	0.2	0.1	0.2	–	0.5	0.5	0.5
Operating expenditure	6.6	6.2	1.8	–	4.8	6.0	8.6
Venues and facilities	1.0	0.3	0.6	–	4.9	5.4	5.6
Financial transactions in assets and liabilities	–	8.4	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>41.3</b>	<b>38.7</b>	<b>15.5</b>	<b>27.1</b>	<b>37.8</b>	<b>118.6</b>	<b>125.7</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Public corporations and private enterprises	41.3	38.5	15.5	27.1	37.8	118.6	125.7
Non-profit institutions	–	0.1	–	–	–	–	–
Households	0.0	0.0	0.0	–	–	–	–
<b>Payments for capital assets</b>	<b>0.3</b>	<b>0.3</b>	<b>1.6</b>	<b>1.3</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>
Machinery and equipment	0.3	0.3	1.6	1.3	1.4	1.6	1.7
<b>Total</b>	<b>74.2</b>	<b>77.3</b>	<b>60.6</b>	<b>77.0</b>	<b>94.2</b>	<b>178.5</b>	<b>188.8</b>

### Details of selected transfers and subsidies

<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>41.3</b>	<b>38.5</b>	<b>15.5</b>	<b>27.1</b>	<b>37.8</b>	<b>118.6</b>	<b>125.7</b>
South African Broadcasting Corporation: Community radio stations	10.3	10.7	–	12.1	12.8	13.6	14.4
South African Broadcasting Corporation: Programme production	31.0	27.8	15.5	15.0	25.0	105.0	111.3

## Expenditure trends

Expenditure increased from R74.2 million in 2005/06 to R77 million in 2008/09 at an average annual rate of 1.2 per cent. However, this growth rate masks a number of significant changes that occur within this programme. Expenditure on the *ICT Uptake and Usage* and the *Economic Analysis, Market Modelling and Research* subprogrammes increases at an average annual growth rate of 32.5 per cent and 234.9 per cent, driven by the filling of vacant posts and associated operational costs.

Expenditure on the *South African Broadcasting Corporation: Community Radio Stations* subprogramme is nil in 2007/08 because an amount of R2.7 million was shifted and a virement of R4.9 million was made. The remaining amount of R3.7 million was surrendered to the National Revenue Fund. Compensation of employees increases from R9.1 million in 2005/06 to R17.8 million in 2008/09 at an average annual rate of 25.2 per cent due to more posts being filled.

Expenditure rises more rapidly over the medium term from R77 million in 2008/09 to R188.8 million in 2011/12 at an average annual rate of 34.9 per cent. This is mainly due to the additional allocation of R70 million to the *South African Broadcasting Corporation: Programme Production* subprogramme, which grows at an average annual rate of 95 per cent over the MTEF period. The shifting of the intergovernmental relations unit from the *ICT International Affairs and Trade* programme increases expenditure within the overall programme from 2008/09 onwards.

## Programme 4: ICT Enterprise Development

- *Public Entity Oversight* oversees state owned enterprises to improve government's capacity to deliver on its mandate, and effectively manages government's shareholder interests in public enterprises in a manner that supports the speedy attainment of national goals and priorities. Funding is provided on the basis of annual business plans and shareholder compacts.
- *Small Medium and Micro Enterprise Development* promotes the development of the small, medium and micro enterprises sector through the use of ICTs. Funding is disbursed on the basis of project plans.

## Objectives and measures

- Promote good governance in public entities by undertaking corporate governance reviews and monitoring compliance with corporate governance protocols and the applicable legislation in all 5 public entities every year.
- Promote sustainable economic development in the ICT sector by aligning the business and investment plans of public entities with the strategic objectives of the department by analysing corporate plans and signing shareholder compacts every year.
- Improve the performance of public entities in the ICT sector by monitoring the implementation of their business and investment plans by analysing quarterly performance reports, annual reports and other ad hoc reports during the course of every year.
- Promote sound financial management practices in public entities by continually monitoring expenditure on projects funded by the fiscus and assessing their financial sustainability by analysing quarterly financial reports, annual financial statements and other ad hoc reports during the course of every year.
- Facilitate the growth and development of SMMEs and improve their sustainability by ensuring that 4 000 enterprises have access to and use ICTs by March 2010.

## Service delivery and spending focus

The department commissioned an independent review of corporate governance in the National Electronic Media Institute of South Africa and the Universal Service and Access Agency of South Africa to ensure the effective functioning of public entity corporate governance structures in August 2008. This will be followed by corporate governance reviews of the South African Broadcasting Corporation and Sentech in 2009/10.

Board complements of all public entities are monitored continually, and reports on members' terms of office have been submitted to the departmental executive committee. The department facilitated the appointment of board members for .za Domain Name Authority, Telkom, Sentech, the Universal Service and Access Agency of

South Africa, the National Electronic Media Institute of South Africa and the South African Post Office, as well as the appointment of non-executive and executive members of Telkom, Sentech, the South African Post Office and the South African Broadcasting Corporation.

A strategy aiming to build capacity within SMMEs through the use of ICT was developed in 2007/08. In 2008/09, 5 SMME development projects were initiated in the construction, tourism, arts and crafts sectors. Over the medium term, the *Small Medium and Micro Enterprise Development* subprogramme aims to extend its support to this type of enterprise in other sectors of the economy.

Over the medium term, the department will support the digitisation of Sentech transmitter infrastructure and the rollout of the national wireless broadband network.

## Expenditure estimates

**Table 24.7 ICT Enterprise Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Public Entity Oversight	705.4	960.8	1 570.4	1 320.3	1 382.9	1 575.2	1 554.1
Small Medium and Micro Enterprise Development	–	–	3.5	9.1	9.8	10.5	10.6
<b>Total</b>	<b>705.4</b>	<b>960.8</b>	<b>1 573.9</b>	<b>1 329.4</b>	<b>1 392.7</b>	<b>1 585.7</b>	<b>1 564.7</b>
Change to 2008 Budget estimate				7.9	119.4	350.5	414.5

### Economic classification

<b>Current payments</b>	<b>2.1</b>	<b>2.5</b>	<b>7.0</b>	<b>17.3</b>	<b>18.3</b>	<b>15.0</b>	<b>15.7</b>
Compensation of employees	2.0	2.0	2.7	5.3	6.1	6.6	6.8
Goods and services	0.1	0.5	4.3	12.0	12.2	8.4	8.8
<i>of which:</i>							
Administrative fees	0.1	0.5	–	1.4	1.5	1.6	1.6
Advertising	–	–	0.3	0.5	0.6	0.6	0.6
Audit costs: External	–	–	–	1.5	1.6	1.7	2.2
Consultants and professional services: Business and advisory services	–	–	–	5.3	5.0	1.7	1.2
Contractors	–	–	3.6	0.0	0.0	0.0	0.0
Agency and support / outsourced services	–	–	–	0.4	0.4	0.4	0.7
Travel and subsistence	–	–	0.1	0.7	0.5	0.7	0.6
Operating expenditure	–	–	–	0.1	0.8	0.1	0.1
Venues and facilities	–	–	–	0.9	0.7	0.5	0.4
<b>Transfers and subsidies</b>	<b>703.3</b>	<b>958.3</b>	<b>1 566.9</b>	<b>1 311.7</b>	<b>1 373.9</b>	<b>1 570.2</b>	<b>1 548.5</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
Departmental agencies and accounts	215.6	272.0	318.0	337.4	368.6	624.2	712.9
Public corporations and private enterprises	487.8	686.3	1 248.9	974.3	1 005.3	945.9	835.6
<b>Payments for capital assets</b>	<b>–</b>	<b>0.1</b>	<b>0.0</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>
Machinery and equipment	–	0.1	0.0	0.4	0.5	0.5	0.6
<b>Total</b>	<b>705.4</b>	<b>960.8</b>	<b>1 573.9</b>	<b>1 329.4</b>	<b>1 392.7</b>	<b>1 585.7</b>	<b>1 564.7</b>



Table 24.7 ICT Enterprise Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>215.6</b>	<b>272.0</b>	<b>318.0</b>	<b>337.4</b>	<b>368.6</b>	<b>624.2</b>	<b>712.9</b>
Independent Communications Authority of South Africa	150.5	201.5	234.5	247.3	269.6	300.9	328.4
National Electronic Media Institute of South Africa	18.2	19.2	29.7	25.3	29.1	35.3	37.4
Universal Service and Access Agency of South Africa	17.5	20.1	21.1	30.2	33.5	69.4	86.2
Universal Service Fund	29.4	31.2	32.7	34.6	36.4	218.6	260.9
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
<b>Current</b>	<b>300.0</b>	<b>351.4</b>	<b>363.8</b>	<b>521.6</b>	<b>383.1</b>	<b>406.1</b>	<b>430.4</b>
South African Post Office: Subsidy	300.0	351.4	363.8	521.6	383.1	406.1	430.4
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>180.1</b>	<b>234.9</b>	<b>239.1</b>	<b>252.7</b>	<b>262.2</b>	<b>268.9</b>	<b>126.1</b>
South African Broadcasting Corporation: Channel Africa	29.6	31.4	33.0	34.8	36.7	38.9	41.2
South African Broadcasting Corporation: Public broadcaster	150.5	203.5	206.2	217.9	225.5	230.0	84.9
<b>Capital</b>	<b>7.7</b>	<b>100.0</b>	<b>646.0</b>	<b>200.0</b>	<b>360.0</b>	<b>270.9</b>	<b>279.0</b>
Sentech: East African submarine cable system	–	–	21.0	–	–	–	–
Sentech: Digitisation	7.7	100.0	125.0	–	260.0	270.9	279.0
Sentech: National Wholesale Broadband Network (NWBn)	–	–	500.0	–	–	–	–
Sentech: 2010 FIFA World Cup	–	–	–	200.0	100.0	–	–

## Expenditure trends

Expenditure increased from R705.4 million in 2005/06 to R1.3 billion in 2008/09 at an average annual rate of 23.5 per cent. Expenditure remains fairly stable throughout the medium term, growing at an average annual rate of 5.6 per cent. The 63.8 per cent increase between 2006/07 and 2007/08 was due to the additional allocation of R500 million to Sentech for the national wireless broadband network. Over the MTEF period, expenditure increases are driven by additional allocations to Sentech:

- for 2010 FIFA World Cup infrastructure, amounting to R200 million in 2008/09 and R100 million in 2009/10
- a further allocation of R330 million over the MTEF period for the envisaged increased operational expenditure during the dual illumination period (when digital and analogue broadcasting signals exist concurrently).

The high average annual growth rates between 2005/06 and 2008/09 in goods and services (386.4 per cent) and of compensation of employees (38.2 per cent) is for capacitating the new *Small Medium and Micro Enterprise Development* subprogramme to deliver on the SMME strategy.

## Programme 5: ICT Infrastructure Development

- *Applications and Research* is responsible for technology research and analysis, applications and content development, analysing the legal environment to promote infrastructure technologies, and managing the use of the national frequency spectrum.
- *Meraka Institute* does research and develops ICT applications that aim to benefit all citizens.



- *112 Emergency Call Centre* provides a single national emergency number, from which all emergency calls will be routed to the most suitable local response unit.
- *.za Domain Name Authority* is responsible for administering and managing the .za domain name space.

### **Objectives and measures**

- Ensure that the allocation of the radio frequency spectrum is in the national interest and promotes diversity by developing a national radio frequency spectrum policy, taking into account the decisions of the International Telecommunications Union's world radio communication conference, by March 2010.
- Create favourable conditions for the accelerated and shared growth of the South African economy by ensuring an increase in the access, uptake and usage of ICT by implementing a municipal and provincial broadband policy by March 2010.
- Increase universal access to ICTs by facilitating connectivity to 20 per cent of municipalities, schools and local houses of traditional leaders by March 2010.
- Monitor and evaluate the implementation of the government ICT guarantees for the 2010 FIFA World Cup, specifically the primary and secondary fibre optic cable links, satellite uplink connectivity and international connectivity, by December 2009.
- Contribute to building confidence and security in the use of ICTs and an enabling environment to maximise investment in the ICT sector by completing the cyber security framework in 2009/10.

### **Service delivery and spending focus**

The government spectrum user's advisory committee was established in 2008 and a consultative meeting was convened with the National Intelligence Agency, national communication centres, the Independent Communications Authority of South Africa and the department, in the first half of 2007/08. The aim of the meeting was to initiate the process of incorporating government frequency spectrum requirements into the national frequency plan. Over the medium term, the department will contribute to the establishment of a government frequency spectrum advisory group.

A draft policy on national spectrum usage was developed in 2008 and will be finalised once all stakeholder inputs are incorporated. The policy aims to ensure that a coordinated national approach to spectrum usage exists, set conditions for the availability and efficient use of radio spectrum through various services, and provide a greater degree of predictability and certainty to current and future stakeholders about the use of the spectrum.

The refurbishment project of the international broadcast centre was formally launched in April 2008. The project is on track for the handover to FIFA in January 2010. An adequately equipped model of the international broadcast centre will be established at Coca Cola Park in Johannesburg for the 2009 FIFA Confederations Cup.

The department conducted an analysis of the preparations and budgets of host stadiums for the provisioning of their basic versus overlay IT and telecommunications infrastructure requirements in the second quarter of 2008/09. The technical and funding requirements for basic IT and telecommunications infrastructure for host stadiums have also been established.

To ensure the operational readiness of ICT infrastructure, the department established a national telecommunications infrastructure committee with FIFA and the local organising committee. The purpose of this structure is to monitor and report to FIFA on the progress of ICT infrastructure upgrades. A 2010 legacy plan, which details how specific ICT projects developed for the event will benefit the country afterwards, was also developed and approved in 2008.

## Expenditure estimates

**Table 24.8 ICT Infrastructure Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Applications and Research	45.0	28.2	43.0	658.0	512.9	225.8	79.5
Meraka Institute	7.0	4.0	5.0	6.0	7.0	–	–
112 Emergency Call Centre	14.8	23.9	19.6	24.9	26.7	28.3	30.1
.za Domain Name Authority	1.5	1.5	1.5	1.5	1.5	1.5	1.5
<b>Total</b>	<b>68.3</b>	<b>57.6</b>	<b>69.1</b>	<b>690.5</b>	<b>548.1</b>	<b>255.6</b>	<b>111.1</b>
Change to 2008 Budget estimate				600.0	447.5	146.9	(4.2)

### Economic classification

<b>Current payments</b>	<b>57.1</b>	<b>51.7</b>	<b>62.0</b>	<b>81.0</b>	<b>87.3</b>	<b>101.6</b>	<b>107.1</b>
Compensation of employees	14.5	15.1	15.9	23.5	28.0	29.3	31.2
Goods and services	42.6	36.6	46.1	57.5	59.4	72.3	75.9
<i>of which:</i>							
Advertising	0.2	0.4	0.8	0.1	0.1	0.2	0.2
Assets less than R5 000	0.1	0.8	0.4	0.3	0.4	0.4	0.4
Communication	0.6	0.7	1.0	1.9	1.9	3.6	3.8
Computer services	0.1	0.9	0.2	0.3	0.3	0.3	0.3
Consultants and professional services: Business and advisory services	2.0	1.0	5.0	31.0	17.7	16.9	14.4
Contractors	6.9	4.7	6.7	3.9	4.1	5.5	5.7
Agency and support / outsourced services	19.8	18.9	13.9	–	10.5	12.6	13.2
Lease payments	3.2	1.4	1.9	2.5	2.6	3.7	4.3
Owned and leasehold property expenditure	1.0	1.1	1.1	1.0	1.0	1.7	2.2
Travel and subsistence	5.2	5.0	12.5	3.0	3.3	4.5	4.7
Training and development	1.7	0.5	0.3	0.2	0.2	0.2	0.2
Operating expenditure	0.2	0.2	0.2	0.2	3.4	6.9	10.0
Venues and facilities	0.9	0.2	1.5	12.3	13.0	14.9	15.6
<b>Transfers and subsidies</b>	<b>8.6</b>	<b>5.5</b>	<b>6.5</b>	<b>607.5</b>	<b>458.5</b>	<b>151.5</b>	<b>1.5</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	8.5	5.5	6.5	7.5	8.5	1.5	1.5
Public corporations and private enterprises	–	–	–	600.0	450.0	150.0	–
Households	0.0	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>2.7</b>	<b>0.4</b>	<b>0.6</b>	<b>2.0</b>	<b>2.3</b>	<b>2.5</b>	<b>2.5</b>
Machinery and equipment	0.4	0.4	0.6	2.0	2.3	2.5	2.5
Software and other intangible assets	2.3	0.1	–	–	–	–	–
<b>Total</b>	<b>68.3</b>	<b>57.6</b>	<b>69.1</b>	<b>690.5</b>	<b>548.1</b>	<b>255.6</b>	<b>111.1</b>

### Details of selected transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>8.5</b>	<b>5.5</b>	<b>6.5</b>	<b>7.5</b>	<b>8.5</b>	<b>1.5</b>	<b>1.5</b>
.za Domain Name Authority	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Meraka Institute	7.0	4.0	5.0	6.0	7.0	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Capital</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>600.0</b>	<b>450.0</b>	<b>150.0</b>	<b>–</b>
Telkom: 2010 FIFA World Cup	–	–	–	600.0	450.0	150.0	–

## Expenditure trends

Expenditure in this programme increases from R68.3 million in 2005/06 to R690.5 million in 2008/09 at an average annual rate of 116.2 per cent due to the additional allocation of R600 million for the last mile network between stadium venues and the Telkom national network, funded from the *Application and Research* subprogramme. Expenditure is expected to decrease at a negative average annual rate of 45.6 per cent. This decline is because of the phasing out of the 2010 FIFA World Cup allocations. Spending in the *112 Emergency Call Centre* subprogramme increases from R14.8 million in 2005/06 to R24.9 million in 2008/09 at an average annual rate of 18.9 per cent as modalities for establishing a national 112 emergency call centre are investigated. Consulting fees increase from R5 million in 2007/08 to R31 million in 2008/09 due to the shift of the department's IT function from the *Administration* programme to the *Application and Research* subprogramme. This increase is also attributable to the development of an electronic document management system for the department.

The 314.1 per cent increase between 2005/06 and 2008/09 in transfers and subsidies and the subsequent decrease of 86.5 per cent over the MTEF period was due to a once-off allocation of R600 million in 2008/09 for the transfer to Telkom to fund the ICT access network (ICT infrastructure for the 2010 FIFA World Cup). An additional R450 million and R150 million have been allocated for 2009/10 and 2010/11 for the implementation of the ICT guarantee.

## Programme 6: Presidential National Commission

- *Planning, Coordination and Evaluation* is responsible for ensuring that South Africa has proactive and progressive national plans on information society and development, with sectoral, provincial and local government components. It coordinates the implementation of the national information society and development plan and ensures that related policies, legislation and programmes are well integrated, complementary and aligned.
- *Information Society and Development Cluster* supports the effective and efficient functioning of the information society and development institutional mechanisms, such as the interministerial committee on information society and development, the information society and development intergovernmental relations forum, the Forum of South African Directors-General information society and development cluster, and the intergovernmental relations forum technical committee.
- *e-Applications* facilitates the implementation of information society related projects and programmes to attain the sectoral targets of the information society and development plan and maximise the benefits of the information society for the development of women, children, youth, people with disabilities, as well as poor communities. Funding is disbursed on the basis of project plans.
- *Presidential National Commission Operations* provides responsive, timely and comprehensive strategic and administrative support aimed at strengthening the Presidential National Commission on information society and development as a knowledge driven organisation. Funding is mainly used for compensation of employees, and related expenditure on goods and services.

## Objectives and measures

- Coordinate the building of an information society in South Africa by facilitating and monitoring the implementation of 15 of the 40 identified information society and development programme projects by 2009/10.
- Ensure that the information society and development programme is aligned with the outcomes of the World Summit on the Information Society by participating in the annual follow up meetings.
- Facilitate the integration of the World Summit on the Information Society outcomes into the Forum of South African Directors-General information society and development cluster's programme of action by disseminating information, advocating policy proposals and providing secretariat support at all 10 cluster meetings in 2009/10.
- Measure the impact of the implementation of the information society and development programme by publishing the e-barometer, which measures the improvement in ICT connectivity in various sectors, by March 2010.

## Service delivery and spending focus

During 2007/08, the Presidential National Commission on information society and development facilitated the successful establishment of the Forum of South African Directors-General cluster on information society and development and its eight subcommittees. The department provided administrative and secretariat support to the forum. Over the medium term, the programme will focus on coordinating the implementation of the information society and development plan by engaging with relevant clusters within government to ensure that projects are implemented within prescribed deadlines. Moreover, the commission will align the plan with the World Summit on the Information Society outcomes by participating in the annual follow up meetings.

The information society and development intergovernmental relations forum held its first meeting in May 2008 in North West and its second meeting in November 2008 in Limpopo. The structure is chaired by the Minister of Communications and co-chaired by the Minister of Public Service and Administration, as part of the institutional mechanisms for building an inclusive information society.

The national youth information society and development programme comprises three projects aimed at empowering young people. These are e-cooperatives, a national digital repository for cultural heritage, and youth e-literacy.

The youth e-cooperatives initiative was implemented in 2 phases. During phase 1 of the project, which started in 2007, 46 e-cooperatives were successfully established with about 460 young people as beneficiaries from all 9 provinces. 1 200 young people were recruited in all provinces during phase 2 of the project, which was implemented in 2008. The following key deliverables were achieved:

- 500 young people have undergone training on basic ICT skills at the Tshwane University of Technology.
- The Small Enterprise Development Agency has provided pre-incorporation skills and introduction to business and financial management skills to these young people.
- Approximately 50 e-cooperatives were registered between April and December 2008.

In 2007, the youth e-literacy programme was registered as a national youth service project with the national youth service unit of the Presidency. In December 2007, 377 young people participated in the e-literacy training provided by the Tshwane University of Technology. The project has managed to deploy the trainees to do community service in health institutions in Northern Cape, North West and Limpopo. Trainees were also sent to Dinaledi schools in Eastern Cape, Free State, Gauteng, KwaZulu-Natal and Mpumalanga.

20 young people, initially trained by the National Electronic Media Institute of South Africa, developed the national digital repository portal on cultural heritage. The North West chapter of the national digital repository was launched just before the information society and development intergovernmental relations forum in May 2008.

## Expenditure estimates

**Table 24.9 Presidential National Commission**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Policy Planning and Foresight	22.4	12.5	12.9	16.7	13.0	13.8	14.6
e-Applications	–	1.4	5.5	13.9	4.4	4.7	4.8
ISAD Cluster	–	1.6	1.5	3.8	4.3	4.5	5.0
PNC Operations	–	7.9	7.5	12.2	12.3	12.9	13.6
<b>Total</b>	<b>22.4</b>	<b>23.3</b>	<b>27.3</b>	<b>46.6</b>	<b>34.0</b>	<b>36.0</b>	<b>38.0</b>
Change to 2008 Budget estimate				15.0	(0.6)	(0.7)	(0.8)

**Table 24.9 Presidential National Commission (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>21.8</b>	<b>23.0</b>	<b>26.9</b>	<b>45.6</b>	<b>32.9</b>	<b>34.7</b>	<b>36.7</b>
Compensation of employees	9.4	10.3	9.4	14.0	16.3	16.8	17.8
Goods and services	12.4	12.6	17.5	31.6	16.6	17.9	19.0
of which:							
Administrative fees	–	0.1	0.5	0.3	0.3	0.3	0.3
Advertising	0.0	0.1	0.3	1.4	1.5	1.5	1.6
Assets less than R5 000	0.1	0.3	0.2	0.8	0.9	0.9	1.0
Catering: Departmental activities	0.1	0.0	1.2	0.0	0.0	0.0	0.0
Communication	0.2	0.2	0.5	0.3	0.3	0.4	0.5
Computer services	0.1	0.1	0.6	0.1	0.1	0.2	0.2
Consultants and professional services: Business and advisory services	3.9	3.3	4.6	21.0	5.0	4.7	2.8
Contractors	3.3	0.1	0.4	0.1	0.1	0.1	0.1
Agency and support / outsourced services	0.6	0.6	0.8	–	–	–	–
Inventory: Stationery and printing	0.2	0.6	1.0	0.3	0.3	0.4	0.4
Travel and subsistence	2.7	4.0	4.5	4.9	5.2	5.5	5.7
Training and development	0.4	0.2	1.2	1.0	1.1	1.2	1.2
Operating expenditure	0.1	0.0	0.0	0.1	0.6	1.2	3.7
Venues and facilities	0.8	2.7	1.4	1.2	1.3	1.4	1.4
<b>Transfers and subsidies</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.0	0.0	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.6</b>	<b>0.4</b>	<b>0.4</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>1.3</b>
Machinery and equipment	0.6	0.4	0.4	1.0	1.1	1.2	1.3
Software and other intangible assets	0.0	–	–	–	–	–	–
<b>Total</b>	<b>22.4</b>	<b>23.3</b>	<b>27.3</b>	<b>46.6</b>	<b>34.0</b>	<b>36.0</b>	<b>38.0</b>

## Expenditure trends

Expenditure increased from R22.4 million in 2005/06 to R46.6 million in 2008/09 at an average annual rate of 27.7 percent. The 70.8 per cent increase in 2008/09 is due to funds being shifted to the programme to fund the third apex priority project. Over the MTEF period, expenditure decreases steadily at a negative annual rate of 6.6 per cent from R46.6 million in 2008/09 to R38 million in 2011/2 as operational expenditure normalises. Expenditure on goods and services increases from R17.5 million in 2007/08 to R31.6 in 2008/09 at an average annual rate of 80.6 per cent due to the shifting of funds from the *ICT Policy Development* programme. Similarly, compensation of employees increases from R9.4 million in 2005/06 to R14 million in 2008/09 at an average annual rate of 14.3 per cent.

## Public entities

### Sentech

#### Strategic overview: 2005/06 – 2011/12

Sentech was established in terms of the Sentech Act (1996) and the Sentech Amendment Act (1999). Sentech is a state owned enterprise tasked with providing broadcasting signal distribution for broadcasting licences. In the context of the convergence of technologies, Sentech was awarded a multimedia and carrier of carrier licences, thus positioning it to offer fully converged ICT services. Sentech is Africa's largest broadcasting signal distributor. It also operates a number of terrestrial broadcasting transmitter sites, which carry short wave, medium wave, FM, television and microwaves.

In line with Cabinet's approval that Sentech become the core national wireless broadband service provider, the organisation aims to provide the core broadband infrastructure, focusing on the third of the 24 apex priorities, which is speeding up ICT interventions on cheaper platforms. As a wholesale broadband network provider, the organisation is mandated to provide connectivity to schools, hospitals, clinics, the Thusong community centres (previously called the multi-purpose community centres), and government offices in all spheres and within rural areas.

Over the medium term, Sentech will continue to focus on its strategic objectives:

- operating the next generation broadband digital platform
- becoming the brand leader in the company's niche market shares
- meeting customer needs with innovative, value adding products
- encouraging innovation, superior performance and staff self development.

Sentech faces a number of challenges in its attempts to meet these objectives. Finding the appropriate funding model for the business to ensure financial sustainability is a key challenge. Agreeing on an appropriate funding model that balances the social and economic needs of the country remains a key challenge. Other related challenges include the maintenance of critical and ageing infrastructure in the context of inadequate cash reserves in the organisation.

### Selected performance and operations indicators

**Table 24.10 Sentech**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Direct to home television network performance (measured by transmission performance in percentage)	98%	99%	99%	99%	99%	99%	99%
Direct to home radio performance (measured by transmission performance in percentage)	99%	99%	99%	99%	99%	99%	99%
Number of new radio transmitters switched on	0	2	3	5	10	10	105
Number of new television transmitters switched on	8	6	10	10	10	10	310

### Service delivery and spending focus

The long awaited digital terrestrial television signal was launched in October 2008. Digital terrestrial television refers to the process of implementing digital technology to provide for a greater number of channels, better quality picture and improved sound within the broadcasting industry. The digital terrestrial television project is a key priority in helping South Africa meet its commitment to the International Telecommunication Union of switching off its analogue broadcast signal by 2015. Over the medium term, expenditure will focus on the digitisation of Sentech's existing and new infrastructure. In 2006/07, the company undertook extensive infrastructure development by installing 56 new transmitters and 13 new antennas. Sentech also plays a key role in the provision of satellite connectivity to serve as a redundant feed to Telkom's optical fibre for the 2010 FIFA World Cup project.

In relation to its core business of providing signal distribution, network performance for both television and radio has been operating at 99.9 per cent. All major transmitter installations aim to achieve this performance target of 99.9 per cent.



## Expenditure estimates

**Table 24.11 Sentech Ltd: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>672.4</b>	<b>732.8</b>	<b>751.4</b>	<b>844.5</b>	<b>974.2</b>	<b>1 084.2</b>	<b>1 253.8</b>
Sale of goods and services other than capital assets of which:	5.0	—	—	—	—	—	—
Sales by market establishments	5.0	—	—	—	—	—	—
Broadcasting signal revenue	667.3	732.8	751.4	844.5	974.2	1 084.2	1 253.8
<b>Transfers received</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>350.0</b>	<b>360.0</b>	<b>270.9</b>	<b>279.0</b>
<b>Total revenue</b>	<b>672.4</b>	<b>732.8</b>	<b>751.4</b>	<b>1 194.5</b>	<b>1 334.2</b>	<b>1 355.2</b>	<b>1 532.8</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>736.3</b>	<b>749.9</b>	<b>756.6</b>	<b>775.4</b>	<b>1 026.6</b>	<b>1 031.1</b>	<b>1 154.6</b>
Compensation of employees	218.6	228.5	251.4	244.6	284.9	319.6	351.5
Goods and services	411.7	398.5	399.6	422.6	588.8	590.6	678.2
Depreciation	79.8	92.1	87.7	95.2	137.0	112.1	118.0
Interest, dividends and rent on land	26.2	30.7	17.9	13.0	15.9	8.9	6.9
<b>Total expenses</b>	<b>747.7</b>	<b>750.4</b>	<b>733.9</b>	<b>775.4</b>	<b>1 026.6</b>	<b>1 031.1</b>	<b>1 154.6</b>
<b>Surplus / (Deficit)</b>	<b>(75.3)</b>	<b>(17.6)</b>	<b>17.5</b>	<b>419.1</b>	<b>307.7</b>	<b>324.1</b>	<b>378.2</b>
<b>Statement of financial position</b>							
Carrying value of assets	713.5	727.3	729.4	990.5	1 113.0	1 352.9	1 354.9
of which: Acquisition of assets	36.1	111.7	145.9	356.2	259.6	351.9	120.0
Investments	—	—	—	—	—	18.9	18.9
Inventory	9.2	11.4	17.8	22.4	112.1	23.7	25.6
Loans	15.5	—	—	—	0.5	0.5	0.5
Receivables and prepayments	60.1	50.6	86.7	79.4	96.6	77.0	88.9
Cash and cash equivalents	14.9	93.8	713.6	709.3	96.9	61.9	265.1
Assets not classified elsewhere	19.6	176.7	127.5	—	—	—	—
<b>Total assets</b>	<b>833.0</b>	<b>1 059.7</b>	<b>1 675.1</b>	<b>1 801.6</b>	<b>1 419.1</b>	<b>1 534.9</b>	<b>1 753.9</b>
Accumulated surplus/deficit	(17.0)	(34.6)	(17.1)	52.0	(0.4)	10.6	120.1
Capital and reserves	420.6	515.4	543.1	519.4	540.1	558.5	545.1
Borrowings	194.2	193.3	158.4	97.7	81.7	43.6	24.3
Post-retirement benefits	69.3	71.5	85.2	95.5	107.5	121.2	133.2
Trade and other payables	165.9	171.4	176.9	152.9	270.0	270.1	300.2
Provisions	—	—	—	52.4	260.2	311.7	311.7
Liabilities not classified elsewhere	—	142.6	728.5	831.7	160.1	219.3	319.3
<b>Total equity and liabilities</b>	<b>833.0</b>	<b>1 059.7</b>	<b>1 675.1</b>	<b>1 801.6</b>	<b>1 419.1</b>	<b>1 534.9</b>	<b>1 753.9</b>

## Expenditure trends

Allocations to Sentech from the Department of Communications increase by R7.7 million in 2005/06 to R350 million in 2008/09. In 2005/06, Sentech incurred a deficit of R80.4 million. This increases to a surplus of R419.1 million in 2008/09. However, this figure does not reflect Sentech's financial position as the incorporation of the transfers inflates revenue figures.

The audited annual financial statements show that Sentech earned a pre-tax profit of R28 million for 2008. This is a significant improvement from the pre-tax loss of R18.3 million incurred in 2007. This improvement is due to cost cutting initiatives. The pre-tax profit/loss is calculated after excluding transfers, which were treated as deferred income (liability) within the accrual system of accounting. A loss of R59.1 million is forecast for 2009, which is mainly due to increased spending on critical network maintenance. The two major factors causing this increase are:



- the age of equipment (it is generally more expensive to maintain ageing equipment)
- critical maintenance (such as roads infrastructure) that was deferred in previous years due to cash flow constraints.

The digital terrestrial television and the 2010 projects accelerate rapidly from 2010. This increase in the level of activity will impact on Sentech's financial statements over the MTEF period by:

- increases in fixed assets creation
- increases in stockholding (new spares and consumables)
- reductions in cash and cash equivalents, which will be used for purchases of stocks and assets
- increased provisions as the creditors and accruals will increase.

Since 2003/04, Sentech has received the following additional allocations:

- R665 million for the migration from analogue to digital terrestrial television starting in 2006/07
- R300 million for the 2010 FIFA World Cup (R200 million for 2008/09 and R100 million in 2009/10)
- R500 million for the rollout of a national broadband wireless network in 2007/08.

## South African Post Office Ltd

### Strategic overview: 2005/06 – 2011/12

The South African Post Office was established in accordance with the Post Office Act (1958) as a government business enterprise to provide postal and related services to the South African public. It was granted an exclusive mandate to conduct postal and related services to the South African public in terms of the Postal Services Act (1998). This act makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations. It also makes provision for the financial services activities of the Post Bank.

The strategic objectives for the South African Post Office over the medium term are to:

- drive operational excellence to achieve top quality at benchmark cost
- achieve customer intimacy and use this to grow in its communications, logistics and financial services
- be government's preferred partner for economic enablement within the product service offering and in the delivery of government services
- build a high performance culture and develop skills throughout organisations
- strengthen the public perception of the South African Post Office as a trusted brand.

The key priorities for the South African Postal Service over the MTEF period relate to the provision of a universal service at an affordable price and acceptable standard, to ensure financial sustainability, to comply with corporate governance principles and to meet the conditions of its licence agreement.

### Selected performance and operations indicators

**Table 24.12 South African Post Office Ltd**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of new post offices	28	70	31	100	100	100	100
Number of post office service points	2 570	2 638	2 668	2 422	2 518	2 619	2 724
Total number of new addresses	2 293 290	1 899 954	1 660 396	1 830 000	1 830 000	1 830 000	1 830 000
Number of new Mzansi account holders	609 130	660 824	491 303	493 000	501 000	520 000	540 000

### Service delivery and spending focus

During 2007/08, the South African Post Office rolled out 1.6 million new postal addresses, and the Post Bank depositor's book grew by 11 per cent. The value added service of being able to renew motor vehicle licences was extended to the post offices in Eastern Cape. The South African Post Office also successfully participated in the implementation of the Asonge (MTN) empowerment scheme.

The South African Post Office received a number of awards in 2007/08, including: African post office of the year; the Johannesburg stock exchange award for the best annual report in the public sector category; and the Oliver empowerment award in the major public entities category.

## Expenditure estimates

**Table 24.13 South African Post Office: Activity information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
SA Post Office ( Mail, logistics & financial services)	4 674.4	4 871.9	5 224.3	5 657.3	6 165.7	6 666.5	7 153.9
<b>Total expense</b>	<b>4 674.4</b>	<b>4 871.9</b>	<b>5 224.3</b>	<b>5 657.3</b>	<b>6 165.7</b>	<b>6 666.5</b>	<b>7 153.9</b>

**Table 24.14 South African Post Office: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>4 994.9</b>	<b>4 871.5</b>	<b>5 237.6</b>	<b>5 538.0</b>	<b>6 063.6</b>	<b>6 556.3</b>	<b>7 034.8</b>
Sale of goods and services other than capital assets	4 482.6	4 612.0	4 924.5	5 170.7	5 633.7	6 084.4	6 516.9
<i>of which:</i>							
Postal and money transfer services	4 482.6	4 612.0	4 924.5	5 170.7	5 633.7	6 084.4	6 516.9
Other non-tax revenue	512.2	259.6	313.2	367.3	429.9	471.8	517.9
<b>Transfers received</b>	<b>300.0</b>	<b>351.4</b>	<b>363.8</b>	<b>521.6</b>	<b>383.1</b>	<b>406.1</b>	<b>430.4</b>
<b>Total revenue</b>	<b>5 294.9</b>	<b>5 223.0</b>	<b>5 601.4</b>	<b>6 059.6</b>	<b>6 446.7</b>	<b>6 962.3</b>	<b>7 465.3</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>4 438.0</b>	<b>4 716.4</b>	<b>5 036.4</b>	<b>5 545.2</b>	<b>6 043.9</b>	<b>6 524.1</b>	<b>6 997.0</b>
Compensation of employees	2 368.2	2 518.7	2 708.5	2 979.4	3 217.7	3 443.0	3 684.0
Goods and services	1 832.5	1 934.4	2 053.2	2 259.2	2 452.8	2 651.6	2 847.3
Depreciation	161.9	169.1	172.1	193.8	251.6	298.0	323.7
Interest, dividends and rent on land	75.5	94.2	102.5	112.8	121.8	131.5	142.1
<b>Total expenses</b>	<b>4 674.4</b>	<b>4 871.9</b>	<b>5 224.3</b>	<b>5 657.3</b>	<b>6 165.7</b>	<b>6 666.5</b>	<b>7 153.9</b>
<b>Surplus / (Deficit)</b>	<b>620.5</b>	<b>351.0</b>	<b>377.1</b>	<b>402.3</b>	<b>281.0</b>	<b>295.8</b>	<b>311.4</b>
<b>Statement of financial position</b>							
Carrying value of assets	1 153.1	1 147.9	1 130.1	1 857.3	2 705.7	3 507.7	4 134.0
<i>of which: Acquisition of assets</i>	129.9	168.7	158.7	921.0	1 100.0	1 100.0	950.0
Investments	716.7	763.5	477.5	515.7	560.6	605.4	653.9
Inventory	72.1	54.4	54.5	59.4	64.1	69.3	74.8
Receivables and prepayments	560.5	545.0	665.9	725.8	783.8	846.6	914.3
Cash and cash equivalents	3 164.1	4 485.4	5 362.8	5 791.9	6 255.2	6 755.6	7 296.1
<b>Total assets</b>	<b>5 666.6</b>	<b>6 996.2</b>	<b>7 690.8</b>	<b>8 950.0</b>	<b>10 369.5</b>	<b>11 784.6</b>	<b>13 073.0</b>
Accumulated surplus/deficit	873.9	1 233.1	1 596.7	1 999.1	2 280.0	2 575.9	2 887.2
Post-retirement benefits	750.7	729.5	708.2	764.8	826.0	892.1	963.5
Trade and other payables	3 940.1	4 800.1	5 111.4	6 017.6	7 026.1	7 997.4	8 806.6
Provisions	3.1	7.6	9.6	10.3	11.2	12.0	13.0
Liabilities not classified elsewhere	98.6	225.9	264.9	158.2	226.1	307.1	402.7
<b>Total equity and liabilities</b>	<b>5 666.6</b>	<b>6 996.2</b>	<b>7 690.8</b>	<b>8 950.0</b>	<b>10 369.5</b>	<b>11 784.6</b>	<b>13 073.0</b>
<b>Contingent liabilities</b>	<b>680.9</b>	<b>656.4</b>	<b>309.8</b>	<b>309.8</b>	<b>247.8</b>	<b>198.2</b>	<b>158.6</b>

## Expenditure trends

Revenue increased from R5.3 billion in 2005/06 to R6.1 billion in 2008/09, an average annual increase of 4.6 per cent. Revenue is expected to increase from R6.1 billion in 2008/09 to R7.5 billion in 2011/12 at an average annual rate of 7.2 per cent. The South African Post Office also receives a government subsidy, which is

used for universal service obligations and investment in infrastructure. Expenditure will increase from R4.7 billion in 2005/06 to R5.7 billion in 2008/09, at an average annual rate of 6.6 per cent. Over the MTEF period, expenditure will increase from R5.7 billion in 2008/09 to R7.2 billion in 2011/12 at an average annual rate of 8.1 per cent. The South African Post Office is expected to maintain a surplus over the medium term, thus ensuring financial sustainability.

## The South African Broadcasting Corporation

### Strategic overview: 2005/06 – 2011/12

The South African Broadcasting Corporation was established in terms of the Broadcasting Act (1936) as a government enterprise to provide radio and television broadcasting services to South Africa. It is operationally regulated in terms of a licence granted by the Independent Communications Authority of South Africa.

Since 2005/06, the South African Broadcasting Corporation has been involved in restructuring and repositioning its television, radio and new media platforms, while planning and preparing for digital terrestrial television migration. Planning for the 2009 national elections, the 2010 FIFA World Cup and the digital terrestrial television switch in November 2008 dominated the corporation's operations in 2008.

Key factors influencing operations during 2007/08 included:

- granting new licences, thus creating increased competition in the broadcasting industry
- changes in broadcasting technology, including the move to digital terrestrial transmission
- the need to develop a sustainable funding model and funding mix
- possible fragmentation of audiences due to the convergence in technology.

Over the medium term, the organisation will continue to focus on driving digital leadership in broadcasting technology and facilitating e-government services through digital terrestrial television set-top-boxes value added services. The continued rollout of low powered transmitters to deliver universal access is high on the South African Broadcasting Corporation's agenda for public service delivery, as is the implementation of a platform and channel management strategy.

## Selected performance and operations indicators

**Table 24.15 The South African Broadcasting Corporation**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Operational expenditure: Digital terrestrial television migration <sup>1</sup>	–	–	–	R30m	R540m	R661m	R746m
Operational expenditure: News and current affairs, SABC News International	–	–	R49.3m	R54.7m	R60.8m	R67.5m	R72.2m
Expenditure on technology upgrade and outside broadcast vans	R100	R150m	R150m	R1 079m	R1 439m	R860m	R860m
Amount of public service expenditure	–	–	–	–	R140m	R158m	R178m
Local content as a percentage of total public broadcasting service television	55%	55%	55%	60%	65%	75%	75%
Local content as a percentage of total public commercial service television	35%	35%	35%	35%	35%	35%	35%
Local content as a percentage of total public broadcasting service radio	40%	40%	40%	60%	65%	70%	70%
Local content as a percentage of total public commercial service radio	25%	25%	35%	35%	40%	45%	45%
Number of television transmitters switched on	6	8	1	60	430	426	–
Number of new radio transmitters	–	–	–	119	105	105	–
Percentage of archives digitised	–	–	–	–	10%	20%	20%

1. Digital terrestrial television migration: R30m in 2008/09 is for pilot, trial switch on and setting up the digital terrestrial television migration project office. R540m, R661m, and R746m for the other years are for the actual launch and operation of the digital terrestrial television migration channels, content costs, broadcast facilities and dual illumination costs, and the delivery of public service channels and new services.

## Service delivery and spending focus

In 2007/08, the South African Broadcasting Corporation conducted a public value survey to gauge the level of satisfaction the South African public derives from the corporation's services. Of the total participants sampled and surveyed, 71 per cent of respondents gave the South African Broadcasting Corporation an approval rating of 7 or more out of 10, and were prepared to pay a higher licence fee. 88 per cent of respondents felt that the corporation provides a large or moderate contribution to the South African society.

Based on the survey, the total value derived by members of the public from the public broadcasting services is about R2.2 billion, compared with less than R900 million currently collected by the South African Broadcasting Corporation from licence fees. In its drive to increase universal access to the majority of South African citizens, the South African Broadcasting Corporation started rolling out low powered transmitters to 300 sites, resulting in 1.5 million citizens being able to access the corporation's radio and television services.

The South African Broadcasting Corporation has digitised most of its regional infrastructure, implemented a television broadcasting management system for scheduling and archiving data in a multichannel digital environment, and developed a digital terrestrial television migration and platform management strategy in preparation for the digital terrestrial switch-on in November 2008.

To prepare for the 2010 FIFA World Cup, the South African Broadcasting Corporation acquired 4 high definition vans for outside broadcasting, and developed a plan for the rollout of broadcasting infrastructure to 200 public viewing sites to benefit South Africans in remote areas.

Through its commitment to develop the local industry, the South African Broadcasting Corporation has continued to invest in the production of local content, as well as increasing local content delivery on its television platform. In 2007/08, the South African Broadcasting Corporation invested R924 million in local content, increased local content by 15.9 per cent for SABC1, 7.1 per cent for SABC2, and 2.3 per cent for SABC3. Between 60 and 70 per cent of programming is now broadcast in languages other than English during prime time, and up to 80 per cent of local programming is in languages other than English.

Over the medium term, the South African Broadcasting Corporation will continue to focus on digitising its infrastructure, improve delivery of local content programming and expand access to radio and broadcasting services to remote areas.

## Expenditure estimates

**Table 24.16 South African Broadcasting Corporation: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>3 962.3</b>	<b>4 294.5</b>	<b>4 700.3</b>	<b>5 491.0</b>	<b>6 078.2</b>	<b>6 863.1</b>	<b>7 314.5</b>
Sale of goods and services other than capital assets	3 286.0	3 606.3	4 020.7	4 563.2	5 021.6	5 606.8	6 008.6
of which:							
Admin fees	738.7	760.1	822.3	826.0	835.9	846.0	856.1
Advertising revenue	2 547.3	2 846.3	3 198.3	3 737.2	4 185.7	4 760.9	5 152.5
Other non-tax revenue	676.3	688.2	679.7	927.8	1 056.5	1 256.3	1 305.8
<b>Transfers received</b>	<b>180.1</b>	<b>234.9</b>	<b>239.1</b>	<b>279.8</b>	<b>300.0</b>	<b>387.5</b>	<b>251.8</b>
<b>Total revenue</b>	<b>4 142.4</b>	<b>4 529.4</b>	<b>4 939.4</b>	<b>5 770.7</b>	<b>6 378.1</b>	<b>7 250.6</b>	<b>7 566.3</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>3 457.9</b>	<b>4 119.5</b>	<b>4 401.2</b>	<b>5 341.1</b>	<b>5 626.3</b>	<b>5 907.7</b>	<b>6 203.0</b>
Compensation of employees	989.8	1 079.8	1 072.2	1 386.6	1 458.3	1 531.2	1 607.8
Goods and services	1 340.2	2 867.1	3 174.6	3 680.7	3 880.0	4 074.0	4 277.7
Depreciation	1 115.8	156.2	140.4	273.8	288.1	302.5	317.6
Interest, dividends and rent on land	12.1	16.4	14.1	—	—	—	—
<b>Total expenses</b>	<b>3 620.8</b>	<b>4 195.8</b>	<b>4 454.1</b>	<b>5 341.1</b>	<b>5 626.3</b>	<b>5 907.7</b>	<b>6 203.0</b>
<b>Surplus / (Deficit)</b>	<b>521.6</b>	<b>333.6</b>	<b>485.4</b>	<b>429.6</b>	<b>751.8</b>	<b>1 342.9</b>	<b>1 363.2</b>

**Table 24.16 South African Broadcasting Corporation: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial position</b>							
Carrying value of assets	1 223.2	1 271.0	1 492.3	2 197.8	3 348.7	3 906.3	4 448.7
of which: Acquisition of assets	(817.5)	245.1	363.1	1 079.2	1 439.0	860.0	860.0
Investments	1 036.3	100.0	373.0	2.9	–	–	–
Inventory	5.1	4.5	4.6	4.5	5.0	5.0	5.0
Receivables and prepayments	896.9	886.8	1 126.8	1 028.1	740.0	794.6	917.6
Cash and cash equivalents	145.9	712.1	190.2	300.0	100.0	100.0	100.0
Assets not classified elsewhere	–	576.4	1 256.7	623.7	500.0	600.0	650.0
<b>Total assets</b>	<b>3 307.5</b>	<b>3 550.7</b>	<b>4 443.7</b>	<b>4 156.9</b>	<b>4 693.7</b>	<b>5 405.9</b>	<b>6 121.3</b>
Accumulated surplus/deficit	1 983.6	2 137.9	2 459.1	2 365.0	2 879.4	3 900.5	5 080.9
Capital and reserves	–	1.5	1.4	1.5	1.5	1.5	1.5
Borrowings	47.0	51.0	33.7	538.5	174.0	105.0	80.0
Post-retirement benefits	319.9	–	–	246.3	470.0	380.0	290.0
Trade and other payables	952.0	614.5	831.4	788.9	951.5	801.5	501.5
Provisions	5.0	19.0	29.7	19.0	20.0	20.0	20.0
Liabilities not classified elsewhere	–	726.9	1 088.4	197.7	197.4	197.4	147.4
<b>Total equity and liabilities</b>	<b>3 307.5</b>	<b>3 550.7</b>	<b>4 443.7</b>	<b>4 156.9</b>	<b>4 693.7</b>	<b>5 405.9</b>	<b>6 121.3</b>

### Expenditure trends

Expenditure is expected to increase from R5.3 billion in 2008/09 to R6.2 billion in 2011/12 at an average annual rate of 5.1 per cent. The increase in expenditure over the next four years is due to: an increase in the number of employees as the organisation prepares for digital terrestrial television migration and the 2010 FIFA World Cup, (rollout of the technology plan and filling key vacancies). The increases also relate to a rise in marketing spend on digital terrestrial television and the 2010 FIFA World Cup, as well as expenditure on signal distribution with the rollout of additional transmitters, including low power transmitters. Professional and consulting fees are expected to decrease as the organisation uses in-house capacity more efficiently and effectively. Revenue is expected to grow from R5.8 billion in 2008/09 to R7.3 billion in 2011/12 at an average annual rate of 9.5 per cent.

## Additional tables

**Table 24.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	140.4	100.6	97.5	146.8	–	146.8	135.8
2. ICT International Affairs and Trade	44.2	42.8	43.1	41.2	–	41.2	54.2
3. ICT Policy Development	86.8	78.3	54.9	92.0	(15.0)	77.0	77.0
4. ICT Enterprise Development	1 058.2	1 609.0	1 619.9	1 321.5	7.9	1 329.4	1 327.4
5. ICT Infrastructure Development	65.8	65.8	69.1	90.5	600.0	690.5	690.5
6. Presidential National Commission	28.1	28.1	27.3	31.6	15.0	46.6	46.6
<b>Total</b>	<b>1 423.5</b>	<b>1 924.5</b>	<b>1 911.8</b>	<b>1 723.6</b>	<b>607.9</b>	<b>2 331.5</b>	<b>2 331.5</b>

  

Economic classification							
<b>Current payments</b>	<b>321.7</b>	<b>312.6</b>	<b>311.0</b>	<b>363.8</b>	<b>10.0</b>	<b>373.8</b>	<b>373.8</b>
Compensation of employees	107.9	103.6	97.7	127.9	–	127.9	127.9
Goods and services	213.8	209.0	213.2	235.9	10.0	245.9	245.9
Financial transactions in assets and liabilities	–	–	0.1	–	–	–	–
<b>Transfers and subsidies</b>	<b>1 094.3</b>	<b>1 604.3</b>	<b>1 592.3</b>	<b>1 351.6</b>	<b>597.9</b>	<b>1 949.5</b>	<b>1 949.5</b>
Provinces and municipalities	0.0	0.0	0.1	–	–	–	–
Departmental agencies and accounts	300.6	310.6	324.6	337.1	7.9	345.0	345.0
Public corporations and private enterprises	790.3	1 290.3	1 264.4	1 011.4	590.0	1 601.4	1 601.4
Foreign governments and international organisations	1.4	1.4	1.2	0.7	–	0.7	0.7
Non-profit institutions	2.0	2.0	2.0	2.5	–	2.5	2.5
Households	–	–	0.1	–	–	–	–
<b>Payments for capital assets</b>	<b>7.5</b>	<b>7.5</b>	<b>8.5</b>	<b>8.2</b>	<b>–</b>	<b>8.2</b>	<b>8.2</b>
Machinery and equipment	7.5	7.5	8.2	8.2	–	8.2	8.2
Software and intangible assets	–	–	0.3	–	–	–	–
<b>Total</b>	<b>1 423.5</b>	<b>1 924.5</b>	<b>1 911.8</b>	<b>1 723.6</b>	<b>607.9</b>	<b>2 331.5</b>	<b>2 331.5</b>

**Table 24.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	88.4	99.0	96.5	126.7	146.9	153.9	161.8
Unit cost (R million)	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Personnel numbers (head count)	341	326	286	302	364	429	429
<b>Interns</b>							
Compensation of interns (R million)	–	–	1.2	1.2	1.3	1.4	1.5
Unit cost (R million)	–	–	0.0	0.0	0.0	0.0	0.1
Number of interns	–	–	27	30	30	30	30
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>88.4</b>	<b>99.0</b>	<b>97.7</b>	<b>127.9</b>	<b>148.2</b>	<b>155.3</b>	<b>163.3</b>
<b>Unit cost (R million)</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>	<b>0.4</b>
<b>Personnel numbers (head count)</b>	<b>341</b>	<b>326</b>	<b>313</b>	<b>332</b>	<b>394</b>	<b>459</b>	<b>459</b>

**Table 24.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	88.4	99.0	103.6	127.9	149.2	156.8	164.9
Training expenditure (R million)	3.3	3.1	3.7	6.0	7.5	7.8	8.2
Training as percentage of compensation	3.8%	3.1%	3.5%	4.7%	5.0%	5.0%	5.0%
Total number trained in department (head count)	258	284	241	185			
of which:							
Employees receiving bursaries (head count)	17	29	50	50			
Leaverships trained (head count)	2	1	–	–			
Internships trained (head count)	–	–	29	30			

**Table 24.D Summary of departmental public private partnership projects**

Project description: 112 Emergency call centre

R million	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2008/09	2009/10	2010/11	2011/12
<b>Projects signed in terms of Treasury Regulation 16</b>	<b>84.1</b>	–	–	–	–
PPP unitary charge	81.5	–	–	–	–
Advisory fees	2.6	–	–	–	–
<b>Projects in preparation, registered in terms of Treasury Regulation 16 <sup>1</sup></b>	<b>94.1</b>	<b>96.1</b>	<b>100.9</b>	<b>106.4</b>	<b>111.3</b>
PPP unitary charge	89.9	94.4	99.1	104.5	109.2
Advisory fees	2.6	–	–	–	–
Project monitoring cost	1.6	1.7	1.8	1.9	2.0
<b>Total</b>	<b>178.2</b>	<b>96.1</b>	<b>100.9</b>	<b>106.4</b>	<b>111.3</b>

<sup>1</sup> Only projects that have received Treasury Approval: 1**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	112 private public partnership
Brief description	The strategic focus for the 112 project is to integrate all emergency numbers into one national number for reporting emergencies
Duration of PPP agreement	6 years
Escalation index for unitary fee	CPIX estimates 5%



Table 24.E Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Mega projects or programmes (over R300 million per year for a minimum of three years or R900 million total project cost)											
	Sentech: National wholesale broadband network			-	-	-	500.0	-	-	-	-
	Telkom infrastructure transfers			-	-	-	-	600.0	450.0	150.0	-
Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)											
	Sentech: 2010 FIFA World Cup			-	-	-	-	200.0	100.0	-	-
Total				-	-	-	500.0	800.0	550.0	150.0	-