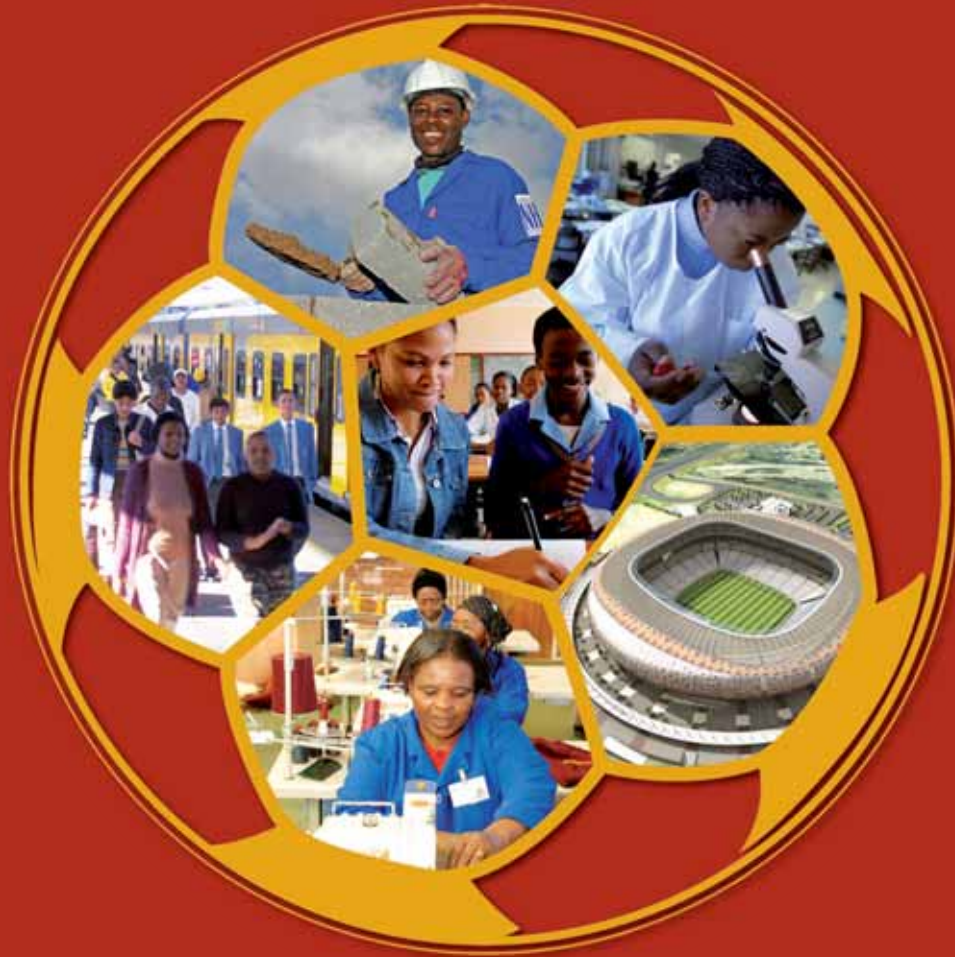


# Vote 26

## Communications



# Estimates of National Expenditure 2010



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA





# **Estimates of National Expenditure**

## **2010**

**National Treasury**

**Republic of South Africa**

17 February 2010



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The *Estimates of National Expenditure 2010* booklet for each vote is compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision. In this booklet, more comprehensive coverage of goods and services, transfers, public entities and lower level institutional information is provided where applicable.

The *Estimates of National Expenditure 2010* as well as the *Estimates of National Expenditure 2010* booklets are also available on [www.treasury.gov.za](http://www.treasury.gov.za)

# Foreword

The Estimates of National Expenditure publication provides Parliament, departments and public entities, ministers, the media, civil society and the public with information about how tax payers' money is being spent: what it buys and for what purpose. Do not be concerned regarding the magnitude of this publication. Instead, let us use this unique reference tool to keep departments and agencies accountable and ensure that the expenditure of public funds achieves its intended policy outcomes, ultimately improving the welfare of our people.

Budgets link the policy choices that government makes with the services that are delivered to people – better budgeting plays an important role in improving service delivery. In line with the 2009 Medium Term Strategic Framework, government has adopted 12 desirable outcomes. At the output level, departments and agencies continue to set targets; for the first time these are in support of the attainment of officially stated outcomes. Budgeted spending on outputs and activities will increasingly reflect this.

Following the 2009 elections, a re-organisation of departments was proclaimed to give effect to the required government policy shifts and to accommodate the necessary changes in the programmes and activities of departments and entities. Several new national departments were created; some functions were transferred between departments. This also resulted in certain national departments being re-named to better capture the content of their new responsibilities. In terms of the new structure of government there are now 37 votes in the Estimates of National Expenditure publication, whereas in 2009 there were 34 votes.

This consolidated publication provides extensive vote level information on strategies and objectives. Legislation, policy developments and other factors affecting these are also noted. Information is presented in a format that aligns government's performance commitments with resource allocations. As with the 2009 Budget, we will publish booklets for individual votes that will provide full coverage of public entities and more detail on transfers and lower level institutional information.

Given the current economic climate, there are greater trade-offs in choosing between spending priorities or in the sequencing of programme implementation. Outputs and activities are constantly being re-evaluated to determine if more effective and cost efficient options are available. As a result, some programmes have to be delayed. Alongside the additions to spending, this publication also indicates details per national vote of savings amounting to R23 billion over the period ahead. These savings have been reallocated to other departments in order to augment funding for government's priorities.

All the figures, targets and outputs result from a wide ranging intergovernmental consultative process, leading to executive approval of additional spending allocations and savings. Many people have contributed to making this publication possible, especially my colleagues in national departments and agencies. Their collaboration and understanding during the allocation and publication processes has been invaluable. Thanks are also due to the dedicated National Treasury team for the publication of this useful resource.



**Lesetja Kganyago**

**Director-General: National Treasury**



# Introduction

Transparent and accountable governance is strengthened when comprehensive budget documents are tabled for public scrutiny and legislative oversight. The Estimates of National Expenditure provides relevant public sector financial information in a timely and systematic manner, linking performance targets to budgeted expenditure. Specifically, it serves to:

- provide members of Parliament with detailed information on how departments and public entities plan to spend the money that is to be authorised by the legislature
- enable Parliament and society to keep departments and agencies accountable for service delivery commitments that are set out in each chapter
- provide parliamentary committees with a valuable source of information that can assist them in performing their oversight functions.

Although it contains a large volume of information, the 2010 Estimates of National Expenditure presents a summarised account of the spending plans of all national departments and agencies for the next three financial years (2010/11 to 2012/13), expenditure outcomes for the past three years (2006/07 to 2008/09) and revised estimates for the current year (2009/10). Newly formed departments are covered in the same way. Information is also provided on legislation and mandates, policy, strategies, objectives and performance targets over the seven-year period – as well as any changes in these, particularly as they relate to trends in planned expenditure. This provides a platform for review that could result in new policy options or operational alternatives in the achievement of government's objectives.

In keeping with ongoing improvements in the way that public finances are managed and reported, both the quality of information and presentation of the 2010 Estimates of National Expenditure have been enhanced. Information on new departments is mostly covered by way of a separate chapter, although in some cases departments are accommodated within a shared vote and discussed together in the same chapter. Information on savings and cost effective service delivery is included under a separate heading following the strategic overview section. Spending on selected key mega infrastructure projects is discussed in text boxes in the expenditure trends sections of relevant votes. For some votes a new personnel table has been included, showing personnel numbers in relation to the different salary levels and other information, such as the number and type of posts on funded establishment and posts filled. The 2010 Estimates of National Expenditure booklets, which are published separately for each vote, provide more extensive coverage on transfers, public entities, goods and services and lower level institutional information.

## Value for money

Budget accountability has historically focused mainly on targeting the performance of government departments and agencies at the output level. Government has now adopted an approach which provides a new methodology that is focused on the attainment of 12 desirable outcomes, using measurable outputs and well defined activities to achieve better value, as well as better value for money. The medium term expenditure framework (MTEF) for the next three years targets spending on government's official outcomes and simultaneously seeks to change the culture in the public service towards greater prudence and efficiency in order to obtain better value for money.

The Ministry for the National Planning Commission and the Ministry for Performance Evaluation and Monitoring are to ensure that planning and implementation in government institutions are focused on the achievement of outcomes and the improvement of performance. In line with this service delivery orientation, new functions and a reconfiguration of existing functions have led to a new national government structure. Taking account of the creation of new departments, 37 votes are now contained in the 2010 Estimates of National Expenditure. The table below provides a list of the new votes and alongside each, the department/s from which functions have been shifted in order to form the basis of the new department.

<b>Newly created vote</b>	<b>Department/s from which all or some functions have been shifted</b>
Agriculture, Forestry and Fisheries	Agriculture Water Affairs and Forestry Environmental Affairs and Tourism
Water Affairs	Water Affairs and Forestry
Human Settlements	Housing Water Affairs and Forestry
Environmental Affairs	Environmental Affairs and Tourism
Tourism	Environmental Affairs and Tourism
Basic Education	Education
Higher Education and Training	Education Labour (still exists)
Cooperative Governance and Traditional Affairs	Provincial and Local Government
Defence and Military Veterans	Defence
Economic Development	Trade and Industry (still exists)
Energy	Minerals and Energy
Mineral Resources	Minerals and Energy
International Relations and Cooperation	Foreign Affairs
Police	Safety and Security
Rural Development and Land Reform	Land Affairs Provincial and Local Government
Women, Children and People with Disabilities	The Presidency (still exists) Justice and Constitutional Development (still exists)

## Savings

Given the shortfall in government revenue collection and the pressure on the available resources of the fiscus, this year's budget preparation has focused extensively on finding savings within departmental and agency baselines and on redirecting expenditure towards key priorities within these institutions. Savings arise from effecting changes in public sector spending habits and instituting cost-cutting measures. Over the period ahead, government is to reform procurement systems, rationalise public entities and review a range of programmes – in order to accommodate increased spending on government's priorities in the attainment of its desired outcomes.

During the Budget process, judgements on value for money in achieving outcomes are made by examining funding requests in relation to the implementation plans and costings presented, among other considerations. There is extensive consultation with departments, agencies and intergovernmental forums before proposals are presented to the ministers' committee on the budget<sup>1</sup>, approved by Cabinet and then tabled in Parliament.

National departments undertook a rigorous budget baseline savings exercise, and identified R23 billion in savings over the medium term: R6.5 billion in 2010/11, R8.6 billion in 2011/12 and R7.9 billion in 2012/13.

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1. A committee of cabinet ministers tasked with considering budgetary issues before they are presented to Cabinet.



About R2.6 billion in savings has been identified over the three years at local government level. Every endeavour was made to decrease spending on non-core goods and services, reschedule expenditure over time in the case of delays, effect exchange rate savings in respect of payments to foreigners, reduce transfers to certain public entities, improve financial management, reduce expenditure on administration in favour of frontline services and find alternative sources of financing.

Major savings amounts over the medium term expenditure framework period are:

- Defence and Military Veterans: R4.5 billion (cancellation of the A400M military aircraft contract)
- Social Development: R1.2 billion (slower uptake of social grants than anticipated and rationalisation of the South African Social Security Agency payments system)
- International Relations and Cooperation: R1.5 billion (revision of foreign costs and deferral of the building of the Pan African Parliament)
- Correctional Services: R4.8 billion (rescheduling of prison building plans)
- Transport: R3.4 billion (deferral of public transport infrastructure projects where planning and design have been delayed).

## Additional allocations

The revised national Budget framework provides for additional expenditure by departments of R20.7 billion in 2010/11, R26 billion in 2011/12 and R39.9 billion in 2012/13. Including the government savings of R25.6 billion identified across all spheres, in total an additional R112.2 billion is allocated to government institutions to fund government's key priorities over the next three years. Of the R112.2 billion, national departments receive R56.2 billion (50.1 per cent): R13.1 billion in 2010/11, R18.2 billion in 2011/12 and R24.8 billion in 2012/13. Provinces and municipalities receive the remainder. Conditional grants to provinces and municipalities are reflected in both national budgets and the budgets of provinces or municipalities.

A summary of additional funding by national vote is provided below. Information on direct charges against the National Revenue Fund and the amounts for the provincial and local equitable shares are excluded. Adjustments to provincial and local conditional grants have been included. Details are only noted for national votes receiving relatively large additional allocations for implementing new programmes or extending existing programmes. The total amounts per vote in the discussion below represent the gross additional allocations, before the deduction of savings. This means that these total amounts are all bigger than the overall net change in the budget of a particular vote and therefore they do not balance to the amounts reflected in table 2. In the discussion that follows, these vote totals will be referred to as the *gross total allocation*, received over the MTEF period. In some instances, the savings on a specific vote exceed the *gross total allocation* to that vote and the overall net change in the budget is actually negative.

### Central government and financial and administrative services

An amount of R448 million is the gross total allocation to **Parliament's** vote. This is mainly to enhance the capacity of the Office of the Speaker, including provision for the establishment of a budget office in terms of the Money Bills Amendment Procedure and Related Matters Act (2009). Also included is provision for increasing the capacity of the Parliamentary oversight committees.

**National Treasury** receives an addition of R1.1 billion for the neighbourhood development partnership grant for the regeneration of townships through the development of social and economic infrastructure. An amount of R1.5 billion is allocated in the first two years of the MTEF period for the recapitalisation of the Land Bank.

### Social services

The gross total allocation to **Health** amounts to R8.8 billion, most of which is for transfers to the provinces. R8.4 billion is provided for the broadening of HIV and AIDS treatment programmes, in support of the rapid expansion of the antiretroviral treatment rollout. R50 million has been set aside for a mass immunisation campaign to combat measles and polio.

**Social Development's** gross total allocation is R12.5 billion, mainly this is for the extension of the child support grant up to 18 years of age, as a major intervention against child poverty.

Most of the gross total allocation of R3.1 billion to **Basic Education** is for transfers to provinces. An amount of R2.7 billion is allocated for the provision of workbooks in all official languages for grades R to 9, and R28 million is provided for national numeracy and literacy assessments for grades 3, 6 and 9. An additional R120 million is allocated for the national school nutrition programme.

A gross total allocation of R2.4 billion is set aside for **Higher Education and Training**, of which R1 billion is for subsidies for higher education institutions and R1.3 billion is a provincial conditional grant for further education and training colleges.

### **Justice, crime prevention and security**

**Police** is allocated additional funding of R1.5 billion for an increase in police officers, the establishment of the Directorate for Priority Crime Investigation (the Hawks) and police station property management.

Gross total allocations to **Defence and Military Veterans** amount to R4.7 billion. R2.2 billion is for improving the South African National Defence Force remuneration system. R220 million is provided for expanding the military skills development system intake and R600 million for upgrading the *Landward Defence* programme.

**Correctional Services** is to receive gross total additional funding amounting to R2.8 billion. This covers the cost of the occupation specific salary dispensation for correctional officials and the impact of the general government employee wage increase.

### **Economic services and infrastructure**

**Human Settlements** is to receive a R1 billion allocation for upgrading informal settlements and establishing community settlements. The rural household infrastructure grant is allocated R1.2 billion, specifically to support rural communities.

Funds for **Rural Development and Land Reform** are mostly for the rural development programme. An additional allocation of R860 million is for improving the quality of life within rural communities and broadening the base of agricultural production.

**Energy** receives a gross total allocation of R4.6 billion. R4.5 billion is to provide for part of the capital costs of building a pipeline for fuel from Durban to the Highveld. This allocation will be financed through the fuel levy imposed for this purpose.

**Cooperative Governance and Traditional Affairs** has a gross total allocation of R10.7 billion. The biggest vote allocation provides for an increase of R2.5 billion for the municipal infrastructure grant, to enable the further expansion of basic services infrastructure delivery aligned to government's 2014 universal access goals. R1.5 billion is allocated for the community work programme, within the expanded public works programme, which enables the non-governmental sector to assist government in providing guaranteed employment on a project basis.

A gross total allocation of R3.8 billion is set aside for **Trade and Industry**. Of this, R3.5 billion is shared equally by the clothing and textile sector and the automotive industry. A further R274 million is allocated for critical infrastructure and regulatory institutions such as the Competition Commission, the Companies and Intellectual Property Commission and other consumer orientated institutions.

**Transport's** R2.9 billion gross total addition includes funding for the secondary strategic road network, the Passenger Rail Agency of South Africa and the procurement of buses for the 2010 FIFA World Cup.

The main allocation of R500 million for the **Water Affairs** vote is for regional bulk infrastructure to roll out the basic services and water supply in support of human settlement development, in line with government's commitment to universal access by 2014. R498 million is also allocated for the working for water and working on fire programmes, within the expanded public works programme.

## **Overview of expenditure**

The main Budget provides for total expenditure of R818.1 billion in 2010/11, increasing to R888.3 billion in 2011/12 and R964.3 billion in 2012/13. Non-interest expenditure comprises on average 90.1 per cent of total main Budget expenditure, and grows at an average annual rate of 7.6 per cent over the MTEF period. These budgeted estimates provide for a contingency reserve set aside to deal with unanticipated events, amounting to R6 billion in 2010/11, R12 billion in 2011/12 and R24 billion in 2012/13.

The allocations in the main Budget are detailed in the pages of this publication, with a consolidated account provided in the summary tables below.



## Summary tables

Table 1: Main budget framework

Table 2: Additional allocation to national votes

Table 3: Expenditure by national vote

Table 4: Expenditure by economic classification

Table 5: Amounts to be appropriated from the National Revenue Fund

Table 6a: Conditional grants to provinces

Table 6b: Conditional grants to municipalities

Table 7: Training expenditure per vote

Table 8: Infrastructure expenditure per vote

Table 9: Personnel expenditure per vote

Table 10: Departmental receipts per vote

**Table 1. Main budget framework 2006/07 to 2012/13**

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue (National Revenue Fund)</b>							
Tax revenue (gross)	495 548.6	572 814.6	625 100.2	590 425.0	647 850.0	721 477.0	818 298.0
Departmental and other receipts, and repayments	10 843.3	11 671.7	12 616.2	8 982.6	10 380.3	11 483.2	12 379.4
Less: Southern Africa Customs Union payments	-25 194.9	-24 712.6	-28 920.6	-27 915.4	-14 991.3	-11 211.0	-22 781.0
<b>Total revenue</b>	<b>481 197.0</b>	<b>559 773.8</b>	<b>608 795.7</b>	<b>571 492.1</b>	<b>643 239.0</b>	<b>721 749.2</b>	<b>807 896.4</b>
<i>Percentage of GDP</i>	26.2%	26.9%	26.2%	23.3%	23.8%	24.3%	24.5%
<b>Expenditure</b>							
State debt cost	52 192.2	52 877.1	54 393.7	57 599.8	71 357.6	88 462.7	104 022.0
<i>Percentage of GDP</i>	2.8%	2.5%	2.3%	2.4%	2.6%	3.0%	3.2%
Current payments <sup>1</sup>	77 911.5	88 599.8	103 563.2	119 215.8	130 938.5	141 636.6	148 890.9
Transfers and subsidies	332 685.1	391 023.5	458 352.8	530 553.1	579 667.8	634 811.7	674 058.0
Payments for capital assets <sup>1</sup>	6 067.8	7 182.9	8 780.8	8 687.9	9 290.5	10 676.6	13 342.9
Payments for financial assets	1 335.8	1 812.5	10 972.9	32 760.0	20 888.6	750.0	–
Contingency reserve	–	–	–	–	6 000.0	12 000.0	24 000.0
<b>Total expenditure</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>748 816.5</b>	<b>818 142.9</b>	<b>888 337.6</b>	<b>964 313.8</b>
<i>Percentage of GDP</i>	25.6%	26.0%	27.4%	30.6%	30.3%	29.9%	29.3%
<b>Budget deficit<sup>2</sup></b>	<b>11 004.5</b>	<b>18 278.1</b>	<b>-27 267.7</b>	<b>-177 324.3</b>	<b>-174 904.0</b>	<b>-166 588.4</b>	<b>-156 417.4</b>
<i>Percentage of GDP</i>	0.6%	0.9%	-1.2%	-7.2%	-6.5%	-5.6%	-4.7%
<b>GDP</b>	<b>1 833 191.0</b>	<b>2 081 626.0</b>	<b>2 320 117.0</b>	<b>2 449 857.9</b>	<b>2 699 888.0</b>	<b>2 967 560.3</b>	<b>3 295 748.7</b>

1. Excludes conditional grants to provinces and local government, which are included in transfers and subsidies.

2. A positive number reflects a surplus and a negative number a deficit.

**Table 2. Additional allocation to national votes 2010/11 to 2012/13<sup>1</sup>**

R million	Medium term expenditure estimates			Total
	2010/11	2011/12	2012/13	
<b>Central Government Administration</b>	<b>1 882.8</b>	<b>3 072.3</b>	<b>7 510.5</b>	<b>12 465.6</b>
1 The Presidency	85.6	106.5	117.1	309.1
2 Parliament	145.9	150.0	152.5	448.4
3 Cooperative Governance and Traditional Affairs	1 206.7	2 557.8	6 958.5	10 723.1
4 Home Affairs	224.0	80.7	87.3	392.1
5 International Relations and Cooperation	92.6	105.6	115.4	313.5
6 Public Works	97.1	35.5	38.5	171.1
7 Women, Children and People with Disabilities	31.0	36.1	41.2	108.3
<b>Financial and Administrative Services</b>	<b>1 826.9</b>	<b>1 837.5</b>	<b>1 381.0</b>	<b>5 045.4</b>
8 Government Communication and Information System	24.5	25.3	25.7	75.4
9 National Treasury	1 721.7	1 660.0	1 298.6	4 680.3
10 Public Enterprises	38.7	3.2	3.5	45.4
11 Public Service and Administration	10.2	11.9	12.9	35.0
12 Statistics South Africa	31.9	137.2	40.3	209.4
<b>Social Services</b>	<b>5 143.8</b>	<b>8 479.1</b>	<b>13 507.1</b>	<b>27 130.0</b>
13 Arts and Culture	15.3	18.1	19.4	52.8
14 Basic Education	800.8	1 052.5	1 278.0	3 131.3
15 Health	1 930.7	2 896.1	3 998.8	8 825.6
16 Higher Education and Training	421.1	761.3	1 249.0	2 431.4
17 Labour	59.2	49.1	51.9	160.3
18 Social Development	1 910.3	3 694.0	6 900.6	12 505.0
19 Sport and Recreation South Africa	6.3	7.9	9.3	23.6
<b>Justice, Crime Prevention and Security</b>	<b>3 899.4</b>	<b>4 730.2</b>	<b>6 437.0</b>	<b>15 066.6</b>
20 Correctional Services	883.1	919.4	952.8	2 755.3
21 Defence and Military Veterans	1 092.7	1 400.3	2 190.1	4 683.2
22 Independent Complaints Directorate	2.2	4.6	5.8	12.7
23 Justice and Constitutional Development	358.9	529.2	686.1	1 574.1
24 Police	1 562.5	1 876.7	2 602.1	6 041.3
<b>Economic Services and Infrastructure</b>	<b>4 296.7</b>	<b>5 684.4</b>	<b>8 184.8</b>	<b>18 166.0</b>
25 Agriculture, Forestry and Fisheries	57.2	195.8	310.8	563.8
26 Communications	5.1	5.9	6.4	17.4
27 Economic Development	115.0	160.0	175.0	450.0
28 Energy	1 528.8	1 544.4	1 546.8	4 620.0
29 Environmental Affairs	88.8	111.3	216.6	416.7
30 Human Settlements	242.9	360.5	1 761.3	2 364.7
31 Mineral Resources	20.3	33.2	43.0	96.5
32 Rural Development and Land Reform	301.2	348.1	352.1	1 001.4
33 Science and Technology	34.7	40.8	93.7	169.2
34 Tourism	47.7	63.3	74.9	185.9
35 Trade and Industry	905.6	1 294.0	1 638.8	3 838.3
36 Transport	495.8	1 081.6	1 359.3	2 936.7
37 Water Affairs	453.7	445.6	606.1	1 505.4
<b>Total</b>	<b>17 049.6</b>	<b>23 803.6</b>	<b>37 020.3</b>	<b>77 873.6</b>

1. Excludes additional allocations on provincial equitable share and other direct charges against the National Revenue Fund.

**Table 3. Expenditure by national vote 2006/07 to 2012/13**

R million	Audited Outcome			Adjusted appropriation
	2006/07	2007/08	2008/09	2009/10
<b>Central Government Administration</b>				
1 The Presidency	224.4	651.4	312.4	694.8
2 Parliament	755.1	902.1	1 135.1	1 108.0
3 Cooperative Governance and Traditional Affairs	24 571.6	30 026.2	35 343.2	36 683.5
4 Home Affairs	2 546.9	3 241.7	4 666.6	5 263.8
5 International Relations and Cooperation	2 944.7	4 069.7	5 472.3	5 553.0
6 Public Works	3 025.8	3 402.3	4 197.0	5 890.1
7 Women, Children and People with Disabilities	49.6	52.5	61.9	68.2
<b>Financial and Administrative Services</b>				
8 Government Communication and Information System	293.1	380.9	427.5	496.8
9 National Treasury	16 171.0	18 966.2	31 312.1	62 845.6
10 Public Enterprises	2 589.8	4 604.0	3 265.1	3 991.2
11 Public Service and Administration	583.7	609.6	630.6	682.8
12 Statistics South Africa	1 096.6	1 054.3	1 323.1	1 715.2
<b>Social Services</b>				
13 Arts and Culture	1 329.9	1 585.8	2 114.5	2 632.1
14 Basic Education	1 571.6	2 165.3	3 284.4	4 474.4
15 Health	11 338.0	12 762.7	15 464.5	18 423.5
16 Higher Education and Training	14 292.2	15 997.3	18 765.9	20 696.6
17 Labour	1 343.3	1 431.5	1 507.2	1 709.2
18 Social Development	61 676.1	67 191.4	76 096.7	86 508.2
19 Sport and Recreation South Africa	886.5	5 048.0	4 871.4	2 883.9
<b>Justice, Crime Prevention and Security</b>				
20 Correctional Services	9 251.2	11 122.4	12 822.6	13 834.5
21 Defence and Military Veterans	23 817.6	25 180.1	27 801.3	31 325.3
22 Independent Complaints Directorate	65.3	80.9	99.3	116.5
23 Justice and Constitutional Development	5 853.8	7 194.0	8 244.4	9 721.0
24 Police	32 634.9	36 525.9	41 635.2	47 622.0
<b>Economic Services and Infrastructure</b>				
25 Agriculture, Forestry and Fisheries	2 711.0	3 858.6	3 465.0	3 874.5
26 Communications	1 319.6	1 911.8	2 328.6	2 470.5
27 Economic Development	238.7	245.1	220.4	316.2
28 Energy	1 930.8	2 189.1	2 918.4	3 756.9
29 Environmental Affairs	1 164.2	1 654.1	1 882.7	2 244.2
30 Human Settlements	7 178.2	8 716.1	11 147.4	14 036.2
31 Mineral Resources	676.8	758.2	811.6	925.1
32 Rural Development and Land Reform	3 724.6	5 896.6	6 663.7	6 401.4
33 Science and Technology	2 613.0	3 127.3	3 703.5	4 261.7
34 Tourism	853.5	1 065.1	1 211.8	1 155.7
35 Trade and Industry	3 566.1	5 050.2	4 836.6	6 085.9
36 Transport	13 360.4	16 331.6	24 838.6	24 238.5
37 Water Affairs	3 851.9	4 802.9	5 795.3	7 342.6
<b>Total appropriation by vote</b>	<b>262 101.6</b>	<b>309 853.1</b>	<b>370 678.0</b>	<b>442 049.4</b>
Plus:				
<b>Direct charges against the National Revenue Fund</b>				
President and Deputy President salary (The Presidency)	2.2	2.3	4.0	4.3
Members remuneration (Parliament)	223.3	240.7	356.9	376.7
State debt costs (National Treasury)	52 192.2	52 877.1	54 393.7	59 995.0
Provincial equitable share (National Treasury)	149 245.6	171 053.7	201 795.6	236 877.8
General fuel levy sharing with metros (National Treasury)	-	-	-	6 800.1
Skills levy and Setas (Higher Education and Training)	5 328.4	6 284.3	7 234.1	7 750.0
Judges and magistrates salaries (Justice and Constitutional Development)	1 099.3	1 184.5	1 601.1	1 669.7
<b>Total direct charges against the National Revenue Fund</b>	<b>208 090.9</b>	<b>231 642.6</b>	<b>265 385.4</b>	<b>313 473.5</b>
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 000.0
<b>Total</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>752 522.9</b>



Table 3. Expenditure by national vote 2006/07 to 2012/13

Revised estimate	Medium-term expenditure estimates			R million
	2009/10	2010/11	2011/12	
				<b>Central Government Administration</b>
691.8	722.6	772.2	810.5	The Presidency
1 108.0	1 179.2	1 238.6	1 288.4	Parliament
36 629.6	43 921.5	50 449.1	57 238.3	Cooperative Governance and Traditional Affairs
5 159.4	5 719.6	5 003.5	5 144.8	Home Affairs
5 508.0	4 824.4	5 087.0	5 393.0	International Relations and Cooperation
5 740.1	6 446.3	7 984.1	8 246.2	Public Works
68.2	97.8	108.3	114.9	Women, Children and People with Disabilities
				<b>Financial and Administrative Services</b>
496.8	546.2	507.1	515.4	Government Communication and Information System
62 512.7	50 219.9	33 127.9	34 265.6	National Treasury
3 991.2	350.6	186.8	196.2	Public Enterprises
681.0	651.5	657.1	684.1	Public Service and Administration
1 715.2	1 973.4	2 845.9	1 769.6	Statistics South Africa
				<b>Social Services</b>
2 440.1	2 406.7	2 417.4	2 562.7	Arts and Culture
4 197.9	6 166.2	7 549.8	8 099.3	Basic Education
18 025.5	21 497.0	23 707.9	25 844.7	Health
20 681.8	23 720.7	26 104.6	27 856.1	Higher Education and Training
1 674.4	1 783.9	1 866.6	1 942.5	Labour
86 108.2	95 929.1	105 715.4	114 023.7	Social Development
2 872.4	1 245.6	760.5	793.7	Sport and Recreation South Africa
				<b>Justice, Crime Prevention and Security</b>
13 834.5	15 129.0	16 027.4	18 277.2	Correctional Services
30 325.3	30 715.3	33 931.4	36 386.5	Defence and Military Veterans
116.5	129.3	144.1	152.4	Independent Complaints Directorate
9 673.3	10 250.5	11 083.7	11 730.6	Justice and Constitutional Development
47 622.0	52 556.4	56 916.6	60 390.8	Police
				<b>Economic Services and Infrastructure</b>
3 305.5	3 658.0	4 361.4	4 740.5	Agriculture, Forestry and Fisheries
2 354.5	2 114.0	1 814.1	1 630.4	Communications
316.2	418.6	494.4	520.3	Economic Development
3 740.2	5 535.4	5 739.6	5 538.7	Energy
2 244.2	2 607.8	2 817.5	3 058.7	Environmental Affairs
14 036.2	16 201.5	18 483.0	19 603.8	Human Settlements
924.0	1 030.0	1 112.1	1 168.0	Mineral Resources
6 401.4	6 769.6	7 972.9	8 360.1	Rural Development and Land Reform
4 261.7	4 615.5	4 968.8	4 560.2	Science and Technology
1 155.7	1 151.8	1 223.2	1 291.2	Tourism
5 988.8	6 150.1	6 757.4	7 264.0	Trade and Industry
24 164.1	25 086.3	27 960.1	29 169.5	Transport
6 969.8	7 996.6	9 090.2	9 628.2	Water Affairs
<b>437 736.1</b>	<b>461 517.9</b>	<b>486 987.8</b>	<b>520 261.0</b>	<b>Total appropriation by vote</b>
				Plus:
				<b>Direct charges against the National Revenue Fund</b>
4.3	4.6	4.8	5.1	President and Deputy President salary (The Presidency)
376.7	392.7	409.6	430.1	Members remuneration (Parliament)
57 599.8	71 357.6	88 462.7	104 022.0	State debt costs (National Treasury)
236 877.8	260 973.7	280 688.7	294 780.0	Provincial equitable share (National Treasury)
6 800.1	7 542.4	8 531.1	8 957.7	General fuel levy sharing with metros (National Treasury)
7 750.0	8 424.2	9 148.7	9 606.1	Skills levy and Setas (Higher Education and Training)
1 671.7	1 929.9	2 104.2	2 251.9	Judges and magistrates salaries (Justice and Constitutional Development)
<b>311 080.3</b>	<b>350 625.0</b>	<b>389 349.8</b>	<b>420 052.9</b>	<b>Total direct charges against the National Revenue Fund</b>
-	6 000.0	12 000.0	24 000.0	Contingency reserve
-	-	-	-	Projected underspending
<b>748 816.5</b>	<b>818 142.9</b>	<b>888 337.6</b>	<b>964 313.8</b>	<b>Total</b>

**Table 4. Expenditure by economic classification 2006/07 to 2012/13**

R million	Audited outcome			Adjusted appropriation
	2006/07	2007/08	2008/09	2009/10
<b>Current payments</b>				
<b>Compensation of employees</b>	<b>49 574.2</b>	<b>56 243.2</b>	<b>64 973.4</b>	<b>76 392.8</b>
Salaries and wages	41 022.9	46 738.9	53 788.3	63 755.1
Social contributions	8 551.3	9 504.3	11 185.1	12 637.7
<b>Goods and services</b>	<b>28 335.8</b>	<b>32 354.3</b>	<b>38 587.4</b>	<b>44 065.4</b>
<b>Interest and rent on land</b>	<b>52 193.7</b>	<b>52 879.3</b>	<b>54 396.1</b>	<b>59 995.8</b>
Interest (including interest on finance leases)	52 193.0	52 878.6	54 395.9	59 995.0
Rent on land	0.7	0.7	0.2	0.8
<b>Total current payments</b>	<b>130 103.7</b>	<b>141 476.8</b>	<b>157 956.9</b>	<b>180 454.0</b>
<b>Transfers and subsidies to:</b>				
<b>Provinces and municipalities</b>	<b>205 438.3</b>	<b>243 233.9</b>	<b>289 397.3</b>	<b>345 879.0</b>
<b>Provinces</b>	<b>178 867.2</b>	<b>205 829.6</b>	<b>245 302.3</b>	<b>295 353.2</b>
Provincial revenue funds	178 867.2	205 829.6	245 302.3	295 353.2
<b>Municipalities</b>	<b>26 571.1</b>	<b>37 404.3</b>	<b>44 095.1</b>	<b>50 525.8</b>
Municipal bank accounts	26 571.1	37 404.3	44 095.1	50 525.8
<b>Departmental agencies and accounts</b>	<b>38 102.1</b>	<b>44 531.2</b>	<b>53 572.4</b>	<b>58 512.9</b>
Social security funds	7.0	8.5	2 508.7	12.7
Departmental agencies (non-business entities)	38 095.0	44 522.7	51 063.6	58 500.3
<b>Universities and technikons</b>	<b>11 056.0</b>	<b>12 003.8</b>	<b>13 897.7</b>	<b>15 437.4</b>
<b>Foreign governments and international organisations</b>	<b>919.3</b>	<b>936.0</b>	<b>1 010.6</b>	<b>1 266.8</b>
<b>Public corporations and private enterprises</b>	<b>13 424.4</b>	<b>18 764.3</b>	<b>20 170.1</b>	<b>20 061.4</b>
<b>Public corporations</b>	<b>9 872.3</b>	<b>14 155.2</b>	<b>14 694.3</b>	<b>17 851.2</b>
Subsidies on products or production	4 101.1	3 691.7	4 676.1	5 188.9
Other transfers to public corporations	5 771.2	10 463.5	10 018.2	12 662.3
<b>Private enterprises</b>	<b>3 552.1</b>	<b>4 609.0</b>	<b>5 475.8</b>	<b>2 210.2</b>
Subsidies on products or production	3 339.6	4 111.4	5 193.5	1 855.1
Other transfers to private enterprises	212.5	497.6	282.3	355.1
<b>Non-profit institutions</b>	<b>882.1</b>	<b>1 002.8</b>	<b>1 220.2</b>	<b>1 225.3</b>
<b>Households</b>	<b>62 862.9</b>	<b>70 551.4</b>	<b>79 084.5</b>	<b>91 029.5</b>
Social benefits	59 569.1	65 170.5	73 611.2	85 989.9
Other transfers to households	3 293.8	5 381.0	5 473.3	5 039.6
<b>Total transfers and subsidies</b>	<b>332 685.1</b>	<b>391 023.5</b>	<b>458 352.8</b>	<b>533 412.3</b>
<b>Payments for capital assets</b>				
<b>Buildings and other fixed structures</b>	<b>2 481.5</b>	<b>3 838.2</b>	<b>5 566.8</b>	<b>5 961.3</b>
Buildings	2 376.9	3 325.7	4 893.8	4 843.3
Other fixed structures	104.6	512.5	673.0	1 118.0
<b>Machinery and equipment</b>	<b>3 322.8</b>	<b>3 210.7</b>	<b>2 965.0</b>	<b>2 741.0</b>
Transport equipment	1 522.3	1 528.0	1 419.6	1 467.8
Other machinery and equipment	1 800.5	1 682.7	1 545.4	1 273.1
Specialised military assets	-	-	-	27.6
Biological assets	0.7	11.2	2.7	1.1
Land and subsoil assets	31.5	27.4	49.0	-
Software and other intangible assets	231.4	95.5	197.4	167.4
<b>Total payments for capital assets</b>	<b>6 067.8</b>	<b>7 182.9</b>	<b>8 780.8</b>	<b>8 898.3</b>
<b>Payments for financial assets</b>	<b>1 335.8</b>	<b>1 812.5</b>	<b>10 972.9</b>	<b>32 758.3</b>
<b>Total</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>755 522.9</b>
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 000.0
<b>Total</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>752 522.9</b>

Table 4. Expenditure by economic classification 2006/07 to 2012/13

Revised estimate	Medium-term expenditure estimates			R million
	2009/10	2010/11	2011/12	
<b>76 008.7</b>	<b>84 093.2</b>	<b>90 167.3</b>	<b>95 232.5</b>	<b>Current payments</b>
				<b>Compensation of employees</b>
63 383.4	69 171.6	74 337.1	78 539.2	Salaries and wages
12 625.3	14 921.6	15 830.2	16 693.2	Social contributions
<b>43 205.8</b>	<b>46 843.3</b>	<b>51 466.9</b>	<b>53 656.0</b>	<b>Goods and services</b>
<b>57 601.0</b>	<b>71 359.6</b>	<b>88 465.0</b>	<b>104 024.5</b>	<b>Interest and rent on land</b>
57 600.2	71 358.7	88 464.1	104 023.5	Interest (including interest on finance leases)
0.8	0.8	0.9	1.0	Rent on land
<b>176 815.6</b>	<b>202 296.0</b>	<b>230 099.3</b>	<b>252 913.0</b>	<b>Total current payments</b>
				<b>Transfers and subsidies to:</b>
				Provinces and municipalities
<b>345 167.9</b>	<b>381 726.9</b>	<b>417 237.3</b>	<b>442 587.4</b>	<b>Provinces</b>
<b>294 968.2</b>	<b>322 858.2</b>	<b>350 547.1</b>	<b>369 348.4</b>	<b>Provincial revenue funds</b>
294 968.2	322 858.2	350 547.1	369 348.4	
<b>50 199.7</b>	<b>58 868.7</b>	<b>66 690.2</b>	<b>73 239.0</b>	<b>Municipalities</b>
50 199.7	58 868.7	66 690.2	73 239.0	Municipal bank accounts
<b>57 114.3</b>	<b>58 456.5</b>	<b>65 123.0</b>	<b>68 388.7</b>	<b>Departmental agencies and accounts</b>
12.7	11.6	12.4	13.0	Social security funds
57 101.6	58 445.0	65 110.6	68 375.7	Departmental agencies (non-business entities)
<b>15 437.4</b>	<b>17 532.0</b>	<b>19 318.5</b>	<b>20 669.2</b>	<b>Universities and technikons</b>
<b>1 260.9</b>	<b>1 313.9</b>	<b>1 288.8</b>	<b>1 380.3</b>	<b>Foreign governments and international organisations</b>
<b>19 725.2</b>	<b>20 129.1</b>	<b>20 700.1</b>	<b>21 489.8</b>	<b>Public corporations and private enterprises</b>
<b>17 555.0</b>	<b>16 988.4</b>	<b>17 034.7</b>	<b>17 355.7</b>	<b>Public corporations</b>
5 198.9	5 180.8	5 262.0	5 499.9	Subsidies on products or production
12 356.1	11 807.6	11 772.7	11 855.7	Other transfers to public corporations
<b>2 170.1</b>	<b>3 140.7</b>	<b>3 665.4</b>	<b>4 134.1</b>	<b>Private enterprises</b>
1 795.1	2 778.8	3 255.0	3 629.1	Subsidies on products or production
375.1	362.0	410.3	505.0	Other transfers to private enterprises
<b>1 225.1</b>	<b>2 275.2</b>	<b>2 339.0</b>	<b>1 894.0</b>	<b>Non-profit institutions</b>
<b>90 622.4</b>	<b>98 234.2</b>	<b>108 805.0</b>	<b>117 648.6</b>	<b>Households</b>
85 620.3	92 792.8	102 213.6	110 636.4	Social benefits
5 002.1	5 441.4	6 591.5	7 012.1	Other transfers to households
<b>530 553.1</b>	<b>579 667.8</b>	<b>634 811.7</b>	<b>674 058.0</b>	<b>Total transfers and subsidies</b>
				<b>Payments for capital assets</b>
<b>5 862.9</b>	<b>5 994.9</b>	<b>7 237.3</b>	<b>9 660.6</b>	<b>Buildings and other fixed structures</b>
4 743.8	4 537.4	4 836.4	6 935.7	Buildings
1 119.2	1 457.5	2 400.9	2 725.0	Other fixed structures
<b>2 735.2</b>	<b>3 236.9</b>	<b>3 381.4</b>	<b>3 525.6</b>	<b>Machinery and equipment</b>
1 467.8	1 352.7	1 474.3	1 690.0	Transport equipment
1 267.4	1 884.2	1 907.2	1 835.6	Other machinery and equipment
27.6	19.6	24.5	122.0	Specialised military assets
1.1	1.6	0.7	0.7	Biological assets
–	–	–	–	Land and subsoil assets
61.0	37.5	32.7	33.8	Software and other intangible assets
<b>8 687.9</b>	<b>9 290.5</b>	<b>10 676.6</b>	<b>13 342.9</b>	<b>Total payments for capital assets</b>
<b>32 760.0</b>	<b>20 888.6</b>	<b>750.0</b>	<b>0.0</b>	<b>Payments for financial assets</b>
<b>748 816.5</b>	<b>812 142.9</b>	<b>876 337.6</b>	<b>940 313.8</b>	<b>Total</b>
–	6 000.0	12 000.0	24 000.0	Contingency reserve
–	–	–	–	Projected underspending
<b>748 816.5</b>	<b>818 142.9</b>	<b>888 337.6</b>	<b>964 313.8</b>	<b>Total</b>

**Table 5. Amounts to be appropriated from the National Revenue Fund for 2010/11**

	Appropriated (including direct charges)	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	To be appropriated	Increase/ Decrease <sup>1</sup>	
R million	2009/10	2010/11						
<b>Central Government Administration</b>								
1	The Presidency	609.6	343.0	371.9	12.2	-	727.2	117.6
2	Parliament	1 350.7	1 275.4	284.8	11.7	-	1 571.9	221.2
3	Cooperative Governance and Traditional Affairs	35 604.4	619.7	43 288.5	13.3	-	43 921.5	8 317.0
4	Home Affairs	5 050.6	3 992.4	1 587.8	139.3	-	5 719.6	669.0
5	International Relations and Cooperation	5 337.0	3 688.6	820.2	315.7	-	4 824.4	-512.6
6	Public Works	5 298.0	2 042.8	3 029.6	1 373.9	-	6 446.3	1 148.3
7	Women, Children and People with Disabilities	64.0	39.3	51.9	6.6	-	97.8	33.8
<b>Financial and Administrative Services</b>								
8	Government Communication and Information System	482.0	355.5	187.4	3.4	-	546.2	64.2
9	National Treasury	354 795.2	72 806.9	296 522.2	14.5	20 750.0	390 093.6	35 298.4
10	Public Enterprises	3 797.3	174.7	36.7	0.6	138.6	350.6	-3 446.8
11	Public Service and Administration	596.3	376.9	271.6	2.9	-	651.5	55.2
12	Statistics South Africa	1 608.6	1 871.5	3.8	98.1	-	1 973.4	364.8
<b>Social Services</b>								
13	Arts and Culture	2 623.5	311.1	2 089.1	6.6	-	2 406.7	-216.7
14	Basic Education	3 929.9	1 777.1	4 385.1	4.1	-	6 166.2	2 236.3
15	Health	17 058.1	1 063.0	20 403.3	30.7	-	21 497.0	4 438.9
16	Higher Education and Training	25 259.6	382.4	31 752.7	9.8	-	32 144.9	6 885.3
17	Labour	1 671.0	1 259.9	515.2	8.8	-	1 783.9	112.9
18	Social Development	86 408.3	543.0	95 376.0	10.1	-	95 929.1	9 520.7
19	Sport and Recreation South Africa	2 859.9	192.9	1 047.6	5.1	-	1 245.6	-1 614.3
<b>Justice, Crime Prevention and Security</b>								
20	Correctional Services	13 238.6	14 007.7	13.1	1 108.3	-	15 129.0	1 890.5
21	Defence and Military Veterans	32 024.4	23 099.0	6 830.1	786.2	-	30 715.3	-1 309.1
22	Independent Complaints Directorate	114.9	126.0	0.1	3.3	-	129.3	14.5
23	Justice and Constitutional Development	11 278.6	9 984.8	1 567.9	627.7	-	12 180.4	901.8
24	Police	46 409.7	49 336.4	438.4	2 781.7	-	52 556.4	6 146.7
<b>Economic Services and Infrastructure</b>								
25	Agriculture, Forestry and Fisheries	2 903.5	1 773.5	1 836.5	47.9	-	3 658.0	754.5
26	Communications	2 266.9	483.2	1 626.7	4.1	-	2 114.0	-152.9
27	Economic Development	292.5	95.2	318.6	4.8	-	418.6	126.1
28	Energy	3 742.3	202.1	5 328.7	4.6	-	5 535.4	1 793.1
29	Environmental Affairs	2 261.0	910.2	1 224.3	473.3	-	2 607.8	346.8
30	Human Settlements	14 020.0	599.5	15 442.8	159.3	-	16 201.5	2 181.5
31	Mineral Resources	904.9	607.3	408.7	14.1	-	1 030.0	125.1
32	Rural Development and Land Reform	6 109.4	1 878.1	4 871.6	19.8	-	6 769.6	660.2
33	Science and Technology	4 234.1	362.0	4 249.5	4.1	-	4 615.5	381.4
34	Tourism	1 109.1	196.1	953.3	2.4	-	1 151.8	42.8
35	Trade and Industry	6 051.7	1 142.9	4 992.6	14.7	-	6 150.1	98.4
36	Transport	23 734.8	743.4	24 301.3	41.6	-	25 086.3	1 351.4
37	Water Affairs	7 462.4	3 632.8	3 238.5	1 125.3	-	7 996.6	534.2
<b>Total</b>	<b>732 562.8</b>	<b>202 296.0</b>	<b>579 667.8</b>	<b>9 290.5</b>	<b>20 888.6</b>	<b>812 142.9</b>	<b>79 580.2</b>	

1. A positive number reflects an increase and a negative number a decrease.

**Table 6a. Conditional grants to provinces 2006/07 to 2012/13 <sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
<b>Central Government Administration</b>									
3	Cooperative Governance and Traditional Affairs	–	–	29.7	–	–	–	–	
6	Public Works	710.1	836.6	889.3	1 501.2	1 401.2	1 483.8	1 962.0	2 060.1
<b>Financial and Administrative Services</b>									
9	National Treasury	4 983.5	6 276.2	7 384.5	13 449.2	13 449.2	11 314.9	13 091.2	14 007.6
<b>Social Services</b>									
13	Arts and Culture	–	163.2	344.6	440.6	440.6	512.7	543.4	570.8
14	Basic Education	1 242.5	1 376.9	2 114.1	2 575.4	2 575.4	3 931.4	5 048.1	5 447.4
15	Health	10 206.5	11 552.7	14 028.7	16 702.5	16 417.5	19 852.8	21 971.8	24 030.4
16	Higher Education and Training	1 973.7	2 435.3	3 005.8	3 168.3	3 168.3	3 772.7	3 972.0	4 169.1
19	Sport and Recreation South Africa	119.0	194.0	293.7	402.3	402.3	426.4	452.0	474.6
<b>Economic Services and Infrastructure</b>									
25	Agriculture, Forestry and Fisheries	401.1	761.7	898.0	973.7	973.7	1 116.9	1 437.1	1 508.9
30	Human Settlements	6 677.8	8 149.9	10 177.9	12 592.3	12 592.3	15 160.6	17 222.4	17 938.7
32	Rural Development and Land Reform	8.0	–	–	–	–	–	–	–
35	Trade and Industry	58.2	–	–	–	–	–	–	–
36	Transport	3 241.0	3 029.4	4 340.3	6 669.9	6 669.9	4 312.4	4 158.5	4 360.9
<b>Total</b>		<b>29 621.6</b>	<b>34 775.9</b>	<b>43 506.6</b>	<b>58 475.4</b>	<b>58 090.4</b>	<b>61 884.5</b>	<b>69 858.4</b>	<b>74 568.4</b>

1. Detail provided in the Division of Revenue Act (2010).

**Table 6b. Conditional grants to municipalities 2006/07 to 2012/13 <sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
<b>Central Government Administration</b>									
3	Cooperative Governance and Traditional Affairs	6 138.4	8 954.1	9 308.4	11 633.5	11 633.5	12 740.9	15 293.3	18 557.9
6	Public Works	–	–	–	201.7	201.7	623.0	1 108.0	1 163.4
<b>Financial and Administrative Services</b>									
9	National Treasury	410.3	716.5	361.5	851.4	611.4	1 394.6	1 575.1	1 586.3
<b>Social Services</b>									
19	Sport and Recreation South Africa	600.0	4 605.0	4 295.0	2 168.7	2 168.7	512.6	–	–
<b>Economic Services and Infrastructure</b>									
28	Energy	390.7	462.5	589.1	1 108.0	1 092.2	1 240.1	1 376.6	1 151.4
36	Transport	518.0	1 174.0	2 928.7	2 428.0	2 428.0	3 709.9	4 436.1	4 136.7
37	Water Affairs	385.7	732.9	994.6	925.0	854.6	890.1	380.0	399.0
<b>Total</b>		<b>8 443.1</b>	<b>16 645.0</b>	<b>18 477.3</b>	<b>19 316.2</b>	<b>18 990.1</b>	<b>21 111.1</b>	<b>24 169.1</b>	<b>26 994.8</b>

1. Detail provided in the Division of Revenue Act (2010).

Table 7. Training expenditure per vote 2006/07 to 2012/13

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Central Government Administration</b>							
1	1.5	2.3	1.4	1.9	2.2	2.4	2.6
2	10.7	10.6	11.9	10.1	10.4	14.2	15.0
3	1.7	2.3	1.7	1.8	2.4	2.6	2.7
4	35.6	32.4	34.0	35.1	30.9	28.2	28.5
5	4.0	13.1	8.1	12.4	14.4	14.1	14.1
6	12.8	15.2	22.0	26.1	27.5	28.5	29.9
<b>Financial and Administrative Services</b>							
8	2.4	4.7	4.2	3.7	4.4	4.2	4.4
9	9.3	16.1	16.9	33.6	19.8	20.4	21.2
10	0.8	1.6	1.7	2.2	1.9	2.0	2.0
11	2.0	2.2	3.7	2.6	3.6	3.5	3.7
12	7.7	11.9	14.0	21.2	45.1	42.1	40.0
<b>Social Services</b>							
13	2.4	3.1	4.5	2.1	2.3	2.4	2.5
14	1.6	2.8	6.5	1.7	2.5	2.4	2.5
15	5.5	9.5	1.8	4.5	5.5	6.1	6.6
16	1.8	2.5	2.9	1.9	2.6	2.8	2.9
17	8.9	6.5	8.9	8.3	8.9	9.3	9.8
18	2.2	1.7	1.8	2.3	2.5	2.6	2.8
19	0.5	0.9	0.9	1.1	1.1	1.1	1.1
<b>Justice, Crime Prevention and Security</b>							
20	111.4	125.6	76.0	89.5	64.0	100.5	105.6
21	85.6	87.4	117.7	113.6	145.6	151.0	167.0
22	0.5	0.6	0.6	0.7	0.7	0.8	0.8
23	12.4	18.3	37.5	86.4	78.9	83.6	89.4
24	807.5	966.0	1 124.0	1 006.5	1 386.6	1 449.0	1 514.2
<b>Economic Services and Infrastructure</b>							
25	27.3	20.3	24.2	16.4	20.0	21.8	23.3
26	3.1	3.7	6.0	9.0	9.4	9.9	10.4
27	-	-	-	-	0.1	0.2	0.2
28	0.6	0.7	1.6	2.1	3.5	3.9	4.1
29	2.3	2.1	2.2	2.3	2.5	2.7	2.9
30	2.0	1.2	2.9	12.9	14.1	15.2	16.1
31	1.5	1.7	3.8	9.1	3.5	3.9	4.1
32	11.6	9.0	9.4	11.9	12.6	13.3	13.9
33	1.0	3.6	5.2	6.5	5.1	5.4	5.6
34	1.5	1.4	1.5	1.0	1.0	1.0	1.1
35	3.2	1.0	2.5	9.3	11.0	11.5	12.0
36	3.0	3.2	1.8	3.9	4.0	4.0	4.1
37	37.0	38.9	40.8	63.1	65.7	67.3	70.7
<b>Total</b>	<b>1 223.1</b>	<b>1 424.2</b>	<b>1 604.9</b>	<b>1 616.8</b>	<b>2 016.3</b>	<b>2 133.7</b>	<b>2 237.8</b>

**Table 8. Infrastructure expenditure per vote 2006/07 to 2012/13 <sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Central Government Administration</b>							
2 Parliament	–	5.1	40.5	–	–	–	–
3 Cooperative Governance and Traditional Affairs	6 138.4	8 754.1	9 138.1	11 433.5	12 528.9	15 068.6	18 322.0
4 Home Affairs	45.1	61.4	68.0	56.1	67.2	132.5	129.8
5 International Relations and Cooperation	119.4	649.9	926.7	423.2	231.5	249.8	317.0
6 Public Works	414.1	488.0	988.4	1 220.6	1 303.9	1 603.9	1 634.7
<b>Financial and Administrative Services</b>							
9 National Treasury	5 035.7	6 327.3	7 768.0	9 910.6	12 569.9	14 486.6	15 405.0
<b>Social Services</b>							
13 Arts and Culture	312.1	281.2	448.6	801.4	557.8	455.6	483.0
14 Basic Education	–	–	–	–	80.0	200.0	210.0
15 Health	1 498.7	2 118.5	1 884.8	3 495.2	3 939.6	3 789.7	3 805.0
16 Higher Education and Training	90.5	77.5	54.8	37.0	32.0	26.0	22.0
17 Labour	78.5	64.4	37.6	56.8	25.9	34.6	0.0
19 Sport and Recreation South Africa	600.0	4 605.0	4 295.0	1 661.1	302.3	–	–
<b>Justice, Crime Prevention and Security</b>							
20 Correctional Services	794.8	1 087.0	1 035.5	1 012.5	1 108.3	1 163.1	2 675.6
21 Defence and Military Veterans	49.2	93.4	476.5	452.0	1 120.7	841.1	1 218.3
23 Justice and Constitutional Development	323.7	361.1	479.5	515.5	631.5	759.4	865.0
24 Police	510.5	727.0	843.3	1 049.7	1 118.2	1 235.3	1 544.6
<b>Economic Services and Infrastructure</b>							
25 Agriculture, Forestry and Fisheries	120.0	112.0	108.6	115.0	172.9	270.8	253.5
26 Communications	100.0	646.0	950.0	810.0	420.9	279.0	167.0
28 Energy	1 328.9	1 525.6	1 888.8	2 400.3	4 271.9	4 366.4	4 565.5
29 Environmental Affairs	199.8	405.7	437.4	512.3	656.7	664.8	693.0
30 Human Settlements	–	3 829.9	1 885.1	1 674.3	2 014.8	2 248.4	2 341.9
32 Rural Development and Land Reform	14.4	5.6	6.3	11.8	17.4	18.3	44.7
33 Science and Technology	175.0	272.0	408.0	699.3	745.7	801.0	254.4
35 Trade and Industry	468.0	911.0	967.5	1 283.3	769.9	721.4	758.6
36 Transport	5 801.6	7 934.8	10 601.2	12 799.8	14 131.7	16 038.7	16 542.4
37 Water Affairs	85.9	644.4	1 467.1	1 976.8	2 279.9	3 358.1	3 805.1
<b>Total</b>	<b>24 304.4</b>	<b>41 988.0</b>	<b>47 205.2</b>	<b>54 408.3</b>	<b>61 099.7</b>	<b>68 813.1</b>	<b>76 057.9</b>

1. Amounts include mega infrastructure projects and programmes (over R300 million per year for a minimum of three years, or R900 million total project cost), large projects and programmes (between R300 million and R50 million per year within a given MTEF period), small projects and programmes (less than R50 million per year). Infrastructure transfers to other spheres, agencies and entities, fixed installations transferred to households and maintenance and repair projects are also included. Details are provided in the additional tables in each vote.

**Table 9. Personnel expenditure per vote 2006/07 to 2012/13**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
<b>Central Government Administration</b>									
1	The Presidency	100.5	118.7	144.3	187.4	184.4	218.1	242.4	258.2
2	Parliament	446.6	521.0	708.6	780.1	780.1	856.1	905.7	951.2
3	Cooperative Governance and Traditional Affairs	116.2	128.1	153.8	172.3	164.8	241.9	255.3	268.1
4	Home Affairs	844.7	1 087.0	1 296.0	1 659.1	1 659.1	1 896.2	2 134.8	2 243.7
5	International Relations and Cooperation	1 136.5	1 293.2	1 683.4	2 062.6	2 062.6	2 017.1	2 101.4	2 203.1
6	Public Works	613.6	746.4	916.6	1 012.2	1 012.2	1 121.4	1 201.7	1 249.6
7	Women, Children and People with Disabilities	3.8	4.8	5.9	10.0	10.0	15.7	27.5	29.9
<b>Financial and Administrative Services</b>									
8	Government Communication and Information System	84.1	116.2	114.0	137.1	136.9	147.0	157.5	166.3
9	National Treasury	230.9	272.7	321.0	438.5	408.5	538.5	573.0	598.6
10	Public Enterprises	47.2	56.0	70.4	81.4	81.4	88.0	93.5	98.3
11	Public Service and Administration	92.5	115.8	129.1	153.4	153.4	174.4	183.4	193.4
12	Statistics South Africa	414.9	472.0	700.7	1 015.8	1 015.8	891.0	1 065.1	992.5
<b>Social Services</b>									
13	Arts and Culture	95.1	107.2	126.8	146.3	141.3	149.0	159.4	168.7
14	Basic Education	117.0	150.4	186.3	229.9	251.4	255.4	273.8	288.1
15	Health	231.7	258.6	292.5	329.1	329.1	369.7	403.4	442.4
16	Higher Education and Training	131.7	146.2	174.8	203.3	203.6	228.9	245.8	261.1
17	Labour	435.4	497.9	491.3	632.6	611.2	738.4	760.6	811.4
18	Social Development	111.1	133.6	184.1	225.4	225.4	245.1	260.6	277.7
19	Sport and Recreation South Africa	30.1	43.4	54.5	67.6	59.6	75.3	73.7	77.4
<b>Justice, Crime Prevention and Security</b>									
20	Correctional Services	5 606.6	6 799.2	8 077.8	9 313.0	9 313.0	10 483.8	11 058.5	11 611.2
21	Defence and Military Veterans	9 037.6	9 735.9	10 620.0	12 223.2	12 223.2	13 450.4	14 630.1	15 686.9
22	Independent Complaints Directorate	36.8	45.7	58.0	66.5	66.5	74.1	85.5	90.4
23	Justice and Constitutional Development	3 619.7	4 250.9	5 326.2	6 277.1	6 233.7	6 834.7	7 375.3	7 846.8
24	Police	22 730.2	25 610.6	29 147.4	33 770.2	33 770.2	37 148.8	39 660.3	41 777.4
<b>Economic Services and Infrastructure</b>									
25	Agriculture, Forestry and Fisheries	717.4	778.8	908.8	1 138.5	938.5	1 144.2	1 244.2	1 380.2
26	Communications	99.0	97.7	108.0	147.4	147.4	160.4	169.2	177.9
27	Economic Development	-	-	-	12.6	12.6	59.5	78.0	89.8
28	Energy	49.7	68.2	84.6	113.1	112.1	133.0	140.4	142.8
29	Environmental Affairs	156.7	196.3	212.3	260.3	260.3	324.9	351.5	368.9
30	Human Settlements	81.4	107.3	136.9	217.4	217.4	290.2	313.4	328.9
31	Mineral Resources	196.4	222.3	245.5	287.6	287.0	352.3	392.1	414.7
32	Rural Development and Land Reform	406.0	476.4	614.2	954.8	954.8	1 072.2	1 141.5	1 199.8
33	Science and Technology	83.7	104.1	144.9	200.2	200.2	215.0	227.3	239.1
34	Tourism	102.8	130.8	106.4	89.6	89.6	98.5	112.1	160.6
35	Trade and Industry	283.6	327.5	383.1	513.0	469.0	557.8	590.4	628.5
36	Transport	111.2	131.3	182.6	221.0	221.0	259.4	282.2	296.6
37	Water Affairs	972.0	890.7	862.5	1 043.1	1 001.4	1 166.5	1 196.7	1 212.4
<b>Total</b>		<b>49 574.2</b>	<b>56 243.2</b>	<b>64 973.4</b>	<b>76 392.8</b>	<b>76 008.7</b>	<b>84 093.2</b>	<b>90 167.3</b>	<b>95 232.5</b>



Table 10. Departmental receipts per vote 2006/07 to 2012/13 <sup>1</sup>

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
<b>Central Government Administration</b>									
1	The Presidency	1.7	0.3	0.2	0.5	0.5	0.3	0.3	0.3
2	Parliament	41.9	51.7	55.2	16.3	17.8	15.5	11.9	11.5
3	Cooperative Governance and Traditional Affairs	6.8	0.7	0.8	0.6	0.6	0.6	0.6	0.6
4	Home Affairs	468.2	421.1	355.7	429.5	429.5	455.3	482.6	506.7
5	International Relations and Cooperation	46.3	65.1	43.6	39.2	18.4	31.2	33.3	33.2
6	Public Works	79.9	95.8	28.5	25.6	31.5	26.6	27.7	29.4
<b>Financial and Administrative Services</b>									
8	Government Communication and Information System	3.1	3.1	3.3	2.9	2.9	3.0	3.0	3.0
9	National Treasury	4 355.1	6 116.7	5 270.4	4 148.5	3 839.0	2 354.2	2 544.8	2 602.9
10	Public Enterprises	0.1	0.1	0.8	0.1	0.1	0.1	0.1	0.1
11	Public Service and Administration	1.8	2.7	1.0	0.9	0.9	0.7	0.7	0.7
12	Statistics South Africa	1.5	17.7	2.8	6.9	6.9	2.2	2.5	2.6
<b>Social Services</b>									
13	Arts and Culture	3.2	0.4	3.6	1.0	1.0	0.6	0.6	0.7
14	Basic Education	0.6	1.9	1.5	0.9	0.9	1.1	1.2	1.2
15	Health	33.3	41.2	31.2	33.7	33.7	31.5	32.8	32.9
16	Higher Education and Training	6.2	6.9	6.7	6.5	6.6	6.9	7.0	7.0
17	Labour	6.1	8.4	28.9	12.9	12.9	16.1	22.4	24.3
18	Social Development	865.3	237.0	16.5	0.2	20.2	510.2	10.2	10.2
19	Sport and Recreation South Africa	5.6	0.0	0.3	0.6	5.7	0.3	0.4	0.4
<b>Justice, Crime Prevention and Security</b>									
20	Correctional Services	100.0	136.3	80.5	131.2	136.7	143.4	152.0	161.0
21	Defence and Military Veterans	492.8	551.9	629.4	676.7	676.7	702.5	729.2	756.9
22	Independent Complaints Directorate	0.0	0.4	0.1	0.1	0.1	0.1	0.1	0.1
23	Justice and Constitutional Development	319.5	317.0	356.8	358.9	358.9	377.6	399.8	422.5
24	Police	251.9	345.1	376.5	332.6	332.6	341.7	321.3	324.5
<b>Economic Services and Infrastructure</b>									
25	Agriculture, Forestry and Fisheries	141.1	121.1	254.0	219.7	216.7	119.3	121.5	118.2
26	Communications	2 613.8	3 007.4	3 520.1	933.0	1 160.8	925.0	959.4	993.4
27	Economic Development	177.5	229.3	244.4	484.8	420.0	230.0	243.8	250.0
28	Energy	0.1	1.2	3.3	3.5	3.5	3.7	3.9	4.1
29	Environmental Affairs	4.9	4.7	8.5	2.7	2.7	0.8	0.8	0.8
30	Human Settlements	1.9	0.7	2.4	0.5	2.8	0.5	0.5	0.6
31	Mineral Resources	191.0	267.1	261.3	161.8	161.8	205.6	211.8	213.9
32	Rural Development and Land Reform	158.8	176.4	64.2	231.2	61.1	68.4	69.0	64.5
33	Science and Technology	1.0	0.2	0.3	1.0	1.0	0.1	0.1	0.1
35	Trade and Industry	66.6	94.2	64.9	66.7	67.0	108.3	114.9	120.2
36	Transport	330.4	362.5	215.8	231.7	116.6	127.8	137.4	144.3
37	Water Affairs	137.2	0.1	26.6	72.6	39.8	41.2	44.0	44.0
Total departmental receipts as per Estimates of National Expenditure		10 915.2	12 686.3	11 960.0	8 635.5	8 188.0	6 852.2	6 691.4	6 887.0
Less: Parliament (retained departmental receipts)		41.9	51.7	55.2	16.3	17.8	15.5	11.9	11.5
Plus: South African Revenue Service departmental receipts collection		-30.0	58.0	711.4	1 205.8	812.4	3 543.6	4 803.7	5 503.9
<b>Total departmental receipts as per Budget Review</b>		<b>10 843.3</b>	<b>12 692.6</b>	<b>12 616.2</b>	<b>9 825.0</b>	<b>8 982.6</b>	<b>10 380.3</b>	<b>11 483.2</b>	<b>12 379.4</b>

1. Departmental receipts exclude extraordinary receipts which are deposited into the National Revenue Fund. Extraordinary receipts are included in the Budget Review.



# Information contained in each chapter

The Estimates of National Expenditure publication describes in detail the planned spending of all national government departments for three years going forward: that is, the years of the medium term expenditure framework (MTEF). The Estimates of National Expenditure is tabled in Parliament by the Minister of Finance on the day the main Budget is tabled. It provides details about the allocation of expenditure to all national departments set out in the appropriation bill, which is tabled on the same day.

The appropriation bill is divided into votes. A vote generally specifies the total amount appropriated per department. Each chapter in the Estimates of National Expenditure relates to a vote. By appropriating funds from the National Revenue Fund through the approval of the appropriation bill, Parliament authorises expenditure.

Votes are arranged into the following functional groupings to facilitate analysis of interdepartmental initiatives and service delivery.

- central government administration
- financial and administrative services
- social services
- justice, crime prevention and security
- economic services and infrastructure.

These functional groupings are informal and are not the same as either the government's cluster system groupings or the standard chart of accounts' more rigorous classification of government functions.

The Estimates of National Expenditure booklets for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.

The chapter for each vote contains the following information:

## Budget summary

This table shows the budgeted expenditure for the vote for the MTEF period.

R million	2010/11					2011/12	2012/13
	Total to be Appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
<b>MTEF allocation</b>							
Programme name							
Programme name							
Programme name							
<b>Subtotal</b>							
<b>Direct charge against the National Revenue Fund</b>							
Item							
Item							
<b>Total expenditure estimates</b>							
Executive authority	Minister						
Accounting officer	Director-General / Chief Operating Officer						
Website address							

*Due to rounding off, the figures do not necessarily add up to the total. Figures are mostly denoted in rand million unless otherwise indicated.*

The **2010/11 total to be appropriated** shows the expenditure allocation for 2010/11 and corresponds with the information in the 2010 Appropriation Bill.

The totals to be appropriated by Parliament are categorised by economic classification into **current payments, transfers and subsidies, payments for capital assets** and **payments for financial assets**.

**Current payments** are payments made by the department for its operational requirements.

**Transfers and subsidies** are payments made by the department for which the department does not directly receive anything in return.

**Payments for capital assets** are payments made by a department for an asset that can be used for more than one year and from which future economic benefits or service potential are expected to flow.

**Payments for financial assets** mainly consist of payments made by departments as loans to public corporations or as equity investments in public corporations. The reason for expensing the payments rather than treating them as financing is that, unlike other financial transactions, the purpose of the transaction is not profit oriented. This column is only shown in departments where such payments have been budgeted for. Payments for theft and losses are included in this category; however, these payments are not budgeted for and will thus only appear in the historical information, which can be seen in the expenditure estimates table.

Estimates for the two outer years of the expenditure framework, **2011/12** and **2012/13**, are also shown. These estimates are not included in the 2010 Appropriation Bill as they are still only indicative of actual expenditure levels in the outer years of the MTEF period. Parliament typically only appropriates or authorises expenditure for one financial year at a time. These forward estimates or indicative allocations do, however, form the basis for the planning of the 2011 Budget.

**Direct charges against the National Revenue Fund** are amounts appropriated in terms of statutes and do not require parliamentary approval. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The last lines of the table provide accountability information: the department's executive authority, accounting officer and website address.

## Aim

*The aim of the vote captures the department's mandate, strategic objectives or its administrative functions, and corresponds with the aim stated in the appropriation bill.*

## Programme purposes

Each vote is comprised of several programmes. The activities and functions performed by a department are typically divided into these programmes. Programme 1 is the *Administration* programme, which houses the administrative activities and functions required to keep the department operating. Each vote programme is listed individually with its purpose, as stated in the appropriation bill. The programme purpose outlines the activities and functions of the particular programme as per the approved budget programme structure, in terms of the Public Finance Management Act (1999).

## Strategic overview: 2006/07 – 2012/13

This section describes the department's strategic direction over the period under review. It includes policy and mandate developments and legislative changes as well as a table of selected quantitative and trendable performance indicators.

## Savings and cost effective service delivery

In this section, departments discuss details of the cost savings measures and reprioritisation of budgets effected in the 2009/10 financial year and to be effected over the MTEF period ahead.

Savings typically emanate from reduced expenditure on non-core goods and services, the rescheduling of expenditure over time in the case of delays, reduced transfers to certain public entities, improved financial management, reduced expenditure on administration in favour of frontline services and through seeking alternative sources of financing.

## Selected performance indicators

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13

The table presents only a selected set of a department or entity's performance information and is not intended to provide a comprehensive view of performance.

An **indicator** is a numerical measure that tracks a department's or entity's progress towards its goal. An indicator may measure inputs, activities, outputs, outcomes or in certain instances explanatory information relating to the internal or external environment.

The **programme** column links the indicator to the programme associated with it.

## Expenditure estimates

This table shows expenditure outcomes and estimates over a seven-year period, by vote programme and by economic classification item.

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Programme name								
2. Programme name								
3. Programme name								
<b>Subtotal</b>								
Direct charge against the National Revenue Fund								
Item								
Item								
<b>Total</b>								
Change to 2009 Budget estimate								

### Economic classification

<b>Current payments</b>			
Economic classification item			
Economic classification item			
<b>Transfers and subsidies</b>			
Economic classification item			
Economic classification item			
<b>Payments for capital assets</b>			
Economic classification item			
Economic classification item			
<b>Payments for financial assets</b>			
<b>Total</b>			

Expenditure is set out first by **programme** and then by **economic classification** over a seven-year period.

For comparability, where programme structures have been changed in recent years, expenditure has, where possible, been reallocated to the new approved programme structure for all seven years. The president's appointment of ministers and deputy ministers after the 2009 general elections has necessitated a reorganisation of national departments, including renaming departments and establishing new departments. As a result, functions may have shifted between departments as a whole or in part, and new functions may have been defined.

**Audited outcomes** are presented as they appear in the department or entity's annual financial statements, with amounts reallocated for any subsequent approved budget programme structure changes.

**Adjusted appropriation** includes the changes made to the appropriation voted in the 2009 main Budget for the financial year, with amounts reallocated for any subsequent approved programme structure changes. Changes are generally made mid-year at the time of the adjustments budget. These adjustments can only be made in terms of the circumstances listed in section 30 of the Public Finance Management Act (1999). Adjustments are included in the adjustments appropriation bill, which Parliament approves before expenditure can take place, and the details are published in the Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2009/10 represents National Treasury's current estimate, in consultation with the department, of expenditure outcomes. This does not imply a change in the amounts voted to departments in the 2009/10 adjusted appropriation; it is merely a more recent estimate of what the department will indeed spend.

The **medium-term expenditure estimates** are shown for 2010/11, 2011/12 and 2012/13. The spending figures for 2010/11 constitute the proposed appropriation to be funded from the National Revenue Fund that is contained in the main appropriation bill, which has to be considered by Parliament after it has been tabled. The medium-term expenditure estimates for 2011/12 and 2012/13 are indicative allocations, and will form the basis for planning the 2011 Budget.

**Direct charges against the National Revenue Fund** are amounts appropriated in terms of statutes and do not require parliamentary approval. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The **totals**, which are the sum of the expenditure on programmes and direct charges, are also classified into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

## Expenditure trends

The main expenditure trends and vote programme structure changes from 2006/07 to 2012/13 are described. Trends are generally represented over the MTEF period between 2009/10 and 2012/13, or over the entire period between 2006/07 and 2012/13.

An explanation of the spending focus over the MTEF period in relation to the strategic objectives and the performance targets that will be achieved over the period is given. Expenditure growth in the historical period is also typically compared to expenditure anticipated over the MTEF period. Reasons are given for trends that are identified, and the significant increases or decreases in expenditure are explained in terms of the underlying policies and service delivery objectives that inform the trends. A summary of the new (additional) allocations to the vote programme's baseline budget is given. The baseline is derived from the previous year's forward estimates. Expenditure on existing and new infrastructure is discussed.

Generally, unless otherwise indicated, average annual growth rates are reflected in nominal, not real, terms. Where inflationary growth has been excluded from the calculation and real growth estimates are provided, the consumer price index has been used to deflate the growth rate.

## Departmental receipts

Departmental (non-tax) receipts for 2009/10 are described, as well as the anticipated receipts for the MTEF period.

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts								
Economic classification item								
Economic classification item								
<b>Total</b>								

## Information on each programme

Each programme section (with the exception of the *Administration* programme) opens with the purposes of the subprogrammes that form that programme. The details of functions performed within subprogrammes and the principle for distributing funds across spending areas within subprogrammes are also described.

Programme 1 is always *Administration*, which includes spending on the ministry, the director-general's office and central corporate services.

## Objectives and measures

Objectives and measures are indicated for each programme. Objectives should include an explanation of strategic intent as well as specific interventions and progress measures. (Programme 1 (*Administration*) is generally exempt from providing objectives and measures.)

For example: Improve service to eligible citizens and residents (objective) by reducing the time taken to issue passports and travel documents (specific intervention) from 10 days in 2008/09 to 5 days in 2011/12 (progress measure).

## Service delivery focus

Information is provided on recent achievements for each programme, including service delivery and operational achievements for the previous year and for the current financial year to date. Reports are given relative to the targets that were presented in previous Estimates of National Expenditure and Adjusted Estimates of National Expenditure publications.

## Expenditure estimates (per programme)

Tables for each programme set out expenditure by subprogramme and economic classification over a seven-year period.

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Subprogramme name							
Subprogramme name							
Subprogramme name							
<b>Total</b>							
Change to 2009 Budget estimate							

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
<b>Economic classification</b>							
<b>Current payments</b>							
Economic classification item							
Economic classification item							
<b>Transfers and subsidies</b>							
Economic classification item							
Economic classification item							
<b>Payments for capital assets</b>							
Economic classification item							
Economic classification item							
<b>Payments for financial assets</b>							
<b>Total</b>							

## Expenditure trends (per programme)

Important expenditure trends for each programme are explained. The scope of the information provided in this section is similar to what is provided for the entire vote.

## Public entities and other agencies

Where appropriate, the discussion of an entity is linked to a specific vote programme and is shown directly after the discussion of that programme.

The scope of information contained in the write-up on public entities is similar to what is reported for the department.

Information on each of the public entities generally consists of the following:

- key legislative mandates in terms of which the entity was established and within which it operates
- selected performance indicators relating to the entity's mandate
- planned deliverables for the next MTEF period
- key objectives achieved during the previous reporting periods
- financial data tables for the entity, focusing on the sources of funding for the entity, key spending areas and expenditure trends, and if applicable an analysis of some of the more important items on the entity's balance sheet
- reprioritisation and savings measures implemented.

## Additional tables

Additional tables appear at the end of the vote. These include:

### Summary of expenditure trends and estimates per programme and economic classification

This table shows the budgeted expenditure as well as the audited outcome and revised estimate for 2008/09 and 2009/10 respectively.



### Summary of personnel numbers and compensation of employees

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on different categories of employees.

The **unit cost** refers to the average cost per person employed by the department. It is calculated by dividing the compensation figure by the personnel numbers.

**Personnel numbers** refers to the physical number (head count) of people employed by the department.

### Details of establishment and personnel numbers per salary level

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on the number of posts in the department at different salary levels **per programme** as at 30 September 2009.

**Number of posts on approved establishment** refers to the number of departmental employment positions approved by the Department of Public Service and Administration.

**Number of funded posts** refers to the number of departmental employment positions which are provided within the budget.

**Number of posts additional to the establishment** typically refers to additional employment positions that have been allocated on an ad hoc basis and that do not form part of the approved departmental establishment.

### Summary of expenditure on training

Information is provided on the funds spent on training, and the number of people trained by the department.

### Summary of conditional grants to provinces and municipalities

A conditional grant refers to an allocation made by the national government, from its nationally raised revenue, to a province, local government or municipality, on condition that certain requirements or services are met.

### Summary of departmental public private partnerships projects

Disclosure notes with additional details are provided for the projects signed in terms of Treasury Regulation 16.

Public private partnerships refer to contractual arrangements in which a private party performs part of a government function and assumes the associated risks. In return, the private party receives a fee according to predefined performance criteria. A public private partnership may also be a project in which a private party uses state assets for its own commercial purposes, and government benefits from the profits generated by the enterprise.

**Unitary fee** refers to the total payment made to the private party for the provision of all types of services.

A **signed** project is a public private partnership project which has reached financial close and is being implemented.

**Projects in preparation** are in some stage of inception, feasibility or procurement, but have not yet reached financial close.

**Project monitoring costs** are associated with the ongoing evaluation and monitoring of public private partnerships in operation.

**Advisory fees** are costs related to the hiring of transaction advisors who assist government with feasibility studies and procurement in the public private partnership project process.

**Revenue generated** is shown in cases where public private partnership projects have revenue generating potential such as tourism projects or toll roads.

### Summary of donor funding

Donor funding is funding received by departments over and above the allocations provided in the South African government's appropriation legislation.

Donor funding comprises official development assistance and other local and international donations.

Official development assistance is an official resource flow from the international donor community to the South African government in the form of grants, technical cooperation and financial cooperation.

The **programme** column links the donor funding to the vote programme that is associated with it.

The **spending focus** shows what the department aims to achieve by using the funding.

### Summary of expenditure on infrastructure

The infrastructure table includes new and replacement assets, maintenance and repairs, upgrades and additions, and rehabilitation, renovation and refurbishment of assets.

**Infrastructure transfers to other spheres, agencies and departments** refers to transfers and grants to other government components for expenditure on infrastructure.

**Fixed installations transferred to households** shows the transfer of funds to individual South Africans to be used for the construction of fixed 'on-site' structures that enhance the welfare of households.

**Maintenance on infrastructure** refers to all maintenance, repairs and refurbishment expenditure on infrastructure that prolongs the life and retains the value of the infrastructure asset. This item does not include day-to-day maintenance.

**In all tables a dash ( - ) indicates that information is unavailable or zero.**

# Communications

**National Treasury  
Republic of South Africa**



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# Vote 26

## Communications

### Budget summary

R thousand	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	151 801	150 683	125	993	160 087	170 615
ICT International Affairs and Trade	44 618	40 605	3 500	513	46 810	46 255
ICT Policy Development	90 112	72 680	16 850	582	93 478	93 300
ICT Enterprise Development	1 617 492	12 538	1 604 729	225	1 290 363	1 090 420
ICT Infrastructure Development	177 451	174 870	1 500	1 081	188 632	195 348
Presidential National Commission	32 525	31 800	–	725	34 691	34 424
<b>Total expenditure estimates</b>	<b>2 113 999</b>	<b>483 176</b>	<b>1 626 704</b>	<b>4 119</b>	<b>1 814 061</b>	<b>1 630 362</b>
Executive authority	Minister of Communications					
Accounting officer	Director-General of Communications					
Website address	<a href="http://www.doc.gov.za">www.doc.gov.za</a>					

The Estimates of National Expenditure booklets for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). They provide more comprehensive coverage of vote specific

### Aim

*The aim of the Department of Communications is to develop information and communication technology (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:** Strategic support to the ministry and overall management of the department.

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

**Purpose:** Ensure alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy.

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

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

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

**Purpose:** Oversee and manage government's shareholding interest in public entities. Facilitate growth and development of small, medium and micro enterprises (SMMEs) in the ICT sector.

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

**Purpose:** Promote investment in robust, reliable, secure and affordable ICT infrastructure that supports the provision of a multiplicity of applications and services.

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

**Purpose:** Facilitate the development of an inclusive information society by promoting the uptake and usage of ICT for improved socioeconomic development and research.

## **Strategic overview: 2006/07 – 2012/13**

The Department of Communications develops and implements policy interventions that create an enabling ICT environment. Between 2006/07 and 2009/10, the department put considerable resources and effort into implementing the provisions of the Electronic Communications Act (2005) through the development and publication of a number of policy directives and regulations. A policy direction for the provisioning of individual electronic network service licences was issued to the Independent Communications Authority of South Africa in January 2009. A policy direction on the licensing framework for the licensing of Broadband Infraco was published in February 2009, and policy directions on the local loop unbundling and the provision of mobile broadcasting services were issued to the Independent Communications Authority of South Africa in September 2007.

### **Strategic goals over the medium term**

#### *Reform the ICT sector*

The department will continue to reform the ICT sector by promulgating legislation and instituting relevant policy interventions. This will include the National Broadband Bill and an integrated ICT strategy, leading to one ICT bill as well as the promulgation and implementation of the Public Service Broadcasting Act (1967), the South African Post Office Act (1995) and the proposed South African Postbank Act (2010), based on the current South African Postbank Bill.

#### *Ensure that ICT infrastructure is accessible, robust, reliable, affordable and secure*

In collaboration with the relevant role players, the department has developed a three-year programme of action aimed at reducing the cost to communicate, and improving the quality, availability and usage of ICTs across all sectors. This programme of action contains specific interventions aimed at: reducing telecommunications prices; fostering competition in the market; reducing local and international broadband prices; increasing mobile telephony; improving internet access and usage, particularly in rural and underdeveloped areas; and promoting domestic and foreign investment in the sector. The programme of action will also accelerate the local loop unbundling process with the issuing of a policy direction to the Independent Communications Authority of South Africa to conclude this process by 2011.

The department will continue with the implementation of the broadcasting digital migration policy to ensure a smooth transition from analogue to digital broadcasting by November 2011. Specific emphasis will be placed on the rollout of digital terrestrial television transmission infrastructure to achieve the estimated 95 per cent national coverage of the digital broadcasting signal by 2011, thus meeting the target date for the analogue switch-off (1 November 2011). The strategy for the set top box manufacturing sector development aimed at developing the local electronics industry and promoting the local manufacturing of set top boxes, will be finalised during 2010/11. This strategy will create opportunities for participation by small, micro, medium enterprises and black economic empowered enterprises as well as opportunities to export South African manufactured set top boxes. The set top box specifications will ensure that households will continue to have access to television services using their current analogue television sets and promote widespread access to government information and services. A scheme will be developed for ownership support of set top boxes that will allow for approximately 4.5 million (62 per cent of free to air television viewing households) poor

television owning households to afford a set top box by accessing a government subsidy that will cover 70 per cent of the cost of the box.

#### *Improve the efficiency of radio spectrum usage*

National radio frequency spectrum is a national asset, and it is therefore government's responsibility to ensure that this asset is used in the best interest of the public. The department will promote the efficient use of the radio frequency spectrum through the adoption of the national radio frequency spectrum policy. In terms of the policy, when there are competing applications or the demand for radio frequency spectrum exceeds the amount of spectrum available, competitive market principles to spectrum pricing may be applied. Relevant policy directions will be issued to the authority to do what is necessary to improve the efficiency of spectrum usage in South Africa. Cabinet is expected to approve the policy by March 2010.

#### *Strengthen oversight of public entities*

In its effort to strengthen its oversight responsibilities over public entities, the department will implement specific interventions aimed at improving the performance of public entities in the ICT sector to effectively deliver on relevant assigned mandates.

Due to the corporate governance and financial challenges experienced by the South African Broadcasting Corporation and Sentech in June 2009, the minister established a task team to identify the root causes of these problems and make appropriate recommendations on the public broadcaster and Sentech's corporate governance issues and funding models. A joint monitoring team comprising of representatives from the department, National Treasury and the South African Broadcasting Corporation will be set up to monitor the corporation's progress in attaining specific targets for the cost cutting measures, revenue enhancements and other austerity measures. The minister has also committed himself to periodically engage with the corporation's board on issues of corporate governance and financial management.

#### *Contribute to the global ICT agenda*

The department will continue to support the African ICT agenda by actively participating in the Southern African Development Community and African Union structures, and by contributing effectively to the implementation of the African multilateral and bilateral ICT programmes. Greater emphasis will be placed on strengthening South-South and North-South cooperation as well as participating in global ICT governance structures such as the International Telecommunications Union, the Universal Postal Union and other relevant United Nations bodies.

#### *Facilitate the building of an inclusive information society*

The department will coordinate the implementation of the national information society and development programme by capturing the provincial heritage content into the national digital repository, publishing the annual e-barometer and contributing to the provisioning of e-government services.

## **Savings and cost effective service delivery**

The department has identified efficiency savings including transfers over the MTEF period amounting to R949 million spread as R155.5 million in 2010/11, R314.7 million in 2011/12 and R479.0 million in 2012/13 across all programmes. Goods and services items targeted for cost reduction include: consultancy services, travel and subsistence, agency support, catering, venues and facilities, and other operating expenditure. Savings will be achieved by reducing the department's reliance on consultants.

South African Post Office subsidy allocations are reduced by R100 million in 2010/11, R250 million in 2011/12 and R400 million in 2012/13, and the Independent Communications Authority of South Africa's baseline is reduced by R45 million over the MTEF period, comprising R10 million in 2010/11, R15 million in 2011/12 and R20 million in 2012/13.

## Selected performance indicators

Table 26.1 Communications

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of stadiums for 2009 FIFA Confederations Cup and 2010 FIFA World Cup linked to Telkom core network	Information and Communication Technology Infrastructure Development	-	-	-	4	10	-	-
Number of infrastructure related policies developed per year	Information and Communication Technology Infrastructure Development	-	-	-	3	2	1	1
Percentage reduction of per minute cost of mobile (wholesale)*	Information and Communication Technology Policy Development	-	-	-	-	10%	10%	10%
Percentage reduction of per minute cost of fixed line (public access)*	Information and Communication Technology Policy Development	-	-	-	-	10%	10%	10%
Total number of community radio stations provided with broadcasting infrastructure	Information and Communication Technology Policy Development	-	45	35	39	45	50	55
Number of ICT position papers developed for international engagement per year	Information and Communication Technology International Affairs and Trade	-	-	8	5	5	5	5
Number of young people who participated in the national youth information society and development programme per year**	Presidential National Commission	-	830	2 120	502	1 100	1 100	1 500
Number of e-cooperatives established to increase entry of youth owned small enterprises into the ICT sector per year***	Presidential National Commission	-	46	96	71	40	40	20
Number of provinces for which provincial cultural heritage content is captured in the national digital repository per year	Presidential National Commission	-	-	-	-	4	3	2
Number of ICT SMME hubs created in each province	Information and Communication Technology Enterprise Development	-	-	-	-	2	2	2

\*At present the mobile termination rate is R1.25, with no reductions realised in the current financial year.

\*\*The targets for the participation of young people in the youth information society and development programme have been reduced due to a change in policy. No further training of new participants will take place and previously trained young people will be used for collecting content.

\*\*\*The targets for the establishment of e-cooperatives have been reduced due to a change in strategy. No further e-cooperatives will be established, and those already established will be supported through a sustainability strategy.

## Expenditure estimates

Table 26.2 Communications

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand								
1. Administration	160 915	143 478	147 431	147 890	147 890	151 801	160 087	170 615
2. ICT International Affairs and Trade	39 592	37 448	53 479	45 624	45 624	44 618	46 810	46 255
3. ICT Policy Development	77 310	60 572	71 491	97 802	97 802	90 112	93 478	93 300
4. ICT Enterprise Development	960 833	1 573 895	1 918 413	1 967 052	1 851 052	1 617 492	1 290 363	1 090 420
5. ICT Infrastructure Development	57 598	69 094	94 849	178 085	178 085	177 451	188 632	195 348
6. Presidential National Commission	23 349	27 291	42 948	34 041	34 041	32 525	34 691	34 424
<b>Total</b>	<b>1 319 597</b>	<b>1 911 778</b>	<b>2 328 611</b>	<b>2 470 494</b>	<b>2 354 494</b>	<b>2 113 999</b>	<b>1 814 061</b>	<b>1 630 362</b>
Change to 2009 Budget estimate				203 631	87 631	(150 397)	(308 719)	-



Table 26.2 Communications (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
<b>Economic classification</b>								
<b>Current payments</b>	<b>296 199</b>	<b>310 898</b>	<b>377 243</b>	<b>383 368</b>	<b>383 368</b>	<b>483 176</b>	<b>509 239</b>	<b>529 953</b>
Compensation of employees	99 008	97 707	107 953	147 428	147 428	160 414	169 223	177 889
Goods and services	197 191	213 191	269 290	235 940	235 940	322 762	340 016	352 064
<i>of which:</i>								
<i>Administrative fees</i>	1 076	1 061	9 200	2 432	2 432	1 043	1 092	1 147
<i>Advertising</i>	7 734	10 613	19 881	9 523	9 523	9 489	8 717	8 937
<i>Assets less than the capitalization threshold</i>	2 074	2 885	1 516	1 798	1 798	2 773	2 901	3 046
<i>Audit cost: External</i>	–	2 059	1 457	1 600	1 600	2 743	2 862	2 359
<i>Bursaries: Employees</i>	239	308	201	612	612	758	794	834
<i>Catering: Departmental activities</i>	843	2 525	2 866	2 943	2 943	3 200	3 349	3 516
<i>Communication</i>	6 784	6 942	6 280	7 938	7 938	7 162	7 592	7 813
<i>Computer services</i>	4 088	10 678	2 711	3 495	3 495	1 492	1 561	1 640
<i>Consultants and professional services: Business and advisory services</i>	11 839	18 673	51 788	61 622	61 622	142 229	145 936	149 292
<i>Consultants and professional services: Infrastructure and planning</i>	–	–	23	25	25	–	–	–
<i>Consultants and professional services: Legal costs</i>	727	931	2 276	10	10	575	606	636
<i>Contractors</i>	10 155	17 545	35 154	17 476	17 476	15 541	16 276	16 472
<i>Agency and support / outsourced services</i>	21 285	15 316	19 156	20 909	20 909	13 327	13 965	14 650
<i>Entertainment</i>	100	75	149	591	591	232	243	254
<i>Inventory: Fuel, oil and gas</i>	–	–	430	87	87	78	88	92
<i>Inventory: Materials and supplies</i>	136	310	14	15	15	13	15	15
<i>Inventory: Medical supplies</i>	–	1	1	1	1	1	1	1
<i>Inventory: Other consumables</i>	30	6 851	83	118	118	107	118	123
<i>Inventory: Stationery and printing</i>	5 590	5 180	6 117	5 147	5 147	4 959	5 322	5 399
<i>Lease payments</i>	19 785	38 276	24 971	31 344	31 344	33 145	35 077	36 372
<i>Property payments</i>	2 181	7 742	10 597	6 618	6 618	7 468	8 356	8 593
<i>Transport provided: Departmental activity</i>	–	154	–	–	–	–	–	–
<i>Travel and subsistence</i>	29 676	35 463	41 468	28 699	28 699	26 244	27 089	26 100
<i>Training and development</i>	16 143	3 655	10 945	8 278	8 278	3 207	3 464	3 637
<i>Operating expenditure</i>	49 381	13 265	2 121	12 820	12 820	21 167	27 582	33 887
<i>Venues and facilities</i>	7 325	12 683	19 885	11 839	11 839	25 809	27 010	27 249
<b>Transfers and subsidies</b>	<b>1 006 505</b>	<b>1 592 345</b>	<b>1 938 461</b>	<b>2 077 679</b>	<b>1 961 679</b>	<b>1 626 704</b>	<b>1 300 563</b>	<b>1 095 501</b>
Provinces and municipalities	73	69	6	–	–	–	–	–
Departmental agencies and accounts	273 501	319 565	338 977	375 706	375 706	610 467	693 621	721 877
Universities and technikons	–	–	98	–	–	–	–	–
Foreign governments and international organisations	1 439	1 178	9	–	–	–	–	–
Public corporations and private enterprises	728 854	1 269 386	1 596 484	1 697 473	1 581 473	1 012 737	603 242	369 739
Non-profit institutions	2 452	2 050	2 824	3 000	3 000	3 500	3 700	3 885
Households	186	97	63	1 500	1 500	–	–	–
<b>Payments for capital assets</b>	<b>8 483</b>	<b>8 470</b>	<b>12 786</b>	<b>9 447</b>	<b>9 447</b>	<b>4 119</b>	<b>4 259</b>	<b>4 908</b>
Buildings and other fixed structures	–	18	–	–	–	–	–	–
Machinery and equipment	8 311	8 075	6 660	9 447	9 447	4 119	4 259	4 908
Software and other intangible assets	172	377	6 126	–	–	–	–	–
<b>Payments for financial assets</b>	<b>8 410</b>	<b>65</b>	<b>121</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>1 319 597</b>	<b>1 911 778</b>	<b>2 328 611</b>	<b>2 470 494</b>	<b>2 354 494</b>	<b>2 113 999</b>	<b>1 814 061</b>	<b>1 630 362</b>

## Expenditure trends

Expenditure grew significantly from R1.3 billion in 2006/07 to R2.5 billion in 2009/10, at an average annual rate of 23.2 per cent. This was due to the following additional allocations: R500 million in 2007/08 to Sentech for the national wireless broadband network; R600 million in 2008/09 and R450 million in 2009/10 to Telkom for the implementation of the ICT access network; and R200 million in 2008/09 and R100 million in 2009/10 to Sentech to fund the satellite backup for the 2010 FIFA World Cup.

Over the medium term, expenditure is expected to decrease at an average annual rate of 12.9 per cent, from R2.5 billion in 2009/10 to R1.6 billion in 2012/13, as the implementation of 2010 FIFA World Cup infrastructure and other initiatives come to completion. In 2010/11, a final allocation of R150 million is made to Telkom for the 2010 FIFA World Cup. In 2011/12, R25 million is allocated the Universal Service and Access Agency of South Africa, and 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; and to subsidise poor households with set top boxes as part of the migration from an analogue to a digital broadcasting platform. The baseline efficiency savings made by the department of R314.7 million in 2011/12 and R479 million in 2012/13, mostly caused by reductions in the South African Post Office subsidy allocations, also contribute to the decrease in expenditure over the medium term.

The expenditure in the *ICT Enterprise Development* programme is expected to decrease over the medium term, from R2 billion to R1.1 billion, at an average annual rate of 17.9 per cent due to the final allocations to Sentech and Telkom in 2010/11. The decrease in transfers and subsidies over the medium term, from R2.1 billion to R1.1 billion, is due to discontinuation of *South African Broadcasting Corporation: Technology* as an activity under the South African Broadcasting Corporation programme production and the reduction of the subsidy to the South African Post Office.

Expenditure in compensation of employees increased from R99 million in 2006/07 to R147.4 million in 2009/10, at an average annual rate of 14.2 per cent. This strong growth is the result of an increase in the number of staff, from 326 in 2006/07 to 380 in 2009/10, and due to inflation related salary adjustments. These were mainly senior management appointments including 2 deputy directors-generals. As at September 2009, the vacancy rate of the department was 18.3 per cent. This represented 62 funded positions that have not been filled. 45 per cent of the total staff complement is located within the *Administration* programme, 23.5 per cent in *ICT Infrastructure Development* and 18.4 per cent in *ICT Policy Development*. Over the MTEF period, spending is expected to increase to R177.9 million, at an average annual rate of 6.5 per cent due to inflation related adjustments.

### Infrastructure spending

The department does not incur any infrastructure spending itself. It makes transfers to public entities to undertake ICT infrastructure development.

#### Mega projects

As part of the 2010 FIFA World Cup project, the department will transfer R1.5 billion to its public entities to develop the necessary ICT infrastructure for the event. R1.2 billion of this transfer has been allocated to Telkom for access network infrastructure, R300 million to Sentech for the satellite back up (including the second teleport) and R80 million to the City of Johannesburg as a contribution for the upgrade of the international broadcasting centre at Nasrec. A total amount of R950 million was transferred to Telkom in 2008/09 and 2009/10. As at the end of September 2009, Telkom had spent R276 million (excluding value added tax) to develop the ICT infrastructure at the 4 2009 FIFA Confederation Cup stadiums and to prepare for the 2010 FIFA World Cup. Telkom has undertaken to complete the installation and development of the necessary ICT infrastructure for the remaining 6 2010 FIFA World Cup stadiums and the international broadcasting centre, which will include the video adaptation solution. The ICT infrastructure, including the second teleport of Sentech, will be completed and ready for testing at all the venues for the 2010 FIFA World Cup by April 2010.

## Departmental receipts

Revenue for the department is mainly derived from dividends as a result of its shareholding interest in Telkom and from administration fees. Administration fees comprise of all fees collected by the Independent Communications Authority of South Africa from telecommunications operators, including the Universal Service Fund and the South African Post Office licence fees, which are paid directly into the National Revenue Fund.

Total receipts increased significantly from R3.4 billion in 2006/07 to R5.4 billion in 2009/10, at an average annual rate of 16.2 per cent, due to dividends of R4.7 billion received in 2009/10, comprising R33.9 million in ordinary dividends, R538.3 million in special dividends and R3.9 billion in extraordinary proceeds received from Telkom for the sale of its shares in Vodacom. Over the medium term, receipts are expected to stabilise at R925 million in 2010/11, R959.4 million in 2011/12 and R993.4 million in 2012/13.

Table 26.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
<b>Departmental receipts</b>	<b>2 613 835</b>	<b>3 007 442</b>	<b>3 520 122</b>	<b>933 026</b>	<b>1 160 784</b>	<b>925 009</b>	<b>959 353</b>	<b>993 413</b>
Sales of goods and services produced by department	1 568 047	1 760 132	2 148 962	650 000	650 016	682 517	716 642	750 473
Sales of scrap, waste, arms and other used current goods	51	62	–	–	–	–	–	–
Transfers received	360	942	–	2 340	2 340	–	–	–
Fines, penalties and forfeits	962	–	–	–	–	–	–	–
Interest, dividends and rent on land	1 038 619	1 245 453	1 370 204	280 000	507 742	241 772	241 955	242 147
Sales of capital assets	20	5	297	–	–	–	–	–
Transactions in financial assets and liabilities	5 776	848	659	686	686	720	756	793
<b>Extraordinary receipts</b>	<b>828 190</b>	<b>1 035 238</b>	<b>–</b>	<b>4 472 226</b>	<b>4 472 226</b>	<b>–</b>	<b>–</b>	<b>–</b>
Proceeds from sale of Telkom's share in Vodacom	828 190	1 035 238	–	3 933 903	3 933 903	–	–	–
Special dividends from Telkom	–	–	–	538 323	538 323	–	–	–
<b>Total</b>	<b>3 442 025</b>	<b>4 042 680</b>	<b>3 520 122</b>	<b>5 405 252</b>	<b>5 633 010</b>	<b>925 009</b>	<b>959 353</b>	<b>993 413</b>

## Programme 1: Administration

### Expenditure estimates

Table 26.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Minister <sup>1</sup>	885	952	1 584	1 725	1 816	1 916	2 012
Deputy Minister <sup>1</sup>	654	702	1 307	1 420	1 496	1 578	1 657
Management	32 181	30 458	48 829	37 169	40 556	42 425	44 425
Operations	110 621	106 505	91 462	101 301	101 002	106 782	114 713
Office Accommodation	16 574	4 861	4 249	6 275	6 931	7 386	7 808
<b>Total</b>	<b>160 915</b>	<b>143 478</b>	<b>147 431</b>	<b>147 890</b>	<b>151 801</b>	<b>160 087</b>	<b>170 615</b>
Change to 2009 Budget estimate				(4 400)	(8 145)	(8 559)	(1 200)

<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 allowance are included. Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

Table 26.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Economic classification</b>							
<b>Current payments</b>	<b>153 225</b>	<b>137 381</b>	<b>143 932</b>	<b>145 017</b>	<b>150 683</b>	<b>158 845</b>	<b>169 301</b>
Compensation of employees	47 938	48 966	46 970	58 575	67 985	71 809	75 486
Goods and services	105 287	88 415	96 962	86 442	82 698	87 036	93 815
<i>of which:</i>							
<i>Administrative fees</i>	327	470	1 880	1 670	627	656	689
<i>Advertising</i>	5 576	7 748	8 258	6 189	5 505	5 704	5 144
<i>Assets less than the capitalization threshold</i>	936	1 978	703	873	900	941	988
<i>Audit cost: External</i>	–	2 059	1 457	1 558	1 637	1 712	1 194
<i>Bursaries: Employees</i>	96	132	3	15	100	105	110
<i>Catering: Departmental activities</i>	479	1 094	1 616	1 444	1 500	1 569	1 647
<i>Communication</i>	2 468	3 023	2 794	2 821	2 665	2 901	2 979
<i>Computer services</i>	2 869	9 781	564	726	763	798	838
<i>Consultants and professional services: Business and advisory services</i>	56	1 950	3 885	18 035	14 955	15 777	16 059
<i>Consultants and professional services: Infrastructure and planning</i>	–	–	23	25	–	–	–
<i>Consultants and professional services: Legal costs</i>	661	931	2 184	10	11	15	15
<i>Contractors</i>	4 382	6 135	10 017	9 234	9 199	9 636	9 500
<i>Agency and support / outsourced services</i>	649	493	662	216	227	250	263
<i>Entertainment</i>	47	45	78	178	187	196	206
<i>Inventory: Fuel, oil and gas</i>	–	–	395	53	56	65	68
<i>Inventory: Materials and supplies</i>	43	300	9	12	13	15	15
<i>Inventory: Medical supplies</i>	–	1	1	1	1	1	1
<i>Inventory: Other consumables</i>	21	6 810	50	67	70	80	84
<i>Inventory: Stationery and printing</i>	2 893	2 892	4 098	2 275	2 191	2 301	2 326
<i>Lease payments</i>	17 778	20 329	21 347	25 549	26 852	28 087	29 232
<i>Property payments</i>	665	6 575	9 562	5 484	5 764	6 172	6 300
<i>Transport provided: Departmental activity</i>	–	153	–	–	–	–	–
<i>Travel and subsistence</i>	7 998	9 093	17 083	7 288	6 660	6 966	7 114
<i>Training and development</i>	14 776	1 704	2 207	959	1 000	1 154	1 212
<i>Operating expenditure</i>	40 022	2 144	475	347	365	382	6 201
<i>Venues and facilities</i>	2 545	2 575	7 611	1 413	1 450	1 553	1 630
<b>Transfers and subsidies</b>	<b>520</b>	<b>313</b>	<b>582</b>	<b>118</b>	<b>125</b>	<b>225</b>	<b>236</b>
Provinces and municipalities	37	69	6	–	–	–	–
Departmental agencies and accounts	–	105	113	118	125	225	236
Universities and technikons	–	–	98	–	–	–	–
Foreign governments and international organisations	–	–	7	–	–	–	–
Non-profit institutions	352	50	324	–	–	–	–
Households	131	89	34	–	–	–	–
<b>Payments for capital assets</b>	<b>7 111</b>	<b>5 719</b>	<b>2 796</b>	<b>2 755</b>	<b>993</b>	<b>1 017</b>	<b>1 078</b>
Machinery and equipment	6 994	5 342	2 577	2 755	993	1 017	1 078
Software and other intangible assets	117	377	219	–	–	–	–
<b>Payments for financial assets</b>	<b>59</b>	<b>65</b>	<b>121</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>160 915</b>	<b>143 478</b>	<b>147 431</b>	<b>147 890</b>	<b>151 801</b>	<b>160 087</b>	<b>170 615</b>

Table 26.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	37	69	6	-	-	-	-
Regional Service Council levies	37	69	-	-	-	-	-
Provincial and local government	-	-	6	-	-	-	-
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	-	105	113	118	125	225	236
Information System, Electronics and Communication Technologies Authority	-	105	113	118	125	225	236
<b>Universities and technikons</b>							
<b>Current</b>	-	-	98	-	-	-	-
University and Technikons	-	-	98	-	-	-	-
<b>Foreign governments and international organisations</b>							
<b>Current</b>	-	-	7	-	-	-	-
Donations and gifts	-	-	7	-	-	-	-
<b>Non-profit institutions</b>							
<b>Current</b>	352	50	324	-	-	-	-
JIPSA Sponsorship	-	50	-	-	-	-	-
Kemilinks International	-	-	100	-	-	-	-
NEMISA	-	-	100	-	-	-	-
SOMAFCO x-Trust	-	-	100	-	-	-	-
Donations and gifts	352	-	24	-	-	-	-
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	-	89	10	-	-	-	-
Donations, gifts and employee benefits	-	89	-	-	-	-	-
Household: Social benefit	-	-	10	-	-	-	-
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	131	-	24	-	-	-	-
Donations and gifts	131	-	-	-	-	-	-
Household: other transfers	-	-	24	-	-	-	-

## Expenditure trends

Expenditure decreased, from R160.9 million in 2006/07 to R147.9 million in 2009/10, at an average annual rate of 2.8 per cent due to the completion of the refurbishment of the department's offices in 2008/09. Over the medium term, expenditure is expected to increase to R170.6 million, at an average annual rate of 4.9 per cent, to provide for strategic support to the department.

Expenditure in compensation of employees is expected to rise, from R58.6 million in 2009/10 to R75.5 million in 2012/13, at an average annual rate of 8.8 per cent due to vacant positions being filled. Expenditure on payments for capital assets will decrease at an average annual rate of 26.9 per cent over the medium term, due to the implementation of cost efficiency savings, which are mainly in the *Operations* subprogramme.

## 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 the country's 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 South African and developing countries' ICT sectors through these forums. Funding is mainly used for compensation of employees and related expenditure on goods and services.

### Objectives and measures

- Support mutual economic development and promote an inclusive information society through strengthening South-South cooperation by implementing the India-Brazil-South-Africa information society annual programme of action in 2010/11.
- Promote the development of ICT in Africa by:
  - coordinating the active participation of the South African government in specialised ICT agencies in line with the meeting schedules provided by these bodies throughout 2010/11
  - facilitating and monitoring 4 memorandums of understanding by 2010/11
  - developing a continental convention on a cyber security framework by December 2012
  - promoting the transition from analogue to digital broadcasting by March 2013 by participating in the International Telecommunication Union and the Commonwealth Telecommunications Organisation by regularly hosting the Commonwealth Telecommunications Organisation forum on the transition
  - promoting ICT development in Africa by adopting a uniform approach to spectrum pricing by March 2013.

### Service delivery focus

In 2009, the department hosted the African Union Conference of ministers of communication and information technologies where the Oliver Tambo declaration, which reaffirms the pivotal role of ICTs in socioeconomic development, and enhancing regional and continental integration, was adopted. The declaration is now the common position of African ministers for ICTs.

In 2009/10, the feasibility study for implementing the New Partnership for Africa's Development (NEPAD) terrestrial network was finalised and a project implementation memorandum was signed by the department and the Development Bank of Southern Africa on behalf of the NEPAD e-Africa Commission. The memorandum proposes a funding model for participating entities in the terrestrial network, which entails leasing and using existing infrastructure cables in the signatory country in line with protocol provisions.

The department does not have direct control over the NEPAD submarine cable project as it is an external initiative. Other projects will now be prioritised, such as preparing for the International Telecommunication Union plenipotentiary, the world telecommunications development conference and the world radio communications conference.

In 2009/10, a project review and annual programme of action were ratified at the India-Brazil-South Africa Summit and in the same year, an India-Brazil-South Africa e-government seminar, which outlined key issues for consideration in these countries, was held along with the launch of the India-Brazil-South Africa website. The department continues to foster bilateral relations with African countries and engaged in programmes with Egypt, Ghana, Tunisia and Sudan around issues such as telecommunications investment, post-conflict reconstruction and digital heritage, among others.

## Expenditure estimates

Table 26.5 ICT International Affairs and Trade

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
International Affairs	27 093	30 933	15 372	24 446	22 123	22 565	22 450
ICT Trade/Partnerships	4 182	6 446	38 107	21 178	22 495	24 245	23 805
Postal Regulator	8 317	69	–	–	–	–	–
<b>Total</b>	<b>39 592</b>	<b>37 448</b>	<b>53 479</b>	<b>45 624</b>	<b>44 618</b>	<b>46 810</b>	<b>46 255</b>
Change to 2009 Budget estimate				–	(4 092)	(4 607)	(800)

### Economic classification

<b>Current payments</b>	<b>35 945</b>	<b>34 155</b>	<b>50 915</b>	<b>41 241</b>	<b>40 605</b>	<b>42 483</b>	<b>41 861</b>
Compensation of employees	12 979	8 560	6 705	14 321	15 632	16 325	17 162
Goods and services	22 966	25 595	44 210	26 920	24 973	26 158	24 699
<i>of which:</i>							
<i>Administrative fees</i>	121	46	4 097	–	–	–	–
<i>Advertising</i>	1 088	421	606	250	719	753	791
<i>Assets less than the capitalisation threshold</i>	74	44	1	77	136	143	150
<i>Bursaries: Employees</i>	25	52	–	–	188	197	207
<i>Catering: Departmental activities</i>	151	79	314	192	89	93	98
<i>Communication</i>	974	1 124	397	416	437	457	480
<i>Computer services</i>	147	7	3	–	112	117	123
<i>Consultants and professional services: Business and advisory services</i>	3 303	1 663	4 477	4 018	3 023	3 217	3 162
<i>Consultants and professional services: Legal costs</i>	4	–	–	–	232	243	255
<i>Contractors</i>	613	640	18 105	128	89	93	98
<i>Agency and support / outsourced services</i>	934	119	115	–	146	153	161
<i>Entertainment</i>	17	5	10	–	–	–	–
<i>Inventory: Fuel, oil and gas</i>	–	–	5	–	–	–	–
<i>Inventory: Materials and supplies</i>	1	1	–	–	–	–	–
<i>Inventory: Other consumables</i>	–	21	12	–	7	7	7
<i>Inventory: Stationery and printing</i>	1 567	266	109	214	365	382	401
<i>Lease payments</i>	363	392	681	200	622	651	684
<i>Property payments</i>	237	17	60	–	–	–	–
<i>Travel and subsistence</i>	8 434	4 669	8 061	5 274	4 827	5 093	4 333
<i>Training and development</i>	540	257	12	50	188	197	207
<i>Operating expenditure</i>	2 917	9 143	6	12 000	10 682	11 053	11 107
<i>Venues and facilities</i>	1 456	6 629	7 139	4 101	3 111	3 309	2 435
<b>Transfers and subsidies</b>	<b>3 451</b>	<b>3 184</b>	<b>2 500</b>	<b>3 000</b>	<b>3 500</b>	<b>3 700</b>	<b>3 885</b>
Provinces and municipalities	6	–	–	–	–	–	–
Foreign governments and international organisations	1 439	1 178	–	–	–	–	–
Non-profit institutions	2 000	2 000	2 500	3 000	3 500	3 700	3 885
Households	6	6	–	–	–	–	–
<b>Payments for capital assets</b>	<b>196</b>	<b>109</b>	<b>64</b>	<b>1 383</b>	<b>513</b>	<b>627</b>	<b>509</b>
Machinery and equipment	196	109	64	1 383	513	627	509
<b>Total</b>	<b>39 592</b>	<b>37 448</b>	<b>53 479</b>	<b>45 624</b>	<b>44 618</b>	<b>46 810</b>	<b>46 255</b>

Table 26.5 ICT International Affairs and Trade (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	6	-	-	-	-	-	-
Regional Services Council levies	6	-	-	-	-	-	-
Foreign governments and international organisations							
Current	1 439	1 178	-	-	-	-	-
International Telecommunications Union	1 439	1 178	-	-	-	-	-
Non-profit institutions							
Current	2 000	2 000	2 500	3 000	3 500	3 700	3 885
New Partnership for Africa's Development e-Africa Commission	2 000	2 000	2 500	3 000	3 500	3 700	3 885
Households							
Other transfers to households							
Current	6	6	-	-	-	-	-
Households	6	6	-	-	-	-	-

### Expenditure trends

Expenditure increased from R39.6 million in 2006/07 to R45.6 million in 2009/10, at an average annual rate of 4.8 per cent. The significant increase of 42.8 per cent in expenditure in the *ICT/Trade Partnerships* subprogramme in 2008/09 is mainly due to expenses related to hosting the world telecommunication standardisation assembly which was held in October 2008.

Over the medium term, expenditure is expected to increase marginally to R46.3 million, at an average annual rate of 0.5 per cent. The marginal growth is due to efficiency savings in expenditure on consultants, professional service providers, and venues and facilities in the *International Affairs* subprogramme. This also explains the decrease in expenditure on goods and services at an average annual rate of 2.8 per cent over the medium term. Payments for capital assets are expected to decrease at an average annual rate of 28.3 per cent over the same period due to the implementation of cost efficiency savings.

### 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 that 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. Funding is mainly used for compensation of employees and related expenditure on goods and services
- *Intergovernmental Relations* advises, coordinates and facilitates intergovernmental relations with all spheres of government in carrying out the departmental mandate. Funding is mainly used for compensation of employees and related expenditure on goods and services



- *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. Funding is mainly used for compensation of employees and related expenditure on goods and services
- *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 improving the cost, quality, availability and usage of ICTs across the ICT sector by implementing the relevant policies and the programme of action by March 2013.
- Improve access to and modernise broadcasting services in South Africa through ensuring a smooth transition from analogue to digital broadcasting by November 2011 by facilitating the implementation of the broadcasting digital migration policy, specifically by:
  - finalising the set top box manufacturing sector development strategy by April 2010
  - finalising the scheme for ownership support of set top boxes by poor television owning households by May 2010
  - operationalising the Digital Dzunga by September 2010
  - finalising the local and digital content development strategy by May 2010.
- Create an enabling environment for the growth of the ICT sector by submitting the following legislation and policies to Parliament for approval:
  - Public Service Broadcasting Act by October 2010
  - Independent Communications Authority of South Africa Amendment Act by August 2010
  - Electronic Communications Amendment Act by August 2010
  - local and digital content policy by July 2010.
- Contribute to creating conditions for accelerated and shared economic growth through advancing the convergence of the ICT sector by enacting an integrated ICT strategy and law by March 2013.

## Service delivery focus

Implementing the broadcasting digital migration policy approved by Cabinet in August 2008 continues through the implementation of the various elements of the policy. A draft local and digital content development strategy was developed in April 2009 and gazetted for public comment in September 2009. In 2008, the minister approved the establishment of the Digital Dzunga, which was officially launched in 2009. It is an advisory council appointed by the Department of Communications to assist with South Africa's migration to digital television. Council members were appointed to advise government on implementing the broadcasting digital migration policy. In 2009, the department convened the national summit on set top box manufacturing, which involved all industry role players. The department will conclude the development of a conformance scheme in September 2010, which will be in line with digital terrestrial television regulations issued by the Independent Communications Authority of South Africa to ensure the quality of manufactured and distributed set top boxes.

In 2009, the department developed a 3-year programme of action, aimed at reducing costs and improving the quality, availability and usage of ICTs across the sector, which was presented to and noted by Cabinet. Consultations on communication costs took place in September 2009 with the Independent Communications Authority of South Africa, the Universal Service and Access Agency of South Africa and the economic cluster's industrial focus group committee. The Public Service Broadcasting Bill was published for public comment and is due for finalisation in March 2010, and a local and digital content advisory council will be launched in April 2010.

In 2009, the South African Postbank Bill was approved by Cabinet after a round of countrywide public consultations in July and August that year. The bill aims to promote access to vital financial and related services by underserved and unserved communities and will be tabled in Parliament in March 2010. The South African Post Office Bill; which aims to maintain the existence of the South African Post Office, develop a

comprehensive framework to govern the entity, and improve the organisation's governance and staff procedures, was published for public consultation in July 2009. It was approved by Cabinet in December 2009 and is to be tabled in Parliament by March 2010.

## Expenditure estimates

Table 26.6 ICT Policy Development

Subprogramme	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R thousand							
ICT Policy Development	31 015	35 884	39 779	36 374	52 711	54 450	53 913
Economic Analysis, Market Modelling and Research	1 603	1 017	4 129	6 442	6 022	6 364	6 323
ICT Uptake and Usage	278	2 506	3 385	7 311	5 998	6 153	5 867
Intergovernmental Relations	5 874	5 697	8 014	9 892	8 531	8 848	8 816
South African Broadcasting Corporation: Community Radio Stations	10 746	–	2 280	12 783	6 850	7 663	8 381
South African Broadcasting Corporation: Programme Production	27 794	15 468	13 904	25 000	10 000	10 000	10 000
<b>Total</b>	<b>77 310</b>	<b>60 572</b>	<b>71 491</b>	<b>97 802</b>	<b>90 112</b>	<b>93 478</b>	<b>93 300</b>
Change to 2009 Budget estimate				3 631	(88 388)	(95 369)	(1 800)

### Economic classification

<b>Current payments</b>	<b>29 949</b>	<b>43 508</b>	<b>54 682</b>	<b>58 570</b>	<b>72 680</b>	<b>75 115</b>	<b>74 134</b>
Compensation of employees	10 724	12 239	17 624	24 201	22 334	23 316	24 510
Goods and services	19 225	31 269	37 058	34 369	50 346	51 799	49 624
<i>of which:</i>							
Administrative fees	5	22	179	140	22	23	24
Advertising	529	1 062	10 820	2 458	2 083	1 020	1 701
Assets less than the capitalisation threshold	48	223	135	275	214	222	233
Bursaries: Employees	12	40	50	404	133	139	146
Catering: Departmental activities	59	52	165	704	1 095	1 147	1 204
Communication	2 410	1 133	1 139	1 790	1 920	2 008	2 016
Computer services	–	98	3	533	69	73	77
Consultants and professional services: Business and advisory services	4 127	5 451	12 717	12 946	26 726	26 957	24 526
Consultants and professional services: Legal costs	62	–	92	–	277	290	305
Contractors	285	25	406	530	703	736	773
Agency and support / outsourced services	226	–	614	518	–	–	–
Entertainment	13	9	27	32	–	–	–
Inventory: Fuel, oil and gas	–	–	–	2	–	–	–
Inventory: Materials and supplies	1	–	2	–	–	–	–
Inventory: Other consumables	2	9	11	24	2	2	2
Inventory: Stationery and printing	253	601	705	1 689	1 594	1 792	1 787
Lease payments	113	15 334	317	2 102	1 762	1 845	1 737
Property payments	144	49	12	100	–	–	–
Travel and subsistence	4 271	4 595	6 368	6 368	5 393	5 001	5 051
Training and development	123	181	645	1 798	473	495	520
Operating expenditure	6 199	1 789	1 331	77	3 011	5 050	4 343
Venues and facilities	343	596	1 320	1 879	4 869	4 999	5 179
<b>Transfers and subsidies</b>	<b>38 697</b>	<b>15 470</b>	<b>16 188</b>	<b>37 783</b>	<b>16 850</b>	<b>17 663</b>	<b>18 381</b>
Provinces and municipalities	10	–	–	–	–	–	–
Foreign governments and international organisations	–	–	2	–	–	–	–
Public corporations and private enterprises	38 540	15 468	16 184	37 783	16 850	17 663	18 381
Non-profit institutions	100	–	–	–	–	–	–
Households	47	2	2	–	–	–	–
<b>Payments for capital assets</b>	<b>313</b>	<b>1 594</b>	<b>621</b>	<b>1 449</b>	<b>582</b>	<b>700</b>	<b>785</b>
Machinery and equipment	313	1 594	621	1 449	582	700	785
<b>Payments for financial assets</b>	<b>8 351</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>77 310</b>	<b>60 572</b>	<b>71 491</b>	<b>97 802</b>	<b>90 112</b>	<b>93 478</b>	<b>93 300</b>

Table 26.6 ICT Policy Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
Current	10	-	-	-	-	-	-
Regional Services Council levies	10	-	-	-	-	-	-
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
Current	38 540	15 468	16 184	37 783	16 850	17 663	18 381
South African Broadcasting Corporation: Community Radio Stations	10 746	-	2 280	12 783	6 850	7 663	8 381
South African Broadcasting Corporation: Programme Production	27 794	15 468	13 904	25 000	10 000	10 000	10 000
<b>Foreign governments and international organisations</b>							
Current	-	-	2	-	-	-	-
Foreign government and international organisation	-	-	2	-	-	-	-
<b>Non-profit institutions</b>							
Current	100	-	-	-	-	-	-
Donations and gifts to non-profit organisations	100	-	-	-	-	-	-
<b>Households</b>							
<b>Other transfers to households</b>							
Current	47	2	2	-	-	-	-
Households	47	2	2	-	-	-	-

## Expenditure trends

Expenditure increased significantly, from R77.3 million in 2006/07 to R97.8 million in 2009/10, at an average annual rate of 8.2 per cent, mainly due to the increase in compensation of employees in the *Economic Analysis, Market Modelling and Research* and *ICT Uptake and Usage* subprogrammes. The *Intergovernmental Relations* subprogramme was also moved from the *ICT International Affairs and Trade* programme to this programme, which increased expenditure.

Over the MTEF period, spending is expected to decrease, from R97.8 million to R93.3 million, at an average annual rate of 1.6 per cent due to a reduction in transfers and subsidies. This is as a result of the reprioritisation of funding from 2010/11 from both the *South African Broadcasting Corporation: Community Radio Stations* and *South African Broadcasting Corporation: Programme Production* subprogrammes to the *112 Emergency Call Centre* subprogramme in the *ICT Infrastructure Development* programme. This also resulted in a decrease in expenditure on transfers to public corporations over the medium term at an average annual rate of 21.4 per cent in. Payments for capital assets are expected to decrease at an average annual rate of 18.5 per cent over the medium term due to the implementation of cost efficiency savings.

## Programme 4: ICT Enterprise Development

- *Public Entity Oversight* provides oversight on state owned enterprises by managing government's shareholder interests in public enterprises to support the attainment of key national goals and strategic priorities. Funding is provided on the basis of annual business plans and shareholder compacts.
- *Small Medium and Micro Enterprise Development* facilitates the growth and development of ICT SMMEs. Funding is mainly used for compensation of employees and related expenditure on goods and services.

## Objectives and measures

- Promote good governance in all 6 public entities reporting to the department by:
  - undertaking annual corporate governance reviews
  - continuously monitoring compliance with corporate governance protocols and applicable legislation
  - continuously enforcing compliance with corporate governance protocols and applicable legislation.
- Ensure the effectiveness and efficiency of public entities by aligning their business and investment plans with government's overall strategic objectives annually.
- Strengthen the performance of public entities in the ICT sector through monitoring the implementation of their business and investment plans and their financial management practices by analysing their quarterly performance and financial and annual reports during the course of each year.
- Accelerate socioeconomic development through facilitating the growth and development of ICT SMMEs and improving their sustainability by facilitating access to export markets for 50 ICT companies by March 2013.
- Enhance the role of state owned entities as the delivery arms of government and capacitate the Independent Communications Authority of South Africa by:
  - finalising and signing off performance agreements for councillors annually
  - amending existing shareholder compacts for the South African Post Office, the South African Broadcasting Corporation and Sentech, and formulating shareholder compacts for the Universal Service and Access Agency of South Africa and the National Electronic Media Institute of South Africa every year
  - actively participating in the corporate governance of state owned enterprises by attending audit and risk committees and participating in board meetings on a continuous basis as and when scheduled.

## Service delivery focus

In 2008, the department independently evaluated corporate governance practices at both the South African Broadcasting Corporation and Sentech to monitor their corporate governance practices.

Recommendations from preliminary reports for the South African Broadcasting Corporation include: developing interventions to reinforce and improve the corporation's governance and accountability structure; clearly defining roles and responsibilities of the board and the executive management; appointing board members with experience in editorial policy and the broadcasting industry; reducing the number of board committees to ensure that they work effectively; improving the functioning of the internal audit; and enhancing risk management and improving reporting and accountability arrangements in its oversight department.

Recommendations from preliminary reports for Sentech include: clearly defining roles and responsibilities of the board and the executive management; appointing board members who have a good understanding of business and key issues facing Sentech; ensuring that the chief financial officer is a compulsory attendee at audit and risk committee meetings; reviewing the remuneration of non-executive directors' fees; and assessing the performance and effectiveness of the board, board committees and executives; and evaluating the company secretary's performance. These recommendations were translated into action plans and were implemented in 2009/10 in the form of specific targets, and are periodically monitored. Another round of evaluations will be conducted after 3 years.

In June 2009, the minister formed a task team to identify the root causes of corporate governance and funding challenges at the South African Broadcasting Corporation and Sentech, and to make appropriate recommendations on how best to address these issues. The task team submitted its report to the minister in December 2009 and this will guide any interventions over the medium term. The South African Broadcasting Corporation was granted a R1.4 billion government guarantee on condition that the entity makes targeted cost cutting measures, revenue enhancements, austerity measures and other specific turnaround strategic objectives. The corporation has submitted relevant targets to the department. Other matters relating to governance and finance will be reported periodically as per the provisions of the shareholder compact.

In the first quarter of 2009/10, the department concluded the identification of 3 000 women in the construction sector who will be assisted in setting up their company profiles on a web portal. Of these, 2 000 within grading levels 2 to 6 were profiled in consultation with the Construction Industry Development Board and the remaining 1 000 will be profiled by March 2010. 500 tourism SMMEs were identified and profiled in the second quarter of 2009/10 and will be assisted through the development of e-commerce web portals to facilitate access to market opportunities.

## Expenditure estimates

Table 26.7 ICT Enterprise Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Public Entity Oversight	960 833	1 570 372	1 916 030	1 957 283	1 609 931	1 283 312	1 077 635
Small Medium and Micro Enterprise Development	–	3 523	2 383	9 769	7 561	7 051	12 785
<b>Total</b>	<b>960 833</b>	<b>1 573 895</b>	<b>1 918 413</b>	<b>1 967 052</b>	<b>1 617 492</b>	<b>1 290 363</b>	<b>1 090 420</b>
Change to 2009 Budget estimate				574 400	31 803	(274 363)	5 600
<b>Economic classification</b>							
Current payments	2 461	6 990	6 333	18 288	12 538	12 624	18 029
Compensation of employees	1 985	2 655	3 459	6 095	6 784	7 082	7 444
Goods and services	476	4 335	2 874	12 193	5 754	5 542	10 585
<i>of which:</i>							
Administrative fees	476	–	6	55	58	61	64
Advertising	–	300	–	140	147	154	161
Assets less than the capitalisation threshold	–	12	35	174	226	238	250
Audit cost: External	–	–	–	42	1 106	1 150	1 165
Catering: Departmental activities	–	7	16	40	133	139	146
Communication	–	98	133	224	275	275	289
Computer services	–	–	1	5	38	39	41
Consultants and professional services: Business and advisory services	–	–	2 231	7 789	2 126	1 751	4 869
Contractors	–	3 644	–	10	7	7	7
Agency and support / outsourced services	–	–	–	2 000	387	404	410
Entertainment	–	–	6	35	33	35	35
Inventory: Other consumables	–	–	2	20	22	23	24
Inventory: Stationery and printing	–	138	90	221	231	242	250
Lease payments	–	6	27	100	113	118	124
Transport provided: Departmental activity	–	1	–	–	–	–	–
Travel and subsistence	–	91	282	960	447	468	491
Training and development	–	38	23	200	177	185	194
Operating expenditure	–	–	–	62	106	125	1 931
Venues and facilities	–	–	22	116	122	128	134
<b>Transfers and subsidies</b>	<b>958 316</b>	<b>1 566 878</b>	<b>1 911 664</b>	<b>1 948 278</b>	<b>1 604 729</b>	<b>1 277 475</b>	<b>1 071 499</b>
Provinces and municipalities	1	–	–	–	–	–	–
Departmental agencies and accounts	272 001	317 960	337 364	368 588	608 842	691 896	720 141
Public corporations and private enterprises	686 314	1 248 918	1 574 300	1 579 690	995 887	585 579	351 358
Payments for capital assets	56	27	416	486	225	264	892
Machinery and equipment	56	27	416	486	225	264	892
<b>Total</b>	<b>960 833</b>	<b>1 573 895</b>	<b>1 918 413</b>	<b>1 967 052</b>	<b>1 617 492</b>	<b>1 290 363</b>	<b>1 090 420</b>

Table 26.7 ICT Enterprise Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
Current	1	-	-	-	-	-	-
Regional Services Council levies	1	-	-	-	-	-	-
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
Current	272 001	317 960	337 364	368 588	608 842	691 896	720 141
Independent Communications Authority of South Africa	201 538	234 475	247 272	269 607	290 923	313 378	324 797
National Electronic Media Institute of South Africa	19 199	29 658	25 303	29 059	32 602	34 420	35 091
Universal Service and Access Agency of South Africa	20 100	21 105	30 208	33 495	66 704	83 168	86 276
Universal Service Fund	31 164	32 722	34 581	36 427	218 613	260 930	273 977
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Subsidies on production or products</b>							
Current	351 439	363 800	371 600	383 092	306 077	180 442	51 964
South African Post Office	351 439	363 800	371 600	383 092	306 077	180 442	51 964
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
Current	234 875	239 118	252 700	466 579	268 910	126 137	132 444
South African Broadcasting Corporation: Channel Africa	31 393	32 962	34 834	36 694	38 896	41 230	43 292
South African Broadcasting Corporation: Public Broadcaster	203 482	206 156	217 866	429 885	230 014	84 907	89 152
Capital	100 000	646 000	950 000	730 019	420 900	279 000	166 950
Sentech-East African Submarine Cable System	-	21 000	-	-	-	-	-
Telkom: 2010 FIFA World Cup	-	-	600 000	370 000	150 000	-	-
Sentech:-Digitisation	100 000	125 000	150 000	260 019	270 900	279 000	166 950
Sentech:- National Wholesale Broadband Network	-	500 000	-	-	-	-	-
Sentech - 2010 FIFA World Cup	-	-	200 000	100 000	-	-	-

## Expenditure trends

Expenditure increased from R960.8 million in 2006/07 to R2 billion in 2009/10, at an average annual rate of 27 per cent. This was due to: the once-off allocations of R500 million to Sentech for the national wireless broadband network; R200 million for the 2010 FIFA World Cup satellite back up infrastructure, which includes the construction of the second teleport; and R600 million for Telkom to develop the ICT access network. An additional R200 million was allocated in the 2009 adjustments budget for the South African Broadcasting Corporation's immediate liquidity requirements.

Expenditure is expected to decrease to R1.1 billion over the medium term, at an average annual rate of 17.9 per cent. This is as a result of declining allocations for the 2010 FIFA World Cup project as it nears completion. These include R450 million in 2009/10 and R150 million in 2010/11 for the implementation of the ICT guarantee, and R100 million to Sentech for satellite back up infrastructure for the 2010 FIFA World Cup. Identified baseline efficiency savings of R110 million in 2010/11, R265 million in 2011/12 and R420 million in 2012/13 also contribute to the decrease in expenditure over the medium term. The most significant savings are

from reductions to South African Post Office subsidy allocations and reduced transfers to the Independent Communications Authority of South Africa.

Transfers to departmental agencies are expected to increase significantly from R368.6 million in 2009/10 to R720.1 million in 2012/13, at an average annual rate of 25 per cent. This is due to the new mandate for the Universal Service Access Fund to subsidise set top boxes to poor households as part of the digital migration process.

## 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* conducts research and develops ICT applications in the national interest.
- *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

- Create an enabling environment for accelerated and shared economic growth through increasing access, uptake and use of ICT by developing and implementing national broadband legislation by March 2013.
- Improve universal access to ICT by facilitating connectivity to ICT networks and applications by schools, health centres and government centres by March 2013.
- Ensure the implementation of the government ICT guarantees for the 2010 FIFA World Cup by monitoring and evaluating the access network (primary and secondary fibre optic cable links), satellite backup, uplink connectivity, and international connectivity by:
  - holding weekly onsite meetings with Sentech
  - holding monthly monitoring meeting with Telkom
  - updating weekly project scorecard against key indicators for both Telkom and Sentech.
- Ensure that the ICT infrastructure developed for the 2010 FIFA World Cup yields further social and economic benefits by developing and implementing a legacy plan by March 2011.
- Contribute to building confidence and security in the use of ICTs in order to maximise investment in the ICT sector by developing and implementing a cyber security policy by March 2011.
- Promote the protection of children online through implementing awareness programmes by May 2011, in line with United Nations Children's Fund conventions.

### Service delivery focus

In May 2009, the access network was installed, tested and commissioned at all 2009 FIFA Confederations Cup venues and the department monitored implementation and testing of the satellite back up network at all venues before handing over to FIFA. The telecommunications and broadcasting infrastructure will be 100 per cent complete at all venues for the 2010 FIFA World Cup by May 2010. The department is currently developing a legacy implementation plan for the approved legacy plan, which should be completed by March 2010. The department developed the first draft of the national frequency spectrum policy, gazetted in September 2009, which aims to promote the efficient and effective usage of the radio frequency spectrum. Public consultations for the draft policy were held in September and October 2009. A review of the South African table of frequency allocations was concluded in the second quarter of 2009/10 and a report containing recommendations for updating the South African table of allocations was submitted to the Independent Communications Authority of South Africa.

The draft national broadband policy was gazetted for public comment in September and October 2009, and additional public consultations were held at a 2 day broadband colloquium in November 2009. The department

intends to submit the revised policy to Cabinet by March 2010. National broadband legislation will be submitted to Cabinet by March 2010, while provincial and municipal broadband guidelines will be developed over the MTEF period. A draft cyber security policy was developed in the third quarter of 2009/10, which the department intends to submit to Cabinet for approval by May 2010. The department will develop a numbering policy, expected to be finalised in 2011, which aims to promote the pricing and efficient usage of telephone numbers.

## Expenditure estimates

Table 26.8 ICT Infrastructure Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Applications and Research	28 213	42 992	64 323	142 854	64 051	69 642	70 478
Meraka Institute	4 000	5 000	6 000	7 000	-	-	-
112 Emergency Call Centre	23 885	19 602	23 026	26 731	111 900	117 490	123 370
.za Domain Name Authority	1 500	1 500	1 500	1 500	1 500	1 500	1 500
<b>Total</b>	<b>57 598</b>	<b>69 094</b>	<b>94 849</b>	<b>178 085</b>	<b>177 451</b>	<b>188 632</b>	<b>195 348</b>
Change to 2009 Budget estimate				(370 000)	(78 134)	77 527	(1 800)
<b>Economic classification</b>							
<b>Current payments</b>	<b>51 665</b>	<b>61 976</b>	<b>79 195</b>	<b>87 333</b>	<b>174 870</b>	<b>186 097</b>	<b>192 786</b>
Compensation of employees	15 061	15 862	22 687	27 955	30 287	32 287	33 940
Goods and services	36 604	46 114	56 508	59 378	144 583	153 810	158 846
<i>of which:</i>							
Administrative fees	1	9	(27)	378	56	59	62
Advertising	434	809	127	136	155	162	170
Assets less than the capitalisation threshold	759	379	284	306	384	402	422
Bursaries: Employees	91	31	94	102	282	295	310
Catering: Departmental activities	113	117	294	318	371	388	407
Communication	685	1 030	1 192	1 443	1 427	1 493	1 568
Computer services	941	216	1 791	2 046	284	297	312
Consultants and professional services: Business and advisory services	1 035	5 013	18 832	17 777	92 643	96 051	99 254
Consultants and professional services: Legal costs	-	-	-	-	55	58	61
Contractors	4 742	6 742	6 035	7 016	5 466	5 723	6 009
Agency and support / outsourced services	18 866	13 925	16 986	18 175	12 567	13 158	13 816
Entertainment	17	11	23	27	12	12	13
Inventory: Fuel, oil and gas	-	-	30	32	22	23	24
Inventory: Materials and supplies	91	9	3	3	-	-	-
Inventory: Other consumables	6	11	5	5	6	6	6
Inventory: Stationery and printing	326	322	461	494	191	200	210
Lease payments	1 383	1 912	2 329	2 493	3 730	4 306	4 521
Property payments	1 135	1 101	963	1 034	1 704	2 184	2 293
Travel and subsistence	5 011	12 549	5 171	5 542	4 325	4 493	4 098
Training and development	539	277	1 103	1 181	216	226	237
Operating expenditure	194	173	273	293	5 795	8 682	8 681
Venues and facilities	235	1 478	539	577	14 892	15 592	16 372
<b>Transfers and subsidies</b>	<b>5 514</b>	<b>6 500</b>	<b>7 525</b>	<b>88 500</b>	<b>1 500</b>	<b>1 500</b>	<b>1 500</b>
Provinces and municipalities	12	-	-	-	-	-	-
Departmental agencies and accounts	1 500	1 500	1 500	7 000	1 500	1 500	1 500
Public corporations and private enterprises	4 000	5 000	6 000	80 000	-	-	-
Households	2	-	25	1 500	-	-	-
<b>Payments for capital assets</b>	<b>419</b>	<b>618</b>	<b>8 129</b>	<b>2 252</b>	<b>1 081</b>	<b>1 035</b>	<b>1 062</b>
Buildings and other fixed structures	-	18	-	-	-	-	-
Machinery and equipment	364	600	2 222	2 252	1 081	1 035	1 062
Software and other intangible assets	55	-	5 907	-	-	-	-
<b>Total</b>	<b>57 598</b>	<b>69 094</b>	<b>94 849</b>	<b>178 085</b>	<b>177 451</b>	<b>188 632</b>	<b>195 348</b>



Table 26.8 ICT Infrastructure Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
Current	12	-	-	-	-	-	-
Regional Services Council levies	12	-	-	-	-	-	-
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
Current	1 500	1 500	1 500	7 000	1 500	1 500	1 500
.za Domain Name Authority	1 500	1 500	1 500	7 000	1 500	1 500	1 500
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
Current	4 000	5 000	6 000	-	-	-	-
Meraka Institute	4 000	5 000	6 000	-	-	-	-
<b>Capital</b>							
Telkom: 2010 FIFA World Cup	-	-	-	80 000	-	-	-
Households	-	-	-	80 000	-	-	-
<b>Households</b>							
<b>Other transfers to households</b>							
Current	2	-	25	1 500	-	-	-
Households	2	-	25	1 500	-	-	-

## Expenditure trends

Expenditure grew significantly from R57.6 million in 2006/07 to R178.1 million in 2009/10, at an average annual rate of 45.7 per cent. This was mainly as a result of the restructuring of the *Applications and Research* subprogramme to include the department's IT network infrastructure. This increase is also attributable to the development of an electronic document management system for the department. R450 million was allocated through the 2007/08 Adjustments Budget to Telkom for the last mile 2010 FIFA ICT infrastructure of which R80 million was transferred to the City of Johannesburg for operationalisation of the international broadcasting centre at Nasrec and the remaining R370 million shifted to programme 4.

Over the medium term, expenditure is expected to increase significantly to R195.3 million, at an average annual rate of 3.1 per cent. The increase is driven mainly by the reprioritisation of R80 million in 2010/11, R86.3 million in 2011/12 and R91.8 million in 2012/13 for the *112 Emergency Call Centre* subprogramme from the *ICT Policy Development* programme.

## Programme 6: Presidential National Commission

This programme is currently under review and is likely to change during the 2011 MTEF process.

- *Planning, Coordination and Evaluation* ensures that South Africa has proactive and progressive national plans on information society and development, with sectoral, provincial and local government inputs. It also assesses whether policies and legislation are conducive to developing an inclusive information society, and assesses the impact of ICT programmes and projects. Funding is mainly used for compensation of employees and related expenditure on goods and services.
- *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 for information society and development, and the intergovernmental relations forum technical committee. Funding is mainly used for compensation of employees and related expenditure on goods and services.

- *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 maximises the benefits of the information society for the development of women, children, youth, people with disabilities and poor communities. Funding is disbursed on the basis of project plans. Funding is mainly used for compensation of employees and related expenditure on goods and services.
- *Presidential National Commission Operations* provides responsive, timely and comprehensive strategic and administrative support that strengthens 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

- Contribute to building social cohesion and national identity by:
  - capturing provincial heritage content into the national cultural heritage digital repository for all 9 provinces by March 2013
  - profiling the contribution of military veterans towards the creation of the South African democratic dispensation by March 2013.
- Measure the impact of the information society and development plan by annually publishing the e-barometer, which measures the improvement in ICT connectivity in various sectors.
- Improve access to government services through the e-government programme by developing an integrated citizen information system and websites for hospitals and municipalities by March 2013.
- Contribute to building an information society through facilitating the implementation of the information society and development plan and the outcomes of the World Summit on the Information Society outcomes by convening the annual information society and development plan multi-stakeholder forum and getting policy proposals.
- Promote economic growth by implementing strategies focusing on second economy interventions and rural development by 2013, by rolling out ICT services, targeting rural communities.
- Improve ICT uptake and usage and contribute to ICT policy development through conducting extensive research on relevant ICT issues by establishing internal capacity by March 2011.

## Service delivery focus

Entry and participation of young people in the mainstream ICT sector is accelerated through the youth e-cooperative programme, which began in 2007 and is implemented in 2 phases: phase 1 recruited 420 youth with Grade 12 qualifications for ICT skills and content development in municipalities countrywide and 46 e-cooperatives were formed; and phase 2, which began in 2008, identified 1 200 youth through municipalities nationally, leading to establishing 71 youth e-cooperatives through the Companies and Intellectual Property Registration Office. To date, 38 e-cooperatives have been selected and their provincial locations identified, and by the end of 2009/10 they will be deployed to develop websites in municipalities in Limpopo, Northern Cape, Eastern Cape, KwaZulu-Natal and Free State.

The national youth service deployment strategy was developed in the first quarter of 2009/10 and service training started with deploying 40 e-cadres in the Ekurhuleni further education and training college. The department trained 450 young people, in the first quarter of 2009/10 in e-literacy and sent them to schools and health centres throughout the country. The first version of the e-readiness report, which measures the improvement in ICT connectivity, was finalised in the third quarter of 2009/10 and published in February 2010. An e-literacy training programme aimed at providing ICT skills to youth offenders in correctional facilities was launched in June 2009 and is intended to be expanded countrywide in the future.

2 ministerial meetings, which focused on ICT infrastructure deployment within municipalities, the broadband policy and connectivity to public centres such as education and health centres; were facilitated in March and November 2009. The meetings were chaired by the Minister of Communications and were attended by the former Minister of Provincial and Local Government and members of the provincial executive council responsible for economic development, finance and education. Professional secretariat support was provided to

3 information society and development cluster meetings in March, June and September 2009. Furthermore, meetings of the e-skills working group were facilitated and where the working group produced an ICT skills gap analysis report and made recommendations for addressing the current skills gap. This report will be discussed by the e-Skills Council in April 2010.

## Expenditure estimates

Table 26.9 Presidential National Commission

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Planning, Coordination and Evaluation	12 468	12 879	11 156	5 043	11 897	12 679	12 418
e-Applications	1 368	5 465	21 924	12 439	5 134	5 285	5 565
ISAD Cluster	1 630	1 470	1 156	4 288	4 590	5 087	5 344
PNC Operations	7 883	7 477	8 712	12 271	10 904	11 640	11 097
<b>Total</b>	<b>23 349</b>	<b>27 291</b>	<b>42 948</b>	<b>34 041</b>	<b>32 525</b>	<b>34 691</b>	<b>34 424</b>
Change to 2009 Budget estimate				-	(3 441)	(3 348)	-

### Economic classification

<b>Current payments</b>	<b>22 954</b>	<b>26 888</b>	<b>42 186</b>	<b>32 919</b>	<b>31 800</b>	<b>34 075</b>	<b>33 842</b>
Compensation of employees	10 321	9 425	10 508	16 281	17 392	18 404	19 347
Goods and services	12 633	17 463	31 678	16 638	14 408	15 671	14 495
<i>of which:</i>							
<i>Administrative fees</i>	146	514	3 065	189	280	293	308
<i>Advertising</i>	107	273	70	350	880	924	970
<i>Assets less than the capitalisation threshold</i>	257	249	358	93	913	955	1 003
<i>Bursaries: Employees</i>	15	53	54	91	55	58	61
<i>Catering: Departmental activities</i>	41	1 176	461	245	12	13	14
<i>Communication</i>	247	534	625	1 244	438	458	481
<i>Computer services</i>	131	576	349	185	226	237	249
<i>Consultants and professional services: Business and advisory services</i>	3 318	4 596	9 646	1 057	2 756	2 183	1 422
<i>Contractors</i>	133	359	591	558	77	81	85
<i>Agency and support / outsourced services</i>	610	779	779	-	-	-	-
<i>Entertainment</i>	6	5	5	319	-	-	-
<i>Inventory: Other consumables</i>	1	-	3	2	-	-	-
<i>Inventory: Stationery and printing</i>	551	961	654	254	387	405	425
<i>Lease payments</i>	148	303	270	900	66	70	74
<i>Travel and subsistence</i>	3 962	4 466	4 503	3 267	4 592	5 068	5 013
<i>Training and development</i>	165	1 198	6 955	4 090	1 153	1 207	1 267
<i>Operating expenditure</i>	49	16	36	41	1 208	2 290	1 624
<i>Venues and facilities</i>	2 746	1 405	3 254	3 753	1 365	1 429	1 499
<b>Transfers and subsidies</b>	<b>7</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	7	-	-	-	-	-	-
Households	-	-	2	-	-	-	-
<b>Payments for capital assets</b>	<b>388</b>	<b>403</b>	<b>760</b>	<b>1 122</b>	<b>725</b>	<b>616</b>	<b>582</b>
Machinery and equipment	388	403	760	1 122	725	616	582
<b>Total</b>	<b>23 349</b>	<b>27 291</b>	<b>42 948</b>	<b>34 041</b>	<b>32 525</b>	<b>34 691</b>	<b>34 424</b>

### Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	7	-	-	-	-	-	-
Regional Services Council levies	7	-	-	-	-	-	-
Households							
Other transfers to households							
Current	-	-	2	-	-	-	-
Households	-	-	2	-	-	-	-

## Expenditure trends

Expenditure increased from R23.3 million in 2006/07 to R34 million in 2009/10, at an average annual rate of 13.4 per cent, mainly due to additional funding for the third apex priority project. The project aims to contribute to the building of an inclusive information society that ensures the uptake and usage of ICTs by government and individuals in 2008/09. This also explains the 98.1 per cent and 295.5 per cent increases in expenditure in the *e-Applications* subprogramme in 2007/08 and 2008/09.

Over the MTEF period, expenditure is expected to increase to R34.4 million, at the slower average annual rate of 0.4 per cent, mainly due to the restructuring of this programme. Expenditure on the *Planning, Coordination and Evaluation* subprogramme is expected to increase at an average annual rate of 35 per cent due to the shifting of functions to this subprogramme and to the change in the programme structure.

## Public entities

### South African Post Office

#### Strategic overview: 2006/07 – 2012/13

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 services in the country by the Postal Services Act (1988). 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 Postbank.

The Post Office Act (1958) will be repealed and replaced by the South African Post Office Bill and the South African Postbank Bill, which will be tabled in Parliament in 2010 for promulgation. The corporatisation of Postbank into a separate entity is under way.

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 the organisation; and strengthen the public perception of the South African Post Office as a trusted brand.

#### Savings and cost effective service delivery

Savings over the MTEF period are derived from the postal subsidy. The subsidy is used in part to fund the costs of providing a universal service to all citizens of South Africa in areas which are not commercially viable. It also provides some investment in infrastructure. The universal service obligation is set through the licence conditions imposed by the Independent Communications Authority of South Africa. Over the medium term, savings of R100 million in 2010/11, R 250 million in 2011/12 and R400 million in 2012/13 will be realised.

## Selected performance and operations indicators

Table 26.10 South African Post Office

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new post offices	Building of new post office outlets	70	31	45	50	50	50	50
Total number of post office service points	Increase the number of postal service points	2 638	2 669	2 714	2 764	2 814	2 864	2 914
Number of new addresses delivered as part of the address expansion programme	Delivery of addresses	1 899 954	1 660 396	1 671 342	1 645 945	1 650 000	1 650 000	1 650 000
Value of Postbank depositors' funds*	Postbank deposits	R2.6m	R2.9m	R3.3m	R3.6m	R3.8m	R4.2m	R4.5m

\*The 2009 performance indicator was for Mzansi new accounts opened. It has been changed to Postbank depositors' funds, because Mzansi is only one product offered by Postbank.

## Service delivery focus

Between 2006/07 and 2008/09, the South African Post Office rolled out 5.2 million addresses and opened 146 new post offices. Funds from Postbank depositors increased from R2.6 billion to R3.3 billion. In 2009/10, 1.6 million new addresses were rolled out and 100 new post offices will be opened, increasing the number of post office service points to 2 764. Funds from Postbank depositors increased by 9 per cent to R3.6 million.

## Expenditure estimates

Table 26.11 South African Post Office: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>4 871 517</b>	<b>5 237 616</b>	<b>5 656 650</b>	<b>5 900 012</b>	<b>6 252 761</b>	<b>6 876 632</b>	<b>7 692 155</b>
Sale of goods and services other than capital assets <i>of which:</i>	4 611 956	4 924 455	5 203 230	5 461 628	5 789 326	6 386 706	7 174 213
<i>Sales by market establishments</i>	4 611 956	4 924 455	5 203 230	5 461 628	5 789 326	6 386 706	7 174 213
<i>Other non-tax revenue</i>	259 561	313 161	453 420	438 384	463 435	489 925	517 942
Transfers received	351 439	363 800	371 600	383 092	306 077	180 442	51 964
<b>Total revenue</b>	<b>5 222 956</b>	<b>5 601 416</b>	<b>6 028 250</b>	<b>6 283 104</b>	<b>6 558 838</b>	<b>7 057 074</b>	<b>7 744 119</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>4 871 780</b>	<b>5 237 788</b>	<b>5 662 173</b>	<b>5 941 658</b>	<b>6 289 195</b>	<b>6 656 557</b>	<b>7 048 052</b>
Compensation of employees	2 518 702	2 708 537	2 899 448	3 073 415	3 257 820	3 453 289	3 660 486
Goods and services	1 934 214	2 066 689	2 297 074	2 413 037	2 545 976	2 690 733	2 843 864
Depreciation	169 127	172 138	191 441	183 970	196 137	204 580	216 866
Interest, dividends and rent on land	94 188	102 514	148 872	138 451	145 512	152 206	159 207
<b>Total expenses</b>	<b>4 871 780</b>	<b>5 237 788</b>	<b>5 662 173</b>	<b>5 941 658</b>	<b>6 289 195</b>	<b>6 656 557</b>	<b>7 048 052</b>
<b>Surplus / (Deficit)</b>	<b>351 176</b>	<b>363 628</b>	<b>366 077</b>	<b>341 447</b>	<b>269 643</b>	<b>400 517</b>	<b>696 067</b>
<b>Statement of financial position</b>							
Carrying value of assets	1 147 918	1 130 102	1 217 011	1 312 041	1 429 804	1 560 514	1 725 068
<i>of which: Acquisition of assets</i>	168 719	158 709	284 389	279 000	313 900	335 290	381 420
Investments	1 199 000	1 899 613	2 452 242	2 587 708	2 742 970	2 907 549	3 082 002
Inventory	54 366	54 471	59 190	65 109	71 620	78 782	86 660
Receivables and prepayments	544 995	665 857	509 286	563 206	619 526	681 479	749 627
Cash and cash equivalents	3 381 410	3 481 233	3 603 141	3 683 542	4 070 002	4 479 844	4 891 938
Assets not classified elsewhere	668 530	459 505	850 358	901 379	955 462	1 012 790	1 073 557
<b>Total assets</b>	<b>6 996 219</b>	<b>7 690 781</b>	<b>8 691 228</b>	<b>9 112 986</b>	<b>9 889 385</b>	<b>10 720 958</b>	<b>11 608 852</b>
Accumulated surplus/deficit	264 968	642 086	1 004 988	1 346 435	1 616 077	2 016 594	2 712 661
Capital and reserves	968 151	954 661	957 836	957 836	957 836	957 836	957 836
Borrowings	1 610	1 629	7	-	-	-	-
Post-retirement benefits	653 738	541 283	942 854	999 425	1 059 391	1 122 954	1 190 331
Trade and other payables	4 690 579	5 031 066	5 297 205	5 615 037	5 951 940	6 309 056	6 687 599
Provisions	7 642	9 560	10 513	8 832	9 450	10 112	10 819
Liabilities not classified elsewhere	409 531	510 496	477 825	185 420	294 691	304 406	49 605
<b>Total equity and liabilities</b>	<b>6 996 219</b>	<b>7 690 781</b>	<b>8 691 228</b>	<b>9 112 986</b>	<b>9 889 385</b>	<b>10 720 958</b>	<b>11 608 852</b>
Contingent liabilities	656 420	309 761	182 500	172 500	164 250	147 825	133 043

## Expenditure trends

The South African Post Office also receives a government subsidy, which is used for universal service obligations and investment in infrastructure. The revenue mix of the South African Post Office is made up of postal services, courier services, agency and money transfer services, retail products and revenue from Postbank's services.

Revenue grew at an average annual rate of 6.4 per cent from R5.2 billion in 2006/07 to R6.3 billion in 2009/10, due to an increase in mail and financial services revenue. Over the medium term, revenue is expected to increase to R7.7 billion, at an average annual rate of 7.2 per cent, due to inflation related increases as well as a profit from Postbank.

Expenditure increased at an average annual rate of 6.8 per cent, from R4.9 billion in 2006/07 to R5.6 billion in 2009/10, and is expected to grow at a further average annual rate of 5.9 per cent over the medium term to reach R7 billion in 2012/13. Expenditure in compensation of employees, which is the major cost driver, increases at an average annual rate of 6.4 per cent over the 7-year period, due to inflation related adjustments.

Between 2006/07 and 2009/10, the South African Post Office maintained a surplus, which it expects to continue over the medium term. Expenditure on acquisition of assets is expected to increase from R279 million to R381.4 million over the MTEF period as the South African Post Office invests in the rollout of service points across the country.

Over the MTEF period, the South African Post Office's spending will focus on opening more than 200 new post offices, expanding the number of new addresses by 5 million and achieving growth at an average annual rate of 8 per cent.

## **National Electronic Media Institute of South Africa**

### **Strategic overview: 2006/07 – 2012/13**

The National Electronic Media Institute of South Africa was established as an institution of education and learning, specialising in teaching the production and technical skills applicable to the television and radio broadcasting industries. Formed as part of a government initiative in 1998, the institute's fundamental purpose is to train previously disadvantaged individuals, particularly women, to equip them with the necessary skills to play significant roles in the broadcasting environment. The institute offers hands-on training in the electronic media, including content design and production, technical operations and content transmission.

Over the medium term, the institute will focus on developing capacity to deliver high quality educational services to meet the demands of the ICT sector. Emphasis will be placed on attracting and retaining highly skilled and suitably qualified staff across the organisation. It will also pursue complementary sources of funding from entities needing to develop organisational capacity to better handle ICT service delivery. These include: provincial governments; government departments; state owned enterprises; the media, advertising, publishing, printing, packaging education and the information systems, electronics and telecommunications education and training authorities; and corporate clients.

### **Savings and cost effective service delivery**

The National Electronic Media Institute of South Africa's is expected to introduce cost cutting measures. The institute is expected to defer replacement of equipment and non-critical staff appointments, reducing the number of potential training projects and decreasing marketing expenditure for student recruitment campaigns. To mitigate some of these negative impacts, the institute will re-allocate funds from deferred income as well as the accumulated surplus fund.

## Selected performance indicators

Table 26.12 National Electronic Media Institute of South Africa

Indicator	Programme/Activity	Past			Current	Projections			
		2006/07*	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
Number of learners trained in the following programmes per year:	Recruit and train learners in the electronic media sphere; and promote the institute as the training institute of choice in the ICT sector, especially for media and broadcasting	- television production	-	51	50	35	35	35	35
- radio production		-	24	25	24	24	24	24	
- graphic design		22	16	25	13	13	13	13	
- animation		5	16	18	19	19	19	19	
- multimedia shared projects		-	36	20	-	-	-	-	
- broadcast engineering		-	17	31	-	-	-	-	
Number of special projects offered per year:	Establish a sustainable digital content development hub, and provide advanced multimedia skills and enhance local content generation	- television production	-	15	10	40	40	40	40
- radio production		-	123	28	76	76	76	76	
- graphic design		-	10	37	12	12	12	12	
- animation		-	8	480	6	6	6	6	
- multimedia special projects		-	-	27	625	625	625	625	
- broadcast engineering		-	-	4	20	20	20	20	
- content development		-	-	-	3	3	3	3	

\*In 2006/07, all academic programmes were under review, so no further students were enrolled until the process was completed.

## Service delivery focus

Between 2007/08 and 2009/10, the institute ran a broadcast engineering programme with members of the National Association of Broadcasters members. In 2007/08, the institute also assisted with the establishment of the Neotel Telecommunications Academy in 2007/08 and the students graduating from the programme in 2009/10 were all absorbed by the stakeholder. The institute acquired an animation curriculum from the Algonquin College in Canada and the first students graduated in 2009/10 with 100 per cent placement.

In 2009/10, 91 students (55 male and 36 female) were trained by the institute. The institute targets an average pass rate of 80 per cent in all disciplines. In 2009/10, the institute initiated establishing a sustainable digital content development hub to produce 3 content development projects.

Over the MTEF period, the institute will train 870 learners in both the core and special projects with the following breakdown: 75 students in television programmes; 100 students in radio programmes; 25 students in graphic design; 25 students in animation; 625 students in multimedia special projects; and 20 students in broadcast engineering.

## Expenditure estimates

Table 26.13 National Electronic Media Institute of South Africa: Project information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Television production training	-	-	-	598	651	684	721
Radio production training	-	-	-	376	446	469	495
Graphic design/ animation training	-	-	-	471	246	258	272
Animation	-	-	-	471	635	666	703
Other	23 115	31 035	40 786	51 122	44 321	46 040	47 793
<b>Total expense</b>	<b>23 115</b>	<b>31 035</b>	<b>40 786</b>	<b>53 039</b>	<b>46 299</b>	<b>48 117</b>	<b>49 983</b>

Table 26.14 National Electronic Media Institute of South Africa: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Revenue</b>							
Non-tax revenue	2 686	9 671	14 245	23 980	13 697	13 697	14 893
Sale of goods and services other than capital assets <i>of which:</i>	1 648	8 796	12 866	13 697	13 697	13 697	14 893
<i>Sales by market establishments</i>	584	3 989	2 814	1 917	1 978	2 077	2 191
<i>Other sales</i>	1 064	4 807	10 052	11 780	11 719	11 620	12 702
<i>Other non-tax revenue</i>	1 038	875	1 379	10 283	–	–	–
Transfers received	19 199	22 658	25 303	29 059	32 602	34 420	35 091
<b>Total revenue</b>	<b>21 885</b>	<b>32 329</b>	<b>39 548</b>	<b>53 039</b>	<b>46 299</b>	<b>48 117</b>	<b>49 984</b>
<b>Expenses</b>							
Current expense	23 115	31 035	40 786	53 039	46 299	48 117	49 984
Compensation of employees	7 391	12 825	16 397	29 049	24 347	25 425	27 210
Goods and services	13 142	15 099	21 574	19 772	18 730	19 566	19 473
Depreciation	2 582	2 726	2 755	4 158	3 222	3 126	3 300
Interest, dividends and rent on land	–	385	60	60	–	–	–
<b>Total expenses</b>	<b>23 115</b>	<b>31 035</b>	<b>40 786</b>	<b>53 039</b>	<b>46 299</b>	<b>48 117</b>	<b>49 984</b>
<b>Surplus / (Deficit)</b>	<b>(1 230)</b>	<b>1 294</b>	<b>(1 238)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Statement of financial position</b>							
Carrying value of assets	7 925	6 453	5 460	5 547	4 796	4 584	6 298
<i>of which: Acquisition of assets</i>	3 708	1 585	1 766	3 828	1 600	3 013	4 852
Receivables and prepayments	2 651	7 250	5 466	6 000	6 000	6 000	6 000
Cash and cash equivalents	14 764	14 728	17 428	4 313	4 533	4 697	2 956
<b>Total assets</b>	<b>25 340</b>	<b>28 431</b>	<b>28 354</b>	<b>15 860</b>	<b>15 329</b>	<b>15 281</b>	<b>15 254</b>
Accumulated surplus/deficit	5 656	6 951	5 711	5 711	5 711	5 711	5 711
Borrowings	1 307	386	291	–	–	–	–
Trade and other payables	18 377	21 094	22 352	4 978	709	661	634
Liabilities not classified elsewhere	–	–	–	5 171	8 909	8 909	8 909
<b>Total equity and liabilities</b>	<b>25 340</b>	<b>28 431</b>	<b>28 354</b>	<b>15 860</b>	<b>15 329</b>	<b>15 281</b>	<b>15 254</b>

### Expenditure trends

The main sources of the institute's revenue are government allocations, student fees and other revenue derived from training and partnerships. Expenditure is expected to decrease from R53.1 million in 2009/10 to R50 million in 2012/13, at an average annual rate of 2 per cent, due to efficiency savings of R2.7 million in 2010/11, R3 million in 2011/12 and R4.2 million in 2012/13. These savings are achieved through the deferment of the replacement of equipment and non-critical staff appointments, reductions in the number of potential training projects, and decreases in marketing expenditure for student recruitment campaigns.

Although in previous years the institute has posted both surpluses and deficits, the entity is striving to attain a balanced budget over the medium term.

### Universal Service and Access Agency of South Africa

#### Strategic overview: 2006/07 – 2012/13

The Universal Service and Access Agency of South Africa was established in terms of the Electronic Communications Act (2005) as a statutory body with the sole mandate of promoting the goal of universal access and universal service to electronic communications services, electronic communications network services and broadcasting services.



Over the past three years, the agency has largely focused on establishing ICT access centres as its key strategic objective. Key achievements include: 8 new community access centres built, 68 new schools provided with 2 720 computers, subsidies for internet connectivity granted to 18 further education and training colleges, and 100 access centre personnel trained in business management and IT skills.

In reviewing its corporate plans, the agency has identified the following areas as its key strategic priorities: developing ICT infrastructure, promoting the affordability of ICT services, ensuring the effective use and sustainability of these services, and positioning the agency as a leader in universal service and access in partnerships with other role players in the sector. Based on this review, the agency has crafted a roadmap for the medium term that will allow it to deliver on its mandate.

**Establishing the baseline situation in 2009/10:** The agency has implemented projects to identify the number and geographical situation of the under-serviced areas. The processes for accessing the Universal Service Access Fund and the definitions of the key terms relating to universal service and access have been identified. Over the medium term, the agency will use the information collected to ensure the sustainability of existing ICT access centres.

**Strengthening the sustainability of projects in 2010/11:** The agency will finalise the transformation of legacy projects into sustainable models and implement the new rules of governing access to the Universal Service and Access Fund. New access centres will be deployed based on a model of subsidy payments as opposed to full capital expenditure funding. Funding for the set top boxes for needy households will be rolled out, having been informed by the policy directives issued by the Department of Communications.

**Accelerating implementation:** Large scale projects for both backbone infrastructure and access infrastructure will be subsidised.

## Selected performance indicators

Table 26.15 Universal Service Agency Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
Number of new access centres handed over and fully functional <sup>(1)</sup>	Access centre handover	-	-	-	110	288	-	-
Total number of access centres operational <sup>(2)</sup>	Rehabilitation of access centres	154	154	155	-	-	-	-
Total number of cyberlabs operational <sup>(2)</sup>	Cyberlabs rehabilitated	235	239	265	-	-	-	-
Total number of schools with internet connectivity <sup>(2)</sup>	E-rate subsidy to schools	89	89	203	203	203	-	-
Number of additional personnel from access centres trained <sup>(2)</sup>	Training	69	200	100	-	-	-	-
Number of new ICT access facilities deployed in under-serviced areas per year <sup>(3)</sup>	ICT access facilities deployment	14	7	20	100	-	100	100
Total number of under-serviced areas covered with broadband infrastructure <sup>(4)</sup>	Under-serviced area broadband infrastructure	-	-	-	-	3	4	10
Number of new operators in under-serviced areas provided with infrastructure subsidies <sup>(5)</sup>	Deployment of electronic communications infrastructure in under-serviced areas	3	3	2	-	-	-	-
Number of poor television owning households subsidised (for purchase of set top boxes as part of broadcasting digital migration)	Set top box subsidy	-	-	-	-	397 000	448 500	408 000
Number of further education and training colleges with internet connectivity	E-rate subsidy to further education and training colleges	-	18	18	18	-	-	-

(1) and (2) All programmes marked with (2) are being phased out through programme (1), which seeks to ensure the long term sustainability of access centres that have been deployed by the agency since establishment. Existing access centres will be handed over to relevant stakeholders, who will ensure their long term sustainability.

(3) A new methodology of deploying access centres has been developed through programme (3), which will be the standard methodology of the agency going forward. This programme facilitates the rapid deployment of access centres through collaboration with public and private sector stakeholders within the sector.

(4) and (5) Programme (5) is being phased out through programme (4), which seeks to ensure sustainable deployment of broadband infrastructure in under-serviced areas.

## Service delivery focus

In 2009/10, substantial progress was made in handing over ICT access centres to entrepreneurs or municipalities so that they can be operated and managed in a sustainable manner. The agency is working on the development of a universal service and access fund manual, which outlines the processes and rules of how to access the fund. Finally, a project to improve the definitions of the under-served areas has begun. It will quantify the targets and assist the Independent Communications Authority of South Africa to declare certain locations as under-served areas.

In 2009/10, the agency focused on developing effective models for the access centres for facilitating universal access and universal service. The entrepreneurship model is an example. Programmes were designed to facilitate the availability of public access to ICT services on the community rather than the household level due to the high cost, low ICT literacy levels in under-served areas, and the poor economic viability of extending services to the latter. The agency is developing initiatives to ensure the sustainability of legacy programmes, the availability of affordable broadband networks in under-served areas, and access by poor television owning households to digital broadcasting services by providing them with subsidies.

The agency will implement the following programmes over the MTEF period: the under-served area broadband infrastructure programme to facilitate the provision of project grants to electronic communications services and electronic communications network services licensees for extending broadband networks to under-served areas through a competitive bidding process; the ICT access facilities deployment programme to facilitate the provision of subsidies for the rapid deployment of ICT public access facilities in under-served areas, achieved either through a public bidding process by entities with capacity to deploy nationally or open applications from community members and organisations; the handover programme to transfer public access facilities through a formal handover process to relevant and appropriate governance structures to be completed by the end of 2010/11; and the digital broadcasting set top box subsidy programme to disburse subsidies to poor TV owning households to purchase a set top box, which will enable these households to access digital broadcasting services.

## Expenditure Estimates

Table 26.16 Universal Service and Access Agency of South Africa: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
<b>Revenue</b>							
Non-tax revenue	123	–	65	–	–	–	–
Other non-tax revenue	123	–	65	–	–	–	–
Transfers received	20 100	21 105	30 208	33 495	66 704	83 168	86 276
<b>Total revenue</b>	<b>20 223</b>	<b>21 105</b>	<b>30 273</b>	<b>33 495</b>	<b>66 704</b>	<b>83 168</b>	<b>86 276</b>
<b>Expenses</b>							
Current expense	18 449	22 870	23 344	30 823	60 679	78 549	81 653
Compensation of employees	8 378	10 868	14 369	16 745	22 598	23 895	24 723
Goods and services	9 725	11 235	7 945	12 940	36 801	51 902	52 925
Depreciation	341	709	969	1 102	1 212	2 680	3 929
Interest, dividends and rent on land	5	58	61	36	68	72	76
<b>Total expenses</b>	<b>18 449</b>	<b>22 870</b>	<b>23 344</b>	<b>30 823</b>	<b>60 679</b>	<b>78 549</b>	<b>81 653</b>
<b>Surplus / (Deficit)</b>	<b>1 774</b>	<b>(1 765)</b>	<b>6 929</b>	<b>2 672</b>	<b>6 025</b>	<b>4 619</b>	<b>4 623</b>
<b>Statement of financial position</b>							
Carrying value of assets	2 280	3 242	2 352	3 921	8 735	10 675	9 344
of which: Acquisition of assets	2 057	2 014	64	2 671	6 026	4 620	4 620
Receivables and prepayments	384	377	577	638	938	1 254	1 555
Cash and cash equivalents	136	830	5 203	7 602	10 475	13 091	16 588

Table 26.16 Universal Service and Access Agency of South Africa: Financial information (continued)

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total assets	2 800	4 449	8 132	12 161	20 148	25 020	27 487
Accumulated surplus/deficit	1 203	(563)	6 351	9 023	15 048	19 667	24 190
Borrowings	–	2 057	–	–	–	–	–
Trade and other payables	1 087	88	1 107	2 500	4 000	3 553	1 555
Provisions	510	572	470	638	1 100	1 800	1 742
Liabilities not classified elsewhere	–	2 295	204	–	–	–	–
Total equity and liabilities	2 800	4 449	8 132	12 161	20 148	25 020	27 487

### Expenditure trends for Universal Service and Access Agency of South Africa

The only source of revenue for the agency is transfers received from the department. Revenue is expected to increase from R33.5 million in 2009/10 to R86.3 million in 2012/13, at an average annual rate of 37.1 per cent, due to additional allocation for capacity building of the agency. The agency also manages the Universal Service Agency Fund, which funds the ICT related universal access obligations.

Expenditure is expected to increase from R30.8 million in 2009/10 to R81.7 million in 2012/13, at an average annual rate of 38.4 per cent, due to an additional allocation of R105 million granted to the agency over the MTEF period to build capacity to fulfil its mandate. The major cost drivers are staff costs, which account for on average 60 per cent of the total budget. Other significant cost drivers, which are expected to increase revenue over the medium term, include outsourcing of the implementation of the broadcast digital migration project. As the broadcast digital migration project has a limited project lifespan, the organisation has opted to use a specialist service provider instead of appointing permanent resources. Other less significant cost drivers are research costs and the training of employees, with each item accounting for approximately 4 per cent of the budget.

### Expenditure trends for Universal Service Agency Fund

Revenue is derived from transfers received from the Department of Communications. Expenditure is expected to increase from R36.7 million in 2009/10 to R274.8 million in 2012/13, at an average annual rate of 95.8 per cent. The increase in expenditure over the MTEF period is due to additional allocations of R180 million in 2010/11, R220 million in 2011/12 and R200 million in 2012/13 to subsidise set top boxes for poor television owning households. The major cost driver over the MTEF period is the broadcast digital migration project for set top box subsidisation and the capital expenditure on infrastructure projects.

## Sentech

### Strategic overview: 2006/07 – 2012/13

Established in terms of the Sentech Act (1996) and the Sentech Amendment Act (1999), the organisation is a state owned enterprise whose mandate is to provide broadcasting signal distribution for broadcasting licensees. In the context of the convergence of technologies, Sentech was awarded multimedia and carrier of carrier licences in 2002, thus positioning it to offer fully converged ICT services.

In 2005, Sentech was mandated by government to migrate the analogue terrestrial television infrastructure to digital terrestrial television. This was in line with a resolution by the International Telecommunications Union, which required that as from 2015, analogue signals will no longer be protected. Sentech switched on the digital terrestrial television network two days earlier than the 1 November 2008 deadline set by Cabinet.

In line with the telecommunications guarantees by government to FIFA, Sentech is responsible for providing backup satellite infrastructure for the 2010 FIFA World Cup. It was also responsible for the same for the 2009 FIFA Confederations Cup.

In terms of the apex priorities set by government, Sentech has further been mandated to roll out a national broadband network targeting schools, hospitals, clinics, the Thusong centres, Thusong post offices and government offices, especially in under-serviced and rural areas. A key priority has been to provide broadband to 500 Dinaledi schools nationwide.

Key achievements in 2008/9 include: operating and maintaining the terrestrial analogue television and radio transmission networks above customer service levels, at 99.9 per cent; conducting a pilot of the switched-on digital terrestrial television network currently providing 33.3 per cent population coverage; providing back up satellite infrastructure during the 2009 FIFA Confederations Cup, as one of the government guarantees.

Over the MTEF period, Sentech will concentrate on delivering its mandates within the following key result areas:

**Broadcasting signal distribution:** Sentech will continue to operate and maintain its terrestrial analogue television and radio transmission networks at customer service levels, roll out the digital terrestrial television network, and provide back up satellite infrastructure to FIFA during the 2010 FIFA World Cup at the nine stadiums.

**Telecommunications:** Due to the fast changing nature of the ICT market and the entry of well funded competitors, Sentech has not been able to sustain the momentum and growth of retail broadband products and value added services, MyWireless and Biznet. In conjunction with the department it has been decided that Sentech will have completely exited the retail broadband market by March 2010. The organisation will streamline its multimedia offerings by reviewing its very small aperture terminal product lines and carrier of carriers' business models. Based on the availability of funding, Sentech will investigate the viability of expanding into the wholesale broadband market by rolling out a national wholesale broadband network. The organisation continues to explore various models for the optimal rollout to the 500 Dinaledi schools.

#### Savings and cost effective service delivery

In effecting savings, no capital expenditure or operational expenditure cuts were considered by Sentech under the digital terrestrial television project. Proposed cuts in the baseline will reduce the number of sites that are migrated from analogue to digital technology. This will require an adjustment to the digital terrestrial television population coverage targets (and project plan) which will further delay meeting the November 2011 deadline.

A R23 million saving was achieved in the procurement of equipment for phase 4 of the project due to favourable exchange rate fluctuations and efficient contract negotiations with transmitter equipment suppliers. This saving was used for fast tracking the rollout of digital terrestrial television through the addition of three sites (Grahamstown in Eastern Cape, Glencoe in KwaZulu-Natal and Theunissen in Free State) which were originally planned to be part of phase 5.

The agreement between the Department of Communications and Sentech stipulated that R204 million would be made available for capital expenditure and R100 million for operational expenditure for the 2010 FIFA World Cup projects. Due to the reduced cost in bandwidth requirements, the department negotiated costs with global satellite services provider Intelsat, resulting in a cost saving of R100 million. The final bandwidth cost was paid for from the interest accrued on the invested balance of the R204 million that has already been received by Sentech.

#### Selected performance and operations indicators

Table 26.17 Sentech

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Direct to home television network performance (measured by percentage availability)	Provide broadcasting signals to both television and radio frequency spectrum	99%	99%	99%	99%	99%	99%	99%
Direct to home radio performance (measured by percentage availability)	Digitise the existing analogue infrastructure as part of the broadcasting digital migration	99%	99%	99%	99%	99%	99%	99%
Number of new radio transmitters switched on*	Provide and establish national wholesale broadband network for broadband services	10	10	10	10	10	10	10
Number of new television transmitters switched on*	Establish a second teleport to serve as satellite backup for the broadcasting of the 2010 FIFA World Cup	10	10	10	10	10	10	10

\* Subject to finalising the funding model and securing required funding

## Service delivery focus

After a R205 million allocation in 2006, Sentech started with phase 1 of the migration from analogue to digital programme. The programme is now in its fourth year of rollout and has received additional allocations of R640 million received through the 2008 adjustments budget and the 2009 Budget. In 2007, Cabinet resolved that the dual illumination period would begin and that digital signals would be switched on from 1 November 2008 and analogue signals be switched off on 1 November 2011.

Sentech has been operating and maintaining the digital network since the digital terrestrial television switch on as part of a pilot project with the South African Broadcasting Corporation and eTV. Test set top boxes were distributed in 2008/09 to a select audience as part of the pilot project and Sentech continued to roll out digital infrastructure in line with its project plans for the second phase (installation), 3 (47 per cent population coverage) and 4 (63.3 per cent population coverage). Switch on of the digital terrestrial television network to increase the population coverage beyond 33 per cent has been delayed pending the Independent Communication Authority of South Africa's finalisation of the regulations and frequency spectrum plan, while the radio frequency spectrum plan was published in November 2009. Sentech will analyse the frequency spectrum plan's impact on the project plan and the population coverage targets in 2010.

Sentech provided and operated backup satellite infrastructure at the 4 stadiums hosting the 2009 FIFA Confederations Cup through transmitting live soccer matches both locally and internationally. Sentech successfully secured a lease from the Department of Public Works to construct a second teleport at Nasrec to be completed in early 2010. The national wholesale broadband network business plan was finalised and preliminary phases including network planning, the issuing and adjudication of a tender to appoint the required vendor(s) for the end to end network build in the project plan, will be implemented in 2010. The department will continue its engagement with the national and provincial departments of education to identify and finalise the list of Dinaledi schools that will be connected through Sentech's broadband offerings in 2010.

## Expenditure estimates

Table 26.18 Sentech: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>732 778</b>	<b>727 002</b>	<b>838 962</b>	<b>614 196</b>	<b>677 989</b>	<b>792 209</b>	<b>1 005 108</b>
Sale of goods and services other than capital assets <i>of which:</i>	723 224	699 115	750 347	555 468	633 916	785 598	1 004 108
<i>Sales by market establishments</i>	723 224	699 115	750 347	555 468	633 916	785 598	1 004 108
<i>Other non-tax revenue</i>	9 554	27 887	88 615	58 728	44 073	6 611	1 000
Transfers received	-	-	-	360 019	270 900	279 000	166 950
<b>Total revenue</b>	<b>732 778</b>	<b>727 002</b>	<b>838 962</b>	<b>974 215</b>	<b>948 889</b>	<b>1 071 209</b>	<b>1 172 058</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>750 393</b>	<b>706 607</b>	<b>838 532</b>	<b>1 026 568</b>	<b>1 017 603</b>	<b>1 119 363</b>	<b>1 231 300</b>
Compensation of employees	228 505	216 635	229 333	284 882	324 157	356 572	392 230
Goods and services	399 909	355 025	381 674	604 781	452 263	497 488	547 238
Depreciation	90 479	91 757	133 712	121 038	131 993	145 193	159 712
Interest, dividends and rent on land	30 713	19 948	32 534	15 867	9 190	10 109	11 120
Transfers and subsidies	-	28 378	24 242	-	-	-	-
<b>Total expenses</b>	<b>750 393</b>	<b>734 985</b>	<b>862 774</b>	<b>1 026 568</b>	<b>1 017 603</b>	<b>1 119 363</b>	<b>1 231 300</b>
<b>Surplus / (Deficit)</b>	<b>(17 615)</b>	<b>(7 983)</b>	<b>(23 812)</b>	<b>(52 353)</b>	<b>(68 714)</b>	<b>(48 154)</b>	<b>(59 242)</b>

Table 26.18 Sentech: Financial information (continued)

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Statement of financial position</b>							
Carrying value of assets	876 452	882 258	741 451	1 002 921	1 369 531	1 506 021	1 372 152
<i>of which: Acquisition of assets</i>	111 656	148 154	39 061	382 508	498 603	281 683	25 843
Inventory	11 359	17 793	13 825	112 091	9 846	10 831	11 914
Loans	–	–	–	463	–	463	463
Receivables and prepayments	78 084	86 749	77 219	96 579	59 389	65 327	71 860
Cash and cash equivalents	93 781	713 622	1 042 753	817 213	559 000	139 500	10 000
Assets not classified elsewhere	–	22 791	17 897	–	19 390	21 329	22 999
<b>Total assets</b>	<b>1 059 676</b>	<b>1 723 213</b>	<b>1 893 145</b>	<b>2 029 267</b>	<b>2 017 156</b>	<b>1 743 471</b>	<b>1 489 388</b>
Accumulated surplus/deficit	(34 608)	(37 880)	(61 692)	(351)	(6 064)	(54 219)	(113 461)
Capital and reserves	515 449	566 699	509 357	540 105	549 390	552 705	586 527
Borrowings	193 326	158 443	131 432	81 669	74 844	56 133	42 100
Post-retirement benefits	71 469	97 752	119 940	107 469	131 128	144 241	158 665
Trade and other payables	171 433	291 442	322 070	126 135	347 766	382 543	420 797
Provisions	–	–	4 000	4 000	4 000	4 400	4 840
Liabilities not classified elsewhere	142 607	646 757	868 038	1 170 240	916 092	657 668	389 920
<b>Total equity and liabilities</b>	<b>1 059 676</b>	<b>1 723 213</b>	<b>1 893 145</b>	<b>2 029 267</b>	<b>2 017 156</b>	<b>1 743 471</b>	<b>1 489 388</b>

### Expenditure trends

Sentech receives derives its commercial revenues from: terrestrial television services, terrestrial FM and AM radio services, terrestrial short wave radio services, terrestrial and satellite linking, satellite direct to home, business television, facility rentals, sales and satellite decoders, carrier of carriers, Infosat's business solutions, the very small aperture terminal offering and broadband wireless. Transfers from the department are also a source of revenue.

Sentech posted a pre-tax profit of R29 million in 2008/09. This represents a significant increase from the pre-tax loss of R1 million incurred in 2007/08. While the company has continued to focus on cost containment, this operational paradigm shift has caused extraordinary expenses in 2008/09, which included the impairment of assets, accelerated depreciation and other non-recurring expenses.

An impairment loss of R45 million was recognised in relation to property, plant and equipment relating to the discontinuation of all non-performing retail broadband products MyWireless, Biznet and value added services. The carrying amount of assets relating to the discontinuation will not be realised through the sale of assets. The depreciation for analogue assets was accelerated and increased by R7 million per year as a result of the phasing out of analogue assets and replaced with digital terrestrial television infrastructure. The organisation must, over the medium term, implement a turnaround strategy in line with the recommendations of the task team appointed by the Minister of Communications.

The spending focus over the MTEF period in relation to strategic objectives and targets will be on the migration to digital terrestrial television and the 2010 FIFA World Cup.

### South African Broadcasting Corporation

#### Strategic overview: 2006/07 – 2012/13

The South African Broadcasting Corporation was incorporated into a limited liability company in 2004, with two operational divisions: public broadcasting services and commercial broadcasting services. As a national public service broadcaster, the corporation operates 18 radio stations and 3 television stations, reaching about 24 million people daily. The corporation's mandate is set out in its charter and other related sections of the Broadcasting Act (1999). The corporation is further bound to meet licence conditions set for its individual radio stations and television channels, and has to abide by regulations set by the Independent Communications Authority of South Africa, outlining minimum quotas and standards in areas such as local content.

The liquidity crisis and organisational instability that the corporation underwent from 2008/09 to mid-2009/10 posed serious challenges in: funding the procurement of local and international content, delivering the South African Broadcasting Corporation's obligations for the 2010 FIFA World Cup, delivering content on the 2011 local government elections, and preparing for the migration to digital terrestrial television.

Due to the continued unforeseen declines in the advertising market, advertising revenue was down by R443 million against budget, and the corporation implemented austerity measures to cut expenditure.

The interim board, which was appointed in July 2009, engaged with management to put mechanisms in place to ensure that expenditure would be contained and that revenue be increased, that audience ratings would increase, that there would be targeted action on underperforming client segments, and that the capital expenditure deferral plan and adjusting cost items would be in line with revenue targets.

To improve cash flow, in September 2009 the interim board approached National Treasury via the Department of Communications for a government guarantee to assist the corporation raise capital from financial institutions. National Treasury approved a guarantee and R1.4 billion. The granting of the government guarantee was subject to clear commitments by the corporation to implement a viable turnaround strategy.

Over the medium term, the corporation's strategy implementation roadmap focuses on improving access to radio and television, delivering compelling and relevant programming, fostering the production of local content, preparing for the 2010 FIFA World Cup, planning for the digital terrestrial television migration, upgrading to modern digital platforms, and developing a sustainable funding model.

### Savings and cost effective service delivery

The South African Broadcasting Corporation has identified cost savings measures that will reduce operating expenses in 2009/10 from R5.5 billion to R5.2 billion in 2010/11. The corporation has set revenue targets of R4.9 billion.

### Selected performance indicators

Table 26.19 South African Broadcasting Corporation

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Amount of operational expenditure: digital terrestrial migration*	Digital terrestrial television migration	-	-	R30m	R6m	R1.1bn	R1.3bn	R1.4bn
Amount budgeted for 2011 provincial elections	Government mandate	-	-	-	-	R54m	-	-
Total cost of technology upgrade including digital terrestrial migration*	Broadcasting technology and infrastructure including DTT	-	-	R369m	R500m	R874m	R776m	R340m
Number of bursaries subsidised by the SABC Foundation	Corporate social investment	-	-	20	20	20	20	-
Local content as percentage of total public broadcasting service television	Government mandate	55%	55%	60%	65%	75%	75%	75%
Local content as percentage of total public commercial service television	Government mandate	35%	35%	35%	35%	35%	35%	35%
Local content as percentage of total public broadcasting service radio	Government mandate	40%	40%	60%	65%	70%	70%	70%
Local content as percentage of total public commercial service radio	Government mandate	25%	35%	35%	40%	45%	45%	45%
Number of low power television transmitters switched on	Government mandate	-	-	60	430	426	-	-
Number of low power radio transmitters switched on	Government mandate	-	-	119	105	105	-	-
Percentage of archives digitised	Record keeping requirement	-	-	-	-	10%	10%	-

\* As per revised corporate plan

### Service delivery focus

The corporation faced challenges in both revenue and expenditure regarding its budget commitment, due mainly to advertisers reducing their marketing spend during the economic downturn. However, South African Broadcasting Corporation radio has successfully achieved its sales targets to date and recorded an 11 per cent (R51 million) improvement in advertising spend in 2009/10 compared to the previous year.

In 2009/10, the corporation saw a 6 per cent (R177 million) reduction in annual media commitments on television platforms compared to the previous year and a 46 per cent (R99.2 million) reduction in adspend from national government departments after the 2009 election. The corporation will focus on the following over the MTEF period: funding the procurement of South African content, amounting to approximately R1.8 billion; delivering on the obligations of the 2010 FIFA World Cup; covering the 2011 local government elections; and migrating to digital terrestrial television.

A rigorous process to bring stability to the corporation is under way, including: implementing austerity measures to enhance revenue; reducing costs; and managing working capital as articulated in the revised shareholder compact with the Minister of Communications. The organisation has begun prioritising projects and initiatives based on 5 stringent criteria: support core mandate delivery; facilitate competitiveness; enhance revenues; contribute to staff development; and facilitate total citizen empowerment through social cohesion and upliftment. The organisation has implemented a deferment plan for 2009/10 and onwards to reduce over commitment on content acquisition and commissioning, and has prioritised paying suppliers to manage cash flow.

The corporation has identified the following key focus areas for returning to stability and profitability: putting the power to decide on content selection back to the jurisdiction of channels rather than content enterprises; re-introducing calculations of commercial value before acquiring content; liaising with advertisers when content is purchased; appointing key personnel, particularly heads of marketing and sales and strengthening the finance, human resources and legal departments to provide proper management accounts and exercise discipline over processes and controls; addressing major losses and inefficiencies in purchasing sports content; aligning planning and reporting to fully comply with government cycles; fast tracking the implementation of divisional risk management committees; and rightsizing the organisation.

## Expenditure estimates

Table 26.20 South African Broadcasting Corporation: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
<b>Revenue</b>							
<b>Non-tax revenue</b>	4 167 898	4 573 379	4 543 893	4 696 384	5 283 240	5 937 200	6 401 175
Sale of goods and services other than capital assets	4 057 669	4 479 270	4 497 848	4 696 384	5 224 000	5 743 000	6 201 000
<i>of which:</i>							
<i>Admin fees</i>	805 675	912 816	927 382	877 000	933 000	968 000	990 000
<i>Sales by market establishments</i>	3 251 994	3 566 454	3 570 466	3 819 384	4 291 000	4 775 000	5 211 000
<i>Other non-tax revenue</i>	110 229	94 109	46 045	–	59 240	194 200	200 175
Transfers received	210 644	202 596	215 656	504 362	285 760	143 800	150 825
<b>Total revenue</b>	<b>4 378 542</b>	<b>4 775 975</b>	<b>4 759 549</b>	<b>5 200 746</b>	<b>5 569 000</b>	<b>6 081 000</b>	<b>6 552 000</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>4 091 745</b>	<b>4 682 655</b>	<b>5 549 638</b>	<b>5 483 534</b>	<b>5 797 272</b>	<b>5 853 273</b>	<b>6 016 272</b>
Compensation of employees	980 466	1 503 949	1 749 613	1 531 443	1 476 000	1 422 000	1 518 000
Goods and services	2 819 881	3 053 956	3 653 401	3 589 563	3 829 000	3 814 000	3 844 000
Depreciation	156 209	140 282	193 651	232 528	316 272	391 273	466 272
Interest, dividends and rent on land	16 397	14 082	76 464	130 000	176 000	226 000	188 000
<b>Total expenses</b>	<b>4 091 745</b>	<b>4 682 655</b>	<b>5 549 638</b>	<b>5 483 534</b>	<b>5 797 272</b>	<b>5 853 273</b>	<b>6 016 272</b>
<b>Surplus / (Deficit)</b>	<b>286 797</b>	<b>93 320</b>	<b>(790 089)</b>	<b>(282 788)</b>	<b>(228 272)</b>	<b>227 727</b>	<b>535 728</b>



**Table 26.20 South African Broadcasting Corporation Limited: Financial information (continued)**

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
<b>Statement of financial position</b>							
Carrying value of assets	1 270 997	1 492 347	1 666 165	1 703 237	1 986 965	2 195 692	2 329 420
<i>of which: Acquisition of assets</i>	245 126	363 069	368 931	486 975	600 000	600 000	600 000
Investments	105 743	521 437	503 659	-	-	-	-
Inventory	4 452	4 614	4 842	4 648	5 657	6 152	6 197
Receivables and prepayments	806 190	1 103 656	1 231 084	1 131 523	1 257 445	1 073 660	1 114 993
Assets not classified elsewhere	1 330 149	1 338 503	1 126 014	1 375 866	1 466 994	1 508 047	1 473 079
<b>Total assets</b>	<b>3 517 531</b>	<b>4 460 557</b>	<b>4 531 764</b>	<b>4 215 274</b>	<b>4 717 061</b>	<b>4 783 551</b>	<b>4 923 689</b>
Accumulated surplus/deficit	2 114 213	2 460 131	1 550 005	1 336 814	621 325	(518 548)	(1 961 094)
Capital and reserves	1 517	1 407	1 129	1 388	1 388	1 388	1 388
Borrowings	145 466	212 546	536 910	203 613	168 978	129 911	85 847
Post-retirement benefits	335 273	510 597	567 350	687 172	725 996	766 798	809 893
Trade and other payables	617 668	846 799	1 220 092	1 925 206	3 134 842	4 335 843	5 915 666
Provisions	19 000	29 738	50 296	61 081	64 532	68 159	71 989
Liabilities not classified elsewhere	284 394	399 339	605 982	-	-	-	-
<b>Total equity and liabilities</b>	<b>3 517 531</b>	<b>4 460 557</b>	<b>4 531 764</b>	<b>4 215 274</b>	<b>4 717 061</b>	<b>4 783 551</b>	<b>4 923 689</b>

### Expenditure trends

The corporation's revenues are derived mainly from advertising, licence fees and sponsorships. It also receives funding from government, which contributes an average of 4.7 per cent to its revenue over the 7-year period. Between 2006/07 and 2009/10, revenue grew at an average annual rate of 5.9 per cent, from R4.4 billion to R5.2 billion, due to adverse economic conditions. Over the medium term, revenue is expected to increase at an average annual rate of 8 per cent, from R5.2 billion to R6.6 billion, due to an anticipated upswing in economic conditions over the period.

Expenditure grew from R4.1 billion in 2006/07 to R5.5 billion in 2009/10, at an average annual rate of 10.3 per cent, mainly due to the appointment of additional personnel in 2008/09, which increased expenditure in compensation of employees by R639.9 million in that year. Over the MTEF period, expenditure is expected to grow at an average annual rate of 3.1 per cent, from R5.5 billion in 2009/10 to R6 billion in 2012/13. The slower growth rate in expenditure is as a result of cost cutting measures that have been put in place. A deficit of R282.8 million is projected for 2009/10 and R228.3 million for 2010/11 as the organisation recovers from its current financial difficulties. However, the organisation expects to post a surplus of R227.7 million in 2011/12 due to the projected effect of cost containment and revenue enhancement measures implemented.

## The Independent Communications Authority of South Africa

### Strategic overview: 2006/07 – 2012/13

The Independent Communications Authority of South Africa was established in terms of the Independent Communications Authority of South Africa Act (2000). The authority makes regulations and issues communications licences in terms of the Electronic Communications Act (2005) and the Postal Services Act (1998). It also enforces compliance with rules and regulations, protects consumers from unfair business practices and poor quality services, hears and decides on disputes and complaints brought against the licensees, and controls and manages the frequency spectrum.

The authority has reviewed the radio frequency plan, leading to the revised South Africa table of frequency allocations and the broadcasting spectrum plan. It has also consolidated the frequency monitoring architecture, established a research collaboration programme with higher learning institutions and the International Telecommunication Union on wireless communication, and established the official list of regulated standards.

**Liberalise the ICT sector:** As a regulator, the authority aims to develop an efficient and effective regulatory framework that reduces the regulatory burden on industry while achieving the mandate of the organisation. Over the medium term, it will focus on licensing new technologies, reviewing the regulatory framework related to the

postal operator, reduce the cost of communication by promoting and facilitating interoperability and interconnection of networks and access to facilities and implementing the radio frequency spectrum plans.

**Create regulatory certainty:** This is a fundamental principle of good regulation and helps to promote investment within the sector. Over the medium term, the authority will develop a frequency migration plan for harmonisation, establish an official list of electronic standards, introduce a regulatory impact analysis into its basic operational framework and develop public awareness and education programmes.

**Execute service delivery efficiently and effectively:** The regulator will implement the spectrum management system, take the necessary technical measurements to support consumer protection programmes and collaborate with consumer forums in protecting consumer rights.

**Enhance the authority's business intelligence, governance and reporting activities:** Emphasis will be placed on developing a library into a virtual library/information hub and implementing the electronic document records management system.

**Optimise the structure, leadership and culture aligned within the strategy:** It will do this by participating in the relevant technical forums.

### Savings and cost effective service delivery

In an endeavour to realise savings, the Independent Communications Authority of South Africa has opted to buy its own head office premises instead of the current renting arrangement. This would result in annual savings of R10 million and a reduction of costs of R30 million over the MTEF period. In 2006/7, the postal regulation function was transferred from the department to the authority with a budget of R10 million. The authority will continue integrating the postal regulation projects into its existing processes, which will result in a saving of R1.5 million. The authority also aims to reduce international training costs by bringing international training expertise to the country instead of sending its personnel overseas. The total savings for this over the MTEF period is expected to be R31.5 million.

### Selected performance indicators

Table 26.21 Independent Communications Authority of South Africa

Indicator	Programme /Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new applications approved for equipment that meets South African telecommunication standards per year	Electronic communication equipment approved to be used in the country	1 252	1 620	2 000	2 000	2 000	2 000	2 000
Number of new applications approved for spectrum licensing per year	Spectrum licences applied for by electronic communication operators	5 700	5 800	5 800	2 200	1 760	1 932	2 125
Number of additional Inspections (events) undertaken per year	Inspection of possible illegal electronic equipment used by electronic communication operators	661	810	1 200	1 200	2 182	1 200	1 300
Number of illegal transmission equipment (disenabled)	Seal equipments that do not have licence on spectrum to prevent further usage	3 718	18	512	720	1 200	1 320	1 452
Number of applications approved per year	Allocation for numbers to electronic communication operators for usage by their customers	92	152	312	313	400	400	400
Number of facility leasing and, interconnection agreements per year	Approval of the agreements reached between electronic communication operators on the facility leasing and interconnection agreements	27	46	50	51	60	60	60
Number of tariff lodgements per year	Approval of regulated tariffs	29	43	52	65	65	65	70
Number of market studies conducted per year	Market studies on competition and liberalisation of the communication sector	-	1	2	3	4	4	4
Number of consumer complaints resolved per year	Complaints lodged by consumers against the communication operators	287	1 038	2 155	1 325	1 600	1 500	1 300
Number of public awareness campaigns conducted	Conduct education workshops and road shows for consumers on awareness on communication regulations and rights of consumers	675	693	720	747	774	801	-

## Service delivery focus

From 2006/07 to 2009/10, the regulator completed 11 regulatory measures to provide clarity and enhance transparency. These include a competition framework, spectrum licensing, a radio frequency band plan, introducing the separate codes of conduct for broadcasters and the postal sector, re-aligning the South African Post Office's licence to incorporate legislative changes under the Independent Communications Authority of South Africa Amendment Act (2006) and the Postal Services Amendment Act (2006), and introducing the universal service and access fund regulations.

In 2008/9, the regulator published and reviewed election regulations and guidelines which ensure that the broadcasting sector carries vital information to all citizens and provides proportional equitable coverage of political parties. In 2009/10, the regulator conducted 2 studies into specific behaviour in telecommunications markets, which should be completed in 2010/11. The findings of these studies will partly inform a potentially regulated reduction in wholesale call termination rates.

Over the past three financial years and in the current financial year: the regulator licensed 13 under-served area electronic communication operators, 3 commercial radio stations, 11 community radio stations in nodal points, 87 community radio stations, 309 value added and private telecommunications network services, 5 subscription television channels and 130 courier services; it amended the South African Post Office licence, 150 value added network services and 63 private telecommunications network services. 600 broadcasting and telecommunication licences were converted from the Telecommunications Act (1996) and Broadcasting Amendment Act (2009) into licences that are compliant with the Electronic Communications Act (2000). Since conversion, the regulator has licensed 28 electronic communication services, 24 electronic communication services and Broadband Infraco.

## Expenditure estimates

Table 26.22 The Independent Communications Authority of South Africa: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
<b>Revenue</b>							
<b>Non-tax revenue</b>	14 240	24 012	24 300	9 017	8 185	15 604	9 210
Sale of goods and services other than capital assets	3	-	-	-	-	-	-
<i>of which:</i>							
<i>Admin fees</i>	3	-	-	-	-	-	-
<i>Other non-tax revenue</i>	14 237	24 012	24 300	9 017	8 185	15 604	9 210
<b>Transfers received</b>	190 878	212 843	247 272	269 607	290 923	313 378	324 797
<b>Total revenue</b>	<b>205 118</b>	<b>236 855</b>	<b>271 572</b>	<b>278 624</b>	<b>299 108</b>	<b>328 982</b>	<b>334 007</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>179 773</b>	<b>236 392</b>	<b>271 316</b>	<b>277 524</b>	<b>297 958</b>	<b>327 782</b>	<b>332 707</b>
Compensation of employees	93 696	117 656	144 702	161 500	180 880	192 167	204 185
Goods and services	78 615	107 491	112 571	67 634	67 391	81 903	72 832
Depreciation	7 105	11 075	13 342	11 790	11 030	12 100	11 070
Interest, dividends and rent on land	357	170	701	36 600	38 657	41 612	44 620
<b>Transfers and subsidies</b>	947	463	650	1 100	1 150	1 200	1 300
<b>Total expenses</b>	<b>180 720</b>	<b>236 855</b>	<b>271 966</b>	<b>278 624</b>	<b>299 108</b>	<b>328 982</b>	<b>334 007</b>
<b>Surplus / (Deficit)</b>	<b>24 398</b>	<b>-</b>	<b>(394)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Statement of financial position</b>							
Carrying value of assets	49 228	70 262	74 687	84 477	95 847	100 847	101 477
<i>of which: Acquisition of assets</i>	15 000	33 201	20 232	22 980	24 400	19 300	12 800
Receivables and prepayments	4 961	11 471	11 000	10 000	10 500	10 500	10 500
Cash and cash equivalents	79 717	65 572	65 000	64 000	65 000	64 000	64 000

Table 26.22 The Independent Communications Authority of South Africa: Financial information (continued)

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Total assets	133 906	147 305	150 687	158 477	171 347	175 347	175 977
Accumulated surplus/deficit	(13 817)	(13 817)	(14 211)	-	-	-	-
Capital and reserves	33 731	33 731	33 731	33 731	33 731	33 731	33 731
Borrowings	20 662	8 542	11 600	10 000	11 500	10 000	11 500
Trade and other payables	20 053	20 293	22 000	21 000	21 000	21 000	20 000
Provisions	8 231	7 010	10 429	9 000	10 000	10 000	11 000
Liabilities not classified elsewhere	65 046	91 546	87 139	84 746	95 116	100 616	99 746
Total equity and liabilities	133 906	147 305	150 687	158 477	171 347	175 347	175 977

### Expenditure trends

The Independent Communications Authority of South Africa derives its revenue from transfers received from the Department of Communication. The grant increased from R190.9 million in 2006/07 to R269.6 million in 2009/10, at an average annual rate of 10.7 per cent. The increase was mainly for replacing old spectrum or frequency monitoring equipment.

Expenditure increased from R180.7 million in 2006/07 to R278.6 million in 2009/10, at an average annual rate of 15.5 per cent, mainly due to changes in the legislative framework, from the Telecommunications Act (1996) to the Electronic Communication Act (2005), which impacted the operations of the regulator. Expenditure increased by 31.1 per cent in 2007/08 because of the conversion of licences that needed to be in line with the Electronic Communications Act (2005) and the replacement of old engineering equipment and vehicles used for monitoring the frequency spectrum.

Over the MTEF period, expenditure is expected to increase from R278.6 million in 2009/10 to R334 million in 2012/13, at an average annual rate of 6.2 per cent, mainly driven by costs associated with the 2010 FIFA World Cup, consumer awareness and consumer protection, and the replacement of technical equipment in 2010/11. A further anticipated cost driver is increased capital expenditure for the acquisition of engineering and IT equipment, particularly the purchase of an enterprise resource planning system, in 2011/12 and 2012/13.

## Additional tables

Table 26.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
	2008/09		2008/09	2009/10			2009/10
R thousand							
1. Administration	146 810	146 810	147 431	152 290	(4 400)	147 890	147 890
2. ICT International Affairs and Trade	41 249	41 249	53 479	45 624	–	45 624	45 624
3. ICT Policy Development	91 992	76 992	71 491	94 171	3 631	97 802	97 802
4. ICT Enterprise Development	1 321 466	1 929 370	1 918 413	1 392 652	574 400	1 967 052	1 851 052
5. ICT Infrastructure Development	90 476	90 476	94 849	548 085	(370 000)	178 085	178 085
6. Presidential National Commission	31 612	46 612	42 948	34 041	–	34 041	34 041
<b>Total</b>	<b>1 723 605</b>	<b>2 331 509</b>	<b>2 328 611</b>	<b>2 266 863</b>	<b>203 631</b>	<b>2 470 494</b>	<b>2 354 494</b>

Economic classification							
<b>Current payments</b>	<b>363 814</b>	<b>373 814</b>	<b>377 243</b>	<b>384 137</b>	<b>(769)</b>	<b>383 368</b>	<b>383 368</b>
Compensation of employees	127 897	127 897	107 953	148 197	(769)	147 428	147 428
Goods and services	235 917	245 917	269 290	235 940	–	235 940	235 940
<b>Transfers and subsidies</b>	<b>1 351 633</b>	<b>1 949 537</b>	<b>1 938 461</b>	<b>1 873 279</b>	<b>204 400</b>	<b>2 077 679</b>	<b>1 961 679</b>
Provinces and municipalities	–	–	6	–	–	–	–
Departmental agencies and accounts	337 073	338 977	338 977	375 706	–	375 706	375 706
Universities and technikons	–	–	98	–	–	–	–
Foreign governments and international organisations	700	700	9	–	–	–	–
Public corporations and private enterprises	1 011 360	1 607 360	1 596 484	1 493 073	204 400	1 697 473	1 581 473
Non-profit institutions	2 500	2 500	2 824	3 000	–	3 000	3 000
Households	–	–	63	1 500	–	1 500	1 500
<b>Payments for capital assets</b>	<b>8 158</b>	<b>8 158</b>	<b>12 786</b>	<b>9 447</b>	<b>–</b>	<b>9 447</b>	<b>9 447</b>
Machinery and equipment	8 158	8 158	6 660	9 447	–	9 447	9 447
Software and other intangible assets	–	–	6 126	–	–	–	–
<b>Payments for financial assets</b>	<b>–</b>	<b>–</b>	<b>121</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>1 723 605</b>	<b>2 331 509</b>	<b>2 328 611</b>	<b>2 266 863</b>	<b>203 631</b>	<b>2 470 494</b>	<b>2 354 494</b>

Table 26.B Detail of approved establishment and personnel numbers according to salary level<sup>1</sup>

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year <sup>2</sup>	Medium-term estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Department</b>	<b>430</b>	<b>339</b>	<b>34</b>	<b>320</b>	<b>187</b>	<b>270</b>	<b>277</b>	<b>427</b>	<b>427</b>	<b>427</b>
Salary level 1 – 6	44	35	8	58	21	28	25	44	44	44
Salary level 7 – 10	147	114	17	135	65	108	94	147	147	147
Salary level 11 – 12	104	79	5	60	41	58	69	104	104	104
Salary level 13 – 16	135	111	4	67	60	76	89	132	132	132
<b>Administration</b>	<b>150</b>	<b>126</b>	<b>7</b>	<b>130</b>	<b>78</b>	<b>101</b>	<b>112</b>	<b>150</b>	<b>150</b>	<b>150</b>
Salary level 1 – 6	23	18	4	23	12	17	15	23	23	23
Salary level 7 – 10	41	35	2	52	25	37	32	41	41	41
Salary level 11 – 12	45	35	1	29	17	21	32	45	45	45
Salary level 13 – 16	41	38	–	26	24	26	33	41	41	41

Table 26.B Detail of approved establishment and personnel numbers according to salary level<sup>1</sup> (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment							
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year <sup>2</sup>	Medium-term estimate			
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
<b>ICT International Affairs and Trade</b>	<b>24</b>	<b>16</b>	<b>1</b>	<b>35</b>	<b>11</b>	<b>13</b>	<b>15</b>	<b>24</b>	<b>24</b>	<b>24</b>	
Salary level 1 – 6	4	1	–	1	–	1	2	4	4	4	
Salary level 7 – 10	7	4	1	20	4	5	4	7	7	7	
Salary level 11 – 12	1	1	–	5	1	1	1	1	1	1	
Salary level 13 – 16	12	10	–	9	6	6	8	12	12	12	
<b>ICT Policy Development</b>	<b>68</b>	<b>51</b>	<b>7</b>	<b>23</b>	<b>17</b>	<b>33</b>	<b>36</b>	<b>68</b>	<b>68</b>	<b>68</b>	
Salary level 1 – 6	4	4	–	6	–	–	–	4	4	4	
Salary level 7 – 10	23	17	3	6	5	12	13	23	23	23	
Salary level 11 – 12	18	14	2	5	4	13	11	18	18	18	
Salary level 13 – 16	23	16	2	6	8	8	12	23	23	23	
<b>ICT Enterprise Development</b>	<b>50</b>	<b>42</b>	<b>5</b>	<b>43</b>	<b>26</b>	<b>39</b>	<b>39</b>	<b>50</b>	<b>50</b>	<b>50</b>	
Salary level 1 – 6	4	3	–	11	2	3	3	4	4	4	
Salary level 7 – 10	26	20	5	22	13	23	19	26	26	26	
Salary level 11 – 12	7	6	–	2	3	3	7	7	7	7	
Salary level 13 – 16	13	13	–	8	8	10	10	13	13	13	
<b>ICT Infrastructure Development</b>	<b>79</b>	<b>65</b>	<b>13</b>	<b>58</b>	<b>34</b>	<b>51</b>	<b>49</b>	<b>79</b>	<b>79</b>	<b>79</b>	
Salary level 1 – 6	5	5	3	13	5	4	2	5	5	5	
Salary level 7 – 10	32	24	6	21	10	19	19	32	32	32	
Salary level 11 – 12	20	15	2	11	8	11	12	20	20	20	
Salary level 13 – 16	22	21	2	13	11	17	16	22	22	22	
<b>Presidential National Commission</b>	<b>59</b>	<b>39</b>	<b>1</b>	<b>31</b>	<b>21</b>	<b>33</b>	<b>26</b>	<b>56</b>	<b>56</b>	<b>56</b>	
Salary level 1 – 6	4	4	1	4	2	3	3	4	4	4	
Salary level 7 – 10	18	14	–	14	8	12	7	18	18	18	
Salary level 11 – 12	13	8	–	8	8	9	6	13	13	13	
Salary level 13 – 16	24	13	–	5	3	9	10	21	21	21	

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. As at 30 September 2009.

Table 26.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R thousand)	99 010	103 614	127 897	147 428	160 414	169 223	177 890
Training expenditure (R thousand)	3 093	3 656	6 032	8 950	9 398	9 868	10 361
Training as percentage of compensation	3.1%	3.5%	4.7%	6.1%	5.9%	5.8%	5.8%
Total number trained in department (head count)	284	241	243	148			
<i>of which:</i>							
Employees receiving bursaries (head count)	29	50	43	46			
Leaverships trained (head count)	1	–	–	–			
Internships trained (head count)	–	29	32	28			

Table 26.D Summary of departmental public private partnership (PPP) projects

Project description: 112 Emergency call centre  R thousand	Project annual unitary fee at time of contract	Budgeted	Medium-term expenditure estimate		
		expenditure 2009/10	2010/11	2011/12	2012/13
<b>Projects signed in terms of Treasury Regulation 16</b>	<b>84 097</b>	-	-	-	-
PPP unitary charge	81 522	-	-	-	-
Advisory fees	2 575	-	-	-	-
<b>Projects in preparation, registered in terms of Treasury Regulation 16<sup>1</sup></b>	<b>94 101</b>	<b>100 908</b>	<b>106 364</b>	<b>111 251</b>	-
PPP unitary charge	89 878	99 091	104 456	109 248	-
Advisory fees	2 575	-	-	-	-
Project monitoring cost	1 648	1 817	1 908	2 003	-
<b>Total</b>	<b>178 198</b>	<b>100 908</b>	<b>106 364</b>	<b>111 251</b>	-

1. 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 in the country.
Duration of PPP agreement	6 years
Escalation index for unitary fee	CPI Estimates 5%

Table 26.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand										
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Telkom 2010 FIFA World Cup	2 fibre optic cable links with a capacity of 20Gbit/s for transmitting video traffic from all 2010 FIFA World Cup stadiums to the international broadcasting centre	Construction	1 200 000	-	-	600 000	450 000	150 000	-	-
Sentech National wireless broadband network	Improved access to internet services	Feasibility	-	-	500 000	-	-	-	-	-
Sentech digitisation	Broadcasting terrestrial television in a digital format	Construction	825 000	100 000	125 000	150 000	260 019	270 900	279 000	166 950
Sentech 2010 FIFA World Cup	Back up ability to transmit video traffic from all 2010 FIFA World Cup stadiums to the international broadcasting centre	Construction	300 000	-	-	200 000	100 000	-	-	-
Sentech East African submarine system	Government contribution to cable infrastructure	Finalised	-	-	21 000	-	-	-	-	-
<b>Total</b>			<b>2 325 000</b>	<b>100 000</b>	<b>646 000</b>	<b>950 000</b>	<b>810 019</b>	<b>420 900</b>	<b>279 000</b>	<b>166 950</b>



