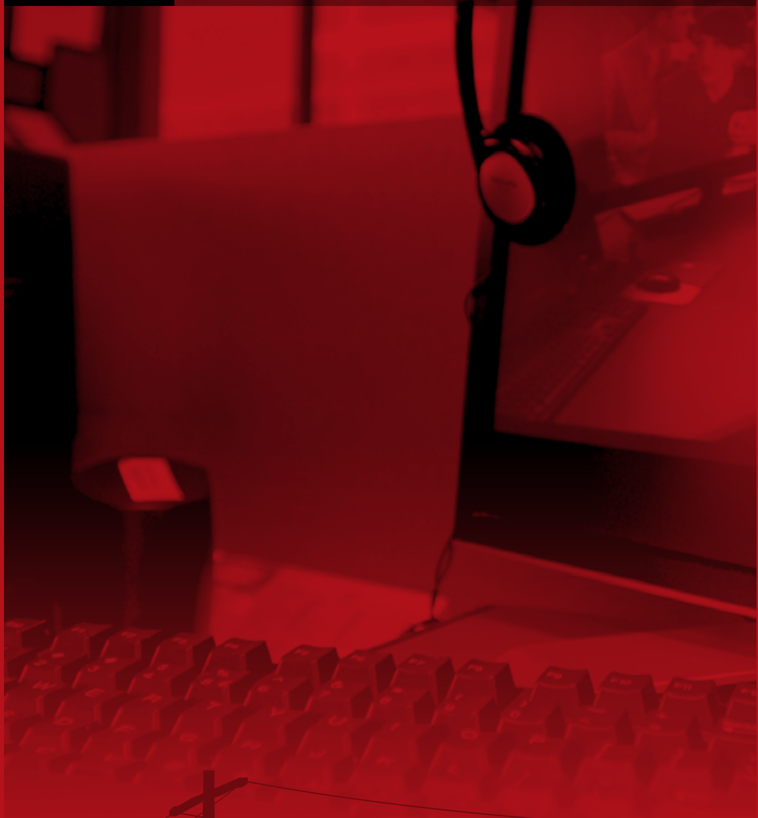
VOTE 27 *Communications*



National Treasury

BUDGET 2012

ESTIMATES OF NATIONAL EXPENDITURE

national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Estimates of National Expenditure

2012

National Treasury

Republic of South Africa

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The Estimates of National Expenditure 2012 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za.

Compared to the abridged version of the Estimates of National Expenditure, these publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

Foreword

The current global economic context is characterised by high levels of uncertainty. Against this backdrop, South Africa's development depends largely on government improving its level and quality of service delivery in support of the inclusive and equitable economic roadmap, as contained in the new growth path. The 2012 Budget is an important tool of government for giving effect to these objectives, and this Budget allocates resources to specific interventions that will be actioned over the period of the medium term expenditure framework (MTEF). Growth in spending focuses particularly on infrastructure development, job creation, enterprise support and the enhancement of local government delivery.

South Africa's fiscal stance and public spending programmes are focused on long term structural transformation. Over the next three years of the MTEF period, government priorities will continue to be realised within a sustainable fiscal trajectory, which balances current needs with intergenerational equity. In line with this, spending baselines have undergone rigorous review, areas of inefficiency and lower priority have been identified, and funds have been redirected towards government's key priorities, both new and existing. This has been done in recognition of the relationship between the composition of spending and fiscal sustainability over the long term. Here, the balance between consumption and investment is extremely important. Even the distribution of consumption spending between wages, goods and services and transfers is significant, as is the balance between the functional categories expenditure (such as education, health and economic services). Underspending on key priorities undermines the aims of the spending proposed within MTEF Budgets.

Since introducing the functional approach to budget decision-making in 2009, transparency and coordination in budgeting has been enhanced, largely due to the participation by the stakeholders responsible for delivery across all spheres of government. South African budget reforms, especially the intensified focus on budget trade-offs and the composition of expenditure, will lead to greater accountability and improved control.

It is not enough to demonstrate a change in the composition of budgeted expenditure; nor is it enough to pinpoint the specific actions required and proposed within the Budget. Success will only be achieved when we can demonstrate that a shift in the composition of actual expenditure has taken place, together with the achievement of improved delivery targets.

This year, the layout of this publication has been altered substantially. The focus is on linking more closely expenditure planned with targeted performance. Specific focus is on the outcomes to which institutions contribute and the output and other performance measures supporting them. The sections covering employee numbers, personnel budgets and the purpose and key activities of each subprogramme within a vote are now more prominent, giving expression to the budget and service delivery. This publication still indicates details per vote of the allocation of new monies, monies reprioritised between or within budget programmes, and Cabinet approved budget reductions over the period ahead. Compared to the abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included, containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

The expenditure estimates of departments are the outcome of a rigorous administrative and executive process. Treasury budget analysts, under the guidance of the Ministers' Committee on the Budget, follow a wide-ranging intergovernmental consultative process, working closely with the policy and budget teams of departments and entities to ensure that government priorities are appropriately funded within the available resource envelope. The Treasury is grateful for the contribution of these teams. Appreciation is also due to the people in the Treasury team, who worked with great diligence to produce a high quality document that provides a comprehensive account of government's spending and performance plans.

Lungisa Fuzile
Director General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure publications are important accountability documents, which set out the details in relation to planned expenditure and planned performance at the time of the tabling of the Budget. Estimates of National Expenditure publications continue to make a significant contribution to the changes relating to budgeting by programme. As part of these ongoing efforts, several changes have been made to the 2012 Estimates of National Expenditure publications. Departments still provide information on the key objectives of each subprogramme within a programme, and note the activities carried out, the number of personnel responsible for undertaking these activities and the funding allocations supporting this. This year in the 2012 publications, information on expenditure and performance is more closely linked under the ’expenditure trends’ section, with a brief discussion on the impact of budget allocations on the achievement of outputs over the seven-year period. In addition, an explanation of the personnel trends, per programme by salary level, over the seven years in relation to compensation of employees has also been included. Finally, information on Cabinet approved cost reduction measures and other budget reprioritisation has been included per programme.

The 2012 abridged Estimates of National Expenditure publication, and the separate Estimates of National Expenditure e-publications for each vote are the product of an extensive consultative review process of budgets and policy, and policy implementation by programme, and include the latest improvements in non-financial performance information. These publications provide the details of the spending estimates for the next three financial years (2012/13 to 2014/15), expenditure outcomes for the past three years (2008/09 to 2010/11) and revised estimates for the current financial year (2011/12). Information is provided on performance targets over the seven year period as well as changes in these, as they relate to trends in planned expenditure.

The e-publications for individual votes contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

A consolidated account, summarising the Estimates of National Expenditure publication information across votes, is provided in the form of a narrative and summary tables in the Introduction chapter, which is included in the front pages of the abridged version of the Estimates of National Expenditure. A write-up containing the explanation of the information that is contained in each section of the publications has also been included in the abridged version of the Estimates of National Expenditure. Like the separate Estimates of National Expenditure e-publications for each vote, the abridged Estimates of National Expenditure publication is also available on www.treasury.gov.za.

Communications

National Treasury

Republic of South Africa

Contents

Vote 27

Communications

Budget summary

	2012/13				2013/14	2014/15
R thousand	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	152 596	151 289	236	1 071	159 066	169 299
ICT International Affairs and Trade	38 046	33 652	3 885	509	38 370	39 762
ICT Policy Development	88 650	69 494	18 381	775	86 598	94 854
ICT Enterprise Development	1 122 855	14 029	1 107 934	892	1 319 436	1 173 733
ICT Infrastructure Development	280 240	177 678	1 500	101 062	308 353	411 993
Presidential National Commission	29 952	29 370	–	582	30 489	34 373
Total expenditure estimates	**1 712 339**	**475 512**	**1 131 936**	**104 891**	**1 942 312**	**1 924 014**
Executive authority	Minister of Communications					
Accounting officer	Director General of Communications					
Website address	www.doc.gov.za					

Aim

Develop information and communication technology (ICT) policies and legislation that create favourable conditions for accelerated and shared sustainable economic growth that positively impacts on the wellbeing of all South Africans.

Programme purposes

Programme 1: Administration

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

Programme 2: ICT 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: ICT 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: ICT 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: ICT 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: 2008/09 – 2014/15

The Department of Communications develops and implements ICT policy interventions that create an enabling environment to promote social and economic development within the country. In accordance with the outcomes based performance management framework adopted by government, the department contributes to the development of an efficient, competitive and responsive economic infrastructure network (outcome 6) by developing ICT policies and legislation as well as overseeing the operation of public entities within the sector.

Recent progress and achievements

Changes in the policy and legislative framework

As part of its efforts to grow the ICT sector in South Africa, the department drafted and published the Public Service Broadcasting Bill in 2009 and the South African Post Office Bill in 2010. The South African Postbank Limited Act (2010) was promulgated in December 2010 and aims to provide access to affordable banking services to historically marginalised communities. The department intends to introduce the Electronic Communication Amendment Bill and the Independent Communication Authority of South Africa Bill by March 2012.

The department's policies and programmes have contributed to an improvement in the cost, quality, availability and use of ICT across the country. The cost of communication has declined in both the mobile telephony and fixed line markets. The wholesale interconnection rate-per-minute for mobile phones declined by 18 per cent (73 cents) whereas per minute cost of fixed line phones (public access) decreased by 5 per cent (40 cents) in 2010/11. The department will finalise the cyber security policy over the medium term.

Expanding access to ICT

The department facilitates universal access to ICT networks and applications for all schools, health centres and government centres. In 2010/11, 375 out of 500 Dinaledi schools were connected and the remaining 125 schools will be connected by the end of March 2012. Furthermore, the department had developed and approved the draft ICT rural development strategy to promote access to ICT services in rural areas and spur economic development and job creation in these areas.

Promoting cooperation on ICT issues with Africa and the rest of the world

The department has supported the African Agenda through active participation and implementation of African multilateral and bilateral ICT programmes. Bilateral engagements with Egypt, Angola, Algeria, Mozambique and Ghana have been held on a regular basis since 2008/09. The department has also pursued national and African interests at global forums by coordinating the participation of the South Africa government in specialized ICT agencies and developing position papers to influence key debates. The department has participated in forums on the transition from analogue to digital broadcasting under the auspices of the International Telecommunications Union, the African Union and Southern African Development Community (SADC) in 2011/12.

Migrating to digital broadcasting

The department has submitted the set top box manufacturing sector development strategy, the subsidy scheme for set top boxes for poor households that own televisions, as well as the local and digital content development strategy to Cabinet for approval in 2011/12, to support the migration to digital broadcasting.

Using ICT to advance cultural and heritage objectives

A departmental project has been initiated to capture provincial heritage content in the cultural heritage digital repository. As part of this project, 251 youth were trained to collect and digitise content and 25 stories were collected in various provinces. The Thabo Mofutsanyane documentary was also finalised and launched.

Additionally, the national digital repository portal was adapted to accommodate the military veterans' content, and military veterans were identified and trained. The database of trained military veterans is now available.

Strategic priorities over the medium term

Expanding access to broadband

Over the medium term, the department will develop a national broadband strategy and national broadband implementation plan, which will focus on underserved and rural areas. Government initiatives relating to broadband will be coordinated through the broadband intergovernmental implementation committee, ensuring uniformity in the rollout across the provinces and municipalities.

Improving cyber security

The department will have presented a cyber security policy to Cabinet by March 2012, which is scheduled for implementation by March 2013. The policy focuses on building institutional framework and capacity necessary for mitigating any threats to the ICT environment.

Promoting affordable and accessible financial services

In an effort to provide a wider range of affordable and accessible financial services for the unbanked, the department will expedite the rollout of the Postbank centres or outlets throughout the country, and the department will monitor the implementation of the lending, borrowing and investment policies of Postbank as required by section 26(2) of the South African Postbank Limited Act (2011).

Building ICT skills within the economy

The e-Skills Institute serves as a national catalyst to deliver e-skills for the development of an information society and knowledge based economy within the country. Over the medium term, the institute will coordinate existing and new initiatives around e-skills across business, government and education, and labour and global development civil society partners. The department is currently incubating the institute for a period of two years and intends turning it into a completely developed institution in 2013.

Prioritising ICT development in rural areas

Once the strategy is approved, the department will draft the ICT rural development implementation plan which will focus on connecting schools and health and government facilities, rolling out low power transmitters for television and radio coverage, developing digital hubs and telecentres, and building capacity within rural areas to use ICT.

Creating opportunities within the ICT sector

Over the medium term, job opportunities within the ICT sector are likely to emanate from infrastructure development, manufacturing, creative industries and SMME development. To promote job opportunities within the sector, the department has established several platforms through which job creation can be prioritised, including the information society and development multi-stakeholder forum as well as the ICT industry forum. The department also facilitates linkages between ICT SMMEs and the top 30 ICT companies to ensure their long term sustainability hence promoting job creation.

Selected performance indicators

Table 27.1 Communications

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of broadband penetration per year	Information and Communication Technology Infrastructure Development	–	–	2%	4%	7%	10%	15%
Number of Dinaledi schools connected to the internet per year[1]	Information and Communication Technology Infrastructure Development	–	–	375	125	–	–	–
Percentage household coverage of digital television transmission infrastructure per year[2]	Information and Communication Technology Infrastructure Development	–	–	60%	70%	80%	96%	–

Table 27.1 Communications (continued)

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Rand reduction in per minute cost of mobile phones (wholesale interconnection rate per minute) per year	Information and Communication Technology Policy Development	–	–	R0.89	0.73	R0.56	R0.40	R0.40
Rand reduction in per minute cost for fixed line (public access) phones per year	Information and Communication Technology Policy Development	–	–	R0.21	R0.20	R0.15	R0.12	R0.12
Number of community radio stations provided with broadcasting infrastructure per year	Information and Communication Technology Policy Development	35	39	15	7	5	5	5
Number of ICT position papers developed for international engagements per year	Information and Communication Technology International Affairs and Trade	8	5	8	5	5	5	5
Number of young people participating in the national youth information society and development programme per year	Presidential National Commission	2 120	502	944	500	500	500	500
Number of e-cooperatives established to increase entry of youth owned small enterprises into the ICT sector per year	Presidential National Commission	96	71	40	20	60	60	–
Number of provinces for which provincial cultural heritage content is captured in the national digital repository per year	Presidential National Commission	–	–	4	4	3	2	–
Number of ICT SMME hubs created in each province per year[3]	Information and Communication Technology Enterprise Development	–	–	0	2	2	2	2
Number of jobs created through ICT related projects per year	Finance and ICT Enterprise Development Presidential National Commission	–	–	–	0 (0%)	17322 (20%)	34 644 (40%)	34644 (40%)

1. Project was completed, as the target of 500 Dineladi schools connected to the internet was reached.
2. 100 per cent terrestrial coverage is difficult to achieve in practice.
3. The target for the creation of ICT hubs in provinces was not achieved, largely due to a lack of capacity.

Expenditure estimates

Table 27.2 Communications

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Administration	147 431	163 200	145 615	149 685	149 685	152 596	159 066	169 299
ICT International Affairs and Trade	53 479	44 600	35 223	41 390	41 390	38 046	38 370	39 762
ICT Policy Development	71 491	70 112	89 712	95 739	95 739	88 650	86 598	94 854
ICT Enterprise Development	1 918 413	1 923 635	1 083 604	1 399 316	1 399 316	1 122 855	1 319 436	1 173 733
ICT Infrastructure Development	94 849	74 787	44 843	282 044	282 044	280 240	308 353	411 993
Presidential National Commission	42 948	25 578	27 480	34 691	34 691	29 952	30 489	34 373
Total	**2 328 611**	**2 301 912**	**1 426 477**	**2 002 865**	**2 002 865**	**1 712 339**	**1 942 312**	**1 924 014**
Change to 2011 Budget estimate				113 753	113 753	(9 366)	90 631	19 178
Economic classification								
Current payments	**377 243**	**432 026**	**321 044**	**589 090**	**589 090**	**475 512**	**483 252**	**524 841**
Compensation of employees	107 953	129 595	145 082	173 213	173 213	182 875	191 967	203 706
Goods and services	269 290	302 401	175 646	415 877	415 877	292 637	291 285	321 135
of which:								
Administrative fees	*9 228*	*1 371*	*977*	*1 888*	*1 888*	*1 961*	*2 059*	*2 188*
Advertising	*19 854*	*13 849*	*7 389*	*12 343*	*12 343*	*11 345*	*10 254*	*11 829*

Table 27.2 Communications (continued)

R thousand	Audited outcome 2008/09	Audited outcome 2009/10	Audited outcome 2010/11	Adjusted appropriation 2011/12	Revised estimate 2011/12	Medium-term expenditure estimate 2012/13	Medium-term expenditure estimate 2013/14	Medium-term expenditure estimate 2014/15
Economic classification								
Current payments								
Assets less than the capitalisation threshold	*1 516*	*913*	*567*	*6 120*	*6 120*	*5 832*	*5 739*	*6 361*
Audit cost: External	*1 457*	*6 517*	*3 304*	*2 240*	*2 240*	*2 243*	*2 171*	*2 619*
Bursaries: Employees	*200*	*315*	*374*	*859*	*859*	*698*	*772*	*884*
Catering: Departmental activities	*2 868*	*2 781*	*1 546*	*2 542*	*2 542*	*1 731*	*1 612*	*1 877*
Communication	*6 279*	*8 077*	*5 907*	*6 843*	*6 843*	*6 870*	*6 674*	*7 370*
Computer services	*3 657*	*2 499*	*6 102*	*4 755*	*4 755*	*2 295*	*2 406*	*3 889*
Consultants and professional services: Business and advisory services	*50 839*	*42 063*	*34 638*	*125 751*	*125 751*	*104 613*	*104 638*	*114 662*
Consultants and professional services: Infrastructure and planning	*23*	*–*	*–*	*85 100*	*85 100*	*263*	*110*	*117*
Consultants and professional services: Legal costs	*2 276*	*607*	*3 329*	*2 457*	*2 457*	*2 310*	*2 429*	*2 475*
Contractors	*35 154*	*86 832*	*4 412*	*16 774*	*16 774*	*17 213*	*17 176*	*19 102*
Agency and support / outsourced services	*19 158*	*21 960*	*1 644*	*27 419*	*27 419*	*26 248*	*27 691*	*29 354*
Entertainment	*149*	*145*	*110*	*466*	*466*	*478*	*504*	*532*
Fleet services (including government motor transport)	*–*	*–*	*657*	*451*	*451*	*474*	*498*	*528*
Inventory: Fuel, oil and gas	*431*	*512*	*51*	*15*	*15*	*16*	*17*	*18*
Inventory: Materials and supplies	*14*	*13*	*13*	*30*	*30*	*31*	*33*	*34*
Inventory: Medical supplies	*1*	*2*	*5*	*22*	*22*	*23*	*24*	*25*
Inventory: Other consumables	*83*	*233*	*103*	*335*	*335*	*297*	*229*	*242*
Inventory: Stationery and printing	*6 117*	*6 833*	*4 882*	*7 780*	*7 780*	*7 733*	*7 602*	*8 449*
Lease payments	*24 972*	*33 991*	*41 226*	*28 964*	*28 964*	*30 961*	*31 382*	*33 626*
Property payments	*10 599*	*11 622*	*10 605*	*12 080*	*12 080*	*12 584*	*12 423*	*13 323*
Transport provided: Departmental activity	*–*	*–*	*–*	*1 062*	*1 062*	*761*	*800*	*848*
Travel and subsistence	*41 467*	*27 545*	*25 534*	*32 647*	*32 647*	*23 804*	*22 946*	*26 381*
Training and development	*10 945*	*5 835*	*4 400*	*8 216*	*8 216*	*8 154*	*7 454*	*8 634*
Operating expenditure	*2 120*	*22 989*	*15 103*	*17 445*	*17 445*	*17 101*	*17 506*	*18 448*
Venues and facilities	*19 883*	*4 897*	*2 768*	*11 273*	*11 273*	*6 598*	*6 136*	*7 320*
Interest and rent on land	–	30	316	–	–	–	–	–
Transfers and subsidies	**1 938 461**	**1 859 612**	**1 102 325**	**1 409 516**	**1 409 516**	**1 131 936**	**1 328 898**	**1 183 704**
Provinces and municipalities	6	105	6	–	–	–	–	–
Departmental agencies and accounts	344 977	377 206	430 467	692 674	692 674	759 427	784 375	776 886
Higher education institutions	98	78	–	–	–	–	–	–
Foreign governments and international organisations	9	6	6	–	–	–	–	–
Public corporations and private enterprises	1 390 484	1 477 598	667 973	713 142	713 142	368 624	540 424	402 473
Non-profit institutions	2 824	327	3 723	3 700	3 700	3 885	4 099	4 345
Households	200 063	4 292	150	–	–	–	–	–
Payments for capital assets	**12 786**	**10 192**	**2 400**	**4 259**	**4 259**	**104 891**	**130 162**	**215 469**
Buildings and other fixed structures	–	–	–	–	–	100 000	125 000	210 000
Machinery and equipment	6 660	6 369	2 301	4 259	4 259	4 891	5 162	5 469
Software and other intangible assets	6 126	3 823	99	–	–	–	–	–
Payments for financial assets	**121**	**82**	**708**	**–**	**–**	**–**	**–**	**–**
Total	**2 328 611**	**2 301 912**	**1 426 477**	**2 002 865**	**2 002 865**	**1 712 339**	**1 942 312**	**1 924 014**

Expenditure trends

The spending focus over the medium term will be on expanding access to broadband by implementing the national broadband strategy, enhancing access to digital television for poor households through the provision of a subsidy scheme for set top boxes and accelerating access to ICT by coordinating the participation of the South African government in specialised ICT agencies.

Expenditure decreased from R2.3 billion in 2008/09 to R2 billion in 2011/12, at an average annual rate of 4.9 per cent, due to reduced expenditure in the *ICT Policy Development* and *ICT Enterprise Development* programmes. Spending in the *ICT Policy Development* programme declined as a result of the delays in finalising the digital terrestrial television standards and completing the Telkom ICT access network, while spending in the *ICT Enterprise Development* programme declined as allocations transferred to entities for the development ICT infrastructure for the 2010 FIFA World Cup came to an end.

The *ICT Enterprise Development* programme is the department's largest programme and constitutes 65.6 per cent of total expenditure in 2012/13. Expenditure on consultants increased from R53.1 million to R213.3 million, at an average annual rate of 58.9 per cent. Consultants were used for infrastructure planning and to establish and operate the 112 call centre. Over the medium term, expenditure on consultants is expected to decrease to R117.3 million, at an average annual rate of 18.1 per cent, as the 112 call centre becomes fully capacitated and operational.

Transfers and subsidies decreased from R1.9 billion to R1.4 billion between 2008/09 and 2011/12, at an average annual rate of 10.1 per cent, as transfers made to Telkom and Sentech for the 2010 FIFA World Cup infrastructure came to an end. Between 2008/09 and 2011/12, transfers of R962.7 million were made to the South African Broadcasting Corporation to implement its infrastructure modernisation programme and IT plan. Over the same period, R1.2 billion was transferred to the South African Post Office to meet universal service obligation. Using these funds, the South African Post Office has rolled out 6.2 million addresses and 179 new post offices to communities across South Africa.

Over the medium term, total expenditure is expected to decrease marginally to R1.9 billion, at an average annual rate of 1.3 per cent. This was mainly due to Cabinet approved baseline cuts of R380.4 million, which impacted on transfers to the South African Post Office, Sentech and the National Media Institute of South Africa. Expenditure cuts have also been effected on consultants, travel and subsistence, and venues and facilities.

Allocations over the MTEF period are made available to fund the department's priorities and include:

- R3.6 million in 2012/13, R3.9 million in 2013/14 and R4.4 million in 2014/15 for improved conditions of service
- R141 million in 2014/15 for digital terrestrial television infrastructure
- R76 million in 2013/14 and R62 million in 2014/15 to fund the South African Broadcasting Corporation's digital library and play out centre
- R65 million in 2012/13, R52 million in 2013/14 and R15 million in 2014/5 to fund office equipment and relocation costs for the Independent Communications Authority of South Africa.

Infrastructure spending

R450 million over the 2011 MTEF period was allocated to the department to develop a national broadband strategy that would provide guidance to all role players in the ICT sector, develop a broadband policy for all spheres of government including public entities, and deliver the broadband infrastructure and services to under-serviced and rural areas. The allocation was spread as follows: R100 million in 2011/12, R150 million in 2012/13 and R200 million in 2013/14.

Of the R100 million allocated in 2011/12, R10 million was allocated to develop the national broadband strategy, R5 million for the development of the broadband policy for the three spheres of government including public entities, and R85 million for broadband ICT infrastructure. The allocations of R150 million in 2012/13 and R200 million in 2013/14 are for the delivery of broadband infrastructure and services to under-`serviced and rural areas. However, the R100 million in 2011/12 had not been used to date and, as a result, the allocations for 2012/13 and 2013/14 have been adjusted to make provision for expenditure. These allocations were adjusted as follows: R100 million in 2012/13; R125 million in 2013/14; and R210 million in 2014/15. In the outer year, R85 million efficiency savings were added to the R125 million.

Personnel information

Table 27.3 Details of approved establishment and personnel numbers according to salary level[1]

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Name of funded post	Number of posts additional to the establishment	Actual			Mid-year[2]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	**434**	**427**	**34**	**270**	**303**	**305**	**297**	**439**	**439**	**439**
Salary level 1 – 6	45	45	7	28	36	35	33	51	51	51
Salary level 7 – 10	149	147	15	108	116	118	117	162	162	162
Salary level 11 – 12	104	103	4	58	64	62	60	85	85	85
Salary level 13 – 16	136	132	8	76	87	90	87	141	141	141
Administration	**191**	**184**	**11**	**131**	**141**	**138**	**135**	**167**	**167**	**167**
Salary level 1 – 6	27	27	3	20	24	24	22	29	29	29
Salary level 7 – 10	65	63	6	56	54	56	55	65	65	65
Salary level 11 – 12	49	48	–	24	30	25	25	26	26	26
Salary level 13 – 16	50	46	2	31	33	33	33	47	47	47
ICT International Affairs and Trade	**24**	**24**	**1**	**13**	**14**	**18**	**18**	**25**	**25**	**25**
Salary level 1 – 6	4	4	–	1	1	1	1	3	3	3
Salary level 7 – 10	7	7	1	5	6	8	8	9	9	9
Salary level 11 – 12	1	1	–	1	1	–	–	1	1	1
Salary level 13 – 16	12	12	–	6	6	9	9	12	12	12
ICT Policy Development	**71**	**71**	**10**	**33**	**44**	**52**	**49**	**81**	**81**	**81**
Salary level 1 – 6	5	5	1	–	–	1	1	5	5	5
Salary level 7 – 10	23	23	3	12	17	19	19	26	26	26
Salary level 11 – 12	19	19	2	13	12	15	13	21	21	21
Salary level 13 – 16	24	24	4	8	15	17	16	29	29	29
ICT Enterprise Development	**11**	**11**	**–**	**9**	**8**	**7**	**7**	**11**	**11**	**11**
Salary level 1 – 6	–	–	–	–	–	–	–	–	–	–
Salary level 7 – 10	4	4	–	4	4	3	3	4	4	4
Salary level 11 – 12	1	1	–	–	–	–	–	1	1	1
Salary level 13 – 16	6	6	–	5	4	4	4	6	6	6
ICT Infrastructure Development	**79**	**79**	**11**	**51**	**61**	**54**	**52**	**90**	**90**	**90**
Salary level 1 – 6	5	5	2	4	7	5	5	9	9	9
Salary level 7 – 10	32	32	5	19	25	22	21	35	35	35
Salary level 11 – 12	20	20	2	11	11	12	12	22	22	22
Salary level 13 – 16	22	22	2	17	18	15	14	24	24	24
Presidential National Commission	**58**	**58**	**1**	**33**	**35**	**36**	**36**	**65**	**65**	**65**
Salary level 1 – 6	4	4	1	3	4	4	4	5	5	5
Salary level 7 – 10	18	18	–	12	10	10	11	23	23	23
Salary level 11 – 12	14	14	–	9	10	10	10	14	14	14
Salary level 13 – 16	22	22	–	9	11	12	11	23	23	23

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.
2. As at 30 September 2011.

The department had an establishment of 434 posts. The number of filled posts grew from 270 in 2008/09 to 305 in 2010/11 due to the organisational restructuring and the lifting of the moratorium on appointments which had been imposed since 2009/10. Over the MTEF period, filled posts are expected to increase to 439, due to the department's revised organisational structure as approved by the Department of Public Service and Administration in August 2011.

As at 30 September 2011, the department's vacancy rate stood at 29.7 per cent, with 40.4 per cent of these vacancies falling between salary level 11 and 12. The vacancy rate within the senior management service was 33.8 per cent.

Departmental receipts

Table 27.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	**3 520 122**	**1 344 790**	**1 528 347**	**1 424 527**	**2 320 815**	**2 376 490**	**2 495 292**	**2 621 725**
Sales of goods and services produced by department	**2 148 962**	**871 878**	**531 258**	**541 835**	**899 764**	**884 403**	**928 615**	**975 042**
Sales by market establishments	–	–	70	107	80	83	87	91
of which:								
Rent received	*–*	*–*	*70*	*107*	*80*	*83*	*87*	*91*
Administration fees	2 124 092	844 661	505 225	520 567	874 210	857 571	900 449	945 471
of which:								
Cellular network licence fees	*1 813 354*	*481 096*	*287 439*	*188 400*	*1 075*	*1 129*	*1 185*	*1 244*
Crytography law annual fees	*3*	*3*	*5*	*3*	*3*	*3*	*3*	*3*
Private radio stations licences	*254 412*	*202 159*	*109 144*	*204 738*	*372 363*	*390 981*	*410 530*	*431 057*
Private television licences	*22 837*	*130 452*	*91 322*	*11 951*	*116 575*	*122 404*	*128 524*	*134 950*
Telecommunication service licences	*33 486*	*30 951*	*17 315*	*115 475*	*384 194*	*343 054*	*360 207*	*378 217*
Other sales	24 870	27 217	25 963	21 161	25 474	26 749	28 079	29 480
of which:								
Commission on insurance	*22*	*25*	*31*	*28*	*29*	*29*	*30*	*35*
Post office licence fees	*17 479*	*18 291*	*18 325*	*19 119*	*19 119*	*20 075*	*21 078*	*22 132*
Telephone equipment licences	*7 306*	*8 874*	*7 356*	*1 920*	*6 203*	*6 513*	*6 839*	*7 181*
Unreserved postal service fees	*42*	*27*	*172*	*69*	*102*	*107*	*107*	*107*
Other	*21*	*–*	*79*	*25*	*21*	*25*	*25*	*25*
Transfers received	**–**	**2 340**	**86**	**15**	**15**	**–**	**–**	**–**
Interest, dividends and rent on land	**1 370 204**	**469 777**	**996 294**	**882 467**	**1 420 781**	**1 491 820**	**1 566 410**	**1 646 402**
Interest	3 690	3 920	2 466	2 515	2 405	2 525	2 651	4 455
Dividends	1 366 514	465 857	993 828	879 952	1 418 376	1 489 295	1 563 759	1 641 947
of which:								
Telkom dividend	*1 366 514*	*238 105*	*258 810*	*300 219*	*300 219*	*315 230*	*330 991*	*347 541*
Vodacom dividend	*–*	*227 752*	*735 018*	*579 733*	*1 118 157*	*1 174 065*	*1 232 768*	*1 294 406*
Sales of capital assets	**297**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transactions in financial assets and liabilities	**659**	**795**	**709**	**210**	**255**	**267**	**267**	**281**
Extraordinary receipts	**–**	**4 481 173**	**366 509**	**5 351**	**8 118**	**8 118**	**5 000**	**5 000**
of which:								
Proceeds from sale of Telkom's share in Vodacom	*–*	*3 933 903*	*–*	*–*	*–*	*–*	*–*	*–*
Special dividends from Telkom	*–*	*538 323*	*362 333*	*–*	*–*	*–*	*–*	*–*
Departmental agencies and accounts	*–*	*8 947*	*4 176*	*5 351*	*8 118*	*8 118*	*5 000*	*5 000*
Total	**3 520 122**	**5 825 963**	**1 894 856**	**1 429 878**	**2 328 933**	**2 384 608**	**2 500 292**	**2 626 725**

Revenue is mainly derived from administrative fees collected by the Independent Communications Authority of South Africa, fees received from the South African Post Office and dividends from the government's shareholding interest in Telkom. Revenue decreased from R3.5 billion in 2008/09 to R2.3 billion in 2011/12, at an average annual rate of 12.9 per cent, due to the reduced collection of cellular network licence fees. Over the medium term, revenue is expected to increase to R2.6 billion, at an average annual rate of 4.1 per cent, due to an expected improvement in the economy outlook.

Programme 1: Administration

Expenditure estimates

Table 27.5 Administration

Subprogramme				**Adjusted**			
	Audited outcome			**appropriation**	**Medium-term expenditure estimate**		
R thousand	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Ministry	2 891	3 047	3 318	3 494	3 669	3 871	4 103
Departmental Management	44 682	33 266	34 147	36 443	34 797	36 829	38 922
Internal Audit	1 560	1 679	3 374	3 858	3 557	3 735	4 510
Corporate Services	48 209	50 898	41 078	43 265	43 909	46 344	49 078
Financial Management	45 840	68 117	50 609	55 239	58 856	60 050	63 955
Office Accomodation	4 249	6 193	13 089	7 386	7 808	8 237	8 731
Total	**147 431**	**163 200**	**145 615**	**149 685**	**152 596**	**159 066**	**169 299**
Change to 2011 Budget estimate				1 180	(5 019)	(6 433)	(3 130)
Economic classification							
Current payments	**143 932**	**157 761**	**143 636**	**148 443**	**151 289**	**157 695**	**167 846**
Compensation of employees	46 969	53 037	54 627	70 809	74 486	78 114	82 801
Goods and services	96 963	104 724	88 693	77 634	76 803	79 581	85 045
of which:							
Administrative fees	*1 881*	*753*	*442*	*1 045*	*1 098*	*1 153*	*1 223*
Advertising	*8 258*	*7 298*	*3 625*	*4 470*	*4 695*	*4 906*	*5 323*
Assets less than the capitalisation threshold	*703*	*449*	*253*	*2 208*	*2 219*	*2 335*	*2 582*
Audit cost: External	*1 457*	*3 594*	*3 174*	*2 240*	*2 243*	*2 171*	*2 619*
Bursaries: Employees	*3*	*28*	*128*	*235*	*152*	*197*	*275*
Catering: Departmental activities	*1 617*	*955*	*624*	*658*	*690*	*724*	*768*
Communication	*2 794*	*2 873*	*2 345*	*2 062*	*2 115*	*2 215*	*2 409*
Computer services	*564*	*815*	*204*	*65*	*69*	*73*	*77*
Consultants and professional services: Business and advisory services	*3 885*	*24 674*	*8 206*	*4 870*	*3 478*	*3 905*	*4 358*
Consultants and professional services: Infrastructure and planning	*23*	*–*	*–*	*100*	*105*	*110*	*117*
Consultants and professional services: Legal costs	*2 184*	*567*	*3 027*	*1 780*	*1 869*	*1 964*	*1 982*
Contractors	*10 017*	*3 942*	*2 412*	*2 334*	*2 251*	*2 459*	*2 527*
Agency and support / outsourced services	*662*	*312*	*6*	*200*	*210*	*221*	*234*
Entertainment	*78*	*68*	*51*	*241*	*254*	*267*	*282*
Fleet services (including government motor transport)	*–*	*–*	*657*	*451*	*474*	*498*	*528*
Inventory: Fuel, oil and gas	*395*	*446*	*15*	*15*	*16*	*17*	*18*
Inventory: Materials and supplies	*9*	*7*	*9*	*4*	*4*	*4*	*4*
Inventory: Medical supplies	*1*	*2*	*1*	*22*	*23*	*24*	*25*
Inventory: Other consumables	*50*	*203*	*85*	*132*	*139*	*146*	*154*
Inventory: Stationery and printing	*4 097*	*4 391*	*3 244*	*3 115*	*3 273*	*3 436*	*3 641*
Lease payments	*21 347*	*29 700*	*38 822*	*24 408*	*26 519*	*27 188*	*28 742*
Property payments	*9 562*	*8 940*	*8 211*	*10 461*	*10 904*	*10 651*	*11 444*

Table 27.5 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments							
Transport provided: Departmental activity	*–*	*–*	*–*	*543*	*570*	*598*	*634*
Travel and subsistence	*17 083*	*10 609*	*11 063*	*9 451*	*7 681*	*8 424*	*8 749*
Training and development	*2 207*	*2 410*	*510*	*2 589*	*2 619*	*2 755*	*3 027*
Operating expenditure	*475*	*218*	*626*	*591*	*621*	*652*	*691*
Venues and facilities	*7 611*	*1 470*	*953*	*3 344*	*2 512*	*2 488*	*2 612*
Interest and rent on land	–	–	316	–	–	–	–
Transfers and subsidies	**582**	**377**	**353**	**225**	**236**	**249**	**264**
Provinces and municipalities	6	104	6	–	–	–	–
Departmental agencies and accounts	113	118	125	225	236	249	264
Higher education institutions	98	–	–	–	–	–	–
Foreign governments and international organisations	7	3	6	–	–	–	–
Public corporations and private enterprises	–	125	78	–	–	–	–
Non-profit institutions	324	–	–	–	–	–	–
Households	34	27	138	–	–	–	–
Payments for capital assets	**2 796**	**4 980**	**918**	**1 017**	**1 071**	**1 122**	**1 189**
Machinery and equipment	2 577	4 980	918	1 017	1 071	1 122	1 189
Software and other intangible assets	219	–	–	–	–	–	–
Payments for financial assets	**121**	**82**	**708**	**–**	**–**	**–**	**–**
Total	**147 431**	**163 200**	**145 615**	**149 685**	**152 596**	**159 066**	**169 299**
Details of transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial agencies and funds							
Current	**6**	**100**	**–**	**–**	**–**	**–**	**–**
Provinces and municipalities	6	100	–	–	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**113**	**118**	**125**	**225**	**236**	**249**	**264**
Information Systems, Electronics and Communication Technologies Authority	113	118	125	225	236	249	264
Foreign governments and international organisations							
Current	**7**	**3**	**6**	**–**	**–**	**–**	**–**
Foreign Government and International Organisations	7	3	6	–	–	–	–
Non-profit institutions							
Current	**324**	**–**	**–**	**–**	**–**	**–**	**–**
Non-profit institution	324	–	–	–	–	–	–
Households							
Other transfers to households							
Current	**34**	**27**	**138**	**–**	**–**	**–**	**–**
Households	34	13	138	–	–	–	–
Natural House of Traditional Leaders	–	14	–	–	–	–	–
Higher education institutions							
Current	**98**	**–**	**–**	**–**	**–**	**–**	**–**
ICT Performance for FET Colleges	98	–	–	–	–	–	–

Table 27.5 Administration (continued)

R thousand	Audited outcome 2008/09	2009/10	2010/11	Adjusted appropriation 2011/12	Medium-term expenditure estimate 2012/13	2013/14	2014/15
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal agencies and funds							
Current	**–**	**4**	**6**	**–**	**–**	**–**	**–**
Vehicle licences	–	4	–	–	–	–	–
Provinces and municipalities	–	–	6	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	**–**	**125**	**78**	**–**	**–**	**–**	**–**
Public Corporations and Private Enterprise	–	125	–	–	–	–	–
Mohlaba and Moshoana	–	–	78	–	–	–	–

Expenditure trends

Expenditure increased marginally from R147.4 million in 2008/09 to R149.7 million in 2011/12, at an average annual rate of 0.5 per cent, due to the deferment of certain projects in 2009/10 in anticipation of the completion of the organisational review undertaken by the department. Over the medium term, expenditure is expected to increase to R169.3 million, at an average annual rate of 4.2 per cent. This growth is attributed to the provision for inflation related increases across all subprogrammes.

Expenditure on compensation of employees increased from R47 million in 2008/09 to R70.8 million in 2011/12, at an average annual rate of 14.7 per cent, due to an increase in staff in the internal audit function and inflationary adjustments. Over the same period, expenditure on goods and services declined from R97 million to R77.6 million, at an average annual rate of 7.1 per cent, due to expenditure cuts on catering, computer services and outsourced services. Between 2011/12 and 2014/15, expenditure on compensation of employees is expected to increase to R82.8 million, at an average annual rate of 5.4 per cent, to provide for improved conditions of service, while spending on goods and services is expected to increase to R85 million in 2014/15, at an average annual rate of 3.1 per cent.

Expenditure on consultants increased from R6.1 million in 2008/09 to R6.8 million in 2011/12, at an average annual rate of 3.5 per cent, and is expected to decrease to R6.5 million in 2014/15, at an average annual rate of 1.5 per cent. The increased spending on this item in 2009/10 was due to the appointment of consultants to support the department in conducting an organisational review.

Programme 2: ICT International Affairs and Trade

Objectives and measures

- Support the African agenda through active participation and implementation of multilateral and bilateral ICT programmes to promote development on the continent by:
  - developing bilateral relations with Egypt, Angola, Algeria, Mozambique and Ghana through the formation and implementation of strategic programmes as defined in memorandums of understanding by March 2013
  - preparing and adopting a policy paper aimed at harmonising the ICT policy and regulatory frameworks within the South SADC by March 2013
  - adopting one position paper on best practices for improving broadband infrastructure connectivity, for the African Union ministerial conference on communications and information technology by March 2013.

- Contribute to increasing the ICT skills base in South Africa by facilitating international training and development opportunities in the fields of e-skills and ICT manufacturing with countries of the south and north by March 2013.
- Foster trade and investment opportunities for the ICT sector in South Africa by developing and implementing 2 strategic ICT trade and investment programmes focusing on manufacturing of local set top boxes for export opportunities and the hosting of ICT week and international exhibition by March 2013.

Subprogrammes

- *International Affairs* coordinates the functions and responsibilities of the department to meet South Africa's international ICT. This subprogramme had a staff complement of 19 and a total budget of R18.4 million in 2011/12, of which 44 per cent was used for compensation of employees. In 2011/12, the following were facilitated: the signing of 2 memorandums of understanding with Ghana and with Mozambique, aimed at fostering collaboration on regulators' agreements on ICTs and frequency band coordination; and the programme of action with Algeria and Angola. The department also hosted Lesotho's minister of communications to explore ICT collaborations and signed a joint statement on ICT collaboration. Over the medium term, focus will be on facilitating the implementation of these memorandums of understanding. Expenditure cuts of R950 000 in 2012/13 have been identified in this subprogramme. R3.7 million was transferred to the New Partnership for Africa's Development for the operation of the e-Africa Commission.
- *ICT Trade/Partnerships* develops and advances South Africa's interests in international trade forums through participation in the World Trade Organisation's ICT related initiatives and other international trade agreements, such as South African European Union trade agreement and bilateral agreements with counterpart countries. South Africa's national interests are also promoted on these forums. This subprogramme had a staff complement of 6 and a total budget of R23 million in 2011/12, of which 85 per cent was used for goods and services such as contractors, and travel and subsistence. Over the medium term, the focus will be on promoting the South African ICT industry and identifying niche trade markets, such as the manufacturing of local set top boxes for export opportunities. Expenditure cuts of R450 000 in 2012/13 have been identified.

Expenditure estimates

Table 27.6 ICT International Affairs and Trade

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
International Affairs	15 310	9 096	12 345	18 385	15 991	15 756	16 261
ICT Trade/Partnerships	38 169	35 504	22 878	23 005	22 055	22 614	23 501
Total	**53 479**	**44 600**	**35 223**	**41 390**	**38 046**	**38 370**	**39 762**
Change to 2011 Budget estimate				500	(700)	(1 500)	(2 000)
Economic classification							
Current payments	**50 915**	**44 320**	**31 689**	**37 063**	**33 652**	**33 734**	**34 848**
Compensation of employees	6 706	9 462	10 075	11 219	10 853	10 944	11 627
Goods and services	44 209	34 858	21 614	25 844	22 799	22 790	23 221
of which:							
Administrative fees	*4 097*	*55*	*78*	*40*	*42*	*44*	*46*
Advertising	*605*	*717*	*826*	*394*	*414*	*436*	*362*
Assets less than the capitalisation threshold	*1*	*61*	*8*	*396*	*415*	*236*	*262*
Bursaries: Employees	–	–	–	*63*	*66*	*69*	*73*
Catering: Departmental activities	*314*	*607*	*464*	*494*	*119*	*125*	*133*
Communication	*397*	*1 979*	*496*	*764*	*792*	*834*	*784*
Computer services	*3*	*9*	*6*	–	–	–	–
Consultants and professional services: Business and advisory services	*4 477*	*1 457*	*64*	*555*	*583*	*412*	*437*

Table 27.6 ICT International Affairs and Trade (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments							
Contractors	18 104	1 220	631	575	603	634	571
Agency and support / outsourced services	116	88	–	–	–	–	–
Entertainment	11	9	3	45	47	49	52
Inventory: Fuel, oil and gas	6	18	8	–	–	–	–
Inventory: Materials and supplies	–	–	1	1	1	1	1
Inventory: Other consumables	11	–	2	2	2	2	2
Inventory: Stationery and printing	109	95	204	158	106	112	119
Lease payments	681	1 284	815	252	265	278	295
Property payments	60	10	–	–	–	–	–
Travel and subsistence	8 061	4 433	3 467	4 445	3 074	3 251	3 019
Training and development	12	57	6	79	83	87	92
Operating expenditure	6	22 552	14 401	15 974	15 199	15 245	16 003
Venues and facilities	7 138	207	134	1 607	988	975	970
Transfers and subsidies	**2 500**	**160**	**3 500**	**3 700**	**3 885**	**4 099**	**4 345**
Non-profit institutions	2 500	–	3 500	3 700	3 885	4 099	4 345
Households	–	160	–	–	–	–	–
Payments for capital assets	**64**	**120**	**34**	**627**	**509**	**537**	**569**
Machinery and equipment	64	120	34	627	509	537	569
Total	**53 479**	**44 600**	**35 223**	**41 390**	**38 046**	**38 370**	**39 762**
Details of transfers and subsidies							
Non-profit institutions							
Current	**2 500**	**–**	**3 500**	**3 700**	**3 885**	**4 099**	**4 345**
New Partnership for Africa's Development e-Africa Commission	2 500	–	3 500	3 700	3 885	4 099	4 345
Households							
Other transfers to households							
Current	**–**	**160**	**–**	**–**	**–**	**–**	**–**
Households	–	6	–	–	–	–	–
ICT Trade/Partnerships	–	154	–	–	–	–	–

Expenditure trends

Expenditure decreased from R53.5 million in 2008/09 to R41.4 million in 2011/12, at an average annual rate of 8.2 per cent, due to additional allocations in 2008/09 for hosting the world telecommunications standardisation assembly in October 2008. Over the medium term, expenditure is expected to decrease to R39.8 million, at an average annual rate of 1.3 per cent, due to expenditure cuts effected on goods and services in the *International Affairs* and *ICT Trade/Partnerships* subprogrammes. These cuts are largely derived from budgets for travel and subsistence, and venues and facilities.

Expenditure on compensation of employees increased from R6.7 million in 2008/09 to R11.2 million 2011/12, at an average annual rate of 18.7 per cent, due to increases in the number of employees and inflationary adjustments. Over the same period, transfers and subsidies increased from R2.5 million to R3.7 million at an average annual rate of 14 per cent to support the work of the e-Africa Commission within the New Partnership for Africa's Development. To ensure constructive engagements on the African and global arena in ICT matters, the department prepared 26 ICT position papers between 2008/09 and 2011/12.

Over the medium term, expenditure on compensation of employees is expected to increase marginally to R11.6 million, at an average annual rate of 1.2 per cent, while spending on goods and services is expected to decrease from R25.8 million to R23.2 million, at an average annual rate of 3.5 per cent, due to budget cuts.

Expenditure on consultants decreased from R4.5 million in 2008/09 to R555 000 in 2011/12, at an average annual rate of 50.1 per cent, and is expected to decrease further over the medium term to R437 000, at an average annual rate of 7.7 per cent. The reduction in spending on consultants is attributable to their role in assisting the department to organise the world telecommunications standardisation assembly ending in 2010/11.

Programme 3: ICT Policy Development

Objectives and measures

- Contribute to improving the cost, quality, availability and usage of ICTs across the country by implementing the relevant policies, legislation and regulations to further reduce the cost of mobile telephony by R1.36 per minute by 2014/15.
- Develop, promote and protect national identity by reviewing reports from the South African Broadcasting Corporation on progress with the implementation of the local and digital content development strategy on a quarterly basis.
- Create an enabling environment for the growth of the ICT sector through policy and legislative reform by:
  - publishing the integrated ICT policy including vision 2020 by March 2013
  - tabling the Electronic Communications Amendment Bill, the Independent Communications Authority of South Africa Amendment Bill and the Post and Telecommunications Related Matters Amendment Bill in Parliament by March 2013
  - developing the borrowing, lending and investment policy for Postbank in line with statutory banking requirements by March 2013
  - publishing a draft broadcasting policy to be developed by March 2013
  - submitting the Postal Services Amendment Bill to Cabinet by March 2013.

Subprogrammes

- *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. This subprogramme had a staff complement of 35 and a total budget of R52.4 million in 2011/12, of which 66 per cent was used for goods and services. In 2011/12, this subprogramme facilitated the legislation making process that culminated in the proclamation of the Postbank Act (2010) in July 2011. Over the medium term, a draft memorandum of incorporation will be finalised, which will enable the incorporation of Postbank as a subsidiary of the South African Post Office. Expenditure cuts of R6.6 million in 2012/13 have been made in this subprogramme.
- *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. Market research is also undertaken to explore areas that require policy intervention. This subprogramme had a staff complement of 29 and a total budget of R9.5 million in 2011/12. Ongoing research provides input into key departmental policies, which have contributed to a reduction in the interconnection and mobile termination rates. Expenditure cuts of R250 000 in 2012/13 have been made in this subprogramme.
- *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. This subprogramme had a staff complement of 9 and a total budget of R6.2 million in 2011/12, of which 44 per cent was used for compensation of employees. Expenditure cuts of R250 000 in 2012/13 have been made in this subprogramme.
- *Intergovernmental Relations* advises, coordinates and facilitates intergovernmental relations with all spheres of government in carrying out the departmental mandate. This subprogramme had a staff complement of 16 and a total budget of R10 million in 2011/12, of which 61 per cent was used for compensation of

employees. In 2011/12, the low power transmitters in Tugela Ferry were switched on and an Impendle ICT access centre was opened in KwaZulu-Natal. Provincial structures were also established to implement the intergovernmental relations engagement framework within the ICT sector. Expenditure cuts of R400 000 in 2011/12 were made in this subprogramme.

- *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. This subprogramme had no staff complement and a total budget of R7.7 million in 2011/12, which was transferred in full the South African Broadcasting Corporation. No expenditure cuts in 2012/13 have been made in this subprogramme.
- *South African Broadcasting Corporation: Programme Production* makes transfers to the South African Broadcasting Corporation and other entities for the production of programmes with local content on issues relating to youth, women, children, the disabled, and HIV and AIDS for commercial and community radio stations. This subprogramme had no staff complement and a total budget of R10 million in 2011/12, of which 100 per cent was transferred to the South African Broadcasting Corporation for the production of local content programming. No expenditure cuts in 2012/13 have been made in this subprogramme.

Expenditure estimates

Table 27.7 ICT Policy Development

Subprogramme		Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
ICT Policy Development	39 779	35 210	51 152	52 415	46 694	46 627	50 253
Economic Analysis, Market Modelling and Research	4 129	4 343	5 444	9 464	9 278	8 611	9 835
ICT Uptake and Usage	3 385	4 968	4 207	6 193	4 617	3 565	4 221
Intergovernmental Relations	8 014	7 808	7 059	10 004	9 680	8 403	9 989
South African Broadcasting Corporation: Community radio stations	2 280	12 783	6 850	7 663	8 381	8 842	9 373
South African Broadcasting Corporation: Programme production	13 904	5 000	15 000	10 000	10 000	10 550	11 183
Total	**71 491**	**70 112**	**89 712**	**95 739**	**88 650**	**86 598**	**94 854**
Change to 2011 Budget estimate				1 040	(6 103)	(11 000)	(4 000)
Economic classification							
Current payments	**54 682**	**51 911**	**67 296**	**77 376**	**69 494**	**66 378**	**73 421**
Compensation of employees	17 625	24 084	34 249	33 412	35 252	37 294	39 610
Goods and services	37 057	27 827	33 047	43 964	34 242	29 084	33 811
of which:							
Administrative fees	*179*	*201*	*279*	*553*	*581*	*614*	*651*
Advertising	*10 820*	*5 305*	*1 260*	*4 959*	*3 831*	*3 164*	*3 574*
Assets less than the capitalisation threshold	*135*	*107*	*90*	*685*	*149*	*157*	*166*
Audit cost: External	*–*	*–*	*130*	*–*	*–*	*–*	*–*
Bursaries: Employees	*49*	*82*	*118*	*267*	*280*	*295*	*313*
Catering: Departmental activities	*166*	*731*	*218*	*1 037*	*489*	*324*	*511*
Communication	*1 139*	*1 154*	*1 457*	*2 163*	*2 096*	*1 772*	*2 144*
Computer services	*876*	*11*	*7*	*45*	*47*	*50*	*53*
Consultants and professional services: Business and advisory services	*11 843*	*8 529*	*20 066*	*11 170*	*7 605*	*5 816*	*6 274*
Consultants and professional services: Legal costs	*92*	*–*	*302*	*420*	*441*	*465*	*493*
Contractors	*406*	*675*	*887*	*1 470*	*1 544*	*1 579*	*1 674*
Agency and support / outsourced services	*614*	*6*	*–*	*158*	*166*	*175*	*186*
Entertainment	*28*	*30*	*29*	*108*	*113*	*118*	*125*
Inventory: Materials and supplies	*2*	*1*	*2*	*18*	*19*	*21*	*22*
Inventory: Other consumables	*11*	*17*	*10*	*46*	*48*	*50*	*53*
Inventory: Stationery and printing	*705*	*1 352*	*504*	*2 864*	*2 838*	*2 454*	*2 828*

Table 27.7 ICT Policy Development (continued)

R thousand	Audited outcome 2008/09	2009/10	2010/11	Adjusted appropriation 2011/12	Medium-term expenditure estimate 2012/13	2013/14	2014/15
Economic classification							
Current payments							
Lease payments	*317*	*1 338*	*875*	*2 409*	*2 287*	*1 916*	*2 363*
Property payments	*12*	*250*	*–*	*158*	*166*	*175*	*186*
Transport provided: Departmental activity	*–*	*–*	*–*	*102*	*107*	*113*	*120*
Travel and subsistence	*6 368*	*5 890*	*5 219*	*10 065*	*7 370*	*6 745*	*8 184*
Training and development	*645*	*450*	*298*	*1 403*	*1 479*	*1 023*	*1 486*
Operating expenditure	*1 331*	*102*	*9*	*94*	*99*	*106*	*112*
Venues and facilities	*1 319*	*1 596*	*1 287*	*3 770*	*2 487*	*1 952*	*2 293*
Transfers and subsidies	**16 188**	**17 868**	**22 033**	**17 663**	**18 381**	**19 392**	**20 556**
Higher education institutions	–	78	–	–	–	–	–
Foreign governments and international organisations	2	3	–	–	–	–	–
Public corporations and private enterprises	16 184	17 783	21 853	17 663	18 381	19 392	20 556
Non-profit institutions	–	–	173	–	–	–	–
Households	2	4	7	–	–	–	–
Payments for capital assets	**621**	**333**	**383**	**700**	**775**	**828**	**877**
Machinery and equipment	621	333	383	700	775	828	877
Total	**71 491**	**70 112**	**89 712**	**95 739**	**88 650**	**86 598**	**94 854**
Details of transfers and subsidies							
Foreign governments and international organisations							
Current	**2**	**3**	**–**	**–**	**–**	**–**	**–**
Foreign Government and International Organisation	2	3	–	–	–	–	–
Non-profit institutions							
Current	**–**	**–**	**173**	**–**	**–**	**–**	**–**
Non-profit institutions	–	–	133	–	–	–	–
Eastern Cape Development Corporation	–	–	40	–	–	–	–
Households							
Other transfers to households							
Current	**2**	**4**	**7**	**–**	**–**	**–**	**–**
Households	2	4	7	–	–	–	–
Higher education institutions							
Current	**–**	**78**	**–**	**–**	**–**	**–**	**–**
Universities and technikons	–	78	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	**16 184**	**17 783**	**21 850**	**17 663**	**18 381**	**19 392**	**20 556**
South African Broadcasting Corporation: Community radio stations	2 280	12 783	6 850	7 663	8 381	8 842	9 373
South African Broadcasting Corporation: Programme production	13 904	5 000	15 000	10 000	10 000	10 550	11 183
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	**–**	**–**	**3**	**–**	**–**	**–**	**–**
Public Corporation and Private Enterprises	–	–	3	–	–	–	–

Expenditure trends

Expenditure increased from R71.5 million in 2008/09 to R95.7 million in 2011/12, at an average annual rate of 10.2 per cent, due to allocations for improved conditions of service and additional personnel. Between 2008/09 and 2011/12, the *ICT Policy Development* subprogramme increased from R39.8 million to R52.4 million, at an average annual rate of 9.6 per cent, due to the use of consultants to support the department in the policy and legislation making process. Over the medium term, total expenditure is expected to decrease marginally to R94.9 million, at an average annual rate of 0.3 per cent, due to savings initiatives in the use of business consultants, travel and subsistence, and hiring of external venues and facilities.

Expenditure on compensation of employees increased from R17.6 million in 2008/09 to R33.4 million in 2011/12, at an average annual rate of 23.8 per cent, due to the appointment of additional staff and inflationary adjustments. Over the same period, expenditure on goods and services increased from R37.1 million to R44 million, at an average annual rate of 5.9 per cent. Between 2011/12 and 2014/15, expenditure on compensation of employees is expected to increase to R39.6 million, at an average annual rate of 5.8 per cent, to provide for improved conditions of service, while spending on goods and services is expected to decrease to R33.8 million in 2014/15, at an average annual rate of 8.4 per cent, due to budget cuts.

Spending on consultants decreased from R11.9 million in 2008/09 to R11.6 million in 2010/11 at an average annual rate of 1 per cent, and is expected to decrease further to R6.8 million over the medium term at an average annual rate of 16.4 per cent.

Programme 4: ICT Enterprise Development

Objectives and measures

- Promote good governance and legislative compliance in 2012/13 in all 6 public entities reporting to the department by:
  - quarterly monitoring and reporting on good corporate governance practices
  - continuously monitoring and enforcing compliance with applicable legislation through the analysis of reports by the relevant entities.
- Ensure the effectiveness and efficiency of public entities by assessing strategic and performance plans to ensure alignment with government's outcomes annually.
- Strengthen the performance of public entities in the ICT sector by analysing and reporting on their quarterly and annual performance reports in 2012/13.
- Improve access to and modernise broadcasting services in South Africa through ensuring a smooth transition from analogue to digital broadcasting by:
  - monitoring the implementation of the scheme for ownership support subsidy throughout 2013, through the analysis of regular performance reports from the Universal Service and Access Fund of South Africa
  - monitoring the implementation of the set top boxes manufacturing sector development strategy by March 2013 through the production of regular progress reports for the department.
- Accelerate socioeconomic development through facilitating the growth and development of ICT SMMEs and improving their sustainability by:
  - facilitating 15 ICT business linkages by March 2013
  - promoting the participation of 1 000 SMMEs in the installation of the broadcasting digital migration value chain by March 2013.

Subprogrammes

- *Public Entity Oversight* provides oversight on state owned enterprises by managing government's shareholder interests in public enterprises to support the achievement of national priorities. This subprogramme had a staff complement of 7 and a total budget of R1.4 billion in 2011/12, of which 99.5 per cent was transferred to public entities including the Independent Communications Authority of South Africa, National Electronic Media Institute of South Africa, Universal Service and Access Agency of South Africa, Universal Service and Access Fund of South Africa, South African Post Office, South African

Broadcasting Corporation, Telkom and Sentech. In 2011/12, the department proposed a new structure for the branch that will oversee compliance and ensure alignment between the objectives of entities and strategic outcomes adopted by government. Expenditure cuts of R1.1 million in 2012/13 have been made in this subprogramme.

- *Small Medium and Micro Enterprise Development* facilitates the growth and development of ICT SMMEs. This subprogramme had a staff complement of 4 and a total budget of R7.1 million in 2011/12, of which 47 per cent was used for compensation of employees. In 2011/12, the subprogramme facilitated 25 ICT business linkages for SMMEs. Over the medium term, focus will be on the development of ICT hubs and an ICT portal to facilitate access to business opportunities by SMMEs and promote the involvement of SMMEs in the set top box manufacturing value chain. Expenditure cuts of R1 million in 2012/13 have been made in this subprogramme.

Expenditure estimates

Table 27.8 ICT Enterprise Development

Subprogramme	**Audited outcome**			**Adjusted appropriation**	**Medium-term expenditure estimate**		
R thousand	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Public Entity Oversight	1 916 030	1 918 882	1 079 873	1 392 265	1 114 070	1 310 048	1 163 722
Small Medium and Micro Enterprise Development	2 383	4 753	3 731	7 051	8 785	9 388	10 011
Total	**1 918 413**	**1 923 635**	**1 083 604**	**1 399 316**	**1 122 855**	**1 319 436**	**1 173 733**
Change to 2011 Budget estimate				109 900	62 885	201 193	31 342
Economic classification							
Current payments	**6 333**	**90 782**	**8 723**	**12 624**	**14 029**	**14 920**	**15 875**
Compensation of employees	3 460	3 904	4 240	7 082	7 444	7 853	8 324
Goods and services	2 873	86 878	4 483	5 542	6 585	7 067	7 551
of which:							
Administrative fees	*6*	*4*	*14*	*13*	*64*	*67*	*71*
Advertising	*–*	*3*	*524*	*72*	*161*	*170*	*180*
Assets less than the capitalisation threshold	*35*	*106*	*2*	*42*	*250*	*263*	*279*
Audit cost: External	*–*	*2 923*	*–*	*–*	*–*	*–*	*–*
Bursaries: Employees	*–*	*121*	*9*	*32*	*–*	*–*	*–*
Catering: Departmental activities	*16*	*30*	*20*	*26*	*146*	*154*	*163*
Communication	*133*	*218*	*164*	*216*	*289*	*305*	*323*
Computer services	*1*	*–*	*14*	*–*	*41*	*43*	*46*
Consultants and professional services: Business and advisory services	*2 230*	*2 972*	*2 766*	*1 409*	*3 034*	*3 066*	*3 261*
Consultants and professional services: Legal costs	*–*	*40*	*–*	*–*	*–*	*–*	*–*
Contractors	*–*	*80 003*	*–*	*11*	*7*	*7*	*7*
Agency and support / outsourced services	*–*	*–*	*–*	*2 593*	*410*	*433*	*459*
Entertainment	*6*	*5*	*5*	*43*	*35*	*37*	*39*
Inventory: Other consumables	*2*	*2*	*1*	*–*	*24*	*26*	*28*
Inventory: Stationery and printing	*91*	*69*	*94*	*111*	*250*	*263*	*279*
Lease payments	*27*	*75*	*78*	*74*	*124*	*131*	*139*
Travel and subsistence	*281*	*232*	*694*	*529*	*491*	*518*	*549*
Training and development	*23*	*16*	*98*	*43*	*194*	*205*	*218*
Operating expenditure	*–*	*–*	*–*	*275*	*931*	*1 237*	*1 360*
Venues and facilities	*22*	*59*	*–*	*53*	*134*	*142*	*150*

Table 27.8 ICT Enterprise Development (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	**1 911 664**	**1 832 605**	**1 074 831**	**1 386 428**	**1 107 934**	**1 303 575**	**1 156 861**
Departmental agencies and accounts	337 364	368 588	428 842	690 949	757 691	782 543	774 944
Public corporations and private enterprises	1 374 300	1 459 690	645 987	695 479	350 243	521 032	381 917
Non-profit institutions	–	327	–	–	–	–	–
Households	200 000	4 000	2	–	–	–	–
Payments for capital assets	**416**	**248**	**50**	**264**	**892**	**941**	**997**
Machinery and equipment	416	248	27	264	892	941	997
Software and other intangible assets	–	–	23	–	–	–	–
Total	**1 918 413**	**1 923 635**	**1 083 604**	**1 399 316**	**1 122 855**	**1 319 436**	**1 173 733**
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**337 364**	**368 588**	**428 842**	**690 949**	**757 691**	**782 543**	**774 944**
Independent Communications Authority of South Africa	247 272	269 607	290 923	313 378	389 797	394 661	378 221
National Electronic Media Institute of South Africa	25 303	29 059	32 602	33 473	34 116	35 746	37 859
Universal Service and Access Agency of South Africa	30 208	33 495	66 704	83 168	59 801	63 090	66 876
Universal Service and Access Fund	34 581	36 427	38 613	40 930	43 977	49 046	51 988
Universal Service and Access Fund: Set top box subsidy	–	–	–	220 000	230 000	240 000	240 000
Non-profit institutions							
Current	**–**	**327**	**–**	**–**	**–**	**–**	**–**
Non-profit organisations	–	327	–	–	–	–	–
Households							
Other transfers to households							
Current	**–**	**–**	**2**	**–**	**–**	**–**	**–**
Households	–	–	2	–	–	–	–
Capital	**200 000**	**4 000**	**–**	**–**	**–**	**–**	**–**
Sentech: 2010 FIFA World Cup	200 000	4 000	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	**1224 300**	**1199 671**	**574 987**	**306 579**	**184 409**	**215 728**	**210 112**
South African Post Office	371 600	383 092	306 077	180 442	51 965	–	–
Telkom: 2010 FIFA World Cup	600 000	350 000	–	–	–	–	–
South African Broadcasting Corporation: Digital migration project	–	–	–	–	–	76 000	62 000
South African Broadcasting Corporation: Channel Africa	34 834	36 694	38 896	41 230	43 292	45 673	48 413
South African Broadcasting Corporation: Public broadcaster	217 866	429 885	230 014	84 907	89 152	94 055	99 699
Capital	**150 000**	**260 019**	**71 000**	**388 900**	**165 834**	**305 304**	**171 805**
Sentech: Digitisation	150 000	160 019	71 000	268 900	165 834	305 304	171 805
Sentech: Digital terrestrial television (dual illumination)	–	100 000	–	120 000	–	–	–

Expenditure trends

Expenditure decreased from R1.9 billion in 2008/09 to R1.4 billion in 2011/12, at an average annual rate of 10 per cent due, to a decrease in the transfer to the South African Broadcasting Corporation and the conclusion of the transfer payments to Telkom and Sentech for the 2010 FIFA World Cup ICT infrastructure. Between 2008/09 and 2011/12, significant funding was made available for digitisation to meet government's target of switching off the analogue signal in December 2013. Over this period, R649.9 million was transferred to Sentech for digital migration, and an additional R220 million was allocated for infrastructure modernisation for the entity to run the analogue and digital transmission in parallel during the dual illumination period. Additionally, R962.7 million was transferred to the South African Broadcasting Corporation to implement its infrastructure modernisation programme and IT plan.

Expenditure on compensation of employees increased from R3.5 million in 2008/09 to R7.1 million in 2011/12, at an average annual rate of 27 per cent, due to the recruitment of additional personnel to build capacity within the *Small Medium and Micro Enterprise Development* subprogramme. Over the medium term, spending on this item is expected to increase to R8.3 million, at an average annual rate of 5.5 per cent, to provide for improved conditions of service.

Between 2011/12 and 2014/15, total expenditure is expected to decrease to R1.2 billion, at an average annual rate of 5.7 per cent, as Sentech completes the digital migration process, and transfers to the South African Post Office to meet universal service obligations are terminated. Transfers to departmental agencies and accounts are expected to increase from R690.9 million in 2011/12 to R774.9 million in 2014/15, at an average annual rate of 3.9 per cent, and will be used to strengthen the Independent Communication Authority of South Africa's oversight and regulatory function and for the Universal Service and Access Fund to subsidise set top boxes for digital migration.

Spending on consultants declined from R2.2 million in 2008/09 to R1.4 million in 2011/12, at an average annual rate of 14.2 per cent, as the *Small Medium and Micro Enterprise Development* subprogramme recruited staff and decreased its reliance on consultants to implement SMME development initiatives. Spending on this item is expected to increase to R3.3 million in 2014/15, at an average annual rate of 32.3 per cent, due to the appointments of service providers to identify appropriate places for the establishment of the innovation hubs on ICT.

Programme 5: ICT Infrastructure Development

Objectives and measures

- Increase access to digital broadcasting services in all South African households that own televisions by facilitating and monitoring the infrastructure rollout of digital terrestrial television to achieve coverage of 96 per cent of the population by 2013.
- Support and enable the provision of a multiplicity of ICT applications and services through the modernisation and deployment of the infrastructure by:
  - ensuring the implementation of a national broadband plan to increase household broadband penetration to 15 per cent by 2014/15
  - connecting 1 650 schools by March 2013.
- Increase universal access and services to ICTs by conducting a validation of the usage of the national frequency spectrum from 9 kilohertz in 2012 to 500 megahertz by March 2013.
- Contribute to building confidence and security in the use of ICTs in order to maximise investment in the ICT sector by developing a cyber security implementation plan by March 2013.

Subprogrammes

- *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 frequency spectrum. This subprogramme had a staff complement of 90 and a total budget of R163.1 million in 2011/12, of which 80 per cent was used for goods and services such as ICT broadband universal access and spectrum audit and validation. Expenditure cuts of R58.4 million in 2012/13 have been made in this subprogramme.

- *Meraka Institute* makes transfers to the Meraka Institute to conduct research and develop ICT applications in the national interest. Transfers to the entity ended in 2009/10.
- *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. This subprogramme had no staff complement a total budget of R117.5 million in 2011/12, which was used in full for goods and services such as consultants and contractors to design and operate the 112 emergency call centre. The subprogramme houses the budget for the call centre, which the department outsources. No savings in 2012/13 have been identified in this subprogramme.
- *.za Domain Name Authority* is responsible for administering and managing the .za domain name space. This subprogramme had no staff complement and a total budget of R1.5 million, which was transferred in full for the management of the .za domain name space. No savings in 2012/13 have been identified in this subprogramme.

Expenditure estimates

Table 27.9 ICT Infrastructure Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Applications and Research	64 323	45 242	41 184	163 054	155 370	176 615	272 351
Meraka Institute	6 000	7 000	–	–	–	–	–
112 Emergency Call Centre	23 026	21 045	2 159	117 490	123 370	130 155	137 964
.za Domain Name Authority	1 500	1 500	1 500	1 500	1 500	1 583	1 678
Total	**94 849**	**74 787**	**44 843**	**282 044**	**280 240**	**308 353**	**411 993**
Change to 2011 Budget estimate				1 133	(56 957)	(87 301)	(2 000)
Economic classification							
Current payments	**79 195**	**61 912**	**42 452**	**279 509**	**177 678**	**180 650**	**199 128**
Compensation of employees	22 686	25 408	26 007	32 287	35 493	37 351	39 684
Goods and services	56 509	36 474	16 445	247 222	142 185	143 299	159 444
of which:							
Administrative fees	*–*	*59*	*80*	*47*	*48*	*51*	*54*
Advertising	*100*	*228*	*348*	*1 894*	*1 894*	*1 195*	*1 906*
Assets less than the capitalisation threshold	*284*	*173*	*207*	*2 583*	*2 583*	*2 575*	*2 889*
Bursaries: Employees	*94*	*52*	*66*	*147*	*147*	*155*	*164*
Catering: Departmental activities	*294*	*107*	*15*	*150*	*150*	*158*	*167*
Communication	*1 192*	*1 425*	*1 051*	*1 051*	*892*	*940*	*996*
Computer services	*1 791*	*1 363*	*3 110*	*4 382*	*2 038*	*2 140*	*3 466*
Consultants and professional services: Business and advisory services	*18 831*	*3 920*	*3 011*	*105 356*	*88 053*	*89 939*	*98 621*
Consultants and professional services: Infrastructure and planning	*–*	*–*	*–*	*85 000*	*158*	*–*	*–*
Contractors	*6 035*	*612*	*249*	*12 221*	*12 636*	*12 131*	*13 935*
Agency and support / outsourced services	*16 987*	*21 554*	*1 638*	*24 150*	*25 362*	*26 757*	*28 362*
Entertainment	*23*	*25*	*10*	*22*	*22*	*23*	*24*
Inventory: Fuel, oil and gas	*30*	*48*	*28*	*–*	*–*	*–*	*–*
Inventory: Materials and supplies	*3*	*4*	*–*	*–*	*–*	*–*	*–*
Inventory: Medical supplies	*–*	*–*	*4*	*–*	*–*	*–*	*–*
Inventory: Other consumables	*5*	*8*	*3*	*–*	*–*	*–*	*–*
Inventory: Stationery and printing	*461*	*388*	*519*	*593*	*593*	*626*	*664*
Lease payments	*2 329*	*733*	*270*	*1 121*	*1 151*	*1 215*	*1 288*
Property payments	*964*	*2 422*	*2 358*	*1 461*	*1 514*	*1 597*	*1 693*
Transport provided: Departmental activity	*–*	*–*	*–*	*84*	*84*	*89*	*94*

Table 27.9 ICT Infrastructure Development (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Travel and subsistence	*5 171*	*2 360*	*3 153*	*4 415*	*3 315*	*2 381*	*3 311*
Training and development	*1 103*	*365*	*141*	*1 034*	*1 034*	*791*	*838*
Operating expenditure	*273*	*78*	*67*	*251*	*251*	*266*	*282*
Venues and facilities	*539*	*550*	*117*	*1 260*	*260*	*270*	*690*
Interest and rent on land	–	30	–	–	–	–	–
Transfers and subsidies	**7 525**	**8 507**	**1 556**	**1 500**	**1 500**	**1 583**	**1 678**
Provinces and municipalities	–	1	–	–	–	–	–
Departmental agencies and accounts	7 500	8 500	1 500	1 500	1 500	1 583	1 678
Public corporations and private enterprises	–	–	55	–	–	–	–
Households	25	6	1	–	–	–	–
Payments for capital assets	**8 129**	**4 368**	**835**	**1 035**	**101 062**	**126 120**	**211 187**
Buildings and other fixed structures	–	–	–	–	100 000	125 000	210 000
Machinery and equipment	2 222	556	759	1 035	1 062	1 120	1 187
Software and other intangible assets	5 907	3 812	76	–	–	–	–
Total	**94 849**	**74 787**	**44 843**	**282 044**	**280 240**	**308 353**	**411 993**

Details of transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial agencies and funds							
Current	**–**	**1**	**–**	**–**	**–**	**–**	**–**
Provincial and local government	–	1	–	–	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**7 500**	**8 500**	**1 500**	**1 500**	**1 500**	**1 583**	**1 678**
.za Domain Name Authority	1 500	1 500	1 500	1 500	1 500	1 583	1 678
Meraka Institute	6 000	7 000	–	–	–	–	–
Households							
Other transfers to households							
Current	**25**	**6**	**1**	**–**	**–**	**–**	**–**
Households	25	6	1	–	–	–	–
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	**–**	**–**	**55**	**–**	**–**	**–**	**–**
Public corporation and private enterprise	–	–	55	–	–	–	–

Expenditure trends

Expenditure increased substantially from R94.8 million in 2008/09 to R282 million in 2011/12, at an average annual rate of 43.8 per cent, mainly due to an increase in the allocation to the *112 Emergency Call Centre* subprogramme in 2011/12 to make the call centre operational and for broadband infrastructure development to extend access. Over the medium term, total expenditure is expected to increase to R412 million, at an average annual rate of 13.5 per cent, driven mainly by increased allocations to consultants for infrastructure planning to bring the 112 emergency call centre into operation. As a result, the department has shifted R80 million in 2010/11, R86.3 million in 2011/12 and R91.8 million in 2012/13 from the *ICT Policy Development* programme to the *112 Emergency Call Centre* subprogramme.

Compensation of employees increased from R22.7 million in 2008/09 to R32.3 million in 2011/12, at an average annual rate of 12.5 per cent, due to the shifting of the information technology chief directorate from the *Administration* programme to this programme. Over the same period, transfers to departmental agencies and accounts decreased from R7.5 million to R1.5 million as a result of the termination of transfers to the Meraka Institute. Between 2011/12 and 2014/15, expenditure on compensation of employees is expected to increase to R39.7 million, at an average annual rate of 7.1 per cent, to provide for improved conditions of service.

Expenditure on consultants increased robustly from R18.8 million in 2008/09 to R190.4 million in 2011/12, at an average annual rate of 116.2 per cent, due to the outsourcing of the call centre function to an external provider. Over the medium term, expenditure on consultants is expected to decrease to R98.6 million, at an average annual rate of 19.7 per cent, due to budget cuts.

Programme 6: Presidential National Commission

Objectives and measures

- Contribute to creating conditions for an accelerated and shared growth of the economy by:
  - facilitating the implementation of the identified ICT interventions in 61 rural pilot sites by March 2013
  - concluding the development of a national e-strategy by March 2013
  - facilitating the growth and the development of SMMEs as well as improve their sustainability through the use of ICTs by implementing a comprehensive programme for ICT capacity development in business, government services and individuals by March 2013.

Subprogrammes

- *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. This entails assessing the impact of ICT programmes and projects. This subprogramme had a staff complement of 8 and a total budget of R6.7 million in 2011/12, of which 64 per cent was used for compensation of employees. In 2011/12, a report on country information society readiness was finalised. Expenditure cuts of R868 000 in 2012/13 have been approved in this subprogramme.
- *e-Applications* facilitates the implementation of information society related to 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. This subprogramme had a staff complement of 29 and a total budget of R15.3 million in 2011/12, of which 47 per cent was used for compensation of employees. The department facilitated the development of youth e-cooperative enterprises and a workshop on ICT skills was hosted at the University of Johannesburg, which was attended by 400 young people, including young entrepreneurs and unemployed youth. Expenditure cuts of R868 000 in 2012/13 have been approved in this subprogramme.
- *Information Society and Development Cluster* supports the effective and efficient functioning of the information society and development of institutional mechanisms such as the inter-ministerial 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 such as Information Society and Development Multi Stakeholder forum and ICT Indaba. The decisions on these platforms are implemented on an annual basis by the department and the sector broadening. This subprogramme had a staff complement of 8 and a total budget of R4.1 million in 2011/12, of which 66 per cent was used for compensation of employees. Expenditure cuts of R868 000 in 2012/13 have been approved in this subprogramme.

- *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. This subprogramme had a staff complement of 14 and a total budget of R8.6 million in 2011/12, of which 50 per cent was used for compensation of employees. In 2011/12, the subprogramme ensured the effective and efficient operations of the department by implementing a disaster recovery plan and monitoring the uptake and the usage of PSNext, a project management software system. Expenditure cuts of R868 000 in 2012/13 have been approved in this subprogramme.

Expenditure estimates

Table 27.10 Presidential National Commission

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Planning, Coordination and Evaluation	11 156	3 436	2 541	6 679	5 300	5 735	6 410
e-Applications	21 924	13 757	14 939	15 285	14 447	13 909	15 707
Information society and development cluster	1 156	2 710	3 970	4 087	3 226	3 888	4 144
Presidential national commission operations	8 712	5 675	6 030	8 640	6 979	6 957	8 112
Total	**42 948**	**25 578**	**27 480**	**34 691**	**29 952**	**30 489**	**34 373**
Change to 2011 Budget estimate				–	(3 472)	(4 328)	(1 034)
Economic classification							
Current payments	**42 186**	**25 340**	**27 248**	**34 075**	**29 370**	**29 875**	**33 723**
Compensation of employees	10 507	13 700	15 884	18 404	19 347	20 411	21 660
Goods and services	31 679	11 640	11 364	15 671	10 023	9 464	12 063
of which:							
Administrative fees	*3 065*	*299*	*84*	*190*	*128*	*130*	*143*
Advertising	*71*	*298*	*806*	*554*	*350*	*383*	*484*
Assets less than the capitalisation threshold	*358*	*17*	*7*	*206*	*216*	*173*	*183*
Bursaries: Employees	*54*	*32*	*53*	*115*	*53*	*56*	*59*
Catering: Departmental activities	*461*	*351*	*205*	*177*	*137*	*127*	*135*
Communication	*624*	*428*	*394*	*587*	*686*	*608*	*714*
Computer services	*422*	*301*	*2 761*	*263*	*100*	*100*	*247*
Consultants and professional services: Business and advisory services	*9 573*	*511*	*525*	*2 391*	*1 860*	*1 500*	*1 711*
Consultants and professional services: Legal costs	*–*	*–*	*–*	*257*	*–*	*–*	*–*
Contractors	*592*	*380*	*233*	*163*	*172*	*366*	*388*
Agency and support / outsourced services	*779*	*–*	*–*	*318*	*100*	*105*	*113*
Entertainment	*3*	*8*	*12*	*7*	*7*	*10*	*10*
Inventory: Materials and supplies	*–*	*1*	*1*	*7*	*7*	*7*	*7*
Inventory: Other consumables	*4*	*3*	*2*	*155*	*84*	*5*	*5*
Inventory: Stationery and printing	*654*	*538*	*317*	*939*	*673*	*711*	*918*
Lease payments	*271*	*861*	*366*	*700*	*615*	*654*	*799*
Property payments	*1*	*–*	*36*	*–*	*–*	*–*	*–*
Transport provided: Departmental activity	*–*	*–*	*–*	*333*	*–*	*–*	*–*
Travel and subsistence	*4 503*	*4 021*	*1 938*	*3 742*	*1 873*	*1 627*	*2 569*
Training and development	*6 955*	*2 537*	*3 347*	*3 068*	*2 745*	*2 593*	*2 973*
Operating expenditure	*35*	*39*	*–*	*260*	*–*	*–*	*–*
Venues and facilities	*3 254*	*1 015*	*277*	*1 239*	*217*	*309*	*605*

Table 27.10 Presidential National Commission (continued)

R thousand	Audited outcome 2008/09	2009/10	2010/11	Adjusted appropriation 2011/12	Medium-term expenditure estimate 2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	**2**	**95**	**52**	**–**	**–**	**–**	**–**
Non-profit institutions	–	–	50	–	–	–	–
Households	2	95	2	–	–	–	–
Payments for capital assets	**760**	**143**	**180**	**616**	**582**	**614**	**650**
Machinery and equipment	760	132	180	616	582	614	650
Software and other intangible assets	–	11	–	–	–	–	–
Total	**42 948**	**25 578**	**27 480**	**34 691**	**29 952**	**30 489**	**34 373**
Details of transfers and subsidies							
Non-profit institutions							
Current	**–**	**–**	**50**	**–**	**–**	**–**	**–**
Non-profit institutions	–	–	50	–	–	–	–
Households							
Other transfers to households							
Current	**2**	**95**	**2**	**–**	**–**	**–**	**–**
Households	2	95	2	–	–	–	–

Expenditure trends

Expenditure decreased from R42.9 million in 2008/09 to R34.7 million in 2011/12, at an average annual rate of 6.9 per cent, mainly due to difficulties within the procurement process that resulted in delays in the implementation of projects. As a result, ancillary costs such as training and development decreased from R7 million in 2008/09 to R3.1 million in 2011/12 and spending on consultants decreased from R9.6 million in 2008/09 to R2.6 million in 2011/12.

Expenditure on compensation of employees increased from R10.5 million in 2008/09 to R18.4 million in 2011/12, at an average annual rate of 20.5 per cent, as a result of an increase in number of employees in the *e-Applications* subprogramme. In line with the national imperative to create work opportunities for youth, R65.9 million was spent in the *e-Applications* subprogramme between 2008/09 and 2011/12, which facilitated the establishment of 227 e-cooperatives to increase entry of youth owned small enterprises into the ICT sector.

Over the medium term, expenditure is expected to decrease marginally to R34.4 million, at an average annual rate of 0.3 per cent, mainly due to savings on consultants. Spending on consultants is expected to decrease from R2.6 million in 2011/12 to R1.7 million in 2014/15, at an average annual rate of 13.5 per cent. Savings are also realised on travel and subsistence, which is expected to decrease from R3.7 million in 2011/12 to R2.6 million in 2014/15, at an average annual rate of 11.8 per cent.

Public entities and other agencies

Sentech

Overview: 2008/09 – 2014/15

Sentech Limited is a state owned enterprise established in terms of the Sentech Act (1996) and the Sentech Amendment Act (1999) and is listed as a schedule 3B public entity in terms of the Public Finance Management Act (1999). Its mandate is to provide broadcasting signal distribution for broadcasting licensees. In 2002, Sentech was awarded value added network service licences for its multimedia and carrier of licences, thus allowing for converged ICT solutions. In 2009, these licences were converted to individual electronic communications network service and individual electronic communications service licences under the Electronic Communications Act (2005).

Sentech is responsible for migrating signal distribution infrastructure from analogue to digital in line with technological developments and agreements with the International Telecommunications Union for worldwide migration to digital. Sentech's activities will ensure that the digital terrestrial television network is ready in time to meet the December 2013 analogue switch-off deadline.

Sentech's national wholesale broadband network develops innovative products, rolls out the national wholesale broadband network and extends social value projects.

Over the medium term, the company will focus on consolidating its broadcasting signal distribution products and services, terminating unsustainable services, implementing the national wireless broadband network strategy, and preparing for the launch of commercial digital terrestrial television.

Performance

Network performance in this context refers to the quality of a signal product as seen by the customer. Sentech has continued to exceed network performance targets set over the past three years and ensured that it was possible to ensure overall network availability of the analogue terrestrial television broadcast network. This is despite interruptions caused by mains power failures and inclement weather. In 2010/11, Sentech will have covered 60 per cent of the population for digital terrestrial television.

Selected performance indicators

Table 27.11 Sentech

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage household coverage of digital television transmission infrastructure per year	Migrate to digital television	–	–	60%	70%	80%	96%	–
Terrestrial analogue television (measured by percentage availability)	Provide reliable broadcasting signals	100%	100%	100%	100%	100%	100%	100%
Digital terrestrial television (measured by percentage availability)	Migrate to digital television	99%	99%	99%	100%	100%	100%	100%
Number of new radio transmitters switched on per year	Increase access to information through listenership	10	10	10	10	10	10	10
Number of new television transmitters switched on per year	Use Increase access to information through viewership	10	10	90[1]	10	10	10	10

1. 2010 FIFA World Cup accounts for fluctuations in number of new television transmitters switched on per year.

Programmes/activities/objectives

Table 27.12 Sentech

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Providing Signal Distribution Services	941 646	845 630	764 103	836 913	925 713	1 062 300	1 110 034
Total expense	**941 646**	**845 630**	**764 103**	**836 913**	**925 713**	**1 062 300**	**1 110 034**

Sentech had a total budget of R836.9 million in 2011/12, of which 100 per cent was used for the provision of signal distribution services.

Savings and cost effectiveness measures

In 2011/12, the company revised its supply chain management policy and restructured its procurement process to curb losses through criminal conduct, and irregular, fruitless and wasteful expenditures. These structural reforms will improve the efficiency of operational expenditure and lead to additional savings in future years. The entity has identified savings of R1.1 million in 2012/13, R11.8 million in 2013/14 and R14.8 million in 2014/15.

Expenditure estimates

Table 27.13 Sentech

Statement of financial performance				Revised			
	Audited outcome			estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**838 962**	**895 252**	**900 762**	**873 043**	**994 352**	**1 186 796**	**1 073 985**
Sale of goods and services other than capital assets	750 347	827 842	801 801	843 043	985 352	1 184 096	1 071 150
of which:							
Sales by market establishments	750 347	827 842	801 801	843 043	985 352	1 184 096	1 071 150
Other non-tax revenue	88 615	67 410	98 961	30 000	9 000	2 700	2 835
Transfers received	–	51 368	36 260	43 250	23 988	21 494	194 719
Total revenue	**860 492**	**950 757**	**937 022**	**916 293**	**1 018 340**	**1 208 289**	**1 268 704**
Expenses							
Current expenses	**856 125**	**741 977**	**702 714**	**806 043**	**889 691**	**1 005 556**	**1 050 453**
Compensation of employees	229 333	225 479	230 878	283 132	297 289	312 154	327 762
Goods and services	455 090	420 250	351 186	350 702	500 461	606 393	631 331
Depreciation	139 168	84 296	99 846	165 509	88 441	86 842	91 184
Interest, dividends and rent on land	32 534	11 952	20 804	6 700	3 500	168	176
Transfers and subsidies	24 242	–	–	–	–	–	–
Total expenses	**941 646**	**845 630**	**764 103**	**836 913**	**925 713**	**1 062 300**	**1 110 034**
Surplus / (Deficit)	**(81 154)**	**105 127**	**172 919**	**79 380**	**92 627**	**145 989**	**158 670**
Statement of financial position							
Carrying value of assets	656 026	569 907	499 168	637 622	695 045	722 157	750 759
of which:							
Acquisition of assets	174 316	269 865	67 103	303 963	145 864	113 953	119 786
Inventory	13 825	8 462	7 315	8 975	26 520	27 846	29 238
Receivables and prepayments	77 219	74 385	31 408	28 271	83 997	88 197	92 607
Cash and cash equivalents	1 042 753	977 525	1 135 800	941 017	1 709 835	1 852 390	1 719 899
Defined benefit plan assets	2 200	1 600	1 300	–	–	–	–
Taxation	–	–	11 476	–	–	–	–
Derivatives financial instruments	–	–	11 476	–	–	–	–
Total assets	**1 792 023**	**1 631 879**	**1 697 943**	**1 615 885**	**2 515 397**	**2 690 590**	**2 592 503**
Accumulated surplus / (deficit)	(61 692)	43 435	216 354	295 734	388 361	534 350	693 020
Capital and reserves	509 357	498 716	529 294	543 008	1 505 096	1 257 566	1 397 607
Capital reserve fund	747 596	701 877	638 432	402 682	260 836	544 646	130 147
Borrowings	131 432	83 177	64 731	45 429	23 935	–	–
Finance lease	–	–	–	12 568	–	–	–
Trade and other payables	299 234	128 120	85 036	172 884	205 180	215 439	226 211
Taxation	39 956	56 974	10 643	–	–	–	–
Provisions	126 140	119 580	141 977	143 580	131 989	138 588	145 518
Total equity and liabilities	**1 792 023**	**1 631 879**	**1 686 467**	**1 615 885**	**2 515 397**	**2 690 590**	**2 592 503**

Expenditure trends

The spending focus over the medium term will be on implementing the national wireless broadband network strategy and preparing for the launch of the commercial digital terrestrial television.

Sentech derives its commercial revenue from terrestrial television services, terrestrial FM and AM radio services, satellite linking, facility rentals sales and the sale of satellite decoders and other revenue. Transfers are also received from the department for digital terrestrial television and dual illumination. Revenue increased from R860.5 million in 2008/09 to R916.3 million in 2011/12, at an average annual rate of 2.1 per cent due, to better performing products. This net increase takes into account the 1 per cent variance between revenue expected and achieved in 2010/11 due to products that were underperformed and other products which were being discontinued. Sentech was allocated a total of R279 million in 2011/12 for the digital terrestrial television project, of which R159 million is earmarked for capital expenditure and R120 million for dual illumination.

Expenditure decreased from R941.6 million in 2008/09 to R836.9 million in 2011/12, at an average annual rate of 3.9 per cent. Over the same period, expenditure on compensation of employees grew from R229.3 million to R283.1 million, at an average annual rate of 7.3 per cent, as a result of adjustments for improved conditions of service. Over the same period, expenditure on goods and services declined from R455.1 million to R350.7 million, at an average annual rate of 8.3 per cent, due to the fixed asset write offs from discontinuing MyWireless and Biznet.

Over the medium term, spending is expected to increase to R1.1 billion, at an average annual rate of 9.9 per cent, mainly due to higher operational expenditure for human resources development and operations maintenance. As a result of the higher expenditure on maintenance, expenditure on goods and services is expected to increase to R631.3 million over the medium term, at an average annual rate of 21.6 per cent. In pursuit of addressing potential weakness that may impact on overall efficiency and effectiveness, the company will consciously increase costs pertaining to human resources development and operations maintenance. These efforts to make the company more efficient in turn increase other operating expenses to support the business and these include costs for line rentals, marketing, travel and subsistence, insurance, security and communication.

A surplus of R79.4 million is expected for 2011/12, which represents a 54.1 per cent decrease on the previous year due to increased expenditure mentioned above to address potential weaknesses. Surpluses are accumulated and used to fund new signal distribution infrastructure.

Personnel information

Table 27.14 Sentech

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	4	2	2	3	3	2	2	5	5	5
Executive management	3	1	1	3	2	2	2	3	3	3
Senior management	43	31	14	45	46	45	31	33	33	33
Middle management	99	88	11	107	102	101	88	93	93	93
Skilled	276	264	12	264	278	260	264	264	262	260
Semi-skilled	78	77	1	75	82	66	77	74	73	77
Very low skilled	43	43	–	41	37	39	42	70	71	70
Total	**546**	**506**	**41**	**538**	**550**	**515**	**506**	**542**	**540**	**541**
Compensation (R thousand)				229 333	225 479	230 878	283 132	297 289	312 154	327 761
Unit cost (R thousand)				426	410	448	560	549	578	606

1. As at 30 September 2011.

As at 30 September 2011, the entity had an establishment of 546 posts, 506 of which were funded. The number of filled posts decreased from 538 in 2008/09 to 506 in 2011/12 due to resignation and retirements. Over the MTEF period, filled posts are expected to decrease to 541.

40 posts were vacant as at 30 September 2011. Vacancies were mostly at the senior management and skilled levels, but are not expected to affect service delivery. The posts became vacant due to staff turnover.

South African Broadcasting Corporation

Overview: 2008/09 – 2014/15

The South African Broadcasting Corporation's mandate is set out in its charter and in the Broadcasting Act (1999), which require it to: provide its services to all South Africans in all the official languages**;** provide programming that informs, educates and entertains and which reflects the diversity of South Africans; and maintain freedom of expression and journalistic, creative and programming independence. The corporation's service and broadcasting activities are regulated through the licence conditions issued by the Independent

Communications Authority of South Africa for each of its radio and television services. It reports to the authority quarterly to comply with licence conditions. 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 corporation became 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 three television stations, reaching about 24 million people daily.

Over the medium term period, the corporation will focus on improving performance by: implementing an integrated turnaround strategy that enhances revenue and reduces costs; building the digital corporation and integrating the digital future into all plans and actions; implementing platform and channel strategies informed and driven by audience needs; maintaining and increasing audience share across all platforms; enhancing editorial integrity in its platforms and programmes, and in news in particular; managing and reporting on strategy development and implementation; enhancing operational performance and risk management; increasing revenue through effective and efficient collection of licence fees and increasing the corporation's share of advertising spend.

Performance

The South African Broadcasting Corporation continued preparation for the migration to digital terrestrial television with expenditure increasing from R30 million to R1.3 billion between 2008/09 and 2011/12. The introduction of digital terrestrial television will allow the corporation to increase the number of channels it offers as well as enhance its public broadcasting services by offering content in areas such as children's programming, news, sport, regional content, youth, women and education, as well as more comprehensive services in all languages and to communities with disabilities.

The corporation continues to promote universal access to broadcasting services by switching on lower power radio and television transmitters. These low power transmitters broadcast television and radio signals at a very low cost to communities in historically marginalised communities and rural areas. Between 2008/09 and 2011/12, the corporation has switched on 1 216 lower power television transmitters and 557 lower power radio transmitters.

The corporation is continuing with its focus on creating content for time and channel based television and radio that is relevant to its core markets, while identifying potential opportunities for exploiting content on new media platforms that will deliver additional value in terms of audiences and revenues, as the media market continues to evolve.

Selected performance indicators

Table 27.15 South African Broadcasting Corporation

Indicator	Activity/Objective/ Programme/Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of operational expenditure: digital terrestrial television per year	Digital terrestrial migration	R30m	R6m	R1.1bn	R1.3bn	R1.4bn	R1.5bn	R1.6bn
Local content as percentage of total public broadcasting service television	Local content delivery	60%	65%	75%	75%	75%	75%	75%
Local content as percentage of total public commercial service television	Local content delivery	35%	35%	35%	35%	35%	35%	35%
Local content as percentage of total public broadcasting service radio	Local content delivery	60%	65%	70%	70%	70%	70%	70%
Local content as percentage of total public commercial service radio	Local content delivery	35%	40%	45%	45%	45%	45%	45%
Number of low power television transmitters switched on per year	Universal access transmitter rollout	60	430	426	300	300	300	367
Number of low power radio transmitters switched on per year	Universal access transmitter rollout	119	105	105	100	100	100	100

Programmes/activities/objectives

Table 27.16 South African Broadcasting Corporation

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
3 TV stations and programme content	2 269 216	2 016 614	2 282 104	2 435 936	2 378 816	2 520 489	2 699 240
18 Radio Stations	692 121	599 483	696 387	818 492	805 432	857 398	917 659
News	661 807	553 616	506 513	573 238	587 849	621 872	662 813
Sport	688 129	516 093	406 740	636 080	592 471	699 714	725 726
Technical facilities	745 433	754 253	789 023	911 267	1 100 777	1 182 162	1 239 263
Revenue and administrative support	629 952	938 780	848 058	1 364 262	1 337 434	1 383 756	1 445 705
Total expense	**5 686 658**	**5 378 839**	**5 528 825**	**6 739 275**	**6 802 779**	**7 265 391**	**7 690 406**

The South African Broadcasting Corporation had a total budget of R6.7 billion in 2011/12, of which 48.3 per cent was used for the provision of television and radio services.

Savings and cost effectiveness measures

No savings have been identified by the corporation over the medium term. However, the corporation developed a turnaround strategy in 2011 that details aggressive cost containment measures including proposals on stricter expenditure management and balance sheet structuring to minimise finance costs.

Expenditure estimates

Table 27.17 South African Broadcasting Corporation

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**4 101 728**	**4 052 717**	**4 627 855**	**5 881 496**	**6 126 650**	**6 678 491**	**7 370 246**
Sale of goods and services other than capital assets *of which:*	4 056 631	3 942 701	4 521 693	5 842 071	6 125 598	6 677 407	7 364 130
Administration fees	871 611	903 130	911 777	872 334	1 023 647	1 147 708	1 277 686
Sales by market establishments	3 185 020	3 039 571	3 609 916	4 969 737	5 101 951	5 529 699	6 086 444
Other non-tax revenue	45 097	110 016	106 162	39 425	1 052	1 084	6 116
Transfers received	663 846	831 368	748 358	605 518	860 112	985 799	1 018 014
Total revenue	**4 896 569**	**4 886 366**	**5 399 553**	**6 487 014**	**6 986 762**	**7 664 290**	**8 388 260**
Expenses							
Current expenses	**5 642 161**	**5 375 879**	**5 495 624**	**6 734 896**	**6 801 772**	**7 264 329**	**7 689 272**
Compensation of employees	1 542 391	1 753 484	1 705 338	1 600 889	1 522 334	1 605 221	1 713 996
Goods and services	3 854 913	3 243 468	3 399 431	4 735 774	4 768 457	5 126 277	5 469 244
Depreciation	194 155	253 924	272 913	279 561	391 656	457 435	483 745
Interest, dividends and rent on land	50 702	125 003	117 942	118 672	119 325	75 396	22 287
Transfers and subsidies	36 993	–	–	4 379	1 007	1 062	1 134
Total expenses	**5 686 658**	**5 378 839**	**5 528 825**	**6 739 275**	**6 802 779**	**7 265 391**	**7 690 406**
Surplus / (Deficit)	**(790 089)**	**(492 473)**	**(129 272)**	**(252 261)**	**183 983**	**398 899**	**697 854**

Table 27.17 South African Broadcasting Corporation (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Carrying value of assets	1 666 165	1 816 423	1 657 394	1 577 967	1 971 159	2 083 769	1 983 702
of which:							
Acquisition of assets	368 931	409 676	115 164	200 888	784 848	570 045	383 678
Investments	183 091	115 356	102 298	115 552	115 552	115 552	115 552
Inventory	1 107 161	902 265	932 483	907 498	1 032 729	1 177 393	1 245 542
Receivables and prepayments	1 112 177	1 317 073	1 552 050	1 129 696	1 232 283	1 320 804	1 416 405
Cash and cash equivalents	43 915	167 652	269 810	335 903	–	–	–
Non-current assets held for sale	8 962	13 025	4 847	4 847	4 847	4 847	4 847
Defined benefit plan assets	320 598	285 819	226 633	–	–	–	–
Taxation	89 695	–	–	–	–	–	–
Derivatives financial instruments	89 695	–	–	–	–	–	–
Total assets	**4 621 459**	**4 617 613**	**4 745 515**	**4 071 463**	**4 356 570**	**4 702 365**	**4 766 048**
Accumulated surplus/(deficit)	1 550 005	1 062 985	848 199	595 938	779 921	1 178 820	1 876 674
Capital and reserves	1 129	2 119	2 455	2 455	2 455	2 455	2 455
Borrowings	457 570	1 331 418	1 207 671	916 279	1 281 338	1 235 183	576 208
Finance lease	106 730	46 342	166 524	286 316	254 909	219 262	192 632
Deferred income	541 823	599 191	565 939	530 372	450 404	369 796	308 562
Trade and other payables	1 240 848	924 110	1 229 549	1 155 426	964 885	1 034 063	1 105 298
Taxation	100	–	–	–	–	–	–
Provisions	617 646	651 447	725 178	584 677	622 658	662 786	704 219
Derivatives financial instruments	15 913	–	–	–	–	–	–
Total equity and liabilities	**4 531 764**	**4 617 612**	**4 745 515**	**4 071 463**	**4 356 570**	**4 702 365**	**4 766 048**

Expenditure trends

Spending over the medium term will focus on rebuilding the organisation financial position, adopting good governances, and realigning the corporation’s operating model with the imperatives of digital broadcasting.

Revenue is generated mainly from television licenses, advertising and sponsorships, and allocations from the department. Revenue increased from R4.9 billion in 2008/09 to R6.5 billion in 2011/12, at an average annual rate of 9.8 per cent, due to an increase in advertising revenue. Over the medium term, revenue is expected to increase to R8.4 billion, at an average annual rate of 8.9 per cent, due to expected growth in advertising sales as a result of better economic conditions and the implementation of a turnaround strategy that focuses on enhancing the corporation’s cash generating activities.

Expenditure increased from R5.7 billion in 2008/09 to R6.7 billion in 2011/12, at an average annual rate of 5.8 per cent, due to: higher depreciation on broadcasting infrastructure; the amortisation of computer software; impairments losses on the programme, film and sports rights; and higher financing costs associated with increased borrowings. Over the medium term, expenditure is expected to increase to R7.7 billion, at an average annual rate of 4.5 per cent, due to the rollout of additional low power transmitters, higher marketing costs to promote revised SABC 3 schedules, and increases in direct television licence collection costs.

Deficits have declined from R790.1 million in 2008/09 to R252.3 million in 2011/12, as a result of an improvement in revenue collection driven by higher receipts from advertising and lower operational expenses due to cost containment measures implemented by the corporation as part of its turnaround strategy.

Personnel information

Table 27.18 South African Broadcasting Corporation

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	12	10	1	12	12	8	11	12	12	12
Executive management	21	18	10	16	12	10	9	6	6	6
Senior management	74	63	10	88	80	68	63	42	42	42
Middle management	453	385	29	473	441	424	422	240	240	240
Professionals	620	527	25	688	639	592	605	450	450	450
Skilled	2 566	2 181	74	2 696	2 588	2 482	2 443	2 150	2 150	2 150
Semi-skilled	113	96	–	137	129	114	104	100	100	100
Total	**3 859**	**3 280**	**149**	**4 110**	**3 901**	**3 698**	**3 657**	**3 000**	**3 000**	**3 000**
Compensation (R thousand)				1 542 391	1 753 484	1 705 338	1 600 889	1 522 334	1 605 221	1 713 996
Unit cost (R thousand)				375	449	461	438	507	535	571

1. As at 30 September 2011.

The corporation had an establishment of 3 859 posts, 3 280 of which were funded and 149 were vacant. The number of filled posts decreased from 4 110 in 2008/09 to 3 859 in 2011/12, as the corporation's financial position deteriorated and a moratorium was placed on filling vacant positions in 2009/10. Over the MTEF period, filled posts are expected to decrease to 3 000, due to the expected reduction of senior management and skilled and semi-skilled staff through natural attrition and voluntary and early retirements.

South African Post Office

Overview: 2008/09 – 2014/15

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 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 and the financial services activities of Postbank.

The Post Office Act (1958) will be repealed and replaced by the Post Office Bill and the Postbank Bill, which will have been enacted into law by March 2012. With the imminent corporatisation of Postbank into a separate entity, more previously disadvantaged communities will have access to banking services.

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; grow its communications, logistics and financial services offerings; become government's preferred partner in the delivery of government services; build a high performance culture and develop skills throughout the organisation; and strengthen public perception of the South African Post Office as a trusted brand.

Performance

The South African Post Office has a retail post office infrastructure of 2 487 service points, which deliver postal, courier, financial and Postbank services. To increase access to its services, 129 new service points were opened between 2008/09 and 2010/11, and the entity expects to open an additional 150 new points of presence over the MTEF period.

Between 2008/09 and 2010/11, the South African Post Office rolled out 4.9 million new addresses. A further 3.5 million new addresses will be rolled out over the medium term to allow wider access to postal and 200 post offices to extend access to financial services to all citizens.

Between 2008/09 and 2010/11, the Postbank depositor's funds increased from R3.2 million to R3.9 million. The depositor's book is expected to grow to R5.2 million over the MTEF period.

Selected performance indicators

Table 27.19 South African Post Office

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new post offices per year	Rollout of new post office points of presence	45	64	20[1]	50	50	50	50
Number of post office service points per year	The number of post office access points	2 714	2 467	2 487	2 537	2 587	2 637	2 687
Number of new addresses delivered as part of the address expansion programme per year	Rollout of new addresses for citizens	1.67 million	1.65 million	1.65 million	1.2 million	1.2 million	1.2 million	1.2 million
Fatal Value of Postbank depositors' funds per year	The value of the funds held for depositor's at Postbank	R3.3bn	R3.7bn	R3.9bn	R4.3bn	R4.6bn	R5bn	R5.2bn

1. Drop in number of new post offices due to budget cuts

Table 27.20 South African Post Office

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Provide postal and related services	5 665 347	5 643 613	5 876 265	5 995 285	6 257 612	6 559 263	6 880 984
Total expense	**5 665 347**	**5 643 613**	**5 876 265**	**5 995 285**	**6 257 612**	**6 559 263**	**6 880 984**

The South African Post Office had a total budget of R6 billion in 2011/12, of which 100 per cent was used for the provision of postal and related services, such as provision of addresses to households and ensuring access universal postal services through building post office outlets around the country.

Savings and cost effectiveness measures

The South African Post Office implemented cost containment measures that have limited growth in expenditure on goods and services to 3.3 per cent in 2011/12. This was achieved by reducing spending on non-core goods and services such as entertainment and travelling, without compromising service delivery. The spending on goods and services will be prudently managed to maintain a maximum cost growth of 4.6 per cent over the MTEF period.

Expenditure estimates

Table 27.21 South African Post Office

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**5 659 824**	**5 553 653**	**5 722 937**	**5 753 613**	**6 133 985**	**6 466 931**	**6 761 581**
Sale of goods and services other than capital assets *of which:*	4 853 131	4 894 680	5 104 151	5 173 145	5 553 178	5 857 085	6 121 242
Sales by market establishments	4 853 131	4 894 680	5 104 151	5 173 145	5 553 178	5 857 085	6 121 242
Other non-tax revenue	806 693	658 973	618 786	580 468	580 807	609 846	640 339
Transfers received	371 600	383 092	306 077	180 442	51 965	–	–
Total revenue	**6 031 424**	**5 936 745**	**6 029 014**	**5 934 055**	**6 185 950**	**6 466 931**	**6 761 581**

Table 27.21 South African Post Office (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Expenses							
Current expenses	**5 540 009**	**5 561 506**	**5 796 188**	**5 955 611**	**6 233 803**	**6 540 253**	**6 867 041**
Compensation of employees	2 899 448	2 961 875	3 095 374	2 897 408	3 071 252	3 255 527	3 450 859
Goods and services	2 296 223	2 335 921	2 478 983	2 810 524	2 902 176	3 010 917	3 128 482
Depreciation	195 466	176 639	141 445	169 244	177 705	186 592	195 686
Interest, dividends and rent on land	148 872	87 071	80 386	78 435	82 670	87 217	92 014
Total expenses	**5 665 347**	**5 643 613**	**5 876 265**	**5 995 285**	**6 257 612**	**6 559 263**	**6 880 984**
Surplus / (Deficit)	**366 077**	**293 132**	**152 749**	**(61 230)**	**(71 662)**	**(92 332)**	**(119 403)**
Statement of financial position							
Carrying value of assets	1 216 046	1 152 728	1 192 923	1 434 182	1 623 477	1 794 385	2 008 802
of which:							
Acquisition of assets	284 388	122 127	186 698	410 503	367 000	357 500	410 103
Investments	3 014 294	3 753 698	3 021 033	2 240 145	2 108 494	2 191 563	2 205 860
Inventory	59 190	48 326	47 448	76 644	54 397	57 117	59 973
Receivables and prepayments	509 286	569 394	625 655	627 883	652 998	679 118	706 282
Cash and cash equivalents	3 603 141	3 528 581	4 756 214	5 223 583	5 362 640	5 598 222	5 939 502
Non-current assets held for sale	105	–	–	1 027 607	1 078 987	1 138 331	1 200 940
Taxation	289 167	363 558	308 230	–	–	–	–
Derivatives financial instruments	–	–	432	–	–	–	–
Total assets	**8 691 229**	**9 416 285**	**9 951 935**	**10 630 044**	**10 880 993**	**11 458 736**	**12 121 359**
Accumulated surplus/(deficit)	1 004 988	1 301 579	1 456 901	1 518 131	1 589 793	1 497 461	1 378 058
Capital and reserves	957 836	954 375	951 802	1 009 122	917 762	917 762	951 140
Capital reserve fund	301 233	249 040	237 458	97 006	31 000	–	–
Finance lease	80 718	30 872	51 713	60 575	69 055	78 032	88 176
Deferred income	253 658	320 848	346 726	425 276	365 165	379 772	394 963
Trade and other payables	4 843 526	5 146 292	5 462 017	5 946 211	6 220 581	6 779 520	7 390 652
Taxation	113 650	160 787	28 862	39 674	23 809	19 010	13 943
Provisions	1 135 620	1 252 492	1 416 024	1 534 049	1 663 828	1 787 179	1 904 427
Total equity and liabilities	**8 691 229**	**9 416 285**	**9 951 503**	**10 630 044**	**10 880 993**	**11 458 736**	**12 121 359**

Expenditure trends

The entity generates revenue from providing postal, courier and banking services, and from financial transaction fees. The entity also receives a government subsidy, which is used to fund the universal services obligations and investment in infrastructure. Revenue decreased marginally from R6 billion in 2008/09 to R5.9 billion in 2011/12, at an average annual rate of 0.5 per cent, as a result of difficult trading conditions in 2010, declining mail volumes and lower interest rates. Over the medium term, revenue is expected to grow to R6.8 billion, at an average annual rate of 4.4 per cent, due to the expected increase in postal services, courier services and revenue from Postbank services.

The spending focus over the MTEF period will be on building 50 new post offices per year and increasing the number of addresses to allow wider access to postal and financial services in the under-serviced areas.

Expenditure increased from R5.7 billion in 2008/09 to R6 billion in 2011/12, at an average annual rate of 1.9 per cent, due to the provision of post-retirement medical benefits to employees. Spending on compensation of employees is expected to increase, at an average annual rate of 6 per cent from R2.9 billion in 2011/12 to R3.5 billion in 2014/15, due to higher settlements with the collective bargaining staff. Spending on goods and services is expected to increase from R2.8 billion to R3.1 billion, at an average annual rate 3.6 per cent, due to inflationary increases.

Between 2008/09 and 2010/11, the entity recorded surpluses due to higher revenue earned from the Postbank operations. A deficit of R61.2 million was recorded for 2011/12 as higher expenditure driven by rising wage settlements outstrips revenue.

Personnel information

Table 27.22 South African Post Office

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	14	16	–	16	21	23	23	23	23	23
Executive management	44	48	–	48	53	52	52	52	52	52
Senior management	110	116	–	116	132	142	142	144	145	149
Middle management	344	346	–	346	381	383	383	385	388	392
Professionals	3 985	3 780	–	3 780	3 995	4 025	4 025	4 030	4 033	4 036
Skilled	10 836	10 867	–	10 867	10 487	10 306	10 306	10 387	10 430	10 469
Semi-skilled	1 587	1 348	–	1 348	1 291	1 243	1 243	1 243	1 243	1 243
Total	**16 920**	**16 521**	**–**	**16 521**	**16 360**	**16 174**	**16 174**	**16 264**	**16 314**	**16 364**
Compensation (R thousand)				2 899 448	2 961 875	3 095 374	2 897 408	3 071 252	3 255 527	3 450 859
Unit cost (R thousand)				176	181	191	179	189	200	211

1. As at 30 September 2011.

The entity had an establishment of 16 920 posts, 16 521 of which were funded. The number of filled posts decreased from 16 521 in 2008/09 to 16 174 in 2011/12. The decrease was mainly at the semi-skilled and very low skilled levels, which had a high turnover rate due to the poor economic conditions between 2009 and 2011. Staff at these levels left to seek better paying jobs. Over the MTEF period, filled positions are expected to grow to 16 364 in 2014/15 as demand for postal and financial services recovers.

National Electronic Media Institute of South Africa

Overview: 2008/09 – 2014/15

The National Electronic Media Institute of South Africa was established as a non-profit institute of education by the Department of Communications in terms of the Companies Act (1973). Formed as part of a government initiative in 1998, in response to the White Paper on Broadcasting Policy, the institute's main purpose is to train previously disadvantaged individuals, particularly women, to equip them with the necessary skills to play significant roles in the constantly changing broadcasting environment. The institute offers hands-on training in the electronic media, including content design and production, technical operations and content transmission.

The institute plays an important role in building a vibrant ICT sector that ensures that all South Africans have access to affordable and accessible ICT services. The institute achieves this objective by developing and increasing the ICT skills base in the country through training and research.

The institute provides skills training at an advanced level for the broadcasting industry. It is accredited by the Media, Advertising, Information and Communication Technologies Sector Training Authority, and offers national certificates and short courses. National certificates are offered in the areas of television production, animation and radio production. The institute's programmes are structured to enhance the market readiness of students in a wide range broadcasting disciplines.

The institute also aims to establish a sustainable digital content development hub, provide advanced multimedia skills and enhance local content generation.

Over the medium term, the institute will reposition itself to improve its offerings to learners and ensure alignment with the needs of the sector. It will detail the requirements for the establishment of a centre for entrepreneurship and local content development as a key component of the institute. It is anticipated that the institute will develop and finalise a detailed project plan in 2012/13. The institute will also identify training needs for the community television and radio sectors and deliver programmes customised to their needs.

Performance

Between 2007/08 and 2009/10, the institute ran a broadcast engineering programme with members of the National Association of Broadcasters. The institute also assisted with the establishment of the Neotel telecommunications academy in 2007/08. Students graduating from the programme in 2009/10 were all subsequently employed by the company. The institute has been accredited by the Media Advertising, Information and Communication Technologies and the Sector Education and Training Authority to deliver four programmes in the areas of radio production, film and television production, and 3D animation and 2D animation until 2016.

In 2010/11, 103 students were trained by the institute. The target average pass rate of 90 per cent was achieved from all disciplines. Between 2008/09 and 2011/12, the institute trained 268 learners in strategic partnerships and special multimedia projects. The number of students trained in electronic media increased from 118 in 2008/09 to 131 in 2011/12 and is expected to increase further to 171 by 2014/15 driven by growth in demand for courses in the areas of television production, radio production, design and animation.

Selected performance indicators

Table 27.23 National Electronic Media Institute of South Africa

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
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 creative media and broadcasting							
- television production		50	35	23	35	40	45	45
- radio production		25	24	19	25	30	35	35
- graphic design		25	13	40	40	45	50	50
- animation		18	19	21	31	36	41	41
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		–	–	40	40	40	40	40
- radio production		–	–	166	0[1]	120	40	40
- graphic design		–	–	10	10	20	40	40
- animation		–	–	0	0	0	20	20
- multimedia special projects		–	–	52	20	20	40	40
- content development		–	–	13	3	3	3	3

1. Radio production was cancelled to lack of funds, but there are plans to re-establish in the MTEF period

Programmes/activities/objectives

Table 27.24 National Electronic Media Institute of South Africa

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Technology and research and development excellence	–	–	–	10 042	10 234	10 723	11 357
Financial viability and institutional sustainability	–	–	–	14 897	14 112	17 375	23 786
Organisational effectiveness	–	–	–	6 983	6 823	7 149	7 572
Stakeholders engagement	–	–	–	3 347	3 412	3 575	3 786
Expanded reach	–	–	–	13 042	12 050	12 630	13 359
Training and development student revenue	40 823	–	–	–	–	–	–
Graphic design/ animation training	–	4 254	5 254	–	–	–	–
Radio production training	–	2 535	4 977	–	–	–	–
Television production training	–	3 559	4 387	–	–	–	–
Other objectives	–	30 387	24 799	–	–	–	–
Total expense	**40 823**	**40 735**	**39 417**	**48 311**	**46 631**	**51 452**	**59 860**

The National Electronic Media Institute of South Africa had a total budget of R48.3 million in 2011/12, of which 30.8 per cent was used for financial viability and institutional sustainability, 27 per cent for expanded reach programmes, and 20.8 per cent for technology, research and development.

Savings and cost effectiveness measures

In 2011/12, the institute implemented the following cost cutting measures: cancelling contracts for plant hire, reducing catering rations for students, reducing the cost of printing and partnering with South African Broadcasting Corporation's education unit to market the institute, thus reducing marketing costs. Savings of R353 000 have been identified over the MTEF period as a result of these measures.

Expenditure estimates

Table 27.25 National Electronic Media Institute of South Africa

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**12 650**	**7 204**	**2 525**	**14 838**	**12 515**	**15 706**	**22 001**
Sale of goods and services other than capital assets	11 203	5 962	1 940	14 550	12 515	15 706	22 001
of which:							
Sales by market establishments	11 203	5 962	1 940	14 550	12 515	15 706	22 001
Other non-tax revenue	1 447	1 242	585	288	–	–	–
Transfers received	25 303	29 059	32 602	33 473	34 116	35 746	37 859
Total revenue	**37 953**	**36 263**	**35 127**	**48 311**	**46 631**	**51 452**	**59 860**
Expenses							
Current expenses	**40 823**	**40 735**	**39 417**	**48 311**	**46 631**	**51 452**	**59 860**
Compensation of employees	10 936	11 722	11 905	26 873	28 445	30 152	31 927
Goods and services	27 042	26 115	24 703	19 128	15 848	18 823	25 450
Depreciation	2 755	2 866	2 808	2 310	2 338	2 477	2 483
Interest, dividends and rent on land	91	32	–	–	–	–	–
Total expenses	**40 823**	**40 735**	**39 417**	**48 311**	**46 631**	**51 452**	**59 860**
Surplus / (Deficit)	**(2 870)**	**(4 472)**	**(4 290)**	**–**	**–**	**–**	**–**
Statement of financial position							
Carrying value of assets	5 459	7 420	7 617	9 007	56 482	66 040	70 057
of which:							
Acquisition of assets	1 766	4 956	3 185	3 700	49 813	12 035	6 500
Receivables and prepayments	5 466	2 425	3 673	3 000	3 000	3 000	3 000
Cash and cash equivalents	17 428	15 762	4 287	2 957	2 232	2 138	2 046
Taxation	–	–	–	636	–	–	–
Total assets	**28 353**	**25 607**	**15 577**	**15 600**	**61 714**	**71 178**	**75 103**
Accumulated surplus / (deficit)	18 165	13 693	9 403	9 403	9 403	9 403	9 403
Finance lease	3 291	3 000	–	–	–	–	–
Trade and other payables	6 353	6 884	4 079	3 579	2 294	1 173	7 857
Taxation	–	–	–	–	45 417	55 102	52 013
Provisions	544	2 030	2 097	2 618	4 600	5 500	5 830
Total equity and liabilities	**28 353**	**25 607**	**15 579**	**15 600**	**61 714**	**71 178**	**75 103**

Expenditure trends

The spending focus on the medium term will be on designing skills programmes targeting women and members of the disabled community, and developing programmes for community television and radio and delivering programmes customised to the sector's needs.

The institute's main sources of revenue are government allocations, student fees and other revenue derived from training and partnerships. Revenue increased from R38 million in 2008/09 to R48.3 million in 2011/12, at an average annual rate of 8.4 per cent, largely due to increased transfers received from the department. Over the medium term, revenue is expected to increase to R59.9 million, at an average annual rate of 7.4 per cent, due to higher student fees.

Expenditure increased from R40.8 million in 2008/09 to R48.3 million in 2011/12, at an average annual rate of 5.8 per cent, driven mainly by spending on compensation of employees, which grew from R10.9 million to R26.9 million, at an average annual rate of 34.9 per cent. Expenditure on goods and services declined from R27 million in 2008/09 to R19.1 million in 2011/12, at an average annual rate of 10.9 per cent, as the institute reprioritised spending to recruit additional employees and implemented cost saving measures. Over the medium term, expenditure is expected to increase to R59.9 million, at an average annual rate of 7.4 per cent. The increase is driven by higher rental and students costs related to student meals and accommodation.

Personnel information

Table 27.26 National Electronic Media Institute of South Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	7	7	1	7	7	7	6	7	7	7
Executive management	3	3	–	3	3	3	3	3	3	3
Senior management	3	3	1	4	4	3	2	3	3	3
Middle management	6	6	2	7	7	7	5	7	7	7
Total	**19**	**19**	**4**	**21**	**21**	**20**	**16**	**66**	**66**	**66**
Compensation (R thousand)				10 936	11 722	11 905	26 873	28 445	30 152	31 927
Unit cost (R thousand)				521	558	595	1 680	431	457	484

1. As at 30 September 2011.

As at 30 September 2011, the entity had an establishment of 64 posts, 19 of which were funded and 4 were vacant. The number of filled posts decreased from 21 in 2008/09 to 19 in 2011/12 due to natural attrition. Over the MTEF period, filled posts are expected to increase to 66 due to the recruitment of skilled and professional staff in the fields of radio production, film and television production, and 3D and 2D animation.

Universal Service and Access Agency of South Africa and Universal Service and Access Fund

Overview: 2008/09 – 2014/15

The Universal Service and Access Agency of South Africa, is established in terms of section 80 of the Electronic Communications Act Number 36 of 2005 as a statutory body. Its sole mandate is to promote universal service and universal access to electronic communications services, electronic communications network services and broadcasting services. The agency is responsible for managing the Universal Service and Access Fund. In terms of the act, the fund receives contributions from licensed telecommunications providers and broadcasters which are used to fulfil universal access obligations in under-serviced areas.

The strategic objectives of the agency are to: provide thought leadership on universal services and access throughout South Africa; facilitate interventions to ensure affordable, equitable access and use of ICT; ensure the effective and efficient administration of the Universal Service and Access Fund; and enhance the strategic and operational capacity of the agency. The agency plays a key role in facilitating the achievement of 100 per cent ICT penetration by 2020.

Performance

Between 2008/09 and 2011/12, 54 access centres were established. In addition, 267 schools and 56 further education and training institutes were provided with internet connectivity over the same period. Over the medium term, the fund expects to deploy 600 cyber labs to under-serviced areas by 2014/15.

Selected performance indicators

Table 27.27 Universal Service and Access Agency of South Africa and Universal Service and Access Fund

Indicator	Activity/Objective/Programme/Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of access centres handed over and fully functional[1]	Handover of existing access centres	–	34%	–	10%	40%	70%	100%
Number of under-serviced areas covered with broadband infrastructure per year	Broadband infrastructure in under-serviced areas	–	–	1	–	2	3	3
Percentage of poor households with televisions subsidised (for purchase of set top boxes as part of broadcasting digital migration)[3]	Broadcasting digital migration	–	–	–	–	10%	10%	10%
Number of new ICT access facilities deployed in under-serviced areas per year	Rapid deployment of access centre	20	–	–	50	100	100	150
Number of cyber labs deployed per year	Rapid deployment of access centre	61	–	–	–	200	200	200
Number of schools with internet connectivity per year[2]	E-connectivity	89	89	89	–	120	98	90
Number of further education and training institutes with internet connectivity per year[2]	E-connectivity	18	18	–	20	–	–	–

1. Replaces e-connectivity indicators.
2. Replaced by percentage of access centres handed over and fully functional, which measures performance on the long term sustainability of access centres that were deployed by the agency since establishment.
3. No past data, as project will only start in 2012/13.

Programmes/activities/objectives

Table 27.28 Universal Service and Access Agency of South Africa and Universal Service and Access Fund

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
General operational expenditure of USAASA	23 344	30 338	69 543	80 321	56 108	60 640	64 329
Total expense	**23 344**	**30 338**	**69 543**	**80 321**	**56 108**	**60 640**	**64 329**

The Universal Service and Access Agency of South Africa had a total budget of R80.3 million in 2011/12, of which 100 per cent was used for operating activities.

Table 27.29 Universal Service and Access Agency of South Africa and Universal Service and Access Fund

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Handover of existing access centres	–	12 677	14 007	7 913	8 000	9 000	8 100
Rapid deployment of access Centre	–	–	17 551	19 800	7 300	15 000	20 000
Broadband infrastructure in underserviced areas	–	–	13 500	9 000	13 000	14 500	14 000
Broadcasting digital migration	–	–	–	220 000	230 000	240 000	240 000
E-connectivity	27 279	6 760	3 804	–	12 000	9 800	9 000
Universal Service and Access Fund manual	–	–	–	–	500	–	–
Strategy document	–	–	–	–	2 500	–	–
Project costs	2 680	1 815	622	4 317	789	870	1 026
Subsidies: Underserviced areas licences	3 740	–	–	–	–	–	–
Other objectives	1 862	–	1 788	–	–	–	–
Total expense	**35 561**	**21 252**	**51 272**	**261 030**	**274 089**	**289 170**	**292 126**

The Universal Service and Access Fund had a total budget of R261 million in 2011/12, of which 84.3 per cent was used for the purchase of set top boxes for poor households that own televisions to enable them to access digital broadcasting services.

Savings and cost effective service delivery

No savings have been identified for the agency. However, over the MTEF period, the agency will seek to identify areas within their operational expenditure where savings can be effected.

Expenditure estimates

Table 27.30 Universal Service and Access Agency of South Africa and Universal Service and Access Fund

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**65**	**195**	**404**	**–**	**–**	**–**	**–**
Other non-tax revenue	65	195	404	–	–	–	–
Transfers received	30 208	33 495	66 704	83 168	59 801	63 090	66 875
Total revenue	**30 273**	**33 690**	**67 108**	**83 168**	**59 801**	**63 090**	**66 875**
Expenses							
Current expenses	**23 344**	**30 338**	**69 543**	**80 321**	**56 108**	**60 640**	**64 329**
Compensation of employees	14 369	17 742	25 216	32 345	34 124	36 171	38 522
Goods and services	7 945	11 672	42 998	47 941	21 947	24 424	25 749
Depreciation	969	889	1 303	–	–	–	–
Interest, dividends and rent on land	61	35	26	35	37	45	58
Total expenses	**23 344**	**30 338**	**69 543**	**80 321**	**56 108**	**60 640**	**64 329**
Surplus / (Deficit)	**6 929**	**3 352**	**(2 435)**	**2 847**	**3 693**	**2 450**	**2 546**
Statement of financial position							
Carrying value of assets	2 352	2 073	9 637	10 581	11 213	11 709	12 137
of which:							
Acquisition of assets	64	610	9 795	2 847	3 693	2 450	2 546
Receivables and prepayments	577	237	796	300	320	310	300
Cash and cash equivalents	5 203	9 515	4 913	4 500	3 500	4 600	6 950
Total assets	**8 132**	**11 825**	**15 346**	**15 381**	**15 033**	**16 619**	**19 387**
Accumulated surplus/(deficit)	6 351	9 348	6 915	9 106	11 073	13 145	15 326
Finance lease	204	163	115	595	396	197	510
Trade and other payables	1 107	1 390	5 469	2 719	911	77	442
Provisions	470	924	2 847	2 961	2 653	3 200	3 109
Total equity and liabilities	**8 132**	**11 825**	**15 346**	**15 381**	**15 033**	**16 619**	**19 387**

Expenditure trends

The spending over the medium term will on meeting universal access obligations by enhancing the effectiveness of interventions and projects subsidised by the Universal Service and Access Fund.

The agency receives its revenue mainly from a transfer from the Department of Communications. Revenue increased substantially from R30.3 million in 2008/09 to R83.2 million in 2011/12, at an average annual rate of 40.1 per cent, due to increased transfers received in 2010/11 to build human capital and for the broadcasting digital migration project. Over the medium term, revenue is expected to decrease to R66.9 million in 2014/15, at an average annual rate of 7 per cent, due to a decrease in wages to accommodate expenditure cuts.

Expenditure increased significantly from R23.3 million in 2008/09 to R80.3 million in 2011/12, at an average annual rate of 51 per cent, due to an increase in compensation of employees as a result of a new structure that was developed and implemented in the last quarter of 2010/11. Positions in the new structure had been increased by approximately 60 per cent. Funds rolled over from 2009/10 for spending on goods and services led to higher expenditure in 2010/11. As a result, spending on goods and services increased from R7.9 million to R47.9 million between 2008/09 and 2011/12. Over the medium term, total expenditure is expected to decrease to R64.3 million, at an average annual rate of 7.1 per cent.

Expenditure estimates

Table 27.31 Universal Service and Access Agency of South Africa and Universal Service and Access Fund

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**18**	**208**	**161**	**100**	**112**	**124**	**138**
Other non-tax revenue	18	208	161	100	112	124	138
Transfers received	34 581	36 427	38 613	260 930	273 977	289 046	291 988
Total revenue	**34 599**	**36 635**	**38 774**	**261 030**	**274 089**	**289 170**	**292 126**
Expenses							
Current expenses	**35 561**	**21 252**	**51 272**	**41 030**	**24 804**	**21 145**	**19 826**
Goods and services	35 561	21 252	51 272	41 030	24 804	21 145	19 826
Transfers and subsidies	–	–	–	220 000	249 285	268 025	272 300
Total expenses	**35 561**	**21 252**	**51 272**	**261 030**	**274 089**	**289 170**	**292 126**
Surplus / (Deficit)	**(962)**	**15 383**	**(12 498)**	**–**	**–**	**–**	**–**
Statement of financial position							
Receivables and prepayments	134	62	1 825	1 500	431	937	687
Cash and cash equivalents	7 598	28 167	2 255	201	987	2 993	1 743
Total assets	**7 732**	**28 229**	**4 080**	**1 701**	**1 418**	**3 930**	**2 430**
Accumulated surplus/(deficit)	912	16 295	3 797	–	–	1 012	1 012
Trade and other payables	6 820	11 934	283	1 701	1 418	2 918	1 418
Total equity and liabilities	**7 732**	**28 229**	**4 080**	**1 701**	**1 418**	**3 930**	**2 430**

Expenditure trends

The spending focus over the medium term will be on extending access to digital terrestrial television by rolling out set top boxes to low income households. This will be done by providing a subsidy to low income households to purchase set top boxes.

The fund receives transfers from the Department of Communications. Revenue increased substantially from R34.6 million in 2008/09 to R261 million in 2011/12, at an average annual rate of 96.1 per cent, due to increased transfers from the department for the entity to implement programmes to extend access to ICT infrastructure in under-serviced areas. Revenue is expected to increase to R292.1 million over the medium term, at an average annual rate of 3.8 per cent, due to an increase in transfers in 2012/13 for the digital migration programme in preparation for the rollout of subsidies.

Expenditure increased significantly from R35.6 million in 2008/09 to R261 million in 2011/12, at an average annual rate of 94.3 per cent, and is expected to increase to R292.1 million over the medium term, at an average annual rate of 3.8 per cent. The increase in both periods is due to higher expenditure on goods and services needed for the implementation of the digital migration programme through the subsidisation of set top boxes to low income households.

Personnel information

Table 27.32 Universal Service and Access Agency of South Africa and Universal Service and Access Fund

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	8	6	2	8	8	6	6	8	8	8
Executive management	6	5	1	5	6	5	5	6	6	6
Senior management	10	10	–	3	8	12	10	10	10	10
Middle management	7	7	–	7	7	9	7	7	7	7
Skilled	36	36	–	22	22	32	36	36	36	36
Total	**67**	**64**	**3**	**45**	**51**	**64**	**64**	**67**	**67**	**67**
Compensation (R thousand)				14 369	17 742	25 216	32 345	34 124	36 171	38 522
Unit cost (R thousand)				319	348	394	505	509	540	575

1. As at 30 September 2011.

The agency had an establishment of 67 posts, 64 of which were funded and 3 were vacant. The number of filled posts increased from 45 in 2008/09 to 67 in 2011/12 to build organisational capacity in preparation for the digital migration programme. Over the MTEF period, the number of filled posts is expected to increase to 67.

Independent Communications Authority of South Africa

Overview: 2008/09 – 2014/15

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 Postal Services Act (1998). In addition, the authority 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 licenses, and controls and manages the frequency spectrum.

Over the medium term, the authority will focus on transformation of the ICT sector to: ensure the provision of broadband services; optimise the use of the radio frequency spectrum to support the widest variety of services; promote the protection of consumers and accessibility for persons with disabilities; promote development of public, community and commercial broadcasting services in the context of digital migration; ensure compliance with legislation and regulations; strengthen and modernise the authority, and competition in the ICT sector.

Over the medium term, the authority will promote the empowerment of historically disadvantaged persons, develop regulatory policies that promote open access, promote technological neutrality and investment, increase participation in usage and access to ICT services, facilitate efficiency in the economy by and promote the development of public, commercial and community broadcasting services.

[H5]Performance

In the period under review, the authority completed the conversion of licenses issued under repealed legislation to licences that comply with the prescripts of the Electronic Communications Act (2005). In the first year of this conversion, the authority issued 189 licenses. Between 2008/09 to 2011/12, the authority completed 4 538 inspections of distribution and sealing of electronic equipment. Over the same period, the authority received, analysed and closed 11 464 spectrum licensing applications.

Selected performance indicators

Table 27.33 Independent Communications Authority of South Africa

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of frequency bands monitored per year	Ensure that the country's ICT sector standards or practices are aligned to the International Telecommunication Union and also ensure that the country strives to achieve millennium development goals for ICT access within the set time frames	–	Band 450-470 MHz Band 790-862 MHz	Band 161.875-167.875 MHz Band 167.8875-173.8750 MHz Band 406-410 MHz Band 2.6 and 3.5 GHz	Band 410-430 MHz Band 470-570 MHz Band 2.3-2.4 GHz Band 2.7 - 2.9 GHz	Band 570-670 MHz Band 670-770 MHz Band 3.4-4.2 GHz Band 4.4- 4.9 GHz	Band 770-806 MHz Band 806-862 MHz 1.525 GHz Band 1.668-1675 GHz	Band 770-806 MHz Band 806-862 MHz 1.525 GHz Band 1.668-1675 GHz
Number of applications closed per year (Equipment type approvals)	Ensure that the country's ICT sector standards or practices are aligned to the International Telecommunication Union and also ensure that the country strives to achieve millennium development goals for ICT access within the set time frames	2 000	–	2 000	2 000	2 000	2 000	2 000
Number of applications closed per year (Spectrum licensing)	Issuing licences	5 800	–	3 040	3 344	3 680	4 048	4 500
Percentage of consumer complaints resolved (Consumer affairs)	Ensure that the country's ICT sector standards or practices are aligned to the International Telecommunication Union and also ensure that the country strives to achieve millennium development goals for ICT access within the set time frames	60%	66%	64%	67%	70%	74%	80%

Table 27.33 Independent Communications Authority of South Africa (continued)

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of people who participated in public awareness campaigns per year (Public awareness)	Ensure that the country's ICT sector standards or practices are aligned to the International Telecommunication Union and also ensure that the country strives to achieve millennium development goals for ICT access within the set time frames	720	540	672	705	740	760	735
Number of inspections and sealing of electronic equipment per year	Ensure that the country's ICT sector standards or practices are aligned to the International Telecommunication Union and also ensure that the country strives to achieve millennium development goals for ICT access within the set time frames	1 200	1 406	920	1 012	1 113	1 225	1 117
Number of pre-assigned spectrum licences processed per year	Issuing licences	–	1 260	1 350	1 485	1 634	1 797	1 639
Number of tariff lodgements per year (Markets and competition)	Issuing licences	52	52	55	52	55	72	60
Number of licenses issued per year (Class broadcasting services, class electronic communications services, electronic communications network services and Unreserved)	Issuing licences	–	189	25	30	35	35	33
Number of numbering applications, and interconnection, and facilities leasing agreements approved per year (Markets and competition)	Ensuring compliance of key sectoral players including the mobile phone operators, television operators and television signal distributors	364	410	420	428	435	445	436

Programmes/activities/objectives

Table 27.34 Independent Communications Authority of South Africa

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Issuing licences	119 116	161 753	172 862	183 877	220 798	220 421	194 669
Conducting inspections	11 012	14 272	15 300	16 070	16 616	19 546	20 621
Ensuring compliance of key sectoral players including the mobile phone operators, TV operators and TV signal distributors	37 506	17 126	18 900	19 283	19 939	22 055	23 268
Develop and implement regulations to give effect to the ministerial policy directives;	17 216	19 980	21 500	22 497	26 585	25 397	26 794
Ensure that the countries ICT sector standards or practices are aligned to the ITU and also ensure that the country strives to achieve Millennium Development Goals (MDGs) for ICT access within the set time frames; and	53 251	57 087	60 150	64 278	66 462	72 183	76 153
Oversee the effective/optimal operations of the postal regulator.	17 226	19 986	19 085	19 217	9 970	19 823	20 913
Total expense	**255 326**	**290 204**	**307 797**	**325 223**	**360 369**	**379 425**	**362 418**

The Independent Communications Authority of South Africa had a total budget of R325.2 million in 2011/12, of which 56.5 per cent was used for the issuing of licences.

Savings and cost effectiveness

To realise savings, the entity intends to relocate its head office to cheaper premises over the MTEF period. This will result in savings of R2 million each year. The authority also aims to reduce the international training costs by bringing international expertise for training purposes locally instead of sending its personnel overseas. This will result in saving of R500 000 per year. Additionally, the organisation has begun to reap the savings on the investment made on voice over internet protocol system. Savings of R360 000 have been realised since the system was implemented in 2008/09.

Expenditure estimates

Table 27.35 Independent Communications Authority of South Africa

Statement of financial performance		Audited outcome		Revised estimate		Medium-term estimate	
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**19 747**	**15 827**	**5 902**	**5 012**	**6 581**	**5 017**	**5 524**
Sale of goods and services other than capital assets	11 874	5	7	12	12	12	12
of which:							
Administration fees	11 874	5	7	12	12	12	12
Other non-tax revenue	7 873	15 823	5 895	5 000	6 569	5 005	5 512
Transfers received	247 679	269 607	290 923	313 378	389 797	394 661	378 221
Total revenue	**267 426**	**285 434**	**296 825**	**318 390**	**396 378**	**399 678**	**383 745**
Expenses							
Current expenses	**255 326**	**290 204**	**307 797**	**325 223**	**360 368**	**379 425**	**362 418**
Compensation of employees	133 317	159 040	170 959	185 146	195 329	206 072	217 406
Goods and services	110 231	123 492	121 572	121 919	146 619	156 056	127 512
Depreciation	11 696	7 665	15 260	17 546	17 800	17 000	17 200
Interest, dividends and rent on land	81	6	6	612	620	296	300
Total expenses	**255 326**	**290 204**	**307 797**	**325 223**	**360 368**	**379 425**	**362 418**
Surplus / (Deficit)	**12 100**	**(4 770)**	**(10 972)**	**(6 833)**	**36 009**	**20 253**	**21 327**
Statement of financial position							
Carrying value of assets	79 056	92 917	98 508	106 535	134 293	171 518	186 655
of which:							
Acquisition of assets	18 872	23 221	22 437	26 373	46 358	55 125	33 287
Receivables and prepayments	565 708	502 270	907 510	13 320	12 820	11 820	11 820
Cash and cash equivalents	78 532	81 144	41 110	30 337	23 735	5 807	10 497
Total assets	**723 296**	**676 331**	**1 047 128**	**150 192**	**170 848**	**189 145**	**208 972**
Accumulated surplus/(deficit)	126 431	121 661	110 688	103 855	139 864	160 117	181 444
Capital and reserves	–	–	–	14 214	–	–	–
Finance lease	23	23	249	–	–	–	–
Trade and other payables	596 842	554 647	936 191	32 123	30 984	29 028	27 528
Total equity and liabilities	**723 296**	**676 331**	**1 047 128**	**150 192**	**170 848**	**189 145**	**208 972**

Expenditure trends

Spending over the medium term will focus on enhancing regulatory capacity, improving access to broadband services and optimising the use of the radio frequency spectrum to extend access to affordable ICT services to all South Africans.

The entity derives its revenue mainly from transfers received from the Department of Communications and other sources such as finance income from interest earned on cash and bid handling fees. Transfers received increased from R247.7 million in 2008/09 to R313.4 million in 2011/12, at an average annual rate of 8.2 per cent, to accommodate higher operational expenses. Total revenue is expected to increase from R318.4 million in 2011/12 to R383.7 million in 2014/15, at an average annual rate of 6.4 per cent, due to the increase in transfers received to fund improved conditions of service and the office relocation.

Expenditure increased from R255.3 million in 2008/09 to R325.3 million in 2011/12, at an average annual rate of 8.4 per cent. The growth was a result of an increase in spending on compensation of employees, which rose from R133.3 million to R185.1 million between 2008/09 and 2011/12, due to an increase in medical aid costs and higher wage settlement costs for employees in the bargaining unit. Spending on compensation of employees accounted for 56.9 per cent of the 2011/12 allocation. Furthermore, office rental costs have been increased at a higher rate than the increase in the allocation. Over the medium term, total expenditure is expected to increase to R362.4 million, at an annual average rate of 3.7 per cent, due to the relocation of the head office in the MTEF period.

Deficits are recorded between 2009/10 and 2011/12 as a result of higher depreciation on plant, property and equipment.

Personnel information

Table 27.36 Independent Communications Authority of South Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of points on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	9	9	–	–	–	9	9	9	5	5
Senior management	7	9	2	–	–	9	7	9	5	5
Middle management	19	20	1	–	–	20	19	20	15	10
Professionals	36	40	4	–	–	40	36	40	35	30
Skilled	210	–	27	–	–	210	210	210	200	200
Semi-skilled	74	–	4	–	–	74	74	74	50	25
Total	**355**	**78**	**38**	**–**	**–**	**362**	**355**	**362**	**310**	**275**
Compensation (R thousand)				133 317	159 040	170 959	185 146	195 329	206 072	217 406
Unit cost (R thousand)				–	–	472	522	540	665	791

1. As at 30 September 2011.

The entity had an establishment of 355 posts, 78 of which were funded and 38 were vacant. Over the MTEF period, filled posts is expected to decrease from 362 in 2012/13 increase to 275 in 2014/15 to ensure that the ratio of staff costs to total budget is reduced to an acceptable level.

Additional tables

Table 27.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited	Appropriation			Revised
	Main	Adjusted	outcome	Main	Additional	Adjusted	estimate
R thousand	2010/11		2010/11	2011/12			2011/12
Administration	2 113 999	2 138 001	1 426 477	148 505	1 180	149 685	149 685
ICT International Affairs and Trade	–	–	–	40 890	500	41 390	41 390
ICT Policy Development	–	–	–	94 699	1 040	95 739	95 739
ICT Enterprise Development	–	–	–	1 289 416	109 900	1 399 316	1 399 316
ICT Infrastructure Development	–	–	–	280 911	1 133	282 044	282 044
Presidential National Commission	–	–	–	34 691	–	34 691	34 691
Total	**2 113 999**	**2 138 001**	**1 426 477**	**1 889 112**	**113 753**	**2 002 865**	**2 002 865**
Economic classification							
Current payments	**483 176**	**502 178**	**321 044**	**585 237**	**3 853**	**589 090**	**589 090**
Compensation of employees	160 414	164 614	145 082	171 673	1 540	173 213	173 213
Goods and services	322 762	337 564	175 646	413 564	2 313	415 877	415 877
Interest and rent on land	–	–	316	–	–	–	–
Transfers and subsidies	**1 626 704**	**1 631 704**	**1 102 325**	**1 299 616**	**109 900**	**1 409 516**	**1 409 516**
Provinces and municipalities	–	–	6	–	–	–	–
Departmental agencies and accounts	610 467	610 467	430 467	692 674	–	692 674	692 674
Foreign governments and international organisations	–	–	6	–	–	–	–
Public corporations and private enterprises	1 012 737	1 017 737	667 973	603 242	109 900	713 142	713 142
Non-profit institutions	3 500	3 500	3 723	3 700	–	3 700	3 700
Households	–	–	150	–	–	–	–
Payments for capital assets	**4 119**	**4 119**	**2 400**	**4 259**	**–**	**4 259**	**4 259**
Machinery and equipment	4 119	4 119	2 301	4 259	–	4 259	4 259
Software and other intangible assets	–	–	99	–	–	–	–
Payments for financial assets	**–**	**–**	**708**	**–**	**–**	**–**	**–**
Total	**2 113 999**	**2 138 001**	**1 426 477**	**1 889 112**	**113 753**	**2 002 865**	**2 002 865**

Table 27.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Compensation of employees (R thousand)	107 953	129 595	145 083	173 213	182 875	191 867	203 706
Training expenditure (R thousand)	6 032	8 950	5 083	9 047	9 499	9 974	10 473
Training as percentage of compensation	5.6%	6.9%	3.5%	5.2%	5.2%	5.2%	5.1%
Total number trained in department (headcount)	243	173	155	181			
of which:							
Employees receiving bursaries (headcount)	*43*	*41*	*44*	*58*			
Internships (headcount)	*32*	*35*	*41*	*18*			

National Treasury

BUDGET 2012

ESTIMATES OF NATIONAL EXPENDITURE

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REPUBLIC OF SOUTH AFRICA