

# Vote 32

## Telecommunications and Postal Services

### Budget summary

R million	2018/19				2019/20	2020/21
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	218.3	206.5	0.0	11.8	243.7	261.6
International Affairs and Trade	52.0	23.2	28.5	0.4	58.4	56.4
Policy, Research and Capacity Development	86.0	85.6	–	0.3	89.2	96.1
ICT Enterprise Development and Public Entities Oversight	250.4	21.3	228.6	0.5	266.0	280.9
ICT Infrastructure Support	316.6	66.6	241.8	8.2	367.2	390.6
<b>Total expenditure estimates</b>	<b>923.4</b>	<b>403.3</b>	<b>498.9</b>	<b>21.3</b>	<b>1 024.4</b>	<b>1 085.6</b>

Executive authority: Minister of Telecommunications and Postal Services  
 Accounting officer: Director General of Telecommunications and Postal Services  
 Website address: [www.dtps.gov.za](http://www.dtps.gov.za)

*The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, personnel, entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, and expenditure information at the level of service delivery, where appropriate.*

### Vote purpose

*Develop 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.*

### Mandate

The mandate of the Department of Telecommunications and Postal Services is to develop ICT policies that will contribute to an inclusive information society. The department has a responsibility to modernise the economy and economic infrastructure through: facilitating the rollout of ICT infrastructure, applications and services; enabling the rollout of postal and banking services; developing e-strategies to roll out e-government and e-sectoral services; promoting cybersecurity and the security of networks; and promoting universal service and electronic communications in underserved areas.

The department also sets guidelines for the determinations of its regulatory authority, the Independent Communications Authority of South Africa, and oversees and strengthens the capacity of state-owned companies within its portfolio.

The department derives its legislative mandate from the Electronic Communications Act (2005) and the Electronic Communications and Transactions Act (2002).

### Selected performance indicators

**Table 32.1 Performance indicators by programme and related outcome**

Indicator	Programme	MTSF outcome	Past			Current	Projections		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Number of ICT position papers developed for international engagements per year	International Affairs and Trade	Outcome 6: An efficient, competitive and responsive economic infrastructure network	5	5	2	4	4	4	4
Number of identified government institutions connected as part of the national broadband plan: digital development (phase 1) per year	ICT Infrastructure Support		–1	–1	–1	100	0 <sup>2</sup>	750 <sup>2</sup>	45 <sup>2</sup>
Number of identified connected government institutions maintained as part of the national broadband plan: digital development (phase 1) per year	ICT Infrastructure Support		–3	–3	–3	–3	–3	–3	750

1. No historical data available.
2. No new rollouts anticipated in 2018/19, and fewer rollouts in 2019/20 and 2020/21 due to reductions to the budget.
3. No historical data available as maintenance is scheduled to begin only in 2020/21.

## Expenditure analysis

Chapter 4 of the National Development Plan (NDP) recognises that ICT is a key enabler of inclusive economic growth that is critical to addressing inequality in South Africa. Outcome 6 (an efficient, competitive and responsive economic infrastructure network) of government's 2014-2019 medium-term strategic framework gives expression to this aspect of the NDP's vision. The work of the Department of Telecommunications and Postal Services is closely aligned with this outcome. Over the medium term, the department will focus on implementing the recommendations of the 2016 White Paper on National Integrated ICT Policy; to create a state ICT infrastructure company and a state ICT services company, implementing the South Africa Connect broadband policy, and restructuring the organisation to better align with its mandate following the department's split from the Department of Communications in 2014/15.

The department's total budget is expected to decrease over the MTEF period, from R5.2 billion in 2017/18 to R1.1 billion in 2020/21. This is due to a once-off allocation of R3.7 billion in 2017/18 to the *ICT Enterprise Development and Public Entities Oversight* programme for the recapitalisation of the South African Post Office; and Cabinet approved budget reductions over the medium term of R1.7 billion to the South Africa Connect broadband project, and R764 million to the Universal Service and Access Fund for the broadcasting digital migration project.

### **2016 White Paper on National Integrated ICT Policy**

Over the medium term, the department plans to continue with the phased implementation of the 2016 White Paper on National Integrated ICT Policy, which will entail changes to existing legislation and the development of new legislation. The department has identified that the Electronic Communications Act (2005) and the State Information Technology Agency Act (1998) require revision; and that ICT commission and tribunal, and ICT state infrastructure bills need to be developed to make provisions for the department's long-term strategic intent. To give effect to these activities, spending in the *Policy, Research and Capacity Development* programme is expected to amount to R271.2 million over the medium term, increasing at an average annual rate of 4 per cent.

The department plans to establish a state IT company and a state ICT infrastructure company by 2020, which will involve merging different functions of the State Information Technology Agency, Sentech and Broadband Infraco. The department has submitted proposals for the establishment of these companies to Cabinet for approval and plans to draft their proposed mandates in 2017/18. Draft legislation will be developed for these companies in 2018/19 for submission to Parliament in 2019/20. To fund these activities, allocations to the *ICT Enterprise Development and Public Entities Oversight* programme are expected to amount to R797.4 million over the medium term.

### **Implementing the South Africa Connect broadband policy**

Following delays in the implementation of phase 1 of the South Africa Connect broadband project, the department's entities, the State Information Technology Agency and Broadband Infraco, are set to roll out broadband to an estimated 795 facilities over the medium term. The target for the rollout was revised downwards, in line with the Cabinet approved reductions. R557.6 million has been allocated to the *Broadband* subprogramme in the *ICT Infrastructure Support* programme to implement the project over the MTEF period.

Funds are set to be reprioritised to Sentech in 2018/19 for costs related to dual illumination, which entails running analogue and digital broadcast signals at the same time. The increase in this transfer was realised through a reduction of R143.9 million in the allocation to the South Africa Connect broadband project, and R60 million to Sentech's allocation for the migration of digital signals in the *ICT Infrastructure Support* programme.

Over the MTEF period, the department aims to develop a new organisational structure to ensure alignment with its mandate. Spending on compensation of employees accounts for a projected 11.5 per cent (R725.2 million) of the department's total budget over the medium term. The number of personnel in the department is expected to decrease to 270 over the same period.

## Expenditure trends

**Table 32.2 Vote expenditure trends by programme and economic classification**

<b>Programmes</b>														
1. Administration														
2. International Affairs and Trade														
3. Policy, Research and Capacity Development														
4. ICT Enterprise Development and Public Entities Oversight														
5. ICT Infrastructure Support														
Programme	Annual budget	Adjusted appropriation	Audited outcome	Annual budget	Adjusted appropriation	Audited outcome	Annual budget	Adjusted appropriation	Audited outcome	Annual budget	Adjusted appropriation	Revised estimate	Average: Outcome/Annual budget (%)	Average: Outcome/Adjusted appropriation (%)
R million	2014/15			2015/16			2016/17			2017/18			2014/15 - 2017/18	
Programme 1	216.4	230.4	225.3	173.7	180.3	221.9	193.3	207.9	211.6	194.2	198.1	198.1	110.2%	104.9%
Programme 2	36.8	36.8	42.5	43.4	43.4	41.5	44.7	45.7	46.9	47.8	50.9	50.9	105.3%	102.9%
Programme 3	98.0	121.0	72.9	105.6	105.6	74.0	95.6	88.8	78.5	90.4	85.5	85.5	79.8%	77.5%
Programme 4	719.2	742.4	241.6	447.9	447.9	482.6	884.6	878.8	874.3	243.4	3 944.1	3 944.1	241.5%	92.2%
Programme 5	523.0	1 106.0	985.8	642.8	628.0	480.1	1 199.2	1 196.3	864.4	1 038.4	895.7	895.7	94.8%	84.3%
<b>Total</b>	<b>1 593.4</b>	<b>2 236.7</b>	<b>1 568.1</b>	<b>1 413.3</b>	<b>1 405.3</b>	<b>1 300.1</b>	<b>2 417.4</b>	<b>2 417.4</b>	<b>2 075.7</b>	<b>1 614.2</b>	<b>5 174.4</b>	<b>5 174.4</b>	<b>143.8%</b>	<b>90.1%</b>
Change to 2017 Budget estimate											3 560.2			
<b>Economic classification</b>														
<b>Current payments</b>	<b>503.4</b>	<b>524.7</b>	<b>398.9</b>	<b>679.7</b>	<b>671.6</b>	<b>412.1</b>	<b>708.3</b>	<b>698.6</b>	<b>358.9</b>	<b>795.5</b>	<b>655.6</b>	<b>655.6</b>	<b>67.9%</b>	<b>71.6%</b>
Compensation of employees	204.6	204.6	175.5	191.8	198.5	181.7	213.7	213.7	205.2	214.7	221.2	221.2	95.0%	93.5%
Goods and services	298.8	320.1	223.4	487.9	473.1	230.4	494.6	484.9	153.6	580.8	434.4	434.4	56.0%	60.8%
<b>Transfers and subsidies</b>	<b>1 084.5</b>	<b>1 704.5</b>	<b>1 158.5</b>	<b>728.6</b>	<b>728.6</b>	<b>882.0</b>	<b>1 054.1</b>	<b>1 054.1</b>	<b>1 057.5</b>	<b>806.7</b>	<b>806.7</b>	<b>806.7</b>	<b>106.3%</b>	<b>90.9%</b>
Departmental agencies and accounts	771.4	1 322.4	945.4	597.4	597.4	532.6	790.8	790.8	790.8	295.2	295.2	295.2	-	-
Foreign governments and international organisations	16.2	16.2	23.7	22.2	22.2	24.6	23.4	23.4	26.1	25.5	25.5	25.5	114.6%	114.6%
Public corporations and private enterprises	297.0	366.0	188.8	109.0	109.0	324.1	240.0	240.0	240.1	486.0	486.0	486.0	109.5%	103.2%
Non-profit institutions	-	-	0.1	-	-	-	-	-	0.0	-	-	-	-	-
Households	-	-	0.4	-	-	0.7	-	-	0.5	-	-	-	-	-
<b>Payments for capital assets</b>	<b>5.5</b>	<b>7.5</b>	<b>10.3</b>	<b>5.1</b>	<b>5.1</b>	<b>5.5</b>	<b>5.0</b>	<b>14.6</b>	<b>9.3</b>	<b>12.0</b>	<b>12.0</b>	<b>12.0</b>	<b>135.0%</b>	<b>94.6%</b>
Machinery and equipment	5.5	5.5	10.1	5.1	5.1	3.4	4.6	7.7	5.1	10.6	9.1	9.1	107.6%	101.2%
Software and other intangible assets	-	2.0	0.2	-	-	2.1	0.4	6.9	4.2	1.4	3.0	3.0	536.6%	79.4%
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>-</b>	<b>-</b>	<b>0.4</b>	<b>650.0</b>	<b>650.0</b>	<b>650.0</b>	<b>-</b>	<b>3 700.0</b>	<b>3 700.0</b>	<b>669.4%</b>	<b>100.0%</b>
<b>Total</b>	<b>1 593.4</b>	<b>2 236.7</b>	<b>1 568.1</b>	<b>1 413.3</b>	<b>1 405.3</b>	<b>1 300.1</b>	<b>2 417.4</b>	<b>2 417.4</b>	<b>2 075.7</b>	<b>1 614.2</b>	<b>5 174.4</b>	<b>5 174.4</b>	<b>143.8%</b>	<b>90.1%</b>

## Expenditure estimates

**Table 32.3 Vote expenditure estimates by programme and economic classification**

<b>Programmes</b>								
1. Administration								
2. International Affairs and Trade								
3. Policy, Research and Capacity Development								
4. ICT Enterprise Development and Public Entities Oversight								
5. ICT Infrastructure Support								
Programme	Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
R million	2017/18	2014/15 - 2017/18	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	2017/18 - 2020/21
Programme 1	198.1	-4.9%	8.5%	218.3	243.7	261.6	9.7%	11.2%
Programme 2	50.9	11.4%	1.8%	52.0	58.4	56.4	3.5%	2.7%
Programme 3	85.5	-10.9%	3.1%	86.0	89.2	96.1	4.0%	4.3%
Programme 4	3 944.1	74.5%	54.8%	250.4	266.0	280.9	-58.5%	57.8%
Programme 5	895.7	-6.8%	31.9%	316.6	367.2	390.6	-24.2%	24.0%
<b>Total</b>	<b>5 174.4</b>	<b>32.3%</b>	<b>100.0%</b>	<b>923.4</b>	<b>1 024.4</b>	<b>1 085.6</b>	<b>-40.6%</b>	<b>100.0%</b>
Change to 2017 Budget estimate				(804.1)	(804.4)	(848.6)		

**Table 32.3 Vote expenditure estimates by programme and economic classification**

Economic classification	Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
		2017/18	2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	
R million								
<b>Current payments</b>	<b>655.6</b>	<b>7.7%</b>	<b>18.0%</b>	<b>403.3</b>	<b>621.3</b>	<b>663.2</b>	<b>0.4%</b>	<b>28.6%</b>
Compensation of employees	221.2	2.6%	7.7%	224.3	241.4	259.5	5.5%	11.5%
Goods and services	434.4	10.7%	10.3%	179.0	379.9	403.7	-2.4%	17.0%
<b>Transfers and subsidies</b>	<b>806.7</b>	<b>-22.1%</b>	<b>38.6%</b>	<b>498.9</b>	<b>389.7</b>	<b>408.7</b>	<b>-20.3%</b>	<b>25.6%</b>
Departmental agencies and accounts	295.2	-39.3%	25.3%	266.5	295.4	311.4	1.8%	14.2%
Foreign governments and international organisations	25.5	16.5%	1.0%	28.5	31.0	30.5	6.1%	1.4%
Public corporations and private enterprises	486.0	9.9%	12.2%	203.9	63.3	66.8	-48.4%	10.0%
<b>Payments for capital assets</b>	<b>12.0</b>	<b>17.2%</b>	<b>0.4%</b>	<b>21.3</b>	<b>13.3</b>	<b>13.7</b>	<b>4.5%</b>	<b>0.7%</b>
Machinery and equipment	9.1	18.3%	0.3%	10.1	8.4	8.5	-2.1%	0.4%
Software and other intangible assets	3.0	13.9%	0.1%	11.1	5.0	5.2	20.8%	0.3%
<b>Payments for financial assets</b>	<b>3 700.0</b>	<b>-</b>	<b>43.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>45.1%</b>
<b>Total</b>	<b>5 174.4</b>	<b>32.3%</b>	<b>100.0%</b>	<b>923.4</b>	<b>1 024.4</b>	<b>1 085.6</b>	<b>-40.6%</b>	<b>100.0%</b>

## Expenditure trends and estimates for significant spending items

**Table 32.4 Expenditure trends and estimates for significant spending items**

R thousand	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total Vote (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total Vote (%)
	2014/15	2015/16	2016/17				2017/18	2018/19	2019/20		
Broadband	49 969	83 540	26 935	323 015	86.3%	4.8%	58 691	241 087	257 839	-7.2%	10.7%
<b>Total</b>	<b>49 969</b>	<b>83 540</b>	<b>26 935</b>	<b>323 015</b>	<b>86.3%</b>	<b>4.8%</b>	<b>58 691</b>	<b>241 087</b>	<b>257 839</b>	<b>-7.2%</b>	<b>10.7%</b>

## Goods and services expenditure trends and estimates

**Table 32.5 Vote Goods and services expenditure trends and estimates**

R thousand	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2014/15	2015/16	2016/17				2017/18	2018/19	2019/20		
Administrative fees	1 492	1 627	1 445	1 346	-3.4%	0.6%	1 622	1 731	1 845	11.1%	0.5%
Advertising	1 468	3 198	3 312	2 368	17.3%	1.0%	3 702	3 508	3 938	18.5%	1.0%
Minor assets	266	479	114	1 269	68.3%	0.2%	1 448	1 936	2 066	17.6%	0.5%
Audit costs: External	14 591	28 067	6 499	3 857	-35.8%	5.1%	5 089	5 900	6 259	17.5%	1.5%
Bursaries: Employees	636	513	817	2 276	53.0%	0.4%	2 126	1 417	1 973	-4.7%	0.6%
Catering: Departmental activities	1 120	1 969	1 794	1 726	15.5%	0.6%	2 299	2 253	2 714	16.3%	0.6%
Communication	5 190	5 182	5 714	5 566	2.4%	2.1%	7 229	7 873	8 004	12.9%	2.1%
Computer services	9 466	5 117	5 726	11 287	6.0%	3.0%	7 176	10 800	11 660	1.1%	2.9%
Consultants: Business and advisory services	49 055	75 146	8 872	301 404	83.2%	41.7%	19 516	204 301	219 221	-10.1%	53.3%
Legal services	8 603	6 155	7 454	4 100	-21.9%	2.5%	5 000	6 655	7 104	20.1%	1.6%
Contractors	2 336	2 060	2 803	3 264	11.8%	1.0%	6 050	7 004	6 372	25.0%	1.6%
Agency and support/outsourced services	23 233	144	24	2 337	-53.5%	2.5%	6 802	6 295	6 582	41.2%	1.6%
Entertainment	297	494	23	326	3.2%	0.1%	269	290	304	-2.3%	0.1%
Fleet services (including government motor transport)	1 471	999	1 194	661	-23.4%	0.4%	1 550	871	908	11.2%	0.3%
Inventory: Clothing material and accessories	119	-	-	-	-100.0%	-	-	-	-	-	-
Inventory: Fuel, oil and gas	5	-	-	21	61.3%	-	-	-	-	-100.0%	-
Inventory: Materials and supplies	10	12	20	27	39.2%	-	30	27	29	2.4%	-
Inventory: Other supplies	-	-	-	23	-	-	-	1	1	-64.8%	-
Consumable supplies	136	208	225	204	14.5%	0.1%	424	480	524	37.0%	0.1%
Consumables: Stationery, printing and office supplies	5 534	5 186	6 197	6 603	6.1%	2.3%	6 159	7 216	7 740	5.4%	2.0%
Operating leases	46 395	43 180	41 922	29 852	-13.7%	15.5%	39 770	43 260	46 806	16.2%	11.4%
Rental and hiring	740	1 364	489	655	-4.0%	0.3%	1 340	1 416	1 562	33.6%	0.4%
Property payments	11 703	10 152	12 064	13 733	5.5%	4.6%	10 320	14 875	15 656	4.5%	3.9%
Transport provided: Departmental activity	-	-	-	140	-	-	-	-	-	-100.0%	-
Travel and subsistence	27 910	33 140	31 547	23 692	-5.3%	11.2%	33 696	36 037	34 863	13.7%	9.2%
Training and development	6 840	2 433	9 955	9 261	10.6%	2.7%	8 961	7 470	8 610	-2.4%	2.5%
Operating payments	2 399	1 325	912	995	-25.4%	0.5%	3 242	3 958	4 423	64.4%	0.9%
Venues and facilities	2 402	2 277	4 483	7 448	45.8%	1.6%	5 136	4 357	4 504	-15.4%	1.5%
<b>Total</b>	<b>223 417</b>	<b>230 427</b>	<b>153 605</b>	<b>434 441</b>	<b>24.8%</b>	<b>100.0%</b>	<b>178 956</b>	<b>379 931</b>	<b>403 668</b>	<b>-2.4%</b>	<b>100.0%</b>

## Transfers and subsidies expenditure trends and estimates

Table 32.6 Vote transfers and subsidies trends and estimates

R thousand	Audited outcome			Adjusted appropriation	Average growth rate (%)		Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)		Average: Expenditure/ Total (%)
	2014/15	2015/16	2016/17		2017/18	2014/15 - 2017/18		2018/19	2019/20	2020/21	2017/18 - 2020/21		
<b>Households</b>													
<b>Social benefits</b>													
<b>Current</b>	–	438	318	–	–	–	–	–	–	–	–	–	–
Households	–	438	318	–	–	–	–	–	–	–	–	–	–
<b>Departmental agencies and accounts</b>													
<b>Departmental agencies (non-business entities)</b>													
<b>Current</b>	945 422	532 574	790 789	295 181	-32.2%	65.7%	266 496	295 420	311 418	1.8%	55.5%		
Information Systems, Electronics and Telecommunication Technologies	1 199	–	–	–	-100.0%	–	–	–	–	–	–	–	–
Education and Training Authority	–	4	4	–	–	–	–	–	–	–	–	–	–
Departmental agencies and accounts	–	–	–	–	–	–	–	–	–	–	–	–	–
National Electronic Media Institute of South Africa	37 859	36 601	77 200	85 785	31.3%	6.1%	90 761	95 844	101 15	5.6%	17.8%		
Universal Service and Access Agency of South Africa	65 376	262 429	69 045	75 684	5.0%	12.1%	80 074	84 558	89 209	5.6%	15.7%		
Universal Service and Access Fund	49 988	52 380	55 156	54 614	3.0%	5.4%	57 781	61 017	64 373	5.6%	11.3%		
Universal Service and Access Fund: Broadcasting digital migration	791 000	181 160	589 384	79 098	-53.6%	42.0%	37 880	54 001	56 721	-10.5%	10.8%		
<b>Households</b>													
<b>Other transfers to households</b>													
<b>Current</b>	421	291	158	–	-100.0%	–	–	–	–	–	–	–	–
Households	421	291	158	–	-100.0%	–	–	–	–	–	–	–	–
<b>Public corporations and private enterprises</b>													
<b>Other transfers to private enterprises</b>													
<b>Current</b>	13	–	5	–	-100.0%	–	–	–	–	–	–	–	–
Public corporations and private enterprises	13	–	5	–	-100.0%	–	–	–	–	–	–	–	–
<b>Public corporations and private enterprises</b>													
<b>Other transfers to public corporations</b>													
<b>Current</b>	50 014	115 104	240 045	240 000	68.7%	16.5%	–	–	–	-100.0%	11.4%		
Public corporations and private enterprises	14	12	45	–	-100.0%	–	–	–	–	–	–	–	–
South African Post Office	50 000	115 092	–	–	-100.0%	4.2%	–	–	–	–	–	–	–
South African Post Office: Broadcasting digital migration	–	–	240 000	240 000	–	12.3%	–	–	–	-100.0%	11.4%		
<b>Capital</b>	138 807	209 000	–	246 000	21.0%	15.2%	203 900	63 300	66 782	-35.2%	27.6%		
Household	2	–	–	–	-100.0%	–	–	–	–	–	–	–	–
Sentech	69 805	–	–	–	-100.0%	1.8%	–	–	–	–	–	–	–
Sentech: Dual illumination costs relating to the digital migration project	69 000	209 000	–	193 000	40.9%	12.1%	203 900	–	–	-100.0%	18.9%		
Sentech: Migration of digital signals	–	–	–	53 000	–	1.4%	–	63 300	66 782	8.0%	8.7%		
<b>Non-profit institutions</b>													
<b>Current</b>	110	–	25	–	-100.0%	–	–	–	–	–	–	–	–
Non-profit institutions	110	–	25	–	-100.0%	–	–	–	–	–	–	–	–
<b>Provinces and municipalities</b>													
<b>Municipal agencies and funds</b>													
<b>Current</b>	9	–	–	–	-100.0%	–	15	17	19	–	–	–	–
Provinces and municipalities	9	–	–	–	-100.0%	–	15	17	19	–	–	–	–
<b>Provinces and municipalities</b>													
<b>Provincial agencies and funds</b>													
<b>Current</b>	–	13	17	–	–	–	–	–	–	–	–	–	–
Provinces and municipalities	–	13	17	–	–	–	–	–	–	–	–	–	–
<b>Foreign governments and international organisations</b>													
<b>Current</b>	23 724	24 629	26 136	25 532	2.5%	2.6%	28 482	31 008	30 476	6.1%	5.5%		
Universal Postal Union	5 314	5 446	5 960	5 228	-0.5%	0.6%	6 311	6 841	6 258	6.2%	1.2%		
International Telecommunications Union	16 204	16 545	17 581	16 312	0.2%	1.7%	18 252	19 496	19 421	6.0%	3.5%		
African Telecommunications Union	927	940	1 044	1 091	5.6%	0.1%	1 047	1 219	1 286	5.6%	0.2%		
Pan-African Postal Union	861	1 071	1 033	1 003	5.2%	0.1%	1 061	1 120	1 182	5.6%	0.2%		
Organisation for Economic Cooperation and Development	–	185	166	482	–	–	200	603	569	5.7%	0.1%		
Commonwealth Telecommunications Organisation	418	442	352	416	-0.2%	–	440	529	491	5.7%	0.1%		
Dona Foundation	–	–	–	1 000	–	–	1 171	1 200	1 269	8.3%	0.2%		
<b>Total</b>	<b>1 158 520</b>	<b>882 049</b>	<b>1 057 493</b>	<b>806 713</b>	<b>-11.4%</b>	<b>100.0%</b>	<b>498 893</b>	<b>389 745</b>	<b>408 695</b>	<b>-20.3%</b>	<b>100.0%</b>		

## Personnel information

**Table 32.7 Vote personnel numbers and cost by salary level and programme<sup>1</sup>**

Number of posts estimated for 31 March 2018		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment										Number							
Number of funded posts	Number of posts additional to the establishment	Actual		Revised estimate		Medium-term expenditure estimate					Average growth rate (%)	Average: Salary level/Total (%)							
		2016/17	Unit Cost cost	2017/18	Unit Cost cost	2018/19	2019/20	2020/21	2017/18 - 2020/21										
<b>Telecommunications and Postal Services</b>																			
Salary level	303	17	308	205.2	0.7	308	221.2	0.7	271	224.3	0.8	270	241.4	0.9	270	259.5	1.0	-4.3%	100.0%
1 – 6	23	–	23	6.8	0.3	21	6.9	0.3	24	8.3	0.3	23	8.6	0.4	24	9.6	0.4	4.6%	8.2%
7 – 10	105	–	106	46.0	0.4	103	48.9	0.5	93	50.5	0.5	94	54.3	0.6	94	59.3	0.6	-3.0%	34.3%
11 – 12	68	–	64	45.2	0.7	66	49.3	0.7	58	53.4	0.9	56	56.5	1.0	56	60.2	1.1	-5.3%	21.1%
13 – 16	103	–	99	100.5	1.0	100	108.3	1.1	91	104.8	1.2	93	114.2	1.2	93	122.1	1.3	-2.4%	33.7%
Other	4	17	16	6.7	0.4	18	7.8	0.4	5	7.4	1.5	4	7.8	2.0	3	8.3	2.8	-45.0%	2.7%
<b>Programme</b>	<b>303</b>	<b>17</b>	<b>308</b>	<b>205.2</b>	<b>0.7</b>	<b>308</b>	<b>221.2</b>	<b>0.7</b>	<b>271</b>	<b>224.3</b>	<b>0.8</b>	<b>270</b>	<b>241.4</b>	<b>0.9</b>	<b>270</b>	<b>259.5</b>	<b>1.0</b>	<b>-4.3%</b>	<b>100.0%</b>
Programme 1	150	17	158	94.8	0.6	157	103.8	0.7	135	108.8	0.8	134	116.6	0.9	134	125.6	0.9	-5.1%	50.0%
Programme 2	20	–	18	12.7	0.7	20	16.2	0.8	18	13.7	0.8	19	16.1	0.8	19	17.3	0.9	-1.7%	6.8%
Programme 3	73	–	75	52.6	0.7	72	52.9	0.7	63	52.6	0.8	65	58.8	0.9	65	63.1	1.0	-3.4%	23.7%
Programme 4	25	–	25	19.8	0.8	25	22.1	0.9	17	16.0	0.9	16	16.4	1.0	16	17.5	1.1	-13.8%	6.6%
Programme 5	35	–	32	25.3	0.8	34	26.2	0.8	38	33.3	0.9	36	33.5	0.9	36	35.9	1.0	1.9%	12.9%

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

2. Rand million.

## Departmental receipts

**Table 32.8 Departmental receipts by economic classification**

	Audited outcome			Adjusted estimate		Average growth rate (%)	Average: Receipt item/ Total (%)	Medium-term receipts estimate			Average growth rate (%)	Average: Receipt item/ Total (%)	
	2014/15	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2017/18 - 2020/21			
R thousand													
<b>Departmental receipts</b>	<b>1 670 224</b>	<b>26 804 435</b>	<b>831 411</b>	<b>654 413</b>	<b>654 413</b>	<b>-26.8%</b>	<b>100.0%</b>	<b>600 379</b>	<b>600 391</b>	<b>600 404</b>	<b>-2.8%</b>	<b>100.0%</b>	
Sales of goods and services produced by department	57	52	51	366	366	85.9%	–	52	53	55	-46.8%	–	
Sales by market establishments of which:	–	–	–	234	234	–	–	–	–	–	-100.0%	–	
Market establishment: Non-residential buildings	–	–	–	154	154	–	–	–	–	–	-100.0%	–	
List item	–	–	–	80	80	–	–	–	–	–	-100.0%	–	
Administrative fees of which:	6	5	4	1	1	-45.0%	–	5	5	6	81.7%	–	
Cryptography fees	6	5	4	1	1	-45.0%	–	5	5	6	81.7%	–	
Other sales of which:	51	47	47	131	131	37.0%	–	47	48	49	-27.9%	–	
Commission on insurance	51	47	47	131	131	37.0%	–	47	48	49	-27.9%	–	
Transfers received	728	–	–	244	244	-30.5%	–	–	–	–	-100.0%	–	
Interest, dividends and rent on land	1 667 734	1 335 925	831 077	653 263	653 263	-26.8%	15.0%	600 100	600 110	600 120	-2.8%	99.9%	
Interest	1 013	446	264	51 240	51 240	269.8%	0.2%	100	110	120	-86.7%	2.1%	
Dividends of which:	1 666 721	1 335 479	830 813	602 023	602 023	-28.8%	14.8%	600 000	600 000	600 000	-0.1%	97.8%	
Vodacom shares	1 666 721	828 216	–	–	–	-100.0%	8.3%	–	–	–	–	–	
Telkom shares	–	507 263	830 813	602 023	602 023	–	6.5%	600 000	600 000	600 000	-0.1%	97.8%	
Sales of capital assets	–	–	–	300	300	–	–	–	–	–	-100.0%	–	
Transactions in financial assets and liabilities	1 705	25 468	458	283	240	240	-48.0%	85.0%	227	228	229	-1.6%	–
<b>Total</b>	<b>1 670 224</b>	<b>26 804 435</b>	<b>831 411</b>	<b>654 413</b>	<b>654 413</b>	<b>-26.8%</b>	<b>100.0%</b>	<b>600 379</b>	<b>600 391</b>	<b>600 404</b>	<b>-2.8%</b>	<b>100.0%</b>	

## Programme 1: Administration

### Programme purpose

Provide strategic leadership, management and support services to the department.

## Expenditure trends and estimates

Table 32.9 Administration expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2014/15	2015/16	2016/17				2017/18	2018/19	2019/20		
R million											
Ministry	4.1	4.2	4.2	4.0	-0.4%	1.9%	4.2	4.5	4.9	6.6%	1.9%
Departmental Management	65.8	73.3	52.1	38.9	-16.1%	26.8%	42.8	48.7	52.4	10.5%	19.8%
Internal Audit	5.7	5.2	3.9	7.5	9.5%	2.6%	7.2	8.0	8.4	3.9%	3.4%
Corporate Services	70.2	62.6	70.5	74.6	2.1%	32.4%	77.5	86.3	92.7	7.5%	35.9%
Financial Management	73.6	70.4	75.7	69.5	-1.9%	33.7%	77.5	85.9	92.3	9.9%	35.3%
Office Accommodation	6.0	6.1	5.2	3.6	-15.7%	2.4%	9.2	10.3	10.9	44.7%	3.7%
<b>Total</b>	<b>225.3</b>	<b>221.9</b>	<b>211.6</b>	<b>198.1</b>	<b>-4.2%</b>	<b>100.0%</b>	<b>218.3</b>	<b>243.7</b>	<b>261.6</b>	<b>9.7%</b>	<b>100.0%</b>
Change to 2017				3.9			8.1	17.1	15.0		
Budget estimate											
<b>Economic classification</b>											
<b>Current payments</b>	<b>214.3</b>	<b>217.2</b>	<b>204.1</b>	<b>190.6</b>	<b>-3.8%</b>	<b>96.4%</b>	<b>206.5</b>	<b>232.4</b>	<b>249.8</b>	<b>9.4%</b>	<b>95.4%</b>
Compensation of employees	85.4	86.2	94.8	103.8	6.7%	43.2%	108.8	116.6	125.6	6.6%	49.3%
Goods and services <sup>1</sup>	129.0	131.0	109.3	86.8	-12.4%	53.2%	97.8	115.9	124.2	12.7%	46.1%
of which:											
Audit costs: External	14.6	28.1	6.5	3.8	-36.1%	6.2%	5.1	5.9	6.2	17.7%	2.3%
Computer services	9.5	5.0	5.5	8.4	-3.9%	3.3%	5.3	9.0	9.8	5.2%	3.5%
Legal services	8.6	6.2	7.5	4.1	-21.9%	3.1%	5.0	6.7	7.1	20.1%	2.5%
Operating leases	45.4	42.4	41.0	28.7	-14.1%	18.4%	37.7	41.0	44.4	15.6%	16.5%
Property payments	11.7	10.1	11.7	12.6	2.5%	5.4%	10.3	14.8	15.6	7.5%	5.8%
Travel and subsistence	16.9	16.9	17.2	8.5	-20.3%	6.9%	10.7	15.0	16.4	24.3%	5.5%
<b>Transfers and subsidies<sup>1</sup></b>	<b>1.7</b>	<b>0.3</b>	<b>0.3</b>	<b>-</b>	<b>-100.0%</b>	<b>0.3%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	0.0	0.0	0.0	-	-100.0%	-	0.0	0.0	0.0	-	-
Departmental agencies and accounts	1.2	0.0	0.0	-	-100.0%	0.1%	-	-	-	-	-
Non-profit institutions	0.1	-	-	-	-100.0%	-	-	-	-	-	-
Households	0.3	0.2	0.3	-	-100.0%	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>8.9</b>	<b>3.9</b>	<b>7.1</b>	<b>7.6</b>	<b>-5.3%</b>	<b>3.2%</b>	<b>11.8</b>	<b>11.2</b>	<b>11.7</b>	<b>15.7%</b>	<b>4.6%</b>
Machinery and equipment	8.7	1.9	3.3	5.6	-13.8%	2.3%	7.3	6.4	6.7	6.4%	2.8%
Software and other intangible assets	0.2	2.1	3.8	2.0	114.2%	0.9%	4.5	4.8	5.0	35.9%	1.8%
<b>Payments for financial assets</b>	<b>0.4</b>	<b>0.4</b>	<b>0.0</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>225.3</b>	<b>221.9</b>	<b>211.6</b>	<b>198.1</b>	<b>-4.2%</b>	<b>100.0%</b>	<b>218.3</b>	<b>243.7</b>	<b>261.6</b>	<b>9.7%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>14.4%</b>	<b>17.1%</b>	<b>10.2%</b>	<b>3.8%</b>	<b>-</b>	<b>-</b>	<b>23.6%</b>	<b>23.8%</b>	<b>24.1%</b>	<b>-</b>	<b>-</b>

1. Estimates of National Expenditure data tables are available and can be downloaded from [www.treasury.gov.za](http://www.treasury.gov.za). These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

## Programme 2: International Affairs and Trade

### Programme purpose

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

### Objectives

- Advance South Africa's ICT interests in regional and international forums to attain partnerships for economic growth and development by March 2019, by developing and advancing the country's positions on:
  - the fostering of partnerships with the Brazil-Russia-India-China-South Africa (BRICS) group of countries on the establishment of the Institute for Future Networks, which seeks to expand ICT infrastructure and the digital economy
  - the high cost of roaming in the Southern African Development Community (SADC), and the fourth industrial revolution
  - the Digital Economy and Developmental Agenda
  - the reformation of the postal sector.
- Host the BRICS ICT ministerial meeting by March 2019.
- Host the International Telecommunications Union Telecom World conference by March 2019.

## Subprogrammes

- *International Affairs* coordinates the functions and responsibilities of the department to meet South Africa's international ICT obligations.
- *ICT Trade/Partnership* develops and advances the country's interests in international trade forums through participation in the World Trade Organisation's ICT-related initiatives, and other international trade agreements such as the South Africa-European Union trade agreement and bilateral agreements with counterpart countries.

## Expenditure trends and estimates

**Table 32.10 International Affairs and Trade expenditure trends and estimates by subprogramme and economic classification**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2014/15	2015/16	2016/17				2017/18	2018/19	2019/20		
R million											
International Affairs	13.1	10.5	13.4	13.7	1.5%	27.9%	14.6	18.4	19.0	11.4%	30.2%
ICT Trade/Partnership	29.4	31.0	33.5	37.2	8.2%	72.1%	37.4	40.0	37.4	0.2%	69.8%
<b>Total</b>	<b>42.5</b>	<b>41.5</b>	<b>46.9</b>	<b>50.9</b>	<b>6.2%</b>	<b>100.0%</b>	<b>52.0</b>	<b>58.4</b>	<b>56.4</b>	<b>3.5%</b>	<b>100.0%</b>
Change to 2017 Budget estimate				3.1			(1.4)	0.1	(6.8)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>18.7</b>	<b>16.5</b>	<b>20.3</b>	<b>25.0</b>	<b>10.1%</b>	<b>44.3%</b>	<b>23.2</b>	<b>26.9</b>	<b>25.7</b>	<b>0.9%</b>	<b>46.3%</b>
Compensation of employees	12.6	10.6	12.7	16.2	8.7%	28.6%	13.7	16.1	17.3	2.2%	29.0%
Goods and services <sup>1</sup>	6.2	5.9	7.5	8.9	13.0%	15.7%	9.4	10.8	8.4	-1.8%	17.2%
of which:											
Minor assets	0.0	0.1	0.0	0.1	67.4%	0.1%	0.2	0.3	0.3	70.4%	0.4%
Communication	0.4	0.3	0.3	0.5	6.2%	0.8%	0.7	0.9	0.7	10.5%	1.3%
Contractors	0.0	-	0.1	1.7	324.7%	1.0%	0.2	0.4	0.2	-52.3%	1.2%
Travel and subsistence	3.8	5.0	4.3	3.8	-0.1%	9.3%	5.1	5.2	3.1	-6.6%	7.9%
Operating payments	0.1	-	0.0	-	-100.0%	0.1%	1.8	1.9	2.0	-	2.6%
Venues and facilities	0.2	0.2	1.4	0.8	59.0%	1.5%	0.7	0.9	0.9	0.6%	1.5%
<b>Transfers and subsidies<sup>1</sup></b>	<b>23.8</b>	<b>24.7</b>	<b>26.3</b>	<b>25.5</b>	<b>2.4%</b>	<b>55.1%</b>	<b>28.5</b>	<b>31.0</b>	<b>30.5</b>	<b>6.1%</b>	<b>53.0%</b>
Foreign governments and international organisations	23.7	24.6	26.1	25.5	2.5%	55.0%	28.5	31.0	30.5	6.1%	53.0%
Households	0.0	0.0	0.1	-	-100.0%	0.1%	-	-	-	-	-
<b>Payments for capital assets</b>	<b>-</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>-379.2%</b>	<b>0.6%</b>	<b>0.4</b>	<b>0.4</b>	<b>0.2</b>	<b>-13.1%</b>	<b>0.7%</b>
Machinery and equipment	-	0.4	0.4	0.4	-379.2%	0.6%	0.4	0.4	0.2	-13.1%	0.7%
<b>Total</b>	<b>42.5</b>	<b>41.5</b>	<b>46.9</b>	<b>50.9</b>	<b>6.2%</b>	<b>100.0%</b>	<b>52.0</b>	<b>58.4</b>	<b>56.4</b>	<b>3.5%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>2.7%</b>	<b>3.2%</b>	<b>2.3%</b>	<b>1.0%</b>	<b>-</b>	<b>-</b>	<b>5.6%</b>	<b>5.7%</b>	<b>5.2%</b>	<b>-</b>	<b>-</b>
<b>Details of selected transfers and subsidies</b>											
<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>23.7</b>	<b>24.6</b>	<b>26.1</b>	<b>25.5</b>	<b>2.5%</b>	<b>55.0%</b>	<b>28.5</b>	<b>31.0</b>	<b>30.5</b>	<b>6.1%</b>	<b>53.0%</b>
Universal Postal Union	5.3	5.4	6.0	5.2	-0.5%	12.1%	6.3	6.8	6.3	6.2%	11.3%
International Telecommunications Union	16.2	16.5	17.6	16.3	0.2%	36.6%	18.3	19.5	19.4	6.0%	33.7%
African Telecommunications Union	0.9	0.9	1.0	1.1	5.6%	2.2%	1.0	1.2	1.3	5.6%	2.1%
Pan-African Postal Union	0.9	1.1	1.0	1.0	5.2%	2.2%	1.1	1.1	1.2	5.6%	2.0%
Organisation for Economic Cooperation and Development	-	0.2	0.2	0.5	-	0.5%	0.2	0.6	0.6	5.7%	0.9%
Commonwealth Telecommunications Organisation	0.4	0.4	0.4	0.4	-0.2%	0.9%	0.4	0.5	0.5	5.7%	0.9%
Dona Foundation	-	-	-	1.0	-	0.5%	1.2	1.2	1.3	8.3%	2.1%

1. Estimates of National Expenditure data tables are available and can be downloaded from [www.treasury.gov.za](http://www.treasury.gov.za). These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

## Programme 3: Policy, Research and Capacity Development

### Programme purpose

Develop ICT policies and legislation that support the development of an ICT sector that creates favourable conditions for accelerated and shared economic growth. Develop strategies that increase the adoption and use of ICT by the majority of the South African population to bridge the digital divide.



## Objectives

- Improve access to and the affordability of ICT by facilitating the development and implementation of ICT policy and legislation and the ICT small, medium and micro enterprise (SMME) development strategy, focusing on identified priority areas, by March 2019.
- Implement a national e-strategy that will give priority to e-government services by March 2019, by:
  - developing and implementing the national digital skills strategy
  - facilitating and coordinating the development of the national e-services portal and providing e-services from selected government departments.

## Subprogrammes

- *ICT Policy Development* drafts legislation, regulations, policy and guidelines that govern the telecommunications, postal and IT sectors to ensure broad-based economic development.
- *Economic and Market Analysis* conducts economic analyses of the telecommunications, postal and IT sectors to determine trends and make growth projections. This subprogramme also undertakes market research to explore areas that require policy intervention; and is responsible for reducing of the cost of communication.
- *Research* is responsible for understanding the ICT landscape and delivering a national ICT strategy.
- *Information Society Development* supports the effective and efficient functioning of the information society, and the development of institutional mechanisms. These include the interministerial committee on information society and development, the information society and development intergovernmental relations forum, the forum of South African directors general for information society and development, and the intergovernmental relations forum technical committee.
- *Capacity Development* provides direction for the advancement of e-skills graduates and society in general to function effectively in the emerging information society.

## Expenditure trends and estimates

**Table 32.11 Policy, Research and Capacity Development expenditure trends and estimates by subprogramme and economic classification**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2014/15	2015/16	2016/17				2017/18	2018/19	2019/20		
R million											
ICT Policy Development	15.0	14.4	12.5	12.4	-6.2%	17.4%	14.1	15.3	16.5	10.1%	16.3%
Economic and Market Analysis	6.2	4.4	3.5	4.7	-8.9%	6.0%	4.5	4.8	5.2	3.8%	5.4%
Research	4.0	4.2	6.9	7.9	25.1%	7.4%	7.1	7.2	7.6	-1.1%	8.3%
Information Society Development	35.1	41.4	46.1	51.8	13.8%	56.1%	50.9	52.3	56.9	3.2%	59.4%
Capacity Development	12.6	9.6	9.5	8.8	-11.2%	13.0%	9.3	9.5	9.9	3.8%	10.5%
<b>Total</b>	<b>72.9</b>	<b>74.0</b>	<b>78.5</b>	<b>85.5</b>	<b>5.5%</b>	<b>100.0%</b>	<b>86.0</b>	<b>89.2</b>	<b>96.1</b>	<b>4.0%</b>	<b>100.0%</b>
Change to 2017 Budget estimate				(4.8)			(9.2)	(12.5)	(6.8)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>72.2</b>	<b>73.4</b>	<b>77.8</b>	<b>84.9</b>	<b>5.5%</b>	<b>99.2%</b>	<b>85.6</b>	<b>88.5</b>	<b>95.4</b>	<b>4.0%</b>	<b>99.3%</b>
Compensation of employees	45.3	49.4	52.6	52.9	5.3%	64.4%	52.6	58.8	63.1	6.1%	63.8%
Goods and services <sup>1</sup>	26.9	24.0	25.2	32.0	5.9%	34.8%	33.0	29.6	32.3	0.3%	35.6%
of which:											
Communication	1.3	1.3	1.4	2.3	20.3%	2.0%	2.7	2.8	3.1	10.8%	3.0%
Consultants: Business and advisory services	13.2	10.1	5.5	11.8	-3.7%	13.1%	7.7	6.4	7.5	-14.1%	9.3%
Agency and support/outsourced services	–	0.0	–	1.8	–	0.6%	0.5	0.6	1.8	-0.5%	1.3%
Consumables: Stationery, printing and office supplies	1.0	0.6	1.4	1.3	9.8%	1.4%	1.8	1.9	2.1	16.4%	2.0%
Travel and subsistence	3.6	6.2	4.6	4.6	8.4%	6.1%	8.6	7.0	6.2	9.9%	7.4%
Training and development	3.6	1.3	7.8	6.8	23.3%	6.2%	6.6	6.6	6.7	-0.3%	7.4%
<b>Transfers and subsidies<sup>1</sup></b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>–</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Households	0.0	0.3	0.0	–	-100.0%	0.1%	–	–	–	–	–
<b>Payments for capital assets</b>	<b>0.6</b>	<b>0.3</b>	<b>0.6</b>	<b>0.6</b>	<b>0.2%</b>	<b>0.7%</b>	<b>0.3</b>	<b>0.7</b>	<b>0.7</b>	<b>2.6%</b>	<b>0.7%</b>
Machinery and equipment	0.6	0.3	0.6	0.6	0.2%	0.7%	0.3	0.7	0.7	2.6%	0.7%
Software and other intangible assets	–	–	–	–	–	–	0.1	–	–	–	–
<b>Total</b>	<b>72.9</b>	<b>74.0</b>	<b>78.5</b>	<b>85.5</b>	<b>5.5%</b>	<b>100.0%</b>	<b>86.0</b>	<b>89.2</b>	<b>96.1</b>	<b>4.0%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>4.6%</b>	<b>5.7%</b>	<b>3.8%</b>	<b>1.7%</b>	<b>–</b>	<b>–</b>	<b>9.3%</b>	<b>8.7%</b>	<b>8.9%</b>	<b>–</b>	<b>–</b>

1. Estimates of National Expenditure data tables are available and can be downloaded from [www.treasury.gov.za](http://www.treasury.gov.za). These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

## Programme 4: ICT Enterprise Development and Public Entities Oversight

### Programme purpose

Oversee and manage government's shareholding interest in the ICT public entities and state-owned companies. Facilitate growth and development of small, medium and micro enterprises in the ICT sector.

### Objectives

- Improve the performance of state-owned companies through proactive and stringent oversight by:
  - implementing the recommendations of the state-owned companies rationalisation report by March 2020
  - facilitating the licensing application of Postbank by March 2019
  - developing the draft legislation for the state IT company for submission to Parliament by March 2020
  - developing the draft legislation for the state ICT infrastructure company for submission to Parliament by March 2020
  - monitoring and evaluating the service delivery performance and compliance of state-owned companies against strategic plans and relevant prescripts on a quarterly basis.

### Subprogrammes

- *Public Entity Oversight* provides oversight on state-owned entities and companies by managing government's shareholder interests in them. This includes facilitating their corporate plans and ensuring that planning cycles are aligned and comply with guidelines.
- *Small, Medium and Micro Enterprise Development* facilitates the growth and development of, and hosts an e-commerce platform for, SMMEs in the ICT sector.

### Expenditure trends and estimates

**Table 32.12 ICT Enterprise Development and Public Entities Oversight expenditure trends and estimates by subprogramme and economic classification**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2014/15	2015/16	2016/17				2017/18	2018/19	2019/20		
R million											
Public Entity Oversight	239.5	480.1	869.8	3 939.3	154.3%	99.8%	245.3	260.6	275.1	-58.8%	99.6%
Small, Medium and Micro Enterprise Development	2.1	2.5	4.4	4.8	32.2%	0.2%	5.1	5.4	5.8	6.6%	0.4%
<b>Total</b>	<b>241.6</b>	<b>482.6</b>	<b>874.3</b>	<b>3 944.1</b>	<b>153.7%</b>	<b>100.0%</b>	<b>250.4</b>	<b>266.0</b>	<b>280.9</b>	<b>-58.5%</b>	<b>100.0%</b>
Change to 2017 Budget estimate				3 693.0			(6.5)	(5.9)	(16.2)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>37.8</b>	<b>15.6</b>	<b>22.3</b>	<b>27.6</b>	<b>-10.0%</b>	<b>1.9%</b>	<b>21.3</b>	<b>24.1</b>	<b>25.7</b>	<b>-2.4%</b>	<b>2.1%</b>
Compensation of employees	12.4	12.8	19.8	22.1	21.3%	1.2%	16.0	16.4	17.5	-7.4%	1.5%
Goods and services <sup>1</sup>	25.4	2.8	2.5	5.5	-40.1%	0.7%	5.4	7.7	8.1	14.1%	0.6%
of which:											
Advertising	0.2	0.3	0.0	0.1	-13.2%	–	0.3	0.3	0.3	35.7%	–
Communication	0.3	0.3	0.4	0.5	28.8%	–	0.6	0.7	0.7	8.3%	0.1%
Consultants: Business and advisory services	1.0	0.8	0.2	2.1	30.4%	0.1%	0.2	3.3	4.0	22.9%	0.2%
Agency and support/outsourced services	23.2	–	–	0.0	-91.6%	0.4%	2.0	1.2	0.0	6.7%	0.1%
Travel and subsistence	0.3	0.6	1.0	1.0	47.3%	0.1%	1.6	1.5	1.6	18.1%	0.1%
Venues and facilities	0.0	0.2	0.0	0.2	118.7%	–	0.3	0.3	0.3	24.1%	–
<b>Transfers and subsidies<sup>1</sup></b>	<b>203.2</b>	<b>466.6</b>	<b>201.4</b>	<b>216.1</b>	<b>2.1%</b>	<b>19.6%</b>	<b>228.6</b>	<b>241.4</b>	<b>254.7</b>	<b>5.6%</b>	<b>19.8%</b>
Departmental agencies and accounts	153.2	351.4	201.4	216.1	12.1%	16.6%	228.6	241.4	254.7	5.6%	19.8%
Public corporations and private enterprises	50.0	115.1	–	–	-100.0%	3.0%	–	–	–	–	–
Households	–	0.1	–	–	–	–	–	–	–	–	–

**Table 32.12 ICT Enterprise Development and Public Entities Oversight expenditure trends and estimates by subprogramme and economic classification**

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2014/15	2015/16	2016/17		2017/18	2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	2020/21
R million											
Payments for capital assets	0.5	0.4	0.6	0.4	-7.3%	-	0.5	0.5	0.5	7.2%	-
Machinery and equipment	0.5	0.4	0.6	0.4	-7.3%	-	0.5	0.5	0.5	7.2%	-
Payments for financial assets	-	-	650.0	3 700.0	-	78.5%	-	-	-	-100.0%	78.0%
<b>Total</b>	<b>241.6</b>	<b>482.6</b>	<b>874.3</b>	<b>3 944.1</b>	<b>153.7%</b>	<b>100.0%</b>	<b>250.4</b>	<b>266.0</b>	<b>280.9</b>	<b>-58.5%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	15.4%	37.1%	42.1%	76.2%	-	-	27.1%	26.0%	25.9%	-	-
<b>Details of selected transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>153.2</b>	<b>351.4</b>	<b>201.4</b>	<b>216.1</b>	<b>12.1%</b>	<b>16.6%</b>	<b>228.6</b>	<b>241.4</b>	<b>254.7</b>	<b>5.6%</b>	<b>19.8%</b>
National Electronic Media	37.9	36.6	77.2	85.8	31.3%	4.3%	90.8	95.8	101.1	5.6%	7.9%
Institute of South Africa											
Universal Service and Access Agency of South Africa	65.4	262.4	69.0	75.7	5.0%	8.5%	80.1	84.6	89.2	5.6%	6.9%
Universal Service and Access Fund	50.0	52.4	55.2	54.6	3.0%	3.8%	57.8	61.0	64.4	5.6%	5.0%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>50.0</b>	<b>115.1</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>3.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
South African Post Office	50.0	115.1	-	-	-100.0%	3.0%	-	-	-	-	-

1. Estimates of National Expenditure data tables are available and can be downloaded from [www.treasury.gov.za](http://www.treasury.gov.za). These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

## Programme 5: ICT infrastructure Support

### Programme purpose

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

### Objectives

- Coordinate broadband connectivity through contributing to the achievement of 100 per cent population coverage by March 2020, by:
  - managing the rollout of phase 1 of the broadband connectivity implementation plan towards connecting an additional 795 identified sites, while maintaining 750 connected sites
  - monitoring and evaluating increased service offerings and operations of the Cybersecurity Hub in support of legislative mandates and certification.
- Develop and implement ICT policy and legislation aimed at improving access to and the affordability of ICT by completing technical and regulatory studies required to inform South Africa's position at the 2019 world radiocommunication conference by March 2020.

### Subprogrammes

- *Broadband* is responsible for developing and facilitating the implementation of the broadband policy, strategy and implementation plan, and ensuring that goals for broadband are achieved.
- *Digital Terrestrial Television* is responsible for supporting the conversion from analogue to digital television transmission technology, with the ultimate goal of making the frequency spectrum available for next-generation mobile broadband and other applications.
- *ICT Support* is responsible for the management and protection of South Africa's ICT environment.

## Expenditure trends and estimates

Table 32.13 ICT Infrastructure Support expenditure trends and estimates by subprogramme and economic classification

R million	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2014/15	2015/16	2016/17		2017/18	2014/15 - 2017/18	2018/19	2019/20	2020/21		
Broadband	50.0	83.5	26.9	323.0	86.3%	15.0%	58.7	241.1	257.8	-7.2%	44.7%
Digital Terrestrial Television	929.8	390.2	829.4	565.1	-15.3%	84.1%	241.8	117.3	123.5	-39.8%	53.2%
ICT Support	6.0	6.3	8.1	7.6	8.1%	0.9%	16.2	8.8	9.3	6.9%	2.1%
<b>Total</b>	<b>985.8</b>	<b>480.1</b>	<b>864.4</b>	<b>895.7</b>	<b>-3.1%</b>	<b>100.0%</b>	<b>316.6</b>	<b>367.2</b>	<b>390.6</b>	<b>-24.2%</b>	<b>100.0%</b>
Change to 2017 Budget estimate				(135.0)			(795.1)	(803.2)	(833.9)		
<b>Economic classification</b>											
<b>Current payments</b>	<b>55.8</b>	<b>89.4</b>	<b>34.4</b>	<b>327.6</b>	<b>80.4%</b>	<b>15.7%</b>	<b>66.6</b>	<b>249.4</b>	<b>266.6</b>	<b>-6.6%</b>	<b>46.2%</b>
Compensation of employees	19.8	22.7	25.3	26.2	9.7%	2.9%	33.3	33.5	35.9	11.1%	6.5%
Goods and services <sup>1</sup>	35.9	66.7	9.1	301.4	103.2%	12.8%	33.4	215.9	230.7	-8.5%	39.7%
<i>of which:</i>											
Computer services	0.0	0.1	0.2	2.9	1324.7%	0.1%	1.7	1.7	1.8	-14.9%	0.4%
Consultants: Business and advisory services	31.2	59.9	0.8	283.8	108.7%	11.6%	9.9	192.0	205.6	-10.2%	35.1%
Contractors	-	0.0	-	-	-	-	2.8	3.0	3.2	-	0.5%
Agency and support/outsourced services	-	-	-	0.5	-	-	3.7	3.9	4.1	101.7%	0.6%
Travel and subsistence	3.2	4.6	4.4	5.7	20.7%	0.6%	7.6	7.3	7.5	9.8%	1.4%
Venues and facilities	0.2	0.2	0.1	3.4	163.5%	0.1%	1.9	2.0	2.2	-14.1%	0.5%
<b>Transfers and subsidies<sup>1</sup></b>	<b>929.8</b>	<b>390.2</b>	<b>829.5</b>	<b>565.1</b>	<b>-15.3%</b>	<b>84.1%</b>	<b>241.8</b>	<b>117.3</b>	<b>123.5</b>	<b>-39.8%</b>	<b>53.2%</b>
Departmental agencies and accounts	791.0	181.2	589.4	79.1	-53.6%	50.9%	37.9	54.0	56.7	-10.5%	11.6%
Public corporations and private enterprises	138.8	209.0	240.0	486.0	51.8%	33.3%	203.9	63.3	66.8	-48.4%	41.6%
Households	0.0	0.0	0.1	-	-100.0%	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>0.2</b>	<b>0.5</b>	<b>0.6</b>	<b>3.0</b>	<b>157.6%</b>	<b>0.1%</b>	<b>8.2</b>	<b>0.5</b>	<b>0.5</b>	<b>-44.6%</b>	<b>0.6%</b>
Machinery and equipment	0.2	0.5	0.2	2.0	126.7%	0.1%	1.7	0.3	0.3	-45.5%	0.2%
Software and other intangible assets	-	-	0.4	1.0	-	-	6.6	0.2	0.2	-42.8%	0.4%
<b>Total</b>	<b>985.8</b>	<b>480.1</b>	<b>864.4</b>	<b>895.7</b>	<b>-3.1%</b>	<b>100.0%</b>	<b>316.6</b>	<b>367.2</b>	<b>390.6</b>	<b>-24.2%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>62.9%</b>	<b>36.9%</b>	<b>41.6%</b>	<b>17.3%</b>	<b>-</b>	<b>-</b>	<b>34.3%</b>	<b>35.8%</b>	<b>36.0%</b>	<b>-</b>	<b>-</b>
<b>Details of selected transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>791.0</b>	<b>181.2</b>	<b>589.4</b>	<b>79.1</b>	<b>-53.6%</b>	<b>50.9%</b>	<b>37.9</b>	<b>54.0</b>	<b>56.7</b>	<b>-10.5%</b>	<b>11.6%</b>
Universal Service and Access Fund: Broadcasting digital migration	791.0	181.2	589.4	79.1	-53.6%	50.9%	37.9	54.0	56.7	-10.5%	11.6%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Other transfers to public corporations</b>											
<b>Current</b>	<b>-</b>	<b>-</b>	<b>240.0</b>	<b>240.0</b>	<b>-</b>	<b>14.9%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>12.2%</b>
South African Post Office: Broadcasting digital migration	-	-	240.0	240.0	-	14.9%	-	-	-	-100.0%	12.2%
<b>Capital</b>	<b>138.8</b>	<b>209.0</b>	<b>-</b>	<b>246.0</b>	<b>21.0%</b>	<b>18.4%</b>	<b>203.9</b>	<b>63.3</b>	<b>66.8</b>	<b>-35.2%</b>	<b>29.4%</b>
Sentech	69.8	-	-	-	-100.0%	2.2%	-	-	-	-	-
Sentech: Dual illumination costs relating to the digital migration project	69.0	209.0	-	193.0	40.9%	14.6%	203.9	-	-	-100.0%	20.1%
Sentech: Migration of digital signals	-	-	-	53.0	-	1.6%	-	63.3	66.8	8.0%	9.3%

1. Estimates of National Expenditure data tables are available and can be downloaded from [www.treasury.gov.za](http://www.treasury.gov.za). These data tables contain detailed information by goods and services, and transfers and subsidies item by programme.

## Entities<sup>1</sup>

### South African Post Office

#### Mandate

The South African Post Office is listed as a schedule 2 public entity in terms of the Public Finance Management Act (1999). It is a government business enterprise established to provide postal and related services to the public, and derives its mandate from the Postal Services Act (1998), the South African Post Office SOC Ltd Act (2011) and the South African Postbank Limited Act (2010). The Postal Services Act (1998) grants the post office an exclusive mandate to conduct postal services. 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.

#### Selected performance indicators

**Table 32.14 South African Post Office performance indicators by programme/objective/activity and related outcome**

Indicator	Programme/Objective/Activity	MTSF outcome	Past			Current	Projections		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total number of points of presence	Mail, retail and e-business	Entity mandate	2 448	2 368	2 357	2 215	2 215	2 215	2 215
Number of new addresses rolled out per year as part of the address expansion programme	Mail, retail and e-business	Entity mandate	500 109	500 000	500 000	3 500 000 <sup>1</sup>	250 000	250 000	250 000

1. Increase due to increased budget and targets brought forward to 2017/18 due to the Constitutional Court ruling ordering the Electoral Commission of South Africa to correct defects on the voters' roll.

#### Expenditure analysis

Over the medium term, the focus of the South African Post Office will be on providing universal access to postal and related services; finalising the corporatisation of Postbank; delivering on its distribution role in implementing the broadcasting digital migration project; and implementing its turnaround strategy, which includes addressing inefficiencies, and stabilising and modernising its services. The strategy focuses on new businesses and business models that are based on courier services, financial services and the internet economy. In an effort to stabilise its financial standing, R3.7 billion was allocated to the Post Office in 2017/18 for the repayment of bank loans. This decreased total expenditure by reducing interest payments. As a result of this and the turnaround plan, the financial position of the entity is expected to improve over the medium term, with surpluses of R273 million projected for 2019/20 and R496 million for 2020/21.

Expenditure over the MTEF period is expected to increase at an average annual rate of 1 per cent, from R6.8 billion in 2017/18 to R7 billion in 2020/21. The main cost drivers are spending on compensation of employees, accounting for a projected 56.4 per cent of total expenditure over the medium term, and transport, IT and property costs. Expenditure on compensation of employees is projected to amount to R11.8 billion over the medium term, while the total number of employees is expected to decrease from 21 132 in 2016/17 to 18 661 over the same period due to the planned restructuring of the organisation. Transport and IT costs are set to increase as steps are taken to support revenue growth in courier services through partnerships and new e-commerce opportunities. These measures are expected to make operations more efficient, enabling the South African Post Office to increase its market share while allowing it to explore partnerships with online retailers.

The entity plans to have rolled out 3.5 million community addresses in 2017/18 due to a Constitutional Court ruling in 2016 ordering the Electoral Commission of South Africa to correct defects on the voters' roll. A further 750 000 community addresses are set to be rolled out over the medium term to allow communities without street or postal addresses to receive mail and have verifiable addresses. A planned 2 215 points of presence, including post offices, mobile units and retail postal agencies, are to be maintained annually to meet government's social mandate to provide postal services to areas that were historically neglected. To meet these obligations, spending in the entity's retail and mail operations programme is set to amount to R4.8 billion in 2020/21.

<sup>1</sup> This section has been compiled with the latest available information from the entities concerned.

The Post Office aims to meet the Reserve Bank's requirements for licensing Postbank and finalise the transition of Postbank into a commercial bank by March 2019. Postbank is expected to provide communities in rural areas access to affordable financial services. Expenditure in the Postbank programme is expected to increase from R301.9 million in 2016/17 to R573.2 million in 2020/21.

The entity derives its revenue through the provision of postal and courier services, and from income earned through interest and fees for financial transactions. Occasionally, transfers from government are made to the entity for specific purposes. In the 2017 Budget, R480 million was allocated to the entity for the distribution of set-top boxes and antennae, and to manage the distribution value chain for the broadcasting digital migration programme. Revenue is expected to increase at an average annual rate of 2.9 per cent, from R6.9 billion in 2017/18 to R7.5 billion in 2020/21, as the office expects to provide more services to government and explore opportunities in courier services and the e-commerce sector.

### Programmes/Objectives/Activities

**Table 32.15 South African Post Office expenditure trends and estimates by programme/objective/activity**

R million	Audited outcome			Revised estimate 2017/18	Average growth rate (%) 2014/15 - 2017/18	Average: Expenditure/Total (%) 2014/15 - 2017/18	Medium-term expenditure estimate			Average growth rate (%) 2017/18 - 2020/21	Average: Expenditure/Total (%) 2017/18 - 2020/21
	2014/15	2015/16	2016/17				2018/19	2019/20	2020/21		
Administration	2 080.5	2 131.2	2 202.2	2 263.0	2.8%	31.9%	1 651.8	1 652.3	1 627.0	-10.4%	26.5%
Logistics	427.2	262.6	113.0	41.2	-54.1%	3.1%	41.3	43.7	46.1	3.8%	0.6%
Postbank	180.3	169.6	301.9	558.2	45.7%	4.4%	514.5	543.3	573.2	0.9%	8.1%
Mail, Retail and E-Business	4 259.8	4 020.1	4 275.5	3 958.4	-2.4%	60.6%	4 292.8	4 533.2	4 782.6	6.5%	64.8%
<b>Total</b>	<b>6 947.9</b>	<b>6 583.5</b>	<b>6 892.6</b>	<b>6 820.7</b>	<b>-0.6%</b>	<b>100.0%</b>	<b>6 500.5</b>	<b>6 772.5</b>	<b>7 028.9</b>	<b>1.0%</b>	<b>100.0%</b>

### Statements of historical financial performance and position

**Table 32.16 South African Post Office statements of historical financial performance and position**

Statement of financial performance	Audited outcome		Audited outcome		Audited outcome		Budget estimate	Revised estimate	Average: Outcome/Budget (%) 2014/15 - 2017/18
	Budget	2014/15	Budget	2015/16	Budget	2016/17	2017/18		
R million									
<b>Revenue</b>									
<b>Non-tax revenue</b>	<b>6 859.1</b>	<b>5 391.1</b>	<b>6 720.0</b>	<b>5 356.8</b>	<b>6 596.8</b>	<b>5 674.4</b>	<b>7 907.3</b>	<b>6 667.3</b>	<b>82.2%</b>
Sale of goods and services other than capital assets	6 324.0	5 123.8	5 618.6	4 730.8	6 397.5	4 601.4	7 603.7	6 493.7	80.8%
<i>of which:</i>									
<i>Sales by market establishment</i>	6 324.0	5 123.8	5 618.6	4 730.8	6 397.5	4 601.4	7 603.7	6 493.7	80.8%
<i>Postal services and courier services</i>	5 314.9	4 022.5	4 475.7	3 654.9	4 751.0	3 327.2	5 302.1	4 742.1	79.4%
<i>Financial services (Retail and Postbank)</i>	712.3	666.3	656.6	585.8	1 131.3	683.9	1 621.0	1 071.0	73.0%
<i>Postbank interest revenue</i>	296.7	435.0	486.3	490.0	515.2	590.3	680.6	680.6	111.0%
Other non-tax revenue	535.1	267.3	1 101.4	626.0	199.3	1 073.0	303.7	173.7	100.0%
<b>Transfers received</b>	<b>-</b>	<b>135.3</b>	<b>64.9</b>	<b>115.1</b>	<b>240.0</b>	<b>240.0</b>	<b>240.0</b>	<b>240.0</b>	<b>134.1%</b>
<b>Total revenue</b>	<b>6 859.1</b>	<b>5 526.4</b>	<b>6 800.0</b>	<b>5 471.9</b>	<b>6 836.8</b>	<b>5 914.4</b>	<b>8 147.3</b>	<b>6 907.3</b>	<b>83.2%</b>
<b>Expenses</b>									
<b>Current expenses</b>	<b>7 222.0</b>	<b>6 388.9</b>	<b>6 902.5</b>	<b>6 583.4</b>	<b>7 984.7</b>	<b>6 873.0</b>	<b>7 633.2</b>	<b>6 820.7</b>	<b>89.7%</b>
Compensation of employees	4 045.6	3 634.1	4 152.8	3 476.2	3 914.2	3 563.7	3 738.9	3 488.2	89.3%
Goods and services	2 905.3	2 528.0	2 505.9	2 775.4	3 561.2	2 775.1	3 259.8	2 699.2	88.1%
Depreciation	199.1	148.9	151.8	165.2	204.5	141.4	152.0	150.7	85.7%
Interest, dividends and rent on land	71.9	77.9	92.0	166.7	304.8	392.8	482.5	482.7	117.8%
<b>Total expenses</b>	<b>7 222.3</b>	<b>6 947.9</b>	<b>6 902.5</b>	<b>6 583.5</b>	<b>7 984.7</b>	<b>6 892.6</b>	<b>7 633.2</b>	<b>6 820.7</b>	<b>91.6%</b>
<b>Surplus/(Deficit)</b>	<b>(363.0)</b>	<b>(1 421.0)</b>	<b>(102.0)</b>	<b>(1 112.0)</b>	<b>(1 148.0)</b>	<b>(978.0)</b>	<b>514.0</b>	<b>87.0</b>	
<b>Statement of financial position</b>									
Carrying value of assets	1 345.9	1 316.4	2 050.1	1 190.6	1 962.6	2 877.3	1 525.9	2 831.7	119.3%
<i>of which:</i>									
<i>Acquisition of assets</i>	(263.8)	(121.9)	(530.2)	(45.8)	(900.0)	(54.4)	(513.1)	(58.3)	12.7%
Investments	5 580.8	4 486.4	4 589.3	5 510.3	5 502.4	5 966.5	5 877.0	6 064.5	102.2%
Inventory	48.8	67.8	69.8	54.8	74.8	70.0	61.6	69.3	102.7%
Receivables and prepayments	584.4	372.5	522.3	428.2	574.6	413.8	621.5	400.2	70.1%
Cash and cash equivalents	2 876.8	3 413.9	4 342.0	2 885.0	2 790.9	4 055.5	3 928.9	4 536.8	106.8%
Taxation	379.9	35.4	735.9	0.7	-	-	-	-	3.2%
<b>Total assets</b>	<b>10 816.6</b>	<b>9 692.4</b>	<b>12 309.5</b>	<b>10 069.7</b>	<b>10 905.2</b>	<b>13 383.1</b>	<b>12 014.9</b>	<b>13 902.5</b>	<b>102.2%</b>
Accumulated surplus/(deficit)	937.2	(69.8)	(1.2)	(1 203.2)	(2 274.5)	(2 227.8)	(1 704.0)	(3 561.7)	232.1%
Capital and reserves	1 450.9	758.7	1 806.6	961.3	1 578.1	3 256.7	1 580.0	6 956.7	186.0%
Borrowings	-	78.7	1 200.0	1 237.7	3 850.2	3 701.0	3 700.0	1 400.0	73.3%
Finance lease	80.6	3.7	4.5	6.1	-	11.2	6.9	10.1	33.9%
Deferred income	340.9	269.0	346.6	258.6	266.1	266.1	296.1	240.9	82.8%
Trade and other payables	6 812.3	7 028.1	7 264.9	7 183.7	5 825.2	6 754.4	6 339.0	7 145.6	107.1%
Taxation	0.9	-	-	-	-	-	-	-	-
Provisions	1 193.8	1 623.9	1 688.2	1 625.4	1 660.1	1 621.4	1 796.9	1 710.8	103.8%
<b>Total equity and liabilities</b>	<b>10 816.6</b>	<b>9 692.4</b>	<b>12 309.5</b>	<b>10 069.7</b>	<b>10 905.2</b>	<b>13 383.1</b>	<b>12 014.9</b>	<b>13 902.5</b>	<b>102.2%</b>

## Statements of estimates of financial performance and position

**Table 32.17 South African Post Office statements of estimates of financial performance and position**

Statement of financial performance		Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	Revised estimate							
R million	2017/18	2014/15 - 2017/18		2018/19	2019/20	2020/21	2017/18 - 2020/21	
<b>Revenue</b>								
<b>Non-tax revenue</b>	<b>6 667.3</b>	<b>7.3%</b>	<b>97.0%</b>	<b>5 994.9</b>	<b>7 045.3</b>	<b>7 525.1</b>	<b>4.1%</b>	<b>99.1%</b>
Sale of goods and services other than capital assets	6 493.7	8.2%	87.7%	5 873.7	6 919.5	7 391.6	4.4%	97.1%
<i>of which:</i>								
<i>Sales by market establishment</i>	6 493.7	8.2%	87.7%	5 873.7	6 919.5	7 391.6	4.4%	97.1%
<i>Postal services and courier services</i>	4 742.1	5.6%	66.1%	4 052.5	4 856.9	5 483.5	5.0%	69.5%
<i>Financial services (Retail and Postbank)</i>	1 071.0	17.1%	12.5%	1 224.0	1 453.5	1 286.8	6.3%	18.4%
<i>Postbank interest revenue</i>	680.6	16.1%	9.2%	597.2	609.1	621.3	-3.0%	9.2%
Other non-tax revenue	173.7	-13.4%	9.2%	121.2	125.9	133.5	-8.4%	2.0%
<b>Transfers received</b>	<b>240.0</b>	<b>21.1%</b>	<b>3.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.9%</b>
<b>Total revenue</b>	<b>6 907.3</b>	<b>7.7%</b>	<b>100.0%</b>	<b>5 994.9</b>	<b>7 045.3</b>	<b>7 525.1</b>	<b>2.9%</b>	<b>100.0%</b>
<b>Expenses</b>								
<b>Current expenses</b>	<b>6 820.7</b>	<b>2.2%</b>	<b>97.9%</b>	<b>6 500.5</b>	<b>6 772.5</b>	<b>7 028.9</b>	<b>1.0%</b>	<b>100.0%</b>
Compensation of employees	3 488.2	-1.4%	52.0%	3 788.2	3 907.7	4 122.7	5.7%	56.4%
Goods and services	2 699.2	2.2%	39.6%	2 204.1	2 328.2	2 340.1	-4.6%	35.3%
Depreciation	150.7	0.4%	2.2%	159.5	168.4	177.7	5.7%	2.4%
Interest, dividends and rent on land	482.7	83.6%	4.1%	348.6	368.1	388.4	-7.0%	5.8%
<b>Total expenses</b>	<b>6 820.7</b>	<b>-0.6%</b>	<b>100.0%</b>	<b>6 500.5</b>	<b>6 772.5</b>	<b>7 028.9</b>	<b>1.0%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>87.0</b>			<b>(506.0)</b>	<b>273.0</b>	<b>496.0</b>		
<b>Statement of financial position</b>								
Carrying value of assets	2 831.7	29.1%	16.8%	3 793.1	3 669.9	3 574.2	8.1%	23.1%
<i>of which:</i>								
<i>Acquisition of assets</i>	(58.3)	-21.8%	-0.6%	(1 196.4)	(224.4)	(214.4)	54.4%	-2.9%
Investments	6 064.5	10.6%	47.3%	6 409.2	6 891.8	7 358.7	6.7%	44.4%
Inventory	69.3	0.7%	0.6%	68.6	67.9	67.2	-1.0%	0.5%
Receivables and prepayments	400.2	2.4%	3.5%	487.3	573.4	632.9	16.5%	3.5%
Cash and cash equivalents	4 536.8	9.9%	31.7%	3 670.1	4 120.5	4 857.1	2.3%	28.6%
<b>Total assets</b>	<b>13 902.5</b>	<b>12.8%</b>	<b>100.0%</b>	<b>14 428.4</b>	<b>15 323.5</b>	<b>16 490.1</b>	<b>5.9%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	(3 561.7)	271.0%	-13.7%	(4 067.2)	(3 794.4)	(3 298.1)	-2.5%	-24.6%
Capital and reserves	6 956.7	109.3%	22.9%	6 956.7	6 956.7	6 956.7	-	46.5%
Borrowings	1 400.0	161.0%	12.7%	2 400.0	2 400.0	2 400.0	19.7%	14.2%
Finance lease	10.1	39.4%	0.1%	9.1	-	-	-100.0%	0.0%
Deferred income	240.9	-3.6%	2.3%	261.9	312.6	352.2	13.5%	1.9%
Trade and other payables	7 145.6	0.6%	61.4%	7 041.5	7 498.9	7 997.9	3.8%	49.4%
Provisions	1 710.8	1.8%	14.3%	1 826.3	1 949.7	2 081.4	6.8%	12.6%
<b>Total equity and liabilities</b>	<b>13 902.5</b>	<b>12.8%</b>	<b>100.0%</b>	<b>14 428.4</b>	<b>15 323.5</b>	<b>16 490.1</b>	<b>5.9%</b>	<b>100.0%</b>

## Personnel information

**Table 32.18 South African Post Office personnel numbers and cost by salary level**

Number of posts estimated for 31 March 2018		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts on approved establishment	Actual		Revised estimate		Medium-term expenditure estimate						Average growth rate (%)	Average: Salary level/Total (%)						
		2016/17	2017/18	2017/18	2017/18	2018/19		2019/20		2020/21				2017/18 - 2020/21					
		Number	Unit cost	Number	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost					
South African Post Office		21 132	3 563.7	0.2	19 327	3 488.2	0.2	18 661	3 788.2	0.2	18 661	3 907.7	0.2	18 661	4 122.7	0.2	5.7%	100.0%	
Salary level	19 327	19 327																	
1 - 6	16 775	16 775	16 902	2 228.9	0.1	16 775	2 539.1	0.2	14 643	2 288.6	0.2	14 643	2 345.9	0.2	14 643	2 474.9	0.2	-0.8%	80.6%
7 - 10	2 405	2 405	4 067	1 183.1	0.3	2 405	808.7	0.3	3 727	1 235.4	0.3	3 727	1 283.7	0.3	3 727	1 354.3	0.4	18.8%	18.1%
11 - 12	122	122	120	97.3	0.8	122	103.9	0.9	180	132.4	0.7	180	139.0	0.8	180	146.7	0.8	12.2%	0.9%
13 - 16	21	21	41	47.7	1.2	21	25.3	1.2	107	118.3	1.1	107	125.0	1.2	107	131.8	1.2	73.3%	0.5%
17 - 22	4	4	2	6.7	3.3	4	11.3	2.8	4	13.5	3.4	4	14.2	3.6	4	15.0	3.7	10.0%	0.0%

1. Rand million.

## State Information Technology Agency

### Mandate

The State Information Technology Agency is governed by the State Information Technology Agency Act (1998), as amended, and is listed as a schedule 3A public entity in the Public Finance Management Act (1999). The act mandates the agency to consolidate and coordinate government's IT resources to achieve cost savings through economies of scale, increased delivery capabilities and enhanced interoperability of systems. It also separates the agency's services into mandatory services, which are services that it must provide; and non-mandatory

services, which are services that it may provide. Mandatory services include the provision and maintenance of transversal information systems, and data processing or associated services for transversal systems.

### Selected performance indicators

**Table 32.19 State Information Technology Agency performance indicators by programme/objective/activity and related outcome**

Indicator	Programme/Objective/Activity	MTSF outcome	Past			Current	Projections		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Number of e-government services implemented per year	Business operations	Entity mandate	-1	24	28	20	50	80	100
Percentage of projects timeously, successfully and satisfactorily delivered within budget per year	Business operations	Entity mandate	80% (583/728)	85% (809/955)	90% (851/941)	85%	90%	95%	95%

1. No historical data available.

### Expenditure analysis

The State Information Technology Agency's focus over the medium term will be on revising its business model, improving governance and compliance, and increasing its revenue. The agency will contribute to the NDP by providing ICT services to departments and entities across all spheres of government.

The agency's revised business model will be benchmarked to industry standards, and is aimed at improving efficiency within the agency through the creation of new services and solutions, as well as improving internal controls for procurement and supply chain management. Some of the agency's key planned projects include using cloud technology to transform its data centres and modernise service delivery, and developing a procurement system to help the provincial departments of health manage the flow of medication between suppliers and facilities.

To provide acceptable levels of bandwidth capacity and complete 95 per cent of projects timeously and within budget each year over the MTEF period, expenditure on the acquisition of assets is expected to amount to R1.4 billion. Total expenditure is projected to increase from R6.3 billion in 2017/18 to R7.9 billion in 2020/21. Expenditure on compensation of employees is expected to increase in line with inflation as the number of personnel in the agency remains constant at 3 220 over the medium term.

The agency derives revenue mainly through the provision of ICT infrastructure and services to customers. Revenue is projected to increase from R6.4 billion in 2017/18 to R7.9 billion in 2020/21. The agency will also continue to develop strategies for revenue growth by creating more value for customers and by aiming to provide increased ICT services to all levels of government.

### Programmes/Objectives/Activities

**Table 32.20 State Information Technology Agency expenditure trends and estimates by programme/objective/activity**

R million	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2014/15	2015/16	2016/17				2017/18	2018/19	2019/20		
Administration	1 323.7	1 132.5	1 088.7	1 218.1	-2.7%	20.5%	1 176.7	1 767.5	1 869.5	15.3%	21.0%
Business operations	4 145.8	4 710.3	4 661.9	5 034.2	6.7%	79.5%	5 748.7	5 658.0	6 001.5	6.0%	79.0%
<b>Total</b>	<b>5 469.5</b>	<b>5 842.8</b>	<b>5 750.6</b>	<b>6 252.3</b>	<b>4.6%</b>	<b>100.0%</b>	<b>6 925.5</b>	<b>7 425.6</b>	<b>7 871.0</b>	<b>8.0%</b>	<b>100.0%</b>



**Statement of historical financial performance****Table 32.21 State Information Technology Agency statements of historical financial performance**

Statement of financial performance										Average: Outcome/ Budget (%)
R million	Audited		Audited		Audited		Budget estimate	Revised estimate	2014/15 - 2017/18	
	Budget	outcome	Budget	outcome	Budget	outcome				
	2014/15	2015/16	2015/16	2016/17	2016/17	2017/18	2017/18	2017/18		
<b>Revenue</b>										
<b>Non-tax revenue</b>	<b>5 267.8</b>	<b>5 574.3</b>	<b>5 676.9</b>	<b>5 685.5</b>	<b>6 464.0</b>	<b>5 911.4</b>	<b>6 851.7</b>	<b>6 441.5</b>	<b>97.3%</b>	
Sale of goods and services other than capital assets	5 182.5	5 539.9	5 592.3	5 458.6	6 395.4	5 680.8	6 779.2	6 360.7	96.2%	
<i>of which:</i>										
<i>Sales by market establishment</i>	5 182.5	5 539.9	5 592.3	5 458.6	6 395.4	5 680.8	6 779.2	6 360.7	96.2%	
Other non-tax revenue	85.3	34.5	84.5	226.9	68.5	230.6	72.5	80.9	184.3%	
<b>Total revenue</b>	<b>5 267.8</b>	<b>5 574.3</b>	<b>5 676.9</b>	<b>5 685.5</b>	<b>6 464.0</b>	<b>5 911.4</b>	<b>6 851.7</b>	<b>6 441.5</b>	<b>97.3%</b>	
<b>Expenses</b>										
<b>Current expenses</b>	<b>4 987.1</b>	<b>5 391.0</b>	<b>6 127.4</b>	<b>5 792.1</b>	<b>6 290.7</b>	<b>5 666.4</b>	<b>6 541.9</b>	<b>6 184.6</b>	<b>96.2%</b>	
Compensation of employees	1 463.1	1 983.2	2 354.6	1 743.8	2 245.5	1 673.8	2 070.5	1 774.2	88.2%	
Goods and services	3 262.5	3 146.2	3 532.6	3 836.4	3 780.6	3 595.4	4 180.9	4 191.4	100.1%	
Depreciation	261.5	261.5	240.2	167.8	264.6	347.5	290.5	219.0	94.2%	
Interest, dividends and rent on land	–	–	–	44.0	–	49.7	–	–	–	
<b>Total expenses</b>	<b>5 065.6</b>	<b>5 469.5</b>	<b>6 165.1</b>	<b>5 842.8</b>	<b>6 328.6</b>	<b>5 750.6</b>	<b>6 609.7</b>	<b>6 252.3</b>	<b>96.5%</b>	
<b>Surplus/(Deficit)</b>	<b>202.0</b>	<b>105.0</b>	<b>(488.0)</b>	<b>(157.0)</b>	<b>135.0</b>	<b>161.0</b>	<b>242.0</b>	<b>189.0</b>		

**Statement of estimates of financial performance****Table 32.22 State Information Technology Agency statements of estimates of financial performance**

Statement of financial performance									
R million	Revised estimate	Average growth rate (%)	Average: Expen- diture/ Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expen- diture/ Total (%)	
				2017/18	2014/15 - 2017/18	2018/19			2019/20
<b>Revenue</b>									
<b>Non-tax revenue</b>	<b>6 441.5</b>	<b>4.9%</b>	<b>100.0%</b>	<b>6 925.5</b>	<b>7 425.6</b>	<b>7 871.0</b>	<b>6.9%</b>	<b>100.0%</b>	
Sale of goods and services other than capital assets	6 360.7	4.7%	97.6%	6 839.8	7 344.9	7 775.0	6.9%	98.8%	
<i>of which:</i>									
<i>Sales by market establishment</i>	6 360.7	4.7%	97.6%	6 839.8	7 344.9	7 775.0	6.9%	98.8%	
Other non-tax revenue	80.9	32.9%	2.4%	85.7	80.7	96.1	5.9%	1.2%	
<b>Total revenue</b>	<b>6 441.5</b>	<b>4.9%</b>	<b>100.0%</b>	<b>6 925.5</b>	<b>7 425.6</b>	<b>7 871.0</b>	<b>6.9%</b>	<b>100.0%</b>	
<b>Expenses</b>									
<b>Current expenses</b>	<b>6 184.6</b>	<b>4.7%</b>	<b>98.8%</b>	<b>6 853.7</b>	<b>7 349.4</b>	<b>7 791.7</b>	<b>8.0%</b>	<b>99.0%</b>	
Compensation of employees	1 774.2	-3.6%	30.9%	1 880.7	1 993.5	2 113.1	6.0%	27.3%	
Goods and services	4 191.4	10.0%	63.2%	4 759.7	5 130.6	5 439.6	9.1%	68.5%	
Depreciation	219.0	-5.8%	4.3%	213.3	225.3	239.0	3.0%	3.2%	
<b>Total expenses</b>	<b>6 252.3</b>	<b>4.6%</b>	<b>100.0%</b>	<b>6 925.5</b>	<b>7 425.6</b>	<b>7 871.0</b>	<b>8.0%</b>	<b>100.0%</b>	
<b>Surplus/(Deficit)</b>	<b>189.0</b>			<b>–</b>	<b>–</b>	<b>–</b>			

**Personnel information****Table 32.23 State Information Technology Agency personnel numbers and cost by salary level**

Number of posts estimated for 31 March 2018			Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment										Number						
Number of funded posts	Number of posts on approved establishment	Number of posts on approved establishment	Actual		Revised estimate		Medium-term expenditure estimate					Average growth rate (%)	Average: Salary level/Total (%)						
			2016/17	2017/18	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21										
State Information Technology Agency	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost				
Salary level	3 220	3 220	3 216	1 673.8	0.5	3 220	1 774.2	0.6	3 220	1 880.7	0.6	3 220	1 993.5	0.6	3 220	2 113.1	0.7	6.0%	100.0%
1 – 6	229	229	229	33.3	0.1	229	35.3	0.2	229	37.4	0.2	229	39.7	0.2	229	42.1	0.2	6.0%	7.1%
7 – 10	2 037	2 037	2 033	784.2	0.4	2 037	831.3	0.4	2 037	881.2	0.4	2 037	934.0	0.5	2 037	990.1	0.5	6.0%	63.3%
11 – 12	591	591	591	457.8	0.8	591	485.2	0.8	591	514.4	0.9	591	545.2	0.9	591	577.9	1.0	6.0%	18.4%
13 – 16	355	355	355	375.2	1.1	355	397.8	1.1	355	421.6	1.2	355	446.9	1.3	355	473.7	1.3	6.0%	11.0%
17 – 22	8	8	8	23.2	2.9	8	24.6	3.1	8	26.1	3.3	8	27.7	3.5	8	29.3	3.7	6.0%	0.2%

1. Rand million.

## Other entities

Comprehensive coverage of the following entities is provided with more detailed information for the vote at [www.treasury.gov.za](http://www.treasury.gov.za) under the budget information link.

- **Broadband Infraco's** legislative mandate, set out in the Broadband Infraco Act (2007), is to provide ICT infrastructure and broadband capacity in South Africa. The main objectives in terms of the act are to expand the availability and affordability of access to electronic communications, including but not limited to, underdeveloped and underserved areas; ensure that the bandwidth requirements for specific projects of national interests are met; and enable the state to provide affordable access to electronic communications networks and services. The company's total budget for 2018/19 is R565.7 million.
- The **National Electronic Media Institute of South Africa** was established as a non-profit organisation for education in terms of the Companies Act (1973) and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999). The institute's ongoing activities include offering national certificates and short courses 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 of broadcasting disciplines. The institute's total budget for 2018/19 is R94.4 million.
- **Sentech** was established as a state-owned enterprise to provide common carrier broadcasting signal distribution services to licensed broadcasters in South Africa, and is listed as a schedule 3B public entity in terms of the Public Finance Management Act (1999). In 2002, the company's mandate was expanded to provide international voice services, and common carrier multimedia services in accordance with government's imperative to liberalise the telecommunications sector. The company's total budget for 2018/19 is R1.3 billion.
- The **Universal Service and Access Agency of South Africa** was established in terms of section 80 of the Electronic Communications Act (2005) as a statutory body and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999). Its sole mandate is to promote universal service and access to electronic communications services, electronic communications network services and broadcasting services. The agency's total budget for 2018/19 is R80.1 million.
- The **Universal Service and Access Fund** was established in terms of section 89(1) of the Electronic Communications Act (2005). The fund's sole mandate is to make payments for subsidies towards the provision of ICT equipment and services, and construct and extend electronic communication and broadcasting networks for needy persons in underserved areas. The fund is managed by the Universal Service and Access Agency of South Africa, and is financed by contributions from all telecommunications licensees except community broadcasting service licensees. The fund's total budget for 2018/19 is R95.7 million.

**Additional table: Summary of expenditure on infrastructure**

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2014/15	2015/16		2016/17	2017/18	2018/19
<b>Departmental infrastructure</b>									
<b>Large projects (total project cost of at least R250 million but less than R1 billion over the project life cycle)</b>									
Sentech: Migration of digital signals	Efficient use of spectrum; achievement of broadcast digital dividend; achievement of multiple channel possibilities, and generation of new content	Design	113.0	-	-	53.0	-	63.3	66.8
<b>Total</b>			<b>113.0</b>	<b>-</b>	<b>-</b>	<b>53.0</b>	<b>-</b>	<b>63.3</b>	<b>66.8</b>

