



**VOTE
32**

**TELECOMMUNICATIONS AND
POSTAL SERVICES**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



Estimates of National Expenditure 2018

National Treasury

Republic of South Africa



ISBN: 978-0-621-46019-3

RP: 02/2018

The 2018 Estimates of National Expenditure is 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 this Estimates of National Expenditure publication, the e-publications for each vote contain more comprehensive coverage of all public entities. Also included are tables containing information on programme specific personnel expenditure, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of site service delivery is included, where appropriate.

Foreword

When the Estimates of National Expenditure (ENE) publication was launched in 2001, we referred to it as “a significant step forward in national budget transparency”. Since then, even though the national budget has undergone many reforms, the ENE publications remain a key indicator and embodiment of the candour of the budgeting process.

The publications provide the media, civil society, the public, Parliament, departments, public entities and ministers with information about how taxpayers’ money is being spent: what it buys and for what purpose. Do not be concerned by the magnitude of this publication. Instead, let us use it as a reference to keep government institutions accountable and ensure that the expenditure of public funds achieves its intended policy outcomes to improve the welfare of citizens.

In the current economic climate, spending priorities and the sequencing of programme implementation are subject to a number of trade-offs. The focus of the 2018 Budget has solely been on the reprioritisation of existing baseline funding. The abridged ENE provides a coherent and summarised account of the priorities, spending plans and service delivery commitments of all 40 national votes and of government agencies. The e-publications for each vote contain more detail on, for example, goods and services, transfers and subsidies, donor funding, public entities, and lower-level spending information on service delivery.

The ENE’s presentation of the detailed expenditure estimates of departments are the result of a lengthy executive and administrative process involving wide-ranging intergovernmental consultation. This process is led by a committee of senior officials in central government departments, under the political guidance of the Ministers’ Committee on the Budget. A special word of thanks is due to all our colleagues from other departments for their contributions. I also wish to express my appreciation to the National Treasury team that worked tirelessly to produce a document of which we are rightly proud.

The independent Open Budget Survey assessment of budget transparency commenced in 2006. It is conducted every two years to measure the accessibility and comprehensiveness of key budget documents and information across the world. In 2010, South Africa was ranked first out of 94 countries surveyed, scoring 92 per cent. In the latest iteration of the survey, which measured 115 countries, South Africa was ranked first again, tied with New Zealand, with a score of 89 per cent. Our country is one of only 11 that publish comprehensive, timely information in all the required budget documents.

Budgets link the outcomes targeted by government with the services that are ultimately delivered. In addition to South African budgets having become more transparent, recent efforts to increase public participation in budgeting are gaining momentum. South Africans are invited to scrutinise budget information and provide opinions on government service delivery. We rely on this participation to strengthen our budgeting system and make it even more reliable.



Dondo Mogajane
Director-General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure (ENE) publications describe in detail government's expenditure plans over the next three financial years, also known as the medium-term expenditure framework (MTEF) period. The 2018 MTEF period is from 2018/19 to 2020/21.

The ENE publications contain information on how government institutions have spent their budgets in previous years. They explain how these institutions intend to use their allocations over the medium term to achieve their goals, and the outputs and outcomes their spending is expected to lead to. The publications include tables depicting non-financial performance indicators and targets, departmental receipts, personnel, significant as well as detailed expenditure trends and estimates by programme, subprogramme and economic classification for each department and for entities that report to the vote's executive authority. Explanatory narratives detail the institution's mandate, purpose (and that of its programmes), together with programme-level objectives and descriptions of subprogrammes. A more in-depth narrative analyses the institution's expected expenditure over the MTEF period. Summary data tables at the end of each vote contain data on provincial and municipal conditional grants, public private partnerships, donor funding, infrastructure, and expenditure at the level of site service delivery, where applicable.

A separate 2018 ENE Overview publication is also available on www.treasury.gov.za and summarises the ENE information across all votes. The 2018 ENE Overview contains a narrative explanation and budget-wide summary tables; and it also has a write-up on how to interpret the information that is contained in each section of the publications.

Telecommunications and Postal Services

National Treasury

Republic of South Africa



Contents

Budget summary	1
Vote purpose	1
Mandate	1
Selected performance indicators	1
Expenditure analysis	2
Expenditure trends	3
Expenditure estimates	3
Expenditure trends and estimates for significant spending items	4
Goods and services expenditure trends and estimates	4
Transfers and subsidies expenditure trends and estimates	5
Personnel information	6
Departmental receipts	6
Programme 1: Administration	6
Programme 2: International Affairs and Trade	8
Programme 3: Policy, Research and Capacity Development	10
Programme 4: ICT Enterprise Development and Public Entities Oversight	11
Programme 5: ICT infrastructure Support	13
Entities	15

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
MTEF allocation						
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
Total expenditure estimates	923.4	403.3	498.9	21.3	1 024.4	1 085.6
Executive authority	Minister of Telecommunications and Postal Services					
Accounting officer	Director General of Telecommunications and Postal Services					
Website address	www.dtps.gov.za					

The Estimates of National Expenditure e-publications for individual votes are available on 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 ²	750 ²	45 ²
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

Programmes														
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%
Total	1 593.4	2 236.7	1 568.1	1 413.3	1 405.3	1 300.1	2 417.4	2 417.4	2 075.7	1 614.2	5 174.4	5 174.4	143.8%	90.1%
Change to 2017 Budget estimate											3 560.2			
Economic classification														
Current payments	503.4	524.7	398.9	679.7	671.6	412.1	708.3	698.6	358.9	795.5	655.6	655.6	67.9%	71.6%
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%
Transfers and subsidies	1 084.5	1 704.5	1 158.5	728.6	728.6	882.0	1 054.1	1 054.1	1 057.5	806.7	806.7	806.7	106.3%	90.9%
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	-	-	-	-	-
Payments for capital assets	5.5	7.5	10.3	5.1	5.1	5.5	5.0	14.6	9.3	12.0	12.0	12.0	135.0%	94.6%
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%
Payments for financial assets	-	-	0.4	-	-	0.4	650.0	650.0	650.0	-	3 700.0	3 700.0	669.4%	100.0%
Total	1 593.4	2 236.7	1 568.1	1 413.3	1 405.3	1 300.1	2 417.4	2 417.4	2 075.7	1 614.2	5 174.4	5 174.4	143.8%	90.1%

Expenditure estimates

Table 32.3 Vote expenditure estimates by programme and economic classification

Programmes									
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		2018/19	2019/20	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%	
Total	5 174.4	32.3%	100.0%	923.4	1 024.4	1 085.6	-40.6%	100.0%	
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								
Current payments	655.6	7.7%	18.0%	403.3	621.3	663.2	0.4%	28.6%
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%
Transfers and subsidies	806.7	-22.1%	38.6%	498.9	389.7	408.7	-20.3%	25.6%
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%
Payments for capital assets	12.0	17.2%	0.4%	21.3	13.3	13.7	4.5%	0.7%
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%
Payments for financial assets	3 700.0	-	43.0%	-	-	-	-100.0%	45.1%
Total	5 174.4	32.3%	100.0%	923.4	1 024.4	1 085.6	-40.6%	100.0%

Expenditure trends and estimates for significant spending items

Table 32.4 Expenditure trends and estimates for significant spending items

	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	2014/15 - 2017/18		2018/19	2019/20	2020/21	2017/18 - 2020/21	
R thousand											
Broadband	49 969	83 540	26 935	323 015	86.3%	4.8%	58 691	241 087	257 839	-7.2%	10.7%
Total	49 969	83 540	26 935	323 015	86.3%	4.8%	58 691	241 087	257 839	-7.2%	10.7%

Goods and services expenditure trends and estimates

Table 32.5 Vote Goods and services expenditure trends and estimates

	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	
R thousand											
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%
Total	223 417	230 427	153 605	434 441	24.8%	100.0%	178 956	379 931	403 668	-2.4%	100.0%

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 (%)		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	Average Expenditure/ Total (%)
Households											
Social benefits											
Current	–	438	318	–	–	–	–	–	–	–	–
Households	–	438	318	–	–	–	–	–	–	–	–
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	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	37 859	36 601	77 200	85 785	31.3%	6.1%	90 761	95 844	101 15	5.6%	17.8%
National Electronic Media Institute 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 Agency of South Africa	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	791 000	181 160	589 384	79 098	-53.6%	42.0%	37 880	54 001	56 721	-10.5%	10.8%
Broadcasting digital migration											
Households											
Other transfers to households											
Current	421	291	158	–	-100.0%	–	–	–	–	–	–
Households	421	291	158	–	-100.0%	–	–	–	–	–	–
Public corporations and private enterprises											
Other transfers to private enterprises											
Current	13	–	5	–	-100.0%	–	–	–	–	–	–
Public corporations and private enterprises	13	–	5	–	-100.0%	–	–	–	–	–	–
Public corporations and private enterprises											
Other transfers to public corporations											
Current	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%
Capital	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%
Non-profit institutions											
Current	110	–	25	–	-100.0%	–	–	–	–	–	–
Non-profit institutions	110	–	25	–	-100.0%	–	–	–	–	–	–
Provinces and municipalities											
Municipal agencies and funds											
Current	9	–	–	–	-100.0%	–	15	17	19	–	–
Vehicle licences	9	–	–	–	-100.0%	–	15	17	19	–	–
Provinces and municipalities											
Provincial agencies and funds											
Current	–	13	17	–	–	–	–	–	–	–	–
Provinces and municipalities	–	–	17	–	–	–	–	–	–	–	–
Provincial and local governments	–	13	–	–	–	–	–	–	–	–	–
Foreign governments and international organisations											
Current	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%
Total	1 158 520	882 049	1 057 493	806 713	-11.4%	100.0%	498 893	389 745	408 695	-20.3%	100.0%

Personnel information

Table 32.7 Vote personnel numbers and cost by salary level and programme¹

Programmes																				
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																				
Number of funded posts	Number of posts additional to the establishment	Number of posts estimated for 31 March 2018		Number and cost ² of personnel posts filled / planned for on funded establishment															Number	
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Average: Salary level/Total (%)			
				2016/17		2017/18		2018/19		2019/20		2020/21		2017/18 - 2020/21						
				Number	Unit Cost cost	Number	Unit Cost cost	Number	Unit Cost cost	Number	Unit Cost cost	Number	Unit Cost cost	Number	Unit Cost cost					
Telecommunications and Postal Services		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%
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%
Programme		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%
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

R thousand	Audited outcome			Adjusted estimate	Revised 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
	2014/15	2015/16	2016/17					2017/18	2017/18	2017/18			2018/19	2019/20	2020/21
Departmental receipts	1 670 224	26 804 435	831 411	654 413	654 413	-26.8%	100.0%	600 379	600 391	600 404	-2.8%	100.0%			
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%	-			
List item	-	-	-	15	15	-	-	-	-	-	-100.0%	-			
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	-48.0%	85.0%	227	228	229	-1.6%	-			
Total	1 670 224	26 804 435	831 411	654 413	654 413	-26.8%	100.0%	600 379	600 391	600 404	-2.8%	100.0%			

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				2018/19	2019/20	2020/21		
R thousand											
Ministry	4 056	4 211	4 211	4 011	-0.4%	1.9%	4 211	4 523	4 864	6.6%	1.9%
Departmental Management	65 781	73 332	52 052	38 859	-16.1%	26.8%	42 780	48 679	52 392	10.5%	19.8%
Internal Audit	5 708	5 245	3 939	7 497	9.5%	2.6%	7 219	7 983	8 406	3.9%	3.4%
Corporate Services	70 163	62 590	70 486	74 626	2.1%	32.4%	77 481	86 291	92 723	7.5%	35.9%
Financial Management	73 577	70 357	75 681	69 539	-1.9%	33.7%	77 457	85 921	92 292	9.9%	35.3%
Office Accommodation	6 016	6 129	5 213	3 598	-15.7%	2.4%	9 184	10 282	10 903	44.7%	3.7%
Total	225 301	221 864	211 582	198 130	-4.2%	100.0%	218 332	243 679	261 580	9.7%	100.0%
Change to 2017				3 888			8 080	17 126	15 038		
Budget estimate											
Economic classification											
Current payments	214 349	217 226	204 106	190 556	-3.8%	96.4%	206 534	232 437	249 825	9.4%	95.4%
Compensation of employees	85 357	86 179	94 823	103 804	6.7%	43.2%	108 762	116 564	125 633	6.6%	49.3%
Goods and services ¹	128 992	131 047	109 283	86 752	-12.4%	53.2%	97 772	115 873	124 192	12.7%	46.1%
of which:											
Audit costs: External	14 591	28 067	6 499	3 807	-36.1%	6.2%	5 089	5 900	6 200	17.7%	2.3%
Computer services	9 460	5 015	5 512	8 395	-3.9%	3.3%	5 341	9 017	9 772	5.2%	3.5%
Legal services	8 602	6 155	7 454	4 100	-21.9%	3.1%	5 000	6 655	7 104	20.1%	2.5%
Operating leases	45 381	42 390	41 047	28 716	-14.1%	18.4%	37 657	40 991	44 383	15.6%	16.5%
Property payments	11 693	10 142	11 699	12 585	2.5%	5.4%	10 294	14 847	15 625	7.5%	5.8%
Travel and subsistence	16 884	16 853	17 180	8 533	-20.3%	6.9%	10 740	15 027	16 407	24.3%	5.5%
Transfers and subsidies¹	1 677	278	346	-	-100.0%	0.3%	15	17	19	-	-
Provinces and municipalities	9	13	17	-	-100.0%	-	15	17	19	-	-
Departmental agencies and accounts	1 199	4	4	-	-100.0%	0.1%	-	-	-	-	-
Public corporations and private enterprises	17	12	40	-	-100.0%	-	-	-	-	-	-
Non-profit institutions	110	-	-	-	-100.0%	-	-	-	-	-	-
Households	342	249	285	-	-100.0%	0.1%	-	-	-	-	-
Payments for capital assets	8 912	3 918	7 084	7 574	-5.3%	3.2%	11 783	11 225	11 736	15.7%	4.6%
Machinery and equipment	8 708	1 862	3 262	5 569	-13.8%	2.3%	7 280	6 427	6 702	6.4%	2.8%
Software and other intangible assets	204	2 056	3 822	2 005	114.2%	0.9%	4 503	4 798	5 034	35.9%	1.8%
Payments for financial assets	363	442	46	-	-100.0%	0.1%	-	-	-	-	-
Total	225 301	221 864	211 582	198 130	-4.2%	100.0%	218 332	243 679	261 580	9.7%	100.0%
Proportion of total programme expenditure to vote expenditure	14.4%	17.1%	10.2%	3.8%	-	-	23.6%	23.8%	24.1%	-	-
Details of transfers and subsidies											
Households											
Social benefits											
Current	-	14	251	-	-	-	-	-	-	-	-
Households	-	14	251	-	-	-	-	-	-	-	-
Other transfers to households											
Current	342	235	34	-	-100.0%	0.1%	-	-	-	-	-
Households	342	235	34	-	-100.0%	0.1%	-	-	-	-	-
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	1 199	4	4	-	-100.0%	0.1%	-	-	-	-	-
Information Systems, Electronics and Telecommunication Technologies Education and Training Authority	1 199	-	-	-	-100.0%	0.1%	-	-	-	-	-
Departmental agencies and accounts	-	4	4	-	-	-	-	-	-	-	-
Non-profit institutions											
Current	110	-	-	-	-100.0%	-	-	-	-	-	-
Non-profit institution	110	-	-	-	-100.0%	-	-	-	-	-	-
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	14	12	40	-	-100.0%	-	-	-	-	-	-
Public corporations and private enterprises	14	12	40	-	-100.0%	-	-	-	-	-	-
Private enterprises											
Other transfers to private enterprises											
Current	3	-	-	-	-100.0%	-	-	-	-	-	-
Public corporations and private enterprises	3	-	-	-	-100.0%	-	-	-	-	-	-
Provinces and municipalities											
Municipalities											
Municipal agencies and funds											
Current	9	-	-	-	-100.0%	-	15	17	19	-	-
Vehicle licences	9	-	-	-	-100.0%	-	15	17	19	-	-

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

Details of transfers and subsidies				Adjusted appropriation	Average growth rate (%)	Average: Expenditure/Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/Total (%)
Audited outcome			2017/18				2018/19 2019/20 2020/21				
R thousand	2014/15	2015/16	2016/17	2017/18	2014/15 - 2017/18			2018/19	2019/20	2020/21	2017/18 - 2020/21
Provinces and municipalities											
Provinces											
Provincial agencies and funds											
Current	–	13	17	–	–	–	–	–	–	–	–
Provinces and municipalities	–	–	17	–	–	–	–	–	–	–	–
Provincial and local governments	–	13	–	–	–	–	–	–	–	–	–

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

Personnel information

Table 32.10 Administration personnel numbers and cost by salary level¹

Number of posts estimated for 31 March 2018			Number and cost ² 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		2017/18		2018/19		2019/20		2020/21		2017/18 - 2020/21									
			Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number		Cost			Unit cost					
Administration			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%	100.0%	
Salary level																						
1 – 6	12	–	12	3.5	0.3	10	3.6	0.4	12	4.6	0.4	11	4.6	0.4	12	5.3	0.4	12	5.3	0.4	6.3%	8.0%
7 – 10	68	–	65	29.8	0.5	66	34.1	0.5	59	36.0	0.6	60	38.8	0.6	60	42.6	0.7	60	42.6	0.7	-3.1%	43.8%
11 – 12	33	–	32	22.1	0.7	32	25.3	0.8	29	28.4	1.0	28	29.6	1.1	28	31.2	1.1	28	31.2	1.1	-4.4%	20.9%
13 – 16	33	–	33	32.7	1.0	31	33.0	1.1	30	32.4	1.1	31	35.8	1.2	31	38.3	1.2	31	38.3	1.2	–	22.0%
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	3	8.3	2.8	-45.0%	5.4%

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

2. Rand million.

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 32.11 International Affairs and Trade expenditure trends and estimates by subprogramme and economic classification

Subprogramme	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		
R thousand											
International Affairs	13 125	10 511	13 434	13 718	1.5%	27.9%	14 638	18 364	18 983	11.4%	30.2%
ICT Trade/Partnership	29 361	31 031	33 510	37 202	8.2%	72.1%	37 397	40 027	37 400	0.2%	69.8%
Total	42 486	41 542	46 944	50 920	6.2%	100.0%	52 035	58 391	56 383	3.5%	100.0%
Change to 2017 Budget estimate				3 127			(1 428)	80	(6 797)		
Economic classification											
Current payments	18 739	16 490	20 256	25 018	10.1%	44.3%	23 163	26 949	25 664	0.9%	46.3%
Compensation of employees	12 586	10 557	12 728	16 150	8.7%	28.6%	13 725	16 117	17 257	2.2%	29.0%
Goods and services ¹	6 153	5 933	7 528	8 868	13.0%	15.7%	9 438	10 832	8 407	-1.8%	17.2%
of which:											
Minor assets	13	103	3	61	67.4%	0.1%	171	333	302	70.4%	0.4%
Communication	409	298	341	490	6.2%	0.8%	660	925	662	10.5%	1.3%
Contractors	22	-	110	1 685	324.7%	1.0%	208	438	183	-52.3%	1.2%
Travel and subsistence	3 840	4 967	4 333	3 829	-0.1%	9.3%	5 148	5 198	3 118	-6.6%	7.9%
Operating payments	138	-	27	-	-100.0%	0.1%	1 801	1 902	2 006	-	2.6%
Venues and facilities	209	194	1 430	840	59.0%	1.5%	664	948	855	0.6%	1.5%
Transfers and subsidies¹	23 764	24 669	26 263	25 532	2.4%	55.1%	28 482	31 008	30 476	6.1%	53.0%
Foreign governments and international organisations	23 724	24 629	26 136	25 532	2.5%	55.0%	28 482	31 008	30 476	6.1%	53.0%
Non-profit institutions	-	-	25	-	-	-	-	-	-	-	-
Households	40	40	102	-	-100.0%	0.1%	-	-	-	-	-
Payments for capital assets	(17)	383	425	370	-379.2%	0.6%	390	434	243	-13.1%	0.7%
Machinery and equipment	(17)	383	425	370	-379.2%	0.6%	390	434	243	-13.1%	0.7%
Total	42 486	41 542	46 944	50 920	6.2%	100.0%	52 035	58 391	56 383	3.5%	100.0%
Proportion of total programme expenditure to vote expenditure	2.7%	3.2%	2.3%	1.0%	-	-	5.6%	5.7%	5.2%	-	-
Details of transfers and subsidies											
Households											
Other transfers to households											
Current	40	40	102	-	-100.0%	0.1%	-	-	-	-	-
Households	40	40	102	-	-100.0%	0.1%	-	-	-	-	-
Foreign governments and international organisations											
Current	23 724	24 629	26 136	25 532	2.5%	55.0%	28 482	31 008	30 476	6.1%	53.0%
Universal Postal Union	5 314	5 446	5 960	5 228	-0.5%	12.1%	6 311	6 841	6 258	6.2%	11.3%
International Telecommunications Union	16 204	16 545	17 581	16 312	0.2%	36.6%	18 252	19 496	19 421	6.0%	33.7%
African Telecommunications Union	927	940	1 044	1 091	5.6%	2.2%	1 047	1 219	1 286	5.6%	2.1%
Pan-African Postal Union	861	1 071	1 033	1 003	5.2%	2.2%	1 061	1 120	1 182	5.6%	2.0%
Organisation for Economic Cooperation and Development	-	185	166	482	-	0.5%	200	603	569	5.7%	0.9%
Commonwealth Telecommunications Organisation	418	442	352	416	-0.2%	0.9%	440	529	491	5.7%	0.9%
Dona Foundation	-	-	-	1 000	-	0.5%	1 171	1 200	1 269	8.3%	2.1%
Non-profit institutions											
Current	-	-	25	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	25	-	-	-	-	-	-	-	-

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

Personnel information

Table 32.12 International Affairs and Trade personnel numbers and cost by salary level¹

Number of posts estimated for 31 March 2018	Number and cost ² 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	2017/18	Unit	Cost	2018/19	Unit	Cost	2019/20	Unit	Cost			2020/21	Unit	Cost
			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%	100.0%
Salary level	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%	100.0%
1-6	1	-	1	0.3	0.3	1	0.4	0.4	1	0.4	0.4	1	0.4	0.4	1	0.4	0.4	-	5.3%
7-10	7	-	7	3.1	0.4	7	3.6	0.5	7	3.4	0.5	7	3.6	0.5	7	3.9	0.6	-	36.8%
11-12	1	-	-	-	-	1	0.6	0.6	1	0.6	0.6	1	0.7	0.7	1	0.8	0.8	-	5.3%
13-16	11	-	10	9.3	0.9	11	11.6	1.1	9	9.3	1.0	10	11.4	1.1	10	12.2	1.2	-3.1%	52.6%

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

2. Rand million.

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 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 32.13 Policy, Research and Capacity Development expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation 2017/18	Average growth rate (%)		Average: Expenditure/Total (%)	Medium-term expenditure estimate			Average growth rate (%)		Average: Expenditure/Total (%)
	2014/15	2015/16	2016/17		2014/15	2017/18		2018/19	2019/20	2020/21	2017/18	2020/21	
R thousand													
ICT Policy Development	14 981	14 397	12 491	12 358	-6.2%	17.4%	14 149	15 291	16 480	10.1%	16.3%		
Economic and Market Analysis	6 162	4 392	3 468	4 664	-8.9%	6.0%	4 481	4 838	5 220	3.8%	5.4%		
Research	4 021	4 183	6 912	7 881	25.1%	7.4%	7 090	7 165	7 634	-1.1%	8.3%		
Information Society Development	35 137	41 397	46 138	51 779	13.8%	56.1%	50 934	52 333	56 880	3.2%	59.4%		
Capacity Development	12 609	9 610	9 485	8 841	-11.2%	13.0%	9 321	9 532	9 887	3.8%	10.5%		
Total	72 910	73 979	78 494	85 523	5.5%	100.0%	85 975	89 159	96 101	4.0%	100.0%		
Change to 2017				(4 842)			(9 205)	(12 508)	(6 760)				
Budget estimate													

Table 32.13 Policy, Research and Capacity Development expenditure trends and estimates by subprogramme and economic classification

Economic classification	Audited outcome			Adjusted appropriation 2017/18	Average growth rate (%) 2014/15 - 2017/18	Average Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%) 2017/18 - 2020/21	Average Expenditure/ Total (%)
	2014/15	2015/16	2016/17				2018/19	2019/20	2020/21		
R thousand	72 221	73 406	77 838	84 876	5.5%	99.2%	85 631	88 468	95 402	4.0%	99.3%
Current payments											
Compensation of employees	45 321	49 422	52 642	52 905	5.3%	64.4%	52 592	58 833	63 121	6.1%	63.8%
Goods and services ¹	26 900	23 984	25 196	31 971	5.9%	34.8%	33 039	29 635	32 281	0.3%	35.6%
<i>of which:</i>											
<i>Communication</i>	1 304	1 335	1 397	2 273	20.3%	2.0%	2 656	2 809	3 096	10.8%	3.0%
<i>Consultants: Business and advisory services</i>	13 223	10 122	5 499	11 793	-3.7%	13.1%	7 701	6 361	7 469	-14.1%	9.3%
<i>Agency and support/outsourced services</i>	–	39	–	1 793	–	0.6%	522	572	1 765	-0.5%	1.3%
<i>Consumables: Stationery, printing and office supplies</i>	987	613	1 370	1 305	9.8%	1.4%	1 831	1 859	2 059	16.4%	2.0%
<i>Travel and subsistence</i>	3 645	6 172	4 578	4 649	8.4%	6.1%	8 582	7 045	6 178	9.9%	7.4%
<i>Training and development</i>	3 597	1 274	7 777	6 750	23.3%	6.2%	6 550	6 550	6 682	-0.3%	7.4%
Transfers and subsidies¹	45	293	28	–	-100.0%	0.1%	–	–	–	–	–
Public corporations and private enterprises	10	–	5	–	-100.0%	–	–	–	–	–	–
Households	35	293	23	–	-100.0%	0.1%	–	–	–	–	–
Payments for capital assets	644	280	628	647	0.2%	0.7%	344	691	699	2.6%	0.7%
Machinery and equipment	644	280	628	647	0.2%	0.7%	294	691	699	2.6%	0.7%
Software and other intangible assets	–	–	–	–	–	–	50	–	–	–	–
Total	72 910	73 979	78 494	85 523	5.5%	100.0%	85 975	89 159	96 101	4.0%	100.0%
Proportion of total programme expenditure to vote expenditure	4.6%	5.7%	3.8%	1.7%	–	–	9.3%	8.7%	8.9%	–	–
Details of transfers and subsidies											
Households											
Social benefits											
Current	–	287	9	–	–	0.1%	–	–	–	–	–
Households	–	287	9	–	–	0.1%	–	–	–	–	–
Other transfers to households											
Current	35	6	14	–	-100.0%	–	–	–	–	–	–
Households	35	6	14	–	-100.0%	–	–	–	–	–	–
Public corporations and private enterprises											
Private enterprises											
Other transfers to private enterprises											
Current	10	–	5	–	-100.0%	–	–	–	–	–	–
Public corporations and private enterprises	10	–	5	–	-100.0%	–	–	–	–	–	–

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

Personnel information

Table 32.14 Policy, Research and Capacity Development personnel numbers and cost by salary level¹

Policy, Research and Capacity Development	Number of posts estimated for 31 March 2018		Number and cost ² 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	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21											
			Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost							
Salary level	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%	100.0%
1–6	8	–	8	2.4	0.3	8	2.4	0.3	7	2.1	0.3	7	2.3	0.3	7	2.5	0.4	-4.4%	10.9%
7–10	19	–	23	9.0	0.4	19	7.1	0.4	17	7.2	0.4	17	7.7	0.5	17	8.3	0.5	-3.6%	26.4%
11–12	17	–	16	11.7	0.7	16	11.4	0.7	14	13.4	1.0	15	16.1	1.1	15	17.4	1.2	-2.1%	22.6%
13–16	29	–	28	29.6	1.1	29	32.0	1.1	25	29.8	1.2	26	32.7	1.3	26	35.0	1.3	-3.6%	40.0%

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

2. Rand million.

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 32.15 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 thousand											
Public Entity Oversight	239 528	480 088	869 830	3 939 302	154.3%	99.8%	245 330	260 610	275 099	-58.8%	99.6%
Small, Medium and Micro Enterprise Development	2 078	2 545	4 427	4 800	32.2%	0.2%	5 110	5 410	5 808	6.6%	0.4%
Total	241 606	482 633	874 257	3 944 102	153.7%	100.0%	250 440	266 020	280 907	-58.5%	100.0%
Change to 2017 Budget estimate				3 692 987			(6 506)	(5 866)	(16 191)		
Economic classification											
Current payments	37 833	15 604	22 273	27 583	-10.0%	1.9%	21 322	24 090	25 673	-2.4%	2.1%
Compensation of employees	12 407	12 840	19 766	22 120	21.3%	1.2%	15 968	16 374	17 548	-7.4%	1.5%
Goods and services ¹	25 426	2 764	2 507	5 463	-40.1%	0.7%	5 354	7 716	8 125	14.1%	0.6%
of which:											
Advertising	153	321	38	100	-13.2%	–	250	250	250	35.7%	–
Communication	253	328	364	540	28.8%	–	600	658	685	8.3%	0.1%
Consultants: Business and advisory services	968	805	208	2 146	30.4%	0.1%	180	3 264	3 983	22.9%	0.2%
Agency and support/outsourced services	23 230	–	–	14	-91.6%	0.4%	2 000	1 220	17	6.7%	0.1%
Travel and subsistence	312	557	1 023	997	47.3%	0.1%	1 627	1 470	1 641	18.1%	0.1%
Venues and facilities	15	243	46	157	118.7%	–	265	272	300	24.1%	–
Transfers and subsidies¹	203 225	466 641	201 401	216 083	2.1%	19.6%	228 616	241 419	254 697	5.6%	19.8%
Departmental agencies and accounts	153 223	351 410	201 401	216 083	12.1%	16.6%	228 616	241 419	254 697	5.6%	19.8%
Public corporations and private enterprises	50 002	115 092	–	–	-100.0%	3.0%	–	–	–	–	–
Households	–	139	–	–	–	–	–	–	–	–	–
Payments for capital assets	548	388	583	436	-7.3%	–	502	511	537	7.2%	–
Machinery and equipment	548	388	583	436	-7.3%	–	502	511	537	7.2%	–
Payments for financial assets	–	–	650 000	3 700 000	–	78.5%	–	–	–	-100.0%	78.0%
Total	241 606	482 633	874 257	3 944 102	153.7%	100.0%	250 440	266 020	280 907	-58.5%	100.0%
Proportion of total programme expenditure to vote expenditure	15.4%	37.1%	42.1%	76.2%	–	–	27.1%	26.0%	25.9%	–	–
Details of transfers and subsidies											
Households											
Social benefits											
Current											
Household	–	137	–	–	–	–	–	–	–	–	–
Households											
Other transfers to households											
Current											
Household	–	2	–	–	–	–	–	–	–	–	–

Table 32.15 ICT Enterprise Development and Public Entities Oversight expenditure trends and estimates by subprogramme and economic classification

Details of transfers and subsidies	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		
	R thousand										
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	153 223	351 410	201 401	216 083	12.1%	16.6%	228 616	241 419	254 697	5.6%	19.8%
National Electronic Media Institute of South Africa	37 859	36 601	77 200	85 785	31.3%	4.3%	90 761	95 844	101 115	5.6%	7.9%
Universal Service and Access Agency of South Africa	65 376	262 429	69 045	75 684	5.0%	8.5%	80 074	84 558	89 209	5.6%	6.9%
Universal Service and Access Fund	49 988	52 380	55 156	54 614	3.0%	3.8%	57 781	61 017	64 373	5.6%	5.0%
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	50 000	115 092	-	-	-100.0%	3.0%	-	-	-	-	-
South African Post Office	50 000	115 092	-	-	-100.0%	3.0%	-	-	-	-	-
Capital	2	-	-	-	-100.0%	-	-	-	-	-	-
Household	2	-	-	-	-100.0%	-	-	-	-	-	-

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

Personnel information

Table 32.16 ICT Enterprise Development and Public Entities Oversight personnel numbers and cost by salary level¹

ICT Enterprise Development and Public Entities Oversight	Number of posts estimated for 31 March 2018		Number and cost ² 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		2017/18			2018/19		2019/20		2020/21							
			Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number			Cost	Unit cost			
Salary level	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%	100.0%
7 – 10	5	-	5	1.8	0.4	5	2.0	0.4	4	1.6	0.4	4	1.8	0.4	4	1.9	0.5	-7.2%	23.0%
11 – 12	6	-	6	4.2	0.7	6	4.7	0.8	3	2.3	0.8	2	1.6	0.8	2	1.7	0.9	-30.7%	17.6%
13 – 16	14	-	14	13.7	1.0	14	15.5	1.1	10	12.0	1.2	10	13.0	1.3	10	13.9	1.4	-10.6%	59.5%

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

2. Rand million.

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 32.17 ICT Infrastructure Support 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 thousand											
Broadband	49 969	83 540	26 935	323 015	86.3%	15.0%	58 691	241 087	257 839	-7.2%	44.7%
Digital Terrestrial Television	929 805	390 213	829 384	565 098	-15.3%	84.1%	241 780	117 301	123 503	-39.8%	53.2%
ICT Support	6 001	6 326	8 096	7 589	8.1%	0.9%	16 154	8 782	9 279	6.9%	2.1%
Total	985 775	480 079	864 415	895 702	-3.1%	100.0%	316 625	367 170	390 621	-24.2%	100.0%
Change to 2017 Budget estimate				(134 989)			(795 067)	(803 217)	(833 916)		
Economic classification											
Current payments	55 791	89 394	34 380	327 614	80.4%	15.7%	66 606	249 386	266 610	-6.6%	46.2%
Compensation of employees	19 845	22 695	25 289	26 227	9.7%	2.9%	33 253	33 511	35 947	11.1%	6.5%
Goods and services ¹	35 946	66 699	9 091	301 387	103.2%	12.8%	33 353	215 875	230 663	-8.5%	39.7%
of which:											
Computer services	1	94	152	2 892	1324.7%	0.1%	1 660	1 688	1 783	-14.9%	0.4%
Consultants: Business and advisory services	31 244	59 892	768	283 820	108.7%	11.6%	9 949	191 957	205 555	-10.2%	35.1%
Contractors	–	2	–	–	–	–	2 833	2 988	3 156	–	0.5%
Agency and support/outsourced services	–	–	–	500	–	–	3 680	3 883	4 100	101.7%	0.6%
Travel and subsistence	3 229	4 591	4 433	5 684	20.7%	0.6%	7 599	7 297	7 519	9.8%	1.4%
Venues and facilities	187	162	115	3 420	163.5%	0.1%	1 900	2 034	2 164	-14.1%	0.5%
Transfers and subsidies¹	929 809	390 168	829 455	565 098	-15.3%	84.1%	241 780	117 301	123 503	-39.8%	53.2%
Departmental agencies and accounts	791 000	181 160	589 384	79 098	-53.6%	50.9%	37 880	54 001	56 721	-10.5%	11.6%
Public corporations and private enterprises	138 805	209 000	240 005	486 000	51.8%	33.3%	203 900	63 300	66 782	-48.4%	41.6%
Households	4	8	66	–	-100.0%	–	–	–	–	–	–
Payments for capital assets	175	512	580	2 990	157.6%	0.1%	8 239	483	508	-44.6%	0.6%
Machinery and equipment	175	512	200	2 040	126.7%	0.1%	1 679	314	330	-45.5%	0.2%
Software and other intangible assets	–	–	380	950	–	–	6 560	169	178	-42.8%	0.4%
Payments for financial assets	–	5	–	–	–	–	–	–	–	–	–
Total	985 775	480 079	864 415	895 702	-3.1%	100.0%	316 625	367 170	390 621	-24.2%	100.0%
Proportion of total programme expenditure to vote expenditure	62.9%	36.9%	41.6%	17.3%	–	–	34.3%	35.8%	36.0%	–	–
Details of transfers and subsidies											
Households											
Social benefits											
Current	–	–	58	–	–	–	–	–	–	–	–
Households	–	–	58	–	–	–	–	–	–	–	–
Other transfers to households											
Current	4	8	8	–	-100.0%	–	–	–	–	–	–
Households	4	8	8	–	-100.0%	–	–	–	–	–	–
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	791 000	181 160	589 384	79 098	-53.6%	50.9%	37 880	54 001	56 721	-10.5%	11.6%
Universal Service and Access Fund: Broadcasting digital migration	791 000	181 160	589 384	79 098	-53.6%	50.9%	37 880	54 001	56 721	-10.5%	11.6%
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	–	–	240 005	240 000	–	14.9%	–	–	–	-100.0%	12.2%
Public corporations and private enterprises	–	–	5	–	–	–	–	–	–	–	–
South African Post Office: Broadcasting digital migration	–	–	240 000	240 000	–	14.9%	–	–	–	-100.0%	12.2%
Capital	138 805	209 000	–	246 000	21.0%	18.4%	203 900	63 300	66 782	-35.2%	29.4%
Sentech	69 805	–	–	–	-100.0%	2.2%	–	–	–	–	–
Sentech: Dual illumination costs relating to the digital migration project	69 000	209 000	–	193 000	40.9%	14.6%	203 900	–	–	-100.0%	20.1%
Sentech: Migration of digital signals	–	–	–	53 000	–	1.6%	–	63 300	66 782	8.0%	9.3%

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

Personnel information

Table 32.18 ICT Infrastructure Support personnel numbers and cost by salary level¹

Number of posts estimated for 31 March 2018		Number and cost ² 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			2017/18			2018/19		2019/20		2020/21				2017/18 - 2020/21			
		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost			
ICT Infrastructure Support																			
Salary level	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%	100.0%
1 – 6	2	–	2	0.6	0.3	2	0.6	0.3	4	1.2	0.3	4	1.3	0.3	4	1.4	0.4	26.0%	9.7%
7 – 10	6	–	6	2.3	0.4	6	2.1	0.4	6	2.3	0.4	6	2.4	0.4	6	2.6	0.4	–	16.7%
11 – 12	11	–	10	7.2	0.7	11	7.3	0.7	11	8.6	0.8	10	8.4	0.8	10	9.1	0.9	-3.1%	29.2%
13 – 16	16	–	14	15.2	1.1	15	16.2	1.1	17	21.2	1.2	16	21.3	1.3	16	22.8	1.4	2.2%	44.4%

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

2. Rand million.

Entities¹

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 32.19 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 ¹	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

¹ This section has been compiled with the latest available information from the entities concerned.

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.

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 32.20 South African Post Office expenditure trends and estimates by programme/objective/activity

	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	2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	2017/18 - 2020/21	
R thousand											
Administration	2 080 531	2 131 151	2 202 194	2 263 027	2.8%	31.9%	1 651 769	1 652 272	1 627 039	-10.4%	26.5%
Logistics	427 248	262 575	113 026	41 182	-54.1%	3.1%	41 346	43 661	46 062	3.8%	0.6%
Postbank	180 345	169 643	301 924	558 177	45.7%	4.4%	514 509	543 322	573 205	0.9%	8.1%
Mail, retail and e-business	4 259 779	4 020 107	4 275 484	3 958 351	-2.4%	60.6%	4 292 832	4 533 231	4 782 558	6.5%	64.8%
Total	6 947 903	6 583 476	6 892 628	6 820 737	-0.6%	100.0%	6 500 456	6 772 486	7 028 864	1.0%	100.0%

Statements of historical financial performance and position

Table 32.21 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 (%)
	Budget	2014/15	Budget	2015/16	Budget	2016/17	2017/18	2017/18	2014/15 - 2017/18
R thousand									
Revenue									
Non-tax revenue	6 859 077	5 391 134	6 719 984	5 356 780	6 596 799	5 674 415	7 907 323	6 667 323	82.2%
Sale of goods and services other than capital assets	6 323 975	5 123 831	5 618 570	4 730 779	6 397 461	4 601 422	7 603 660	6 493 660	80.8%
<i>of which:</i>									
<i>Sales by market establishment</i>	6 323 975	5 123 831	5 618 570	4 730 779	6 397 461	4 601 422	7 603 660	6 493 660	80.8%
<i>Postal services and courier services</i>	5 314 940	4 022 469	4 475 683	3 654 941	4 750 966	3 327 190	5 302 103	4 742 069	79.4%
<i>Financial services (Retail and Postbank)</i>	712 338	666 315	656 581	585 818	1 131 281	683 936	1 620 951	1 070 985	73.0%
<i>Postbank interest revenue</i>	296 697	435 047	486 306	490 020	515 214	590 296	680 606	680 606	111.0%
Other non-tax revenue	535 102	267 303	1 101 414	626 001	199 338	1 072 993	303 663	173 663	100.0%
Transfers received	–	135 305	64 852	115 092	240 000	240 000	240 000	240 000	134.1%
Total revenue	6 859 077	5 526 439	6 800 043	5 471 872	6 836 799	5 914 415	8 147 323	6 907 323	83.2%

Table 32.21 South African Post Office statements of historical financial performance and position

Statement of financial performance									
	Audited		Audited		Audited		Budget		Average:
	Budget	outcome	Budget	outcome	Budget	outcome	estimate	Revised estimate	Outcome/ Budget (%)
R thousand	2014/15		2015/16		2016/17		2017/18		2014/15 - 2017/18
Expenses									
Current expenses	7 221 954	6 388 897	6 902 497	6 583 406	7 984 704	6 873 031	7 633 237	6 820 737	89.7%
Compensation of employees	4 045 598	3 634 111	4 152 795	3 476 167	3 914 210	3 563 684	3 738 929	3 488 213	89.3%
Goods and services	2 905 321	2 527 978	2 505 910	2 775 375	3 561 233	2 775 113	3 259 798	2 699 188	88.1%
Depreciation	199 101	148 879	151 786	165 192	204 487	141 395	151 969	150 669	85.7%
Interest, dividends and rent on land	71 934	77 929	92 006	166 672	304 774	392 839	482 541	482 667	117.8%
Total expenses	7 222 345	6 947 903	6 902 497	6 583 476	7 984 704	6 892 628	7 633 237	6 820 737	91.6%
Surplus/(Deficit)	(363 268)	(1 421 464)	(102 454)	(1 111 604)	(1 147 905)	(978 213)	514 086	86 586	
Statement of financial position									
Carrying value of assets	1 345 941	1 316 366	2 050 069	1 190 586	1 962 556	2 877 337	1 525 901	2 831 729	119.3%
<i>of which:</i>									
<i>Acquisition of assets</i>	<i>(263 765)</i>	<i>(121 863)</i>	<i>(530 174)</i>	<i>(45 791)</i>	<i>(900 000)</i>	<i>(54 374)</i>	<i>(513 102)</i>	<i>(58 268)</i>	<i>12.7%</i>
Investments	5 580 820	4 486 407	4 589 324	5 510 327	5 502 384	5 966 487	5 877 046	6 064 468	102.2%
Inventory	48 840	67 845	69 844	54 784	74 765	70 001	61 555	69 301	102.7%
Receivables and prepayments	584 384	372 479	522 338	428 230	574 619	413 800	621 451	400 166	70.1%
Cash and cash equivalents	2 876 755	3 413 931	4 342 020	2 885 035	2 790 881	4 055 510	3 928 948	4 536 808	106.8%
Taxation	379 850	35 400	735 855	727	-	-	-	-	3.2%
Total assets	10 816 590	9 692 428	12 309 450	10 069 689	10 905 205	13 383 135	12 014 901	13 902 472	102.2%
Accumulated surplus/(deficit)	937 179	(69 764)	(1 241)	(1 203 241)	(2 274 533)	(2 227 782)	(1 703 967)	(3 561 669)	232.1%
Capital and reserves	1 450 862	758 731	1 806 577	961 309	1 578 140	3 256 741	1 580 015	6 956 740	186.0%
Borrowings	-	78 729	1 200 000	1 237 659	3 850 170	3 700 980	3 700 000	1 400 000	73.3%
Finance lease	80 646	3 729	4 450	6 141	-	11 215	6 900	10 094	33.9%
Deferred income	340 885	268 997	346 579	258 635	266 143	266 126	296 084	240 869	82.8%
Trade and other payables	6 812 340	7 028 111	7 264 911	7 183 746	5 825 209	6 754 408	6 339 006	7 145 620	107.1%
Taxation	911	-	-	-	-	-	-	-	-
Provisions	1 193 767	1 623 858	1 688 174	1 625 440	1 660 076	1 621 447	1 796 863	1 710 818	103.8%
Derivatives financial instruments	-	37	-	-	-	-	-	-	-
Total equity and liabilities	10 816 590	9 692 428	12 309 450	10 069 689	10 905 205	13 383 135	12 014 901	13 902 472	102.2%

Statements of estimates of financial performance and position

Table 32.22 South African Post Office statements of estimates of financial performance and position

Statement of financial performance									
	Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/ Total (%)	
R thousand	2017/18	2014/15 - 2017/18		2018/19	2019/20	2020/21	2017/18 - 2020/21		
Revenue									
Non-tax revenue	6 667 323	7.3%	97.0%	5 994 912	7 045 330	7 525 135	4.1%	99.1%	
Sale of goods and services other than capital assets	6 493 660	8.2%	87.7%	5 873 748	6 919 479	7 391 596	4.4%	97.1%	
<i>of which:</i>									
<i>Sales by market establishment</i>	<i>6 493 660</i>	<i>8.2%</i>	<i>87.7%</i>	<i>5 873 748</i>	<i>6 919 479</i>	<i>7 391 596</i>	<i>4.4%</i>	<i>97.1%</i>	
<i>Postal services and courier services</i>	<i>4 742 069</i>	<i>5.6%</i>	<i>66.1%</i>	<i>4 052 533</i>	<i>4 856 854</i>	<i>5 483 506</i>	<i>5.0%</i>	<i>69.5%</i>	
<i>Financial services (Retail and Postbank)</i>	<i>1 070 985</i>	<i>17.1%</i>	<i>12.5%</i>	<i>1 224 008</i>	<i>1 453 477</i>	<i>1 286 759</i>	<i>6.3%</i>	<i>18.4%</i>	
<i>Postbank interest revenue</i>	<i>680 606</i>	<i>16.1%</i>	<i>9.2%</i>	<i>597 207</i>	<i>609 148</i>	<i>621 331</i>	<i>-3.0%</i>	<i>9.2%</i>	
Other non-tax revenue	173 663	-13.4%	9.2%	121 164	125 851	133 539	-8.4%	2.0%	
Transfers received	240 000	21.1%	3.0%	-	-	-	-100.0%	0.9%	
Total revenue	6 907 323	7.7%	100.0%	5 994 912	7 045 330	7 525 135	2.9%	100.0%	
Expenses									
Current expenses	6 820 737	2.2%	97.9%	6 500 456	6 772 486	7 028 864	1.0%	100.0%	
Compensation of employees	3 488 213	-1.4%	52.0%	3 788 246	3 907 746	4 122 672	5.7%	56.4%	
Goods and services	2 699 188	2.2%	39.6%	2 204 120	2 328 196	2 340 140	-4.6%	35.3%	
Depreciation	150 669	0.4%	2.2%	159 504	168 437	177 700	5.7%	2.4%	
Interest, dividends and rent on land	482 667	83.6%	4.1%	348 586	368 107	388 352	-7.0%	5.8%	
Total expenses	6 820 737	-0.6%	100.0%	6 500 456	6 772 486	7 028 864	1.0%	100.0%	
Surplus/(Deficit)	86 586			(505 544)	272 844	496 271			
Statement of financial position									
Carrying value of assets	2 831 729	29.1%	16.8%	3 793 121	3 669 903	3 574 199	8.1%	23.1%	
<i>of which:</i>									
<i>Acquisition of assets</i>	<i>(58 268)</i>	<i>-21.8%</i>	<i>-0.6%</i>	<i>(1 196 428)</i>	<i>(224 364)</i>	<i>(214 447)</i>	<i>54.4%</i>	<i>-2.9%</i>	
Investments	6 064 468	10.6%	47.3%	6 409 200	6 891 781	7 358 696	6.7%	44.4%	
Inventory	69 301	0.7%	0.6%	68 608	67 922	67 243	-1.0%	0.5%	
Receivables and prepayments	400 166	2.4%	3.5%	487 339	573 372	632 911	16.5%	3.5%	
Cash and cash equivalents	4 536 808	9.9%	31.7%	3 670 094	4 120 490	4 857 066	2.3%	28.6%	
Total assets	13 902 472	12.8%	100.0%	14 428 362	15 323 468	16 490 115	5.9%	100.0%	
Accumulated surplus/(deficit)	(3 561 669)	271.0%	-13.7%	(4 067 213)	(3 794 369)	(3 298 098)	-2.5%	-24.6%	
Capital and reserves	6 956 740	109.3%	22.9%	6 956 740	6 956 740	6 956 740	-	46.5%	
Borrowings	1 400 000	161.0%	12.7%	2 400 000	2 400 000	2 400 000	19.7%	14.2%	
Finance lease	10 094	39.4%	0.1%	9 084	-	-	-100.0%	0.0%	
Deferred income	240 869	-3.6%	2.3%	261 913	312 562	352 234	13.5%	1.9%	
Trade and other payables	7 145 620	0.6%	61.4%	7 041 508	7 498 861	7 997 858	3.8%	49.4%	
Provisions	1 710 818	1.8%	14.3%	1 826 330	1 949 674	2 081 381	6.8%	12.6%	
Total equity and liabilities	13 902 472	12.8%	100.0%	14 428 362	15 323 468	16 490 115	5.9%	100.0%	

Personnel information

Table 32.23 South African Post Office personnel numbers and cost by salary level

Number of posts estimated for 31 March 2018		Number and cost ¹ 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			2018/19		2019/20		2020/21				2017/18 - 2020/21				
		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost				Number	Cost	Unit cost	
South African Post Office		19 327	19 327	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																				
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 32.24 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 32.25 State Information Technology Agency expenditure trends and estimates by programme/objective/activity

R thousand	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	1 323 712	1 132 453	1 088 689	1 218 136	-2.7%	20.5%	1 176 744	1 767 545	1 869 526	15.3%	21.0%
Business operations	4 145 798	4 710 313	4 661 882	5 034 211	6.7%	79.5%	5 748 741	5 658 023	6 001 504	6.0%	79.0%
Total	5 469 510	5 842 766	5 750 571	6 252 347	4.6%	100.0%	6 925 485	7 425 568	7 871 030	8.0%	100.0%

Statements of historical financial performance

Table 32.26 State Information Technology Agency statements of historical financial performance

Statement of financial performance	Audited outcome		Audited outcome		Audited outcome		Budget estimate	Revised estimate	Average: Outcome/Budget (%)
	Budget	Audited outcome	Budget	Audited outcome	Budget	Audited outcome			
R thousand	2014/15		2015/16		2016/17		2017/18		2014/15 - 2017/18
Revenue									
Non-tax revenue	5 267 764	5 574 334	5 676 863	5 685 497	6 463 994	5 911 411	6 851 697	6 441 542	97.3%
Sale of goods and services other than capital assets	5 182 473	5 539 874	5 592 317	5 458 603	6 395 449	5 680 793	6 779 176	6 360 669	96.2%
<i>of which:</i>									
<i>Sales by market establishment</i>	5 182 473	5 539 874	5 592 317	5 458 603	6 395 449	5 680 793	6 779 176	6 360 669	96.2%
Other non-tax revenue	85 292	34 460	84 546	226 894	68 545	230 618	72 521	80 873	184.3%
Total revenue	5 267 764	5 574 334	5 676 863	5 685 497	6 463 994	5 911 411	6 851 697	6 441 542	97.3%
Expenses									
Current expenses	4 987 099	5 391 000	6 127 392	5 792 080	6 290 709	5 666 399	6 541 937	6 184 587	96.2%
Compensation of employees	1 463 125	1 983 237	2 354 577	1 743 829	2 245 542	1 673 790	2 070 541	1 774 216	88.2%
Goods and services	3 262 452	3 146 241	3 532 586	3 836 447	3 780 616	3 595 411	4 180 859	4 191 420	100.1%
Depreciation	261 523	261 522	240 229	167 817	264 551	347 520	290 537	218 951	94.2%
Interest, dividends and rent on land	-	-	-	43 987	-	49 678	-	-	-
Total expenses	5 065 609	5 469 510	6 165 065	5 842 766	6 328 615	5 750 571	6 609 697	6 252 347	96.5%
Surplus/(Deficit)	202 155	104 824	(488 202)	(157 269)	135 379	160 840	242 000	189 195	

Statements of estimates of financial performance

Table 32.27 State Information Technology Agency statements of estimates of financial performance

Statement of financial performance	Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
				2017/18	2014/15 - 2017/18	2018/19		
R thousand								
Revenue								
Non-tax revenue	6 441 542	4.9%	100.0%	6 925 485	7 425 568	7 871 030	6.9%	100.0%
Sale of goods and services other than capital assets	6 360 669	4.7%	97.6%	6 839 790	7 344 863	7 774 955	6.9%	98.8%
<i>of which:</i>								
<i>Sales by market establishment</i>	6 360 669	4.7%	97.6%	6 839 790	7 344 863	7 774 955	6.9%	98.8%
Other non-tax revenue	80 873	32.9%	2.4%	85 695	80 705	96 075	5.9%	1.2%
Total revenue	6 441 542	4.9%	100.0%	6 925 485	7 425 568	7 871 030	6.9%	100.0%
Expenses								
Current expenses	6 184 587	4.7%	98.8%	6 853 700	7 349 413	7 791 741	8.0%	99.0%
Compensation of employees	1 774 216	-3.6%	30.9%	1 880 677	1 993 510	2 113 121	6.0%	27.3%
Goods and services	4 191 420	10.0%	63.2%	4 759 703	5 130 582	5 439 621	9.1%	68.5%
Depreciation	218 951	-5.8%	4.3%	213 320	225 321	238 999	3.0%	3.2%
Total expenses	6 252 347	4.6%	100.0%	6 925 485	7 425 568	7 871 030	8.0%	100.0%
Surplus/(Deficit)	189 195			-	-	-		

Personnel information

Table 32.28 State Information Technology Agency personnel numbers and cost by salary level

Number of posts estimated for 31 March 2018		Number and cost ¹ 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		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.

Broadband Infraco

Mandate

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 is listed as a schedule 2 public entity in terms of the Public Finance Management Act (1999).

Selected performance indicators

Table 32.29 Broadband Infraco 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
Network performance rebates paid as percentage of gross revenue per year	Network operations	Entity mandate	-1	0.1% (440 140 / 451 650 000)	0.1% (359 888 / 397 185 000)	0.2%	0.2%	0.2%	0.2%
Average time to restore core network faults per year	Network operations		-1	-1	6.1 hours	7.5 hours	7.5 hours	7.5 hours	7 hours
Average percentage monthly service availability per year	Network operations		-1	-1	-1	98%	98%	98%	98%

1. No historical data available.

Expenditure analysis

Broadband Infraco's main focus over the medium term will be on maintaining the quality of its network and its services to customers. The company plans to improve business sustainability by increasing revenue opportunities through the implementation of a new sales strategy, and improving service delivery to customers. The company is also an implementing agent for the department in the South Africa Connect broadband project as an aggregator of ICT infrastructure in the rollout of connectivity to government buildings in 8 pilot districts for national health insurance in all provinces except Gauteng and Western Cape. The company aims to use its own ICT infrastructure in partnership with other companies to provide broadband services in these districts, which were selected because of their readiness to use the connectivity provided.

As total expenditure is expected to increase at below inflation, from R541.6 million in 2017/18 to R581.8 million in 2020/21, the entity expects to adhere to monthly maintenance targets by keeping the time taken to restore network faults to less than 7 hours, and ensuring network availability 98 per cent of the time. Expenditure on compensation of employees is expected to increase from R116.8 million in 2017/18 to R142.2 million in 2020/21, allowing the organisation to retain the number of personnel at 160 over the medium term.

Total revenue is expected to increase from R492.3 million in 2017/18 to R634.1 million in 2020/21.

Programme/objective/activity**Table 32.30 Broadband Infraco expenditure trends and estimates by programme/objective/activity**

R thousand	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	625 471	100 817	106 900	139 946	-39.3%	41.1%	147 990	111 435	157 405	4.0%	24.6%
Network Operations	-	450 512	423 975	401 670	-	58.9%	417 708	460 478	424 410	1.9%	75.4%
Total	625 471	551 329	530 875	541 616	-4.7%	100.0%	565 698	571 913	581 815	2.4%	100.0%

Statements of historical financial performance and position**Table 32.31 Broadband Infraco statements of historical financial performance and position**

Statement of financial performance								Average: Outcome/ Budget (%)	
R thousand	Budget	Audited outcome	Budget	Audited outcome	Budget	Audited outcome	Budget estimate		Revised estimate
	2014/15	2015/16	2016/17	2017/18	2014/15	2015/16	2016/17	2017/18	2014/15-2017/18
Revenue									
Tax revenue	-	365 511	465 251	-	457 267	-	-	-	39.6%
Non-tax revenue	-	15 267	12 433	460 559	5 133	403 415	-	492 251	7 807.7%
Sale of goods and services other than capital assets	-	-	-	451 650	-	397 185	-	492 046	-
<i>of which:</i>									
<i>Sales by market establishment</i>	-	-	-	451 650	-	397 185	-	492 046	-
Other non-tax revenue	-	15 267	12 433	8 909	5 133	6 230	-	205	174.3%
Total revenue	-	380 778	477 684	460 559	462 400	403 415	-	492 251	184.8%
Expenses									
Current expenses	-	625 471	613 101	551 329	614 623	530 875	-	541 616	183.2%
Compensation of employees	-	121 873	132 841	116 189	142 473	108 697	-	116 801	168.4%
Goods and services	-	388 240	338 313	305 470	313 747	256 217	-	259 243	185.4%
Depreciation	-	115 350	139 592	129 420	144 370	163 775	-	154 001	198.1%
Interest, dividends and rent on land	-	8	2 355	250	14 033	2 186	-	11 571	85.5%
Total expenses	-	625 471	613 101	551 329	614 623	530 875	-	541 616	183.2%
Surplus/(Deficit)	-	(244 693)	(135 417)	(90 770)	(152 223)	(127 460)	-	(49 365)	
Statement of financial position									
Carrying value of assets	-	1 323 500	1 499 025	1 354 468	1 356 571	1 257 363	-	1 269 252	182.3%
<i>of which:</i>									
<i>Acquisition of assets</i>	-	(147 897)	(692 998)	(161 012)	(716 925)	(71 014)	-	(127 532)	36.0%
Investments	-	14 715	13 782	13 587	12 643	12 340	-	10 170	192.3%
Loans	-	-	-	-	-	8 930	-	-	-
Receivables and prepayments	-	256 583	70 807	47 444	72 656	80 950	-	78 171	322.8%
Cash and cash equivalents	-	156 668	143 074	141 625	66 794	35 515	-	4 349	161.1%
Taxation	-	-	-	1 286	-	4 796	-	1 868	-
Total assets	-	1 751 466	1 726 688	1 558 410	1 508 664	1 399 894	-	1 363 810	187.7%
Accumulated surplus/(deficit)	-	(865 872)	(1 024 414)	(957 266)	(1 176 637)	(1 079 524)	-	(1 124 138)	182.9%
Capital reserve fund	-	-	1 829 530	-	1 829 530	-	-	-	-
Borrowings	-	-	243 000	-	243 000	52 420	-	125 719	36.7%
Deferred income	-	617 359	589 615	574 616	529 926	512 487	-	449 926	192.4%
Trade and other payables	-	124 104	88 956	75 767	82 846	69 478	-	66 544	195.5%
Provisions	-	17 497	-	16 441	-	11 582	-	7 030	-
Derivatives financial instruments	-	1 858 378	-	1 848 852	-	1 833 451	-	1 838 729	-
Total equity and liabilities	-	1 751 466	1 726 687	1 558 410	1 508 665	1 399 894	-	1 363 810	187.7%

Statements of estimates of financial performance and position**Table 32.32 Broadband Infraco statements of estimates of financial performance and position**

Statement of financial performance								Average: Expenditure/ Total (%)
R thousand	Revised estimate	Average growth rate (%)	Average Expenditure/ Total (%)	Medium-term estimate			Average growth rate (%)	
	2017/18	2014/15	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21	
Revenue								
Non-tax revenue	492 251	218.3%	76.0%	567 727	592 085	634 145	8.8%	
Sale of goods and services other than capital assets	492 046	-	74.1%	567 727	592 085	634 145	8.8%	
<i>of which:</i>								
<i>Sales by market establishment</i>	492 046	-	74.1%	567 727	592 085	634 145	8.8%	
Other non-tax revenue	205	-76.2%	1.9%	-	-	-	-100.0%	
Total revenue	492 251	8.9%	100.0%	567 727	592 085	634 145	8.8%	

Table 32.32 Broadband Infraco 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	2017/18	2014/15 - 2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21		
R thousand								
Expenses								
Current expenses	541 616	-4.7%	100.0%	565 698	571 913	581 815	2.4%	100.0%
Compensation of employees	116 801	-1.4%	20.6%	124 114	132 860	142 221	6.8%	22.8%
Goods and services	259 243	-12.6%	53.4%	276 039	293 941	313 027	6.5%	50.5%
Depreciation	154 001	10.1%	25.3%	152 310	134 379	118 616	-8.3%	24.8%
Interest, dividends and rent on land	11 571	1 030.9%	0.6%	13 235	10 733	7 951	-11.8%	1.9%
Total expenses	541 616	-4.7%	100.0%	565 698	571 913	581 815	2.4%	100.0%
Surplus/(Deficit)	(49 365)			2 029	20 172	52 330		
Statement of financial position								
Carrying value of assets	1 269 252	-1.4%	86.3%	1 119 822	988 467	873 185	-11.7%	83.0%
of which:								
Acquisition of assets	(127 532)	-4.8%	-8.3%	(2 880)	(3 024)	(3 334)	-70.3%	-2.5%
Investments	10 170	-11.6%	0.8%	9 031	7 892	6 753	-12.8%	0.7%
Receivables and prepayments	78 171	-32.7%	7.3%	68 281	77 741	80 786	1.1%	6.0%
Cash and cash equivalents	4 349	-69.7%	5.2%	92 287	160 583	250 967	286.4%	10.3%
Taxation	1 868	-	0.1%	943	18	(907)	-178.6%	0.0%
Total assets	1 363 810	-8.0%	100.0%	1 290 364	1 234 701	1 210 784	-3.9%	100.0%
Accumulated surplus/(deficit)	(1 124 138)	9.1%	-67.6%	(1 122 110)	(1 101 938)	(1 049 607)	-2.3%	-86.3%
Borrowings	125 719	-	3.2%	102 717	77 269	51 718	-25.6%	6.9%
Deferred income	449 926	-10.0%	35.4%	386 490	323 054	259 618	-16.7%	27.6%
Trade and other payables	66 544	-18.8%	5.4%	77 116	88 699	101 362	15.1%	6.6%
Provisions	7 030	-26.2%	0.8%	7 030	7 030	7 030	-	0.6%
Derivatives financial instruments	1 838 729	-0.4%	122.6%	1 839 121	1 840 587	1 840 663	0.0%	144.6%
Total equity and liabilities	1 363 810	-8.0%	100.0%	1 290 364	1 234 701	1 210 784	-3.9%	100.0%

Personnel information**Table 32.33 Broadband Infraco personnel numbers and cost by salary level**

Number of posts estimated for 31 March 2018		Number and cost ¹ 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	2018/19	2019/20	2020/21	2017/18 - 2020/21												
		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost			
Broadband Infraco																			
Salary level	160	161	157	108.7	0.7	160	116.8	0.7	160	124.1	0.8	160	132.9	0.8	160	142.2	0.9	6.8%	100.0%
7 - 10	80	80	80	39.1	0.5	80	42.3	0.5	80	44.0	0.5	80	46.7	0.6	80	49.6	0.6	5.5%	50.0%
11 - 12	62	62	58	45.8	0.8	62	48.8	0.8	62	52.5	0.8	62	56.4	0.9	62	60.7	1.0	7.5%	38.8%
13 - 16	16	17	17	18.7	1.1	16	20.0	1.3	16	21.5	1.3	16	23.1	1.4	16	24.9	1.6	7.5%	10.0%
17 - 22	2	2	2	5.1	2.6	2	5.7	2.9	2	6.1	3.1	2	6.6	3.3	2	7.1	3.6	7.5%	1.3%

1. Rand million.

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

The National Electronic Media Institute of South Africa was established as a non-profit institute 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 programmes are structured to enhance the market readiness of students in a wide range of broadcasting disciplines. Its mandate was expanded to include the development of South Africans' e-skills capacity, and it is accordingly responsible for the implementation of e-skills programmes, including broadcasting, in collaboration with its partners.

The process to re-establish the entity as the iKamva National e-Skills Institute over the medium term is under way, including its merger with the e-Skills Institute and the Institute for Space and Software Applications. The rationale for the merger is to consolidate electronic media support institutions into a single organisation to improve coordination, avoid duplication and improve outcomes in the sector. The new entity will provide additional e-skills programmes undertaken through collaborative laboratories, which are responsible for one or more of the identified e-skills priority areas in higher learning institutions. The identified e-skills priority areas include government e-enablement, creative new media industries, e-inclusion and social innovation, knowledge-based economies and e-literacy, ICT for rural development, e-health, e-tourism and e-agriculture.

Selected performance indicators**Table 32.34 National Electronic Media Institute of South Africa 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 co-laboratories established in each province per year	Multi-stakeholder collaboration	Entity mandate	-1	-1	4	4	9	9	9
Number of e-literacy learners trained per year	E-astuteness development	Outcome 6: An efficient, competitive and responsive economic infrastructure network	1 250	2 000	3 000	3 000	3 000	4 465	5 000
Number of sector users trained per year	E-astuteness development	Entity mandate	625	1 050	1 300	1 300	1 300	2 000	2 500
Number of non-degree research projects commissioned per year	Knowledge for innovation		6	9	5	8	10	13	15
Number of national e-skills curriculum competency frameworks reviewed per year	Aggregation framework		1	1	1	1	1	1	1

1. No historical data available.

Expenditure analysis

Over the medium term, the National Electronic Media Institute of South Africa will focus on establishing e-skills co-laboratories in provinces, and finalising the establishment of the Ikamva National e-Skills Institute following Cabinet's approval of the Ikamva National e-Skills Institute Bill, which aims to coordinate the development and promotion of e-skills in the country. The institute will also focus on conducting the national e-skills environmental scan to ensure that targeted interventions for building human capacity are identified and developed in line with the NDP's vision of encouraging social innovation and fostering digital skills.

As a result of the new institute being established, total expenditure is expected to increase over the medium term from R93 million in 2017/18 to R102.2 million in 2020/21. The institute plans to train 12 465 e-literacy learners and commission 38 non-degree research projects over the medium term. The majority of the institute's expenditure relates to personnel costs and transfers made to provinces for e-skills co-laboratories based at universities, which will offer specialised training to broaden ICT literacy. Each province is responsible for driving a specific e-skills area, ranging from ICT for rural development in Eastern Cape to e-inclusion and social innovation in Western Cape. The institute aims to establish 9 co-laboratories by 2020/21 and provide e-skills training to 5 800 learners. Transfers and subsidies from the department for these activities are expected to amount to R133.8 million over the medium term.

The institute is in the process of reviewing its organisational structure, and expects its number of personnel to increase from 45 to 48 over the medium term. Expenditure on compensation of employees is set to increase from R27.8 million in 2017/18 to R33.5 million in 2020/21 at an average annual rate of 6.5 per cent.

The institute derives revenue mainly through transfers from the department, amounting to R287.7 million over the medium term. Other revenue is generated through training projects and partnerships. Additional allocations of R44.4 million in 2018/19, R46.9 million in 2019/20 and R49.5 million in 2020/21 have been earmarked for the establishment of the new entity.

Programmes/objectives/activities**Table 32.35 National Electronic Media Institute of South Africa expenditure trends and estimates by programme/objective/activity**

R thousand	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	21 993	31 214	28 821	49 725	31.2%	51.3%	39 895	37 036	38 826	-7.9%	42.7%
Multi-stakeholder collaboration	666	2 000	1 022	5 247	99.0%	3.1%	5 878	6 207	10 526	26.1%	7.1%
e-Astuteness development	24 156	15 291	22 214	23 755	-0.6%	35.1%	34 930	36 713	33 975	12.7%	33.2%
Knowledge for innovation	2 630	3 021	6 628	12 780	69.4%	9.0%	11 489	12 063	12 667	-0.3%	12.6%
Aggregation framework	497	1 600	-	1 500	44.5%	1.4%	2 204	7 663	6 161	60.1%	4.4%
Total	49 942	53 126	58 685	93 007	23.0%	100.0%	94 396	99 682	102 155	3.2%	100.0%

Statements of historical financial performance

Table 32.36 National Electronic Media Institute of South Africa statements of historical financial performance

Statement of financial performance									
	Audited		Audited		Audited		Budget estimate	Revised estimate	Average: Outcome/Budget (%)
	Budget	outcome	Budget	outcome	Budget	outcome			
R thousand	2014/15		2015/16		2016/17		2017/18		2014/15-2017/18
Revenue									
Non-tax revenue	260	15 339	16 683	18 576	5 499	7 781	5 203	5 203	169.6%
Sale of goods and services other than capital assets	-	12 143	13 833	11 304	1 244	6 576	1 073	1 073	192.5%
<i>of which:</i>									
<i>Sales by market establishment</i>	-	12 143	13 833	11 304	1 244	6 576	1 073	1 073	192.5%
Other non-tax revenue	260	3 196	2 850	7 272	4 255	1 205	4 130	4 130	137.5%
Transfers received	37 859	37 859	36 601	36 601	77 200	77 200	85 785	85 785	100.0%
Total revenue	38 119	53 198	53 284	55 177	82 699	84 981	90 988	90 988	107.3%
Expenses									
Current expenses	38 119	49 942	53 284	53 126	82 699	45 429	90 988	93 007	91.1%
Compensation of employees	21 738	17 222	21 180	17 890	23 558	21 761	25 739	27 758	91.8%
Goods and services	14 597	31 644	31 175	34 307	57 700	22 227	63 718	63 718	90.9%
Depreciation	1 784	1 076	929	929	1 441	1 441	1 531	1 531	87.5%
Transfers and subsidies	-	-	-	-	-	13 256	-	-	-
Total expenses	38 119	49 942	53 284	53 126	82 699	58 685	90 988	93 007	96.1%
Surplus/(Deficit)	-	3 256	-	2 051	-	26 296	-	(2 019)	

Statements of estimates of financial performance

Table 32.37 National Electronic Media Institute of South Africa statements of estimates of financial performance

Statement of financial performance									
	Revised estimate	Average growth rate (%)	Average: Expenditure/Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/Total (%)	
				2017/18	2014/15 - 2017/18	2018/19			2019/20
R thousand									
Revenue									
Non-tax revenue	5 203	-30.3%	19.3%	3 635	3 839	1 040	-41.5%	3.6%	
Sale of goods and services other than capital assets	1 073	-55.5%	13.1%	-	-	-	-100.0%	0.3%	
<i>of which:</i>									
<i>Sales by market establishment</i>	1 073	-55.5%	13.1%	-	-	-	-100.0%	0.3%	
Other non-tax revenue	4 130	8.9%	6.3%	3 635	3 839	1 040	-36.9%	3.3%	
Transfers received	85 785	31.3%	80.7%	90 761	95 844	101 115	5.6%	96.4%	
Total revenue	90 988	19.6%	100.0%	94 396	99 682	102 155	3.9%	100.0%	
Expenses									
Current expenses	93 007	23.0%	94.4%	54 190	54 191	54 072	-16.5%	66.2%	
Compensation of employees	27 758	17.2%	33.8%	29 766	32 061	33 546	6.5%	31.6%	
Goods and services	63 718	26.3%	58.6%	24 304	22 004	20 394	-31.6%	34.1%	
Depreciation	1 531	12.5%	2.0%	120	126	132	-55.8%	0.5%	
Transfers and subsidies	-	-	5.6%	40 206	45 491	48 083	-	33.8%	
Total expenses	93 007	23.0%	100.0%	94 396	99 682	102 155	3.2%	100.0%	
Surplus/(Deficit)	(2 019)			-	-	-			

Personnel information

Table 32.38 National Electronic Media Institute of South Africa personnel numbers and cost by salary level

Number of posts estimated for 31 March 2018		Number and cost ¹ 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			2018/19			2019/20			2020/21					
		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	2017/18 - 2020/21		
National Electronic Media Institute of South Africa	53	53	21.8	0.4	45	27.8	0.6	49	29.8	0.6	49	32.1	0.7	48	33.5	0.7	6.5%	100.0%	
Salary level																			
1-6	4	4	4	0.7	0.2	4	0.8	0.2	4	0.8	0.2	4	0.9	0.2	4	0.9	0.2	6.5%	8.4%
7-10	32	32	32	10.6	0.3	28	11.8	0.4	32	14.4	0.5	32	15.7	0.5	31	16.1	0.5	10.7%	64.4%
11-12	5	5	5	2.8	0.6	5	4.1	0.8	5	4.4	0.9	5	4.7	0.9	5	4.9	1.0	6.5%	10.5%
13-16	12	12	12	7.7	0.6	8	11.1	1.4	8	10.2	1.3	8	10.9	1.4	8	11.6	1.5	1.6%	16.8%

1. Rand million.

Sentech

Mandate

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 entity in terms of the Public Finance Management Act (1999). In 2002, the entity's mandate was expanded to provide a service

for international voice services and common carrier multimedia services in accordance with government's imperative to liberalise the telecommunications sector.

Selected performance indicators

Table 32.39 Sentech performance indicators by programme/objective/activity and related outcome

Indicator	Programme/Objective/Activity	MTSF outcome	Past			Current 2017/18	Projections		
			2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Percentage household coverage of digital television infrastructure per year	Attain digital terrestrial television network	Outcome 6: An efficient, competitive and responsive economic infrastructure network	85% (42.3m/51.7m)	85% (42.3m/51.7m)	- ¹	- ¹	- ¹	- ¹	- ¹
Percentage availability of digital terrestrial television per year	Attain digital terrestrial television network		99.9% (1.01m hours/ 1.02m hours)	99.9% (1.01m hours/ 1.02m hours)	99.9% (1.01m hours/ 1.02m hours)	99.8%	99.8%	99.8%	99.8%
Number of very small aperture terminals installed per year	Attain digital terrestrial television network		148	225	- ²	- ²	- ²	- ²	- ²

1. Project concluded.

2. Project discontinued.

Expenditure analysis

In line with its mandate, Sentech's focus over the medium term will be on expanding its content distribution services and increasing the scope of its activities to achieve business sustainability. The entity is working on identifying growth areas to substitute revenue losses from the costs of maintaining the dual illumination system, which entails running analogue and digital broadcast signals at the same time.

To deliver signal to new sites and replace obsolete equipment to ensure that its network is available to customers 99.8 per cent of the time, the entity plans to invest R1.7 billion over the medium term in capital assets. To implement these initiatives, spending on compensation of employees is expected to increase over the medium term, from R426 million in 2017/18 to R498.6 million in 2020/21, with the number of personnel in the entity expected to remain constant at 557. Total expenditure is expected to increase from R1.3 billion in 2017/18 to R1.4 billion in 2020/21.

The entity is set to receive a transfer of R203.9 million in 2018/19 from the department for costs relating to operating both analogue and digital signal infrastructure until South Africa migrates fully to digital terrestrial broadcasting. Included in this amount is a reallocation of R60 million from the migration of digital signals project. No funding has been allocated for costs arising from dual illumination in 2019/20 and 2020/21.

Sentech derives its revenue from terrestrial television services, terrestrial radio services, satellite linking, facility rentals sales and direct-to-home satellite services. Total revenue is expected to increase at an average annual rate of 0.7 per cent over the medium term.

Programmes/objectives/activities

Table 32.40 Sentech expenditure trends and estimates by programme/objective/activity

	Audited outcome			Revised estimate 2017/18	Average growth rate (%) 2014/15 - 2017/18	Average: Expenditure/ Total (%) 2017/18	Medium-term expenditure estimate			Average growth rate (%) 2017/18 - 2020/21	Average: Expenditure/ Total (%) 2020/21
	2014/15	2015/16	2016/17				2018/19	2019/20	2020/21		
R thousand											
Administration	875 175	940 883	1 112 553	1 185 399	10.6%	90.0%	1 220 583	1 288 936	1 361 117	4.7%	93.1%
Attain digital terrestrial television network	107 708	100 728	89 806	160 031	14.1%	10.0%	102 584	65 759	42 153	-35.9%	6.9%
Total	982 883	1 041 611	1 202 359	1 345 430	11.0%	100.0%	1 323 168	1 354 695	1 403 270	1.4%	100.0%

Statements of historical financial performance and position

Table 32.41 Sentech statements of historical financial performance and position

Statement of financial performance									
R thousand	Audited outcome		Audited outcome		Audited outcome		Budget estimate	Revised estimate	Average: Outcome/Budget (%)
	Budget	2014/15	Budget	2015/16	Budget	2016/17	2017/18		
Revenue									
Non-tax revenue	928 441	1 044 011	1 132 073	1 132 414	1 221 849	1 207 228	1 260 241	1 307 941	103.3%
Sale of goods and services other than capital assets	895 807	999 438	1 110 733	1 078 525	1 197 849	1 142 813	1 257 741	1 275 826	100.8%
<i>of which:</i>									
<i>Sales by market establishment</i>	895 807	999 438	1 110 733	1 078 525	1 197 849	1 142 813	1 257 741	1 275 826	100.8%
Terrestrial television services	516 542	477 295	547 849	555 198	614 999	576 145	625 284	636 259	97.4%
Terrestrial FM, AM and short wave radio services	252 498	252 247	299 096	302 187	343 567	325 192	336 064	365 387	101.1%
Other	126 767	269 896	263 789	221 140	239 283	241 476	296 393	274 180	108.7%
Other non-tax revenue	32 634	44 573	21 340	53 889	24 000	64 415	2 500	32 115	242.3%
Transfers received	106 000	107 708	95 614	209 000	2 785	-	246 000	246 000	124.9%
Total revenue	1 034 441	1 151 719	1 227 687	1 341 414	1 224 634	1 207 228	1 506 241	1 553 941	105.2%
Expenses									
Current expenses	882 637	948 031	1 011 117	1 001 503	1 195 417	1 192 647	1 252 262	1 297 775	102.3%
Compensation of employees	379 705	372 201	366 939	398 300	386 310	412 770	405 625	426 031	104.6%
Goods and services	437 773	493 763	583 103	512 490	727 155	672 204	760 022	771 548	97.7%
Depreciation	64 209	71 297	60 576	80 591	81 952	103 466	86 615	100 196	121.2%
Interest, dividends and rent on land	950	10 769	500	10 122	-	4 207	-	-	1 730.9%
Total expenses	939 089	982 883	1 071 757	1 041 611	1 203 598	1 202 359	1 254 496	1 345 430	102.3%
Surplus/(Deficit)	95 352	168 836	155 931	299 803	21 036	4 869	251 745	208 511	
Statement of financial position									
Carrying value of assets	680 287	633 461	931 369	846 351	1 081 271	946 509	1 409 726	1 163 576	87.5%
<i>of which:</i>									
<i>Acquisition of assets</i>	(69 270)	(314 285)	(300 000)	(194 171)	(552 016)	(274 615)	(405 043)	(405 043)	89.6%
Inventory	8 529	62 066	83 169	73 345	47 838	80 301	47 838	63 861	149.2%
Receivables and prepayments	32 812	60 437	66 491	63 811	22 112	43 131	22 112	58 846	157.6%
Cash and cash equivalents	830 169	889 704	544 529	957 242	507 338	907 357	186 627	812 284	172.4%
Defined benefit plan assets	1 750	-	-	-	-	-	-	-	-
Taxation	-	72 918	50 401	13 283	-	18 138	-	-	207.0%
Total assets	1 553 547	1 718 586	1 675 958	1 954 032	1 658 559	1 995 436	1 666 303	2 098 567	118.5%
Accumulated surplus/(deficit)	681 511	718 962	953 339	918 844	926 991	1 023 712	932 735	1 164 931	109.5%
Capital and reserves	593 051	586 654	586 655	743 759	586 655	743 760	586 655	743 760	119.8%
Capital reserve fund	27 000	-	-	-	-	-	-	-	-
Borrowings	-	-	4 873	-	-	-	-	-	-
Deferred income	-	176 154	-	76 423	-	10 216	-	9 267	-
Trade and other payables	33 739	139 638	63 949	120 234	88 424	133 111	90 424	112 007	182.6%
Taxation	4 858	46 380	67 143	68 602	56 489	40 577	56 489	68 602	121.2%
Provisions	213 388	50 798	-	26 170	-	44 060	-	-	56.7%
Total equity and liabilities	1 553 547	1 718 586	1 675 958	1 954 032	1 658 559	1 995 436	1 666 303	2 098 567	118.5%

Statements of estimates of financial performance and position

Table 32.42 Sentech statements of estimates of financial performance and position

Statement of financial performance									
R thousand	Revised estimate	Average growth rate (%)	Average: Expenditure/Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/Total (%)	
				2017/18	2014/15 - 2017/18	2018/19			2019/20
Revenue									
Non-tax revenue	1 307 941	7.8%	89.8%	1 362 011	1 435 445	1 521 572	5.2%	90.7%	
Sale of goods and services other than capital assets	1 275 826	8.5%	86.0%	1 352 376	1 433 518	1 519 529	6.0%	89.9%	
<i>of which:</i>									
<i>Sales by market establishment</i>	1 275 826	8.5%	86.0%	1 352 376	1 433 518	1 519 529	6.0%	89.9%	
Terrestrial television services	636 259	10.1%	42.9%	728 243	769 025	815 166	8.6%	47.5%	
Terrestrial FM, AM and short wave radio services	365 387	13.1%	23.7%	355 034	380 325	403 145	3.3%	24.2%	
Other	274 180	0.5%	19.4%	269 099	284 168	301 218	3.2%	18.2%	
Other non-tax revenue	32 115	-10.4%	3.8%	9 635	1 927	2 043	-60.1%	0.7%	
Transfers received	246 000	31.7%	10.2%	203 900	63 300	66 782	-35.2%	9.3%	
Total revenue	1 553 941	10.5%	100.0%	1 565 911	1 498 745	1 588 354	0.7%	100.0%	
Expenses									
Current expenses	1 297 775	11.0%	97.1%	1 321 946	1 345 329	1 393 379	2.4%	98.7%	
Compensation of employees	426 031	4.6%	35.5%	448 507	472 738	498 644	5.4%	34.0%	
Goods and services	771 548	16.0%	53.2%	764 178	776 553	793 319	0.9%	57.2%	
Depreciation	100 196	12.0%	7.8%	109 260	96 038	101 417	0.4%	7.5%	
Total expenses	1 345 430	11.0%	100.0%	1 323 168	1 354 695	1 403 270	1.4%	100.0%	
Surplus/(Deficit)	208 511			242 743	144 050	185 084			

Table 32.42 Sentech statements of estimates of financial performance and position

Statement of financial position		Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	Revised estimate	2014/15 - 2017/18		2018/19	2019/20	2020/21	2017/18 - 2020/21	
R thousand								
Carrying value of assets	1 163 576	22.5%	45.8%	1 176 666	1 275 987	1 242 559	2.2%	58.4%
of which:								
Acquisition of assets	(405 043)	8.8%	-15.3%	(524 699)	(554 082)	(587 327)	13.2%	-24.9%
Inventory	63 861	1.0%	3.6%	51 089	40 871	53 950	-5.5%	2.5%
Receivables and prepayments	58 846	-0.9%	2.9%	47 077	37 662	49 713	-5.5%	2.3%
Cash and cash equivalents	812 284	-3.0%	46.2%	766 176	669 651	809 082	-0.1%	36.7%
Total assets	2 098 567	6.9%	100.0%	2 041 008	2 024 171	2 155 304	0.9%	100.0%
Accumulated surplus/(deficit)	1 164 931	17.5%	48.9%	1 161 785	1 145 415	1 215 439	1.4%	56.4%
Capital and reserves	743 760	8.2%	36.2%	743 760	777 154	777 153	1.5%	36.6%
Deferred income	9 267	-62.5%	3.8%	-	-	-	-100.0%	0.1%
Trade and other payables	112 007	-7.1%	6.6%	84 005	63 004	99 720	-3.8%	4.3%
Taxation	68 602	13.9%	2.9%	51 458	38 598	62 993	-2.8%	2.7%
Total equity and liabilities	2 098 567	6.9%	100.0%	2 041 008	2 024 171	2 155 305	0.9%	100.0%

Personnel information**Table 32.43 Sentech personnel numbers and cost by salary level**

Number of posts estimated for 31 March 2018		Number and cost ¹ 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		2018/19		2019/20		2020/21		2017/18 - 2020/21				
		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost
Sentech																
Salary level	557	557	558 412.8	0.7	557 426.0	0.8	557 448.5	0.8	557 472.7	0.8	557 498.6	0.9	5.4%	100.0%		
7 – 10	104	104	104 40.0	0.4	104 43.4	0.4	104 45.8	0.4	104 48.3	0.5	104 51.1	0.5	5.6%	18.7%		
11 – 12	312	312	312 227.3	0.7	312 241.6	0.8	312 253.7	0.8	312 267.0	0.9	312 281.4	0.9	5.2%	56.0%		
13 – 16	138	138	139 136.7	1.0	138 133.3	1.0	138 140.8	1.0	138 148.6	1.1	138 157.0	1.1	5.6%	24.8%		
17 – 22	3	3	3 8.7	2.9	3 7.8	2.6	3 8.3	2.8	3 8.7	2.9	3 9.2	3.1	5.6%	0.5%		

1. Rand million.

Universal Service and Access Agency of South Africa**Mandate**

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 2016 White Paper on National Integrated ICT Policy recommends changes to the mandate and structure of the agency. The agency is responsible for managing the Universal Service and Access Fund.

Expenditure analysis

The focus of the Universal Service and Access Agency of South Africa over the medium term will be on promoting universal access to electronic communication and broadcasting services by ensuring the full use of the Universal Service and Access Fund, and providing managerial support for the implementation of the fund's projects, such as the distribution of set-top boxes and antennae for the broadband digital migration project.

The agency's operating costs are funded through transfers from the department. Spending on compensation of employees is expected to account for 64.9 per cent of total expenditure over the medium term, and is projected to increase from R47.4 million in 2017/18 to R59.9 million in 2020/21. The number of personnel in the agency is expected to remain constant at 60 over the MTEF period. Total revenue and expenditure are expected to increase in line with inflation, from R75.7 million in 2017/18 to R89.2 million in 2020/21.

Programmes/objectives/activities**Table 32.44 Universal Service and Access Agency of South Africa expenditure trends and estimates by programme/objective/activity**

	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		
R thousand											
Administration	65 211	79 278	147 257	75 684	5.1%	100.0%	80 074	84 558	89 209	5.6%	100.0%
Total	65 211	79 278	147 257	75 684	5.1%	100.0%	80 074	84 558	89 209	5.6%	100.0%

Statements of historical financial performance**Table 32.45 Universal Service and Access Agency of South Africa statements of historical financial performance**

Statement of financial performance	Audited outcome		Audited outcome		Audited outcome		Budget estimate	Revised estimate	Average: Outcome/ Budget (%)
	Budget	2014/15	Budget	2015/16	Budget	2016/17			
R thousand									
Revenue									
Non-tax revenue		915		8 872		10 669			
Other non-tax revenue		915		8 872		10 669			
Transfers received	65 376	65 376	262 429	262 429	69 045	69 045	75 684	75 684	100.0%
Total revenue	65 376	66 291	262 429	271 301	69 045	79 714	75 684	75 684	104.3%
Expenses									
Current expenses	65 376	65 211	262 429	79 278	69 045	147 257	75 684	75 684	77.8%
Compensation of employees	38 522	40 035	41 161	38 165	43 461	41 839	47 429	47 429	98.2%
Goods and services	26 854	21 833	221 207	37 801	25 519	102 318	28 255	28 255	63.0%
Depreciation		3 269		3 228		3 100			
Interest, dividends and rent on land		74	61	84	65				125.4%
Total expenses	65 376	65 211	262 429	79 278	69 045	147 257	75 684	75 684	77.8%
Surplus/(Deficit)		1 080		192 023		(67 543)			

Statements of estimates of financial performance**Table 32.46 Universal Service and Access Agency of South Africa statements of estimates of financial performance**

Statement of financial performance	Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
				2018/19	2019/20	2020/21		
R thousand								
Revenue								
Transfers received	75 684	5.0%	95.5%	80 074	84 558	89 209	5.6%	100.0%
Total revenue	75 684	4.5%	100.0%	80 074	84 558	89 209	5.6%	100.0%
Expenses								
Current expenses	75 684	5.1%	100.0%	80 074	84 558	89 209	5.6%	100.0%
Compensation of employees	47 429	5.8%	50.2%	51 318	55 474	59 913	8.1%	64.9%
Goods and services	28 255	9.0%	47.0%	28 756	29 084	29 296	1.2%	35.1%
Total expenses	75 684	5.1%	100.0%	80 074	84 558	89 209	5.6%	100.0%
Surplus/(Deficit)								

Statements of estimates of financial performance**Table 32.46 Universal Service and Access Agency of South Africa statements of estimates of financial performance**

Statement of financial performance	Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
				2018/19	2019/20	2020/21		
R thousand								
Revenue								
Transfers received	75 684	5.0%	95.5%	80 074	84 558	89 209	5.6%	100.0%
Total revenue	75 684	4.5%	100.0%	80 074	84 558	89 209	5.6%	100.0%
Expenses								
Current expenses	75 684	5.1%	100.0%	80 074	84 558	89 209	5.6%	100.0%
Compensation of employees	47 429	5.8%	50.2%	51 318	55 474	59 913	8.1%	64.9%
Goods and services	28 255	9.0%	47.0%	28 756	29 084	29 296	1.2%	35.1%
Total expenses	75 684	5.1%	100.0%	80 074	84 558	89 209	5.6%	100.0%
Surplus/(Deficit)								

Personnel information**Table 32.47 Universal Service and Access Agency of South Africa personnel numbers and cost by salary level**

Number of posts estimated for 31 March 2018		Number and cost ¹ 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			2018/19		2019/20		2020/21				2017/18 - 2020/21				
		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost		Unit cost			
Universal Service and Access Agency of South Africa		60	60	56	41.8	0.7	60	47.4	0.8	60	51.3	0.9	60	55.5	0.9	60	59.9	1.0	8.1%	100.0%
Salary level																				
1 – 6	2	2	2	0.2	0.1	2	0.3	0.1	2	0.3	0.1	2	0.3	0.1	2	0.3	0.2	7.9%	3.3%	
7 – 10	24	24	24	12.4	0.5	24	11.0	0.5	24	11.5	0.5	24	12.4	0.5	24	13.4	0.6	6.6%	40.0%	
11 – 12	15	15	12	9.9	0.8	15	12.8	0.9	15	14.0	0.9	15	15.1	1.0	15	16.3	1.1	8.2%	25.0%	
13 – 16	19	19	18	19.4	1.1	19	23.3	1.2	19	25.6	1.3	19	27.7	1.5	19	29.9	1.6	8.7%	31.7%	

1. Rand million.

Universal Service and Access Fund**Mandate**

The Universal Service and Access Fund was established in terms of section 89(1) of the Electronic Communications Act (2005). The fund's mandate is to make payments for subsidies towards the provision of ICT equipment or services, and the construction or extension of 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 2016 White Paper on National Integrated ICT Policy recommends changes to the mandate and structure of the fund.

Selected performance indicators**Table 32.48 Universal Service and Access Fund 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 underserved areas covered with broadband infrastructure per year	Broadband infrastructure in underserved areas	Entity mandate	2	2	2	2	2	2	2
Number of existing ICT access facilities with internet deployed in underserved areas and schools per year	Rapid deployment of access centres		57	63	68	680	680	953	1253
Number of poor television-owning households subsidised (for purchase of set-top boxes as part of broadcasting digital migration) per year	Broadcasting digital migration programme	Entity mandate	- ¹	1 613	43 272	181 399	22 282	31 765	33 365

1. No output due to delays in the implementation of the broadcasting digital migration project.

Expenditure analysis

The Universal Service and Access Fund will focus on the rollout of the broadcasting digital migration project over the medium term by allocating subsidies to households to acquire set-top boxes and antennae so that they can receive digital broadcasting signals on their television sets. A projected 87 412 households will receive subsidies by 2020/21. This target has been revised downwards following Cabinet's approval of reductions of R764 million over the medium term to the fund's allocation.

Expenditure over the medium term is expected to reduce from R133.7 million in 2017/18 to R121.1 million in 2020/21. A significant portion of this expenditure will be used for the broadcasting digital migration project, which accounts for an estimated 48.1 per cent of the fund's total budget over the medium term. The remaining budget is allocated to broadband infrastructure and e-connectivity programmes. An estimated R104.7 million will be spent on broadband infrastructure in underserved areas, enabling the rollout of electronic communication infrastructure in 6 municipal areas over the medium term, while R66.6 million is set aside to provide an estimated 2 886 sites in underserved areas with ICT facilities by 2020/21.

The fund derives its revenue through transfers from the department. The fund is administered by the Universal Service and Access Agency of South Africa and has no personnel.

Programmes/objectives/activities**Table 32.49 Universal Service and Access Fund expenditure trends and estimates by programme/objective/activity**

	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		
R thousand											
Administration	705	1 080	1 518	3 522	70.9%	1.7%	3 727	3 936	4 152	5.6%	3.3%
Handover of existing access centres	3 257	–	–	–	-100.0%	1.2%	–	–	–	–	–
Broadband infrastructure in underserved areas	33 953	44 502	17 796	31 227	-2.8%	39.2%	33 037	34 887	36 806	5.6%	29.7%
E-connectivity	13 510	14 927	10 404	–	-100.0%	13.1%	–	–	–	–	–
Rapid deployment of access centres	9 037	1 886	1 464	19 865	30.0%	8.0%	21 017	22 194	23 415	5.6%	18.9%
Broadcasting digital migration programme	9 664	4 343	65 287	79 098	101.5%	36.8%	37 880	54 001	56 721	-10.5%	48.1%
Total	70 126	66 738	96 469	133 712	24.0%	100.0%	95 661	115 018	121 094	-3.3%	100.0%

Statements of historical financial performance**Table 32.50 Universal Service and Access Fund statements of historical financial performance**

Statement of financial performance	2014/15		2015/16		2016/17		2017/18		Average: Outcome/ Budget (%)
	Budget	Audited outcome	Budget	Audited outcome	Budget	Audited outcome	Budget estimate	Revised estimate	
R thousand									
Revenue									
Non-tax revenue	102	50 997	–	98 452	–	108 696	–	–	253 083.3%
Other non-tax revenue	102	50 997	–	98 452	–	108 696	–	–	253 083.3%
Transfers received	289 988	840 988	233 540	233 540	644 540	644 540	133 712	133 712	142.3%
Total revenue	290 090	891 985	233 540	331 992	644 540	753 236	133 712	133 712	162.1%
Expenses									
Current expenses	3 683	3 962	3 581	1 080	3 746	1 518	3 522	3 522	69.4%
Goods and services	3 683	3 962	3 581	1 080	3 746	1 518	3 522	3 522	69.4%
Transfers and subsidies	286 407	66 164	229 959	65 658	640 794	94 951	130 190	130 190	27.7%
Total expenses	290 090	70 126	233 540	66 738	644 540	96 469	133 712	133 712	28.2%
Surplus/(Deficit)	–	821 859	–	265 254	–	656 767	–	–	

Statements of estimates of financial performance**Table 32.51 Universal Service and Access Fund statements of estimates of financial performance**

Statement of financial performance	Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
				2017/18	2014/15 - 2017/18	2018/19		
R thousand								
Revenue								
Transfers received	133 712	-45.8%	87.5%	95 661	115 018	121 094	-3.3%	100.0%
Total revenue	133 712	-46.9%	100.0%	95 661	115 018	121 094	-3.3%	100.0%
Expenses								
Current expenses	3 522	-3.8%	2.9%	3 727	3 936	4 152	5.6%	3.3%
Goods and services	3 522	-3.8%	2.9%	3 727	3 936	4 152	5.6%	3.3%
Transfers and subsidies	130 190	25.3%	97.1%	91 934	111 082	116 942	-3.5%	96.7%
Total expenses	133 712	24.0%	100.0%	95 661	115 018	121 094	-3.3%	100.0%
Surplus/(Deficit)	–			–	–	–		

Additional table: Summary of expenditure on infrastructure

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2017/18	Medium-term expenditure estimate		
				2014/15	2015/16	2016/17		2018/19	2019/20	2020/21
Infrastructure transfers to other spheres, agencies and departments										
Large projects (total project cost of at least R250 million but less than R1 billion over the project life cycle)										
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	113 000	-	-	-	53 000	-	63 300	66 782
Total			113 000	-	-	-	53 000	-	63 300	66 782



Private Bag X115, Pretoria, 0001 | 40 Church Square, Pretoria, 0002

Tel +27 12 315 5944 | **Fax** +27 12 406 9055

Web: www.treasury.gov.za



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

