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**ESTIMATES
OF NATIONAL
EXPENDITURE** **2011**



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The *Estimates of National Expenditure 2011* e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision. More comprehensive coverage of goods and services, donor funding, transfers and subsidies, public entities and lower level institutional information, is provided in this publication where applicable.

The *Estimates of National Expenditure 2011* e-publications are available on www.treasury.gov.za

Foreword

When this publication was introduced in 2001, we stated that “The Estimates of National Expenditure represents a significant step forward in national budget transparency.” Since then, the national budget process has undergone continued reform. The Budget preparation for 2011 saw a shift from budgeting by department to budgeting by function of government, thus enabling a more strategic focus on a smaller number of key outcomes. Using the functional approach, there is better transparency and coordination in budgeting due to participation by stakeholders responsible for delivery across all spheres of government, including the various agencies. Ongoing efforts to reform non-financial performance information have led to a systematic improvement in the veracity of this information. These reforms will lead to greater accountability and control.

Budgets are the link between the outcomes targeted by government and the services that are ultimately delivered. Government’s adoption of the outcomes approach in 2009 started the process of closer cooperation and improved coordination across government departments and agencies towards the attainment of 12 clearly stated outcomes that are of considerable importance to the country’s development. This approach started with the re-organisation of national government departments and was further re-enforced by signed agreements concluded between the president and ministers of national departments.

Budgets proposed for each of the votes in this publication give consideration to the initiatives focused on the 12 outcomes. One of the outcomes warranting a special mention is that of job creation. 2011 has been declared the year of job creation. A key aim of the new growth path is to achieve job creation on a significant scale through economic transformation and inclusive growth.

There is a focus on the reprioritisation of existing budgets, in addition to the allocation of new money made available by the main Budget framework. This publication indicates details per vote of savings amounting to R30.6 billion over the period ahead. This year, specific detail has been included on: the outcomes which institutions contribute towards and the output and other performance measures supporting them; personnel budgets, employee numbers and spending trends; and the purpose and key activities of each sub-programme within a vote. Compared to the abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, public entities, lower level expenditure information and information on donor funding.

The independent Open Budget Index assessment of budget transparency began in 2006. It is conducted every two years to measure the availability and comprehensiveness of key budget documents. In 2010, South Africa achieved first place among all the 94 countries surveyed across the world, scoring 92 per cent. South Africa’s score on the index rose from 86 per cent in 2006 (when 59 countries were surveyed), and 87 per cent in 2008 (when 85 countries surveyed).

The detailed expenditure estimates of departments set out in this publication are the result of an arduous executive and administrative process. Executive approval of additional spending allocations and savings takes place under the political guidance of the ministers’ committee on the Budget and follows a wide ranging intergovernmental consultative process led by a committee of senior officials in central government departments.

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, which worked tirelessly to produce a document of which we are rightly proud.



Lesetja Kganyago
Director-General: National Treasury

Introduction

South Africa has once again achieved international recognition for meeting budget transparency and accountability standards. The International Budget Partnership ranks South Africa first among 94 countries in the 2010 Open Budget Survey. The quality and usability of budget documents such as the Estimates of National Expenditure have made a significant contribution to this achievement. Moreover, the Money Bills Amendment Procedure and Related Matters Act (2009) has increased Parliament's oversight over the Budget proposal as it sets out the procedure in terms of which the proposal must be considered for possible amendment. The parliamentary procedure involves canvassing the opinion of civil society groups and lends itself to more participatory budgeting. The increased transparency of budgets and the increased scrutiny make it possible for South African public servants to be held more accountable for their management of resources and performance over the period ahead.

The 2011 Estimates of National Expenditure is a comprehensive publication that provides details of the spending plans of all national departments and agencies for the next three financial years (2011/12 to 2013/14), expenditure outcomes for the past three years (2007/08 to 2009/10), and revised estimates for the current year (2010/11). Information is also provided on legislation, policies, outcomes and performance targets over the seven-year period. Any changes in these areas are explained in relation to trends in planned expenditure. The Estimates of National Expenditure e-publications per vote give more extensive coverage of transfers and subsidies, public entities, goods and services, donor funding and lower level institutional information than does the abridged version of the Estimates of National Expenditure. This more detailed information for each vote is available at www.treasury.gov.za.

In keeping with the ongoing budget reform improvements to the way that public finances are managed and reported, changes have also been made in the 2011 Estimates of National Expenditure. Information on the outcomes that departments and government agencies contribute to and the related outputs included in delivery agreements is briefly discussed in the strategic overview section. Departments will also provide more information on the key functions of each subprogramme on a vote, particularly regarding its transfers and subsidies, personnel complement, volume of work carried out and the composition of spending. A new section on personnel information has been introduced under the expenditure trends section, including a table that provides information on posts funded on budget, vacancies and the number of posts in the department by salary level, as well as by programme and unit cost.

Budgeting for outcomes

Over the past decade, strong growth in public spending has not always been matched with a concomitant improvement in service delivery. If government's development and economic objectives stipulated in the new growth path are to be met, it is stated in the new growth path framework that public service delivery must improve significantly. Better public services require a culture of efficiency, effectiveness and stewardship of public resources, obliging government to become more responsive to the needs of citizens.

This objective is supported by various reform initiatives which have been and continue to be undertaken. At the outset, in 2009 the national macro organisation of the state project effected the reorganisation of national government departments to enhance their efficiency and improve on service delivery. Following on from this, the outcomes approach was adopted and 12 outcome targets were agreed upon for government, and signed ministerial performance agreements and interdepartmental and interagency delivery agreements followed. The outcomes approach provides a platform for achieving greater efficiency in the public service as it is aimed at addressing the weaknesses identified in coordination and cooperation across government. The five major budget priorities over the medium term expenditure framework period are expressed in terms of the 12 government outcomes. Budget decisions are informed by an agreed set of outputs and activities to the extent that they are organised around the 12 government outcomes and elaborated upon in delivery agreements.

Government has taken a different approach in reviewing its spending baseline to realign expenditure with the government outcomes and to make existing resources work with greater efficiency. Government's consumption expenditure (including wages as well as goods and services) has to be managed more efficiently to obtain greater value for money. Over recent years, there have been significant increases in overall personnel costs,

although expenditure on frontline personnel has not increased markedly. Government is targeting the reduction of large administrative budgets in favour of increasing frontline personnel and infrastructure investment, to channel more resources towards the actual delivery of key services.

In developing the 2011 medium term expenditure framework there was a shift towards budgeting by function rather than by department. The functional approach focuses on the purpose (the function) for which funds are to be used, and groups together national, provincial and local government, and government agencies, in terms of the function of government they perform. In this way a consolidated functional expenditure amount can be calculated, and monies transferred from one sphere of government to another can be more easily offset against each other. In support of the reprioritisation of funds in line with outcomes, more effective comparison of allocations with service delivery trends, and assessment of spending proposals, including the trade-offs between different options, are carried out in a given function. This approach provides more transparency and better coordination in the budgeting process. The table below shows the functional classification and, for each function, the national department(s) involved and the outcomes each function supports.

Functional classification of national departments and related outcomes

Functional Classification	Department(s)	Outcome(s)
Economic affairs	Government Communication and Information System [9], Public Enterprises [11], Agriculture, Forestry and Fisheries [26], Economic Development [28], Energy [29], Environmental Affairs [30], Mineral Resources [32], Rural Development and Land Reform [33], Science and Technology [34], Tourism [35], Trade and Industry [36], Transport [37]	<p>Outcome 4: Decent employment through inclusive economic growth</p> <p>Outcome 5: A skilled and capable workforce to support an inclusive growth path</p> <p>Outcome 6: An efficient, competitive and responsive economic infrastructure network</p> <p>Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all</p> <p>Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced</p>
Housing and community amenities	Human Settlements [31], Water Affairs [38]	<p>Outcome 4: Decent employment through inclusive economic growth</p> <p>Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all</p> <p>Outcome 8: Sustainable human settlements and improved quality of household life</p> <p>Outcome 9: A responsive, accountable, effective and efficient local government system</p>
Education	Basic Education [15], Higher Education and Training [17]	<p>Outcome 1: Improved quality of basic education</p> <p>Outcome 5: A skilled and capable workforce to support an inclusive growth path</p>
Health	Health [16]	Outcome 2: A long and healthy life for all South Africans
Social protection	Women, Children and People with Disabilities [8], Labour [18], Social Development [19]	
Recreation, culture and sport	Arts and Culture [14], Sport and Recreation South Africa [20]	Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship
Public order and safety	Correctional Services [21], Independent Complaints Directorate [23], Justice and Constitutional Development [24], Police [25]	<p>Outcome 3: All people in South Africa are and feel safe</p> <p>Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World</p> <p>Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship</p>
Defence	Defence and Military Veterans [22]	<p>Outcome 3: All people in South Africa are and feel safe</p> <p>Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World</p>
General public service	Presidency [1], Parliament [2], Cooperative Governance and Traditional Affairs [3], Home Affairs [4], International Relations and Cooperation [5], Performance Monitoring and Evaluation [6], Public Works [7], National Treasury [10], Public Service and Administration [12], Statistics South Africa [13], Communications [27]	<p>Outcome 9: A responsive, accountable, effective and efficient local government system</p> <p>Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World</p> <p>Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship</p>

The functional groups that have been used are derived from the Classification of the Functions of Government published by the United Nations, but are modified for the South African budgeting context. All decisions on savings and spending in relation to each function were reached as part of a broad consultative process between different stakeholders in the sector, including the medium term expenditure committee of senior officials in central government departments which leads this process, the provincial technical and executive forums, the ministers' committee on the budget, Cabinet and Parliament. These decisions comprise the Budget proposal tabled on Budget day for Parliament's consideration.

Savings and reprioritisation of budgets

While the global economy has been showing signs of recovery, international opinion on the economy is still cautious, on the grounds of perceived uncertainties. In addition to the macroeconomic situation, in line with achieving government's outcomes targets the composition of government expenditure needs to change to ensure that there is value for money. To sustain public expenditure in South African in the long run, a moderation in spending growth over the period ahead is necessary. This necessitates a rigorous review of budget baseline expenditure and an assessment of the:

- capacity of departments and public entities to spend and manage resources appropriately
- strength of the link between expenditure and the outcomes approach as well as with government departmental mandates
- expenditure trade-offs between the different budget options proposed
- non-performing/ underperforming projects/ programmes and entities
- sourcing of funds through savings and reprioritisation initiatives
- alternative revenue raising capacity, cost recovery efforts and donor funding availability.

This year's budget preparation focused extensively on finding savings within the departmental and agency budget baselines linked to a given functional grouping. Departments were able to decrease spending on non-core goods and services, restrict expenditure on low priority programmes, reschedule expenditure, effect savings on foreign exchange rate projections, reduce transfers to certain public entities, improve financial management and reduce expenditure on administration. Savings identified per function over the medium term in this exercise are presented in the table below.

Savings realised per function over the medium term

R thousand	2011/12	2012/13	2013/14	Total
Economic affairs	1 387 674	1 645 222	1 232 355	4 265 251
Housing and community amenities	1 970 233	2 618 510	2 314 474	6 903 217
Education	24 157	24 418	25 590	74 165
Health	44 000	44 000	544 000	632 000
Social protection	1 273 468	1 021 306	519 124	2 813 898
Recreation, culture and sport	28 222	25 571	56 858	110 652
Public order and safety	293 940	1 768 802	1 860 911	3 923 653
Defence	404 824	458 919	434 034	1 297 777
General public service	933 163	1 187 437	875 382	2 995 982
Total	6 359 682	8 794 185	7 862 728	23 016 595

Savings realised over the three years on national votes amounted to R23 billion, of which R6.4 billion is in 2011/12, R8.8 billion in 2012/13 and R7.9 billion in 2013/14. Of these savings, R21.6 billion is reprioritised within functional budget baselines towards meeting existing outcomes commitments. The remainder of R1.4 billion is added to the policy reserve for reallocation. The major savings and reprioritisation areas identified over the medium term are presented in the table below.

Major areas of savings and reprioritisation

Function	Savings identified	Savings redirected
Economic affairs	Non-core goods and services (R2 billion) Underperforming programmes (R1.3 billion)	Road maintenance (R950 million) Expansion of public transport infrastructure and system grant (R580 million) Rural development and land reform (R1.3 billion)
Housing and community amenities	Underperforming programmes (R600 million) Non-core goods and services (R478 million) Rescheduling of expenditure (R759 million) Expanded public works programme: Infrastructure (R688 million)	Completion of De Hoop Dam and a portion of bulk distribution system (R1 billion) Regional bulk infrastructure (R600 million) Expanded public works programme Social sector (R825 million)
Social protection	Non-essential items such as catering and consultation fees (R927 million)	Old age grants - means threshold increased (R280 million) Efficient and effective grant payment model (R535 million)
Public order and safety	Non-essential items (R555 million)	Anti-retroviral drugs for prisoners and additional police personnel (R465 million)
Defence	Non-core goods and services (R1.3 billion)	New remuneration dispensation (R1.3 billion)

In addition to the initial exercise, a further reduction of 0.3 per cent on the budgets of provincial and national departments was also effected; this yielded an additional R6 billion in savings.

Policy reserve

In line with the change to functional budgeting, the additional allocation made available through the national Budget framework was divided per function and a policy reserve was also retained. In the 2011 Budget process the policy reserve was created to fund key government priorities over the next three years. Including the initial identified savings of R1.4 billion that was not reprioritised and the R6 billion identified later, a policy reserve amounting to R33 billion was created. The table below shows how the policy reserve was allocated.

Allocation of the policy reserve

R thousand	2011/12	2012/13	2013/14	Total
For various functions				
Job creation and youth employment	2 000 000	3 000 000	4 000 000	9 000 000
Economic affairs				
Economic regulatory capacity	50 000	50 000	50 000	150 000
Green economy: allocated	200 000	-	-	200 000
: unallocated	-	300 000	500 000	800 000
Broadband information and communication technology: universal access	100 000	150 000	200 000	450 000
Rural development and farmer support	150 000	350 000	600 000	1 100 000
Public transport	200 000	400 000	600 000	1 200 000
Agro-Processing Competitiveness Fund	34 000	108 000	108 000	250 000
Khula Direct	55 000	-	-	55 000
Housing and community amenities				
Human settlement upgrading	200 000	400 000	600 000	1 200 000
Water infrastructure and quality	50 000	150 000	200 000	400 000
Education				
School infrastructure	700 000	1 500 000	2 300 000	4 500 000
Further education and training colleges expansion and National Students Financial Aid Scheme	1 949 990	2 714 188	3 075 595	7 739 773
Health				
Public health services	600 000	1 400 000	2 000 000	4 000 000
Public order and safety				
Police capacity and border control	100 000	400 000	900 000	1 400 000
Defence				
Border control	100 000	200 000	300 000	600 000
Total	6 488 990	11 122 188	15 433 595	33 044 773

The largest allocation from the policy reserve amounts to R9 billion and targets job creation and youth employment, which is allocated on the National Treasury vote. It will be allocated to line departments that provide proposals for projects that meet the objectives of the fund. Of the R1 billion allocation for the green economy, R800 million is currently unallocated to any specific vote but will be announced in the 2011 Budget

as available for appropriation over the medium term. Other major allocations in the policy reserve include R7.7 billion for further education and training colleges and the National Student Financial Aid Scheme, R4.5 billion for school infrastructure and R4 billion for public health services.

Additional allocations

Including policy reserve funding, a total addition of R94.1 billion is allocated to government institutions in terms of the revised national Budget framework to fund government's key priorities over the next three years. Of the R94.1 billion, national departments receive R48.8 billion (51.9 per cent): R9.9 billion in 2011/12, R14.7 billion in 2012/13 and R24.2 billion in 2012/13. Provinces and municipalities receive the remainder: R40.2 billion (42.7 per cent) to provinces and R5.1 billion (5.4 per cent) to municipalities over the medium term. Conditional grants to provinces and municipalities are reflected on both national budgets and the budgets of provinces or municipalities, and are included in the discussion below.

A summary of additional allocations in line with government's policy priorities is provided below by national vote. It is important to note that the discussion on increases in the budget excludes all direct charges against the National Revenue Fund and the amounts of the local and provincial equitable share. Details are only provided for national votes receiving relatively large additional allocations for implementing new programmes or extending existing programmes. The amounts per vote in the discussion below correspond with those in table 2. They represent the gross additional allocations, before the baseline savings and reprioritisation have been effected. The total amounts may therefore be bigger than the overall net change in the budget of a specific vote. In the discussion below, these gross amounts will be referred to as the allocations received for the coming three year medium term expenditure framework period. In certain instances, the savings on a particular vote exceed the gross total allocation to that vote and the overall net change in the budget of that vote is actually negative.

Economic affairs

Taking into account the policy and practical budgeting considerations within this government function in the South African context, this function has been disaggregated broadly into four areas that are each discussed in turn.

Transport

For the **Department of Transport** for the medium term expenditure framework period, R2.7 billion is provided for the public transport infrastructure and systems conditional grant to municipalities to develop integrated public transport networks. The South African National Roads Agency is allocated R2.7 billion for the maintenance of roads and R1.4 billion is allocated to the Passenger Rail Agency South Africa to upgrade and replace Metrorail's signalling infrastructure.

Energy and environmental protection

Over the medium term, the **Department of Environmental Affairs** receives an additional R191 million to implement measures that will address wildlife trafficking, air quality, waste and coastline management, and oil spill disasters. For climate change mitigation and the establishment of a green fund for South Africa, R1 billion is provided. This will be announced in the 2011 Budget as an amount largely not appropriated to any specific vote, except for the R200 million in funding that is allocated to host the 2011 United Nations Conference on Climate Change in 2011/12.

Industrial development

An allocation to the **Economic Development Department** of R250 million is for the Competition Commission to group its work on anti-competitive practices in four priority sectors and to form a specialised cartel investigation unit.

Agriculture, forestry, fisheries and land affairs

An amount of R1.1 billion is the gross allocation to the **Department of Rural Development and Land Reform** for the comprehensive rural development programme.

The **Department of Agriculture, Forestry and Fisheries** receives R500 million for the comprehensive agriculture support programme grant and the land care programme grant.

Also, a gross allocation of R450 million is made available to the **Department of Communications** for broadband services information and communication technologies infrastructure, and universal access in underdeveloped or rural areas in the country.

Housing and community amenities

This function's budget is dominated by transfer payments. Over the MTEF period, an additional R2.1 billion is allocated to the **Department of Human Settlements** for informal settlements upgrading through the new urban settlements development grant. The Social Housing Regulatory Authority receives R972 million to increase the delivery of affordable rental housing.

The **Department of Water Affairs** is allocated a gross addition of R3.7 billion, of which R1 billion is for the completion of the De Hoop Dam and the provision of some bulk infrastructure pipelines, R952 million is for regional bulk infrastructure, R520 million for the completion of the Nandoni pipeline and R450 million for emergency drought relief in the Nelson Mandela Bay municipality.

Education

This function receives the biggest gross total allocation of R33.9 billion. The **Department of Basic Education** receives R8.2 billion, most of which is for transfers to provinces. The funds are mostly for school buildings for the eradication of inappropriate infrastructure structures and to ensure that more schools have water, sanitation and electricity. For bursaries for mathematics and science teachers, R596 million is allocated.

The **Department of Higher Education and Training** receives R3.6 billion for the National Student Financial Aid Scheme for funding higher education students, R300 million for establishing universities in Mpumalanga and Northern Cape, R3.9 billion for a state bursary scheme that will increase poor learners' access to further education and training colleges, and R1.4 billion to further education and training colleges to increase the number of students they enrol.

Health

The gross total allocation to the health function over the medium term is R18.5 billion. Most of this funding is allocated by means of the provincial equitable share. An amount of R1.4 billion is allocated to the national **Department of Health** towards increasing HIV counselling and circumcisions. To improve health facilities and medical equipment in preparation for national health insurance, the department receives a further R1.6 billion.

Social protection

The **Department of Social Development** is allocated R870 million for the South African Social Security Agency to implement a new grants application process that will reduce beneficiary waiting times and fraud.

Recreation, culture and sport

The **Department of Sport and Recreation South Africa** receives a gross allocation of R136 million to provide increased support to national sporting federations to enhance sports development and transformation, particularly in the participation of previously disadvantaged communities.

For the development of the local film industry R135 million is allocated to the National Film and Video Foundation under the **Department of Arts and Culture's** vote and R37 million is also allocated to capacitate the National Library of South Africa.

Public order and safety

Additional funding of R2.1 billion is made available to this function for the **Department of Police's** vote for the recruitment of additional policing personnel in the areas of visible policing, detective services and crime intelligence services. The number of police personnel will increase to 202 260 in 2013/14.

The **Department of Justice and Constitutional Development** receives additional funding of R490 million for the construction of two new high courts in Nelspruit and Polokwane, which will bring the total number of high courts to 16.

The **Department of Correctional Services** is allocated R460 million over the medium term for the upgrading of information technology that will enhance the functioning of the criminal justice system.

Defence

In this function, an amount of R600 million is allocated to the **Department of Defence** to deploy soldiers to the country's borders and upgrade and improve border facilities and equipment.

General public service

An amount of R500 million is added to the budget of **Statistics South Africa** for the 2011 Census, towards the costs of 120 000 field workers and to ensure greater coverage of the population than in the 2001 Census.

The **Department of Public Works** receives an additional R2.2 billion for municipal and accommodation charges payable.

To deal with the post recovery and reconstruction effects of the flooding disaster, R600 million has been allocated under the **National Treasury** vote. The National Treasury also receives R1.5 billion to fund increases in amounts payable to the Political Office Bearers' Pension Fund, as well as increases in costs related to post-retirement benefits and injury-on-duty benefits.

For the new conditional grants to deal with immediate disaster effects, R1.8 billion is allocated over the medium term under the **Cooperative Governance and Traditional Affairs**' vote. Of this, R675 million is for the provinces and R1.2 billion is allocated to municipalities.

Overview of expenditure

The main Budget, including state debt costs, provides for total expenditure of R888.9 billion in 2011/12, R968.1 billion in 2012/13 and R1.1 trillion in 2013/14, reflecting a nominal growth rate of approximately 9.1 per cent on average over the medium term expenditure framework period. Non-interest expenditure comprises on average 89.3 per cent of total main Budget expenditure, growing at an average annual rate of 7.6 per cent over the period. These budgeted estimates provide for a contingency reserve set aside to deal with unanticipated events, amounting to R4.1 billion in 2011/12, R11.4 billion in 2012/13 and R23.4 billion in 2013/14.

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

Summary tables

Table 1: Main budget framework 2007/08 to 2013/14

Table 2: Additional allocation to national votes 2011/12 to 2013/14

Table 3: Expenditure by national vote 2007/08 to 2013/14

Table 4: Expenditure by economic classification 2007/08 to 2013/14

Table 5: Amounts to be appropriated from the National Revenue Fund for 2011/12

Table 6a: Conditional grants to provinces 2007/08 to 2013/14

Table 6b: Conditional grants to municipalities 2007/08 to 2013/14

Table 7: Training expenditure per vote 2007/08 to 2013/14

Table 8: Infrastructure expenditure per vote 2007/08 to 2013/14

Table 9: Personnel expenditure per vote 2007/08 to 2013/14

Table 10: Departmental receipts per vote 2007/08 to 2013/14

Table 1 Main budget framework 2007/08 to 2013/14

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue (National Revenue Fund)							
Tax revenue (gross)	572 814.6	625 100.2	598 705.4	672 200.0	741 620.0	827 310.0	927 960.0
Departmental and other receipts, and repayments	12 693.0	12 616.0	8 889.0	12 254.0	10 000.9	11 540.0	12 351.1
Less: Southern Africa Customs Union payments	-24 712.6	-28 920.6	-27 915.4	-14 991.3	-21 763.2	-32 431.8	-35 997.4
Other adjustment ¹	-	-	-	-2 900.0	-	-	-
Total revenue	560 795.1	608 795.5	579 679.0	666 562.7	729 857.6	806 418.2	904 313.7
<i>Percentage of GDP</i>	<i>27.0%</i>	<i>26.3%</i>	<i>23.7%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.2%</i>	<i>25.6%</i>
Expenditure							
State debt cost	52 877.1	54 393.7	57 129.2	66 570.4	76 578.7	90 807.7	104 036.2
<i>Percentage of GDP</i>	<i>2.5%</i>	<i>2.4%</i>	<i>2.3%</i>	<i>2.5%</i>	<i>2.6%</i>	<i>2.8%</i>	<i>2.9%</i>
Current payments ²	88 512.0	103 376.4	117 130.0	135 313.3	147 760.3	156 210.6	166 884.0
Transfers and subsidies	391 929.9	458 702.2	532 182.3	578 332.9	648 496.9	695 554.1	740 738.6
Payments for capital assets ²	7 018.5	8 508.4	9 202.2	8 817.0	11 206.9	13 823.7	17 464.5
Payments for financial assets	1 105.9	10 972.6	31 553.0	20 889.7	750.1	0.1	0.1
Unallocated	-	-	-	-	40.0	330.0	530.0
Contingency reserve	-	-	-	-	4 090.4	11 405.4	23 375.2
Total expenditure	541 443.4	635 953.3	747 196.8	809 923.3	888 923.3	968 131.7	1 053 028.6
<i>Percentage of GDP</i>	<i>26.0%</i>	<i>27.5%</i>	<i>30.6%</i>	<i>30.4%</i>	<i>30.5%</i>	<i>30.2%</i>	<i>29.8%</i>
Budget deficit³	19 351.6	-27 157.8	-167 517.7	-143 360.6	-159 065.7	-161 713.5	-148 714.9
<i>Percentage of GDP</i>	<i>0.9%</i>	<i>-1.2%</i>	<i>-6.9%</i>	<i>-5.4%</i>	<i>-5.5%</i>	<i>-5.1%</i>	<i>-4.2%</i>
GDP	2 078 822.0	2 312 965.0	2 442 593.0	2 666 893.9	2 914 861.7	3 201 299.3	3 536 001.5

1. Payment to SACU partners in respect of a previous error in calculation of the 1969 agreement.

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

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

Table 2 Additional allocation to national votes 2011/12 to 2013/14¹

R million	Medium-term expenditure estimates			Total
	2011/12	2012/13	2013/14	
Central Government Administration	1 948.2	2 277.4	2 923.5	7 149.1
1 The Presidency	90.5	131.3	126.4	348.3
2 Parliament	30.4	31.3	32.4	94.1
3 Cooperative Governance and Traditional Affairs	964.1	873.0	1 250.8	3 087.9
4 Home Affairs	176.9	444.8	600.2	1 221.9
5 International Relations and Cooperation	145.2	162.2	170.1	477.4
6 Performance Monitoring and Evaluation	37.4	97.5	114.5	249.3
7 Public Works	493.7	522.3	609.1	1 625.1
8 Women, Children and People with Disabilities	10.0	15.0	20.0	45.0
Financial and Administrative Services	4 067.9	4 190.0	5 261.1	13 519.0
9 Government Communication and Information System	10.1	10.6	9.9	30.6
10 National Treasury	3 442.3	4 048.0	5 097.8	12 588.1
11 Public Enterprises	44.8	4.6	4.6	53.9
12 Public Service and Administration	34.9	44.2	55.0	134.0
13 Statistics South Africa	535.8	82.7	93.8	712.3
Social Services	4 043.4	7 691.7	14 993.2	26 728.2
14 Arts and Culture	66.9	83.1	105.7	255.8
15 Basic Education	826.4	2 574.4	5 649.7	9 050.4
16 Health	442.0	692.0	2 236.0	3 370.0
17 Higher Education and Training	2 215.3	3 560.3	4 403.6	10 179.2
18 Labour	131.7	170.3	187.3	489.3
19 Social Development	312.1	543.3	2 322.5	3 177.9
20 Sport and Recreation South Africa	49.0	68.3	88.4	205.7
Justice, Crime Prevention and Security	3 740.6	5 760.1	7 583.9	17 084.7
21 Correctional Services	579.9	1 046.7	1 147.8	2 774.3
22 Defence and Military Veterans	1 180.2	1 552.8	1 863.6	4 596.6
23 Independent Complaints Directorate	7.9	9.1	10.1	27.1
24 Justice and Constitutional Development	477.0	1 098.6	1 196.9	2 772.4
25 Police	1 495.7	2 052.9	3 365.5	6 914.2
Economic Services and Infrastructure	6 550.4	8 755.2	10 874.5	26 180.1
26 Agriculture, Forestry and Fisheries	194.1	405.7	512.4	1 112.2
27 Communications	105.7	155.9	206.1	467.7
28 Economic Development	101.6	156.0	166.1	423.7
29 Energy	307.9	29.2	32.6	369.7
30 Environmental Affairs	297.9	146.0	186.4	630.3
31 Human Settlements	657.5	1 215.8	1 757.2	3 630.6
32 Mineral Resources	43.2	53.6	34.1	130.9
33 Rural Development and Land Reform	610.4	838.5	1 113.9	2 562.8
34 Science and Technology	14.6	139.9	404.1	558.6
35 Tourism	52.5	42.4	44.9	139.8
36 Trade and Industry	527.6	621.7	646.3	1 795.6
37 Transport	2 180.8	3 689.9	4 786.2	10 656.9
38 Water Affairs	1 456.6	1 260.4	984.2	3 701.2
Total	20 350.6	28 674.3	41 636.1	90 661.1

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

Table 3 Expenditure by national vote 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation	
	2007/08	2008/09	2009/10	2010/11	
Central Government Administration					
1	The Presidency	649.4	308.8	659.1	766.9
2	Parliament	849.8	1 071.5	1 009.0	1 201.6
3	Cooperative Governance and Traditional Affairs	28 359.9	33 386.0	33 661.6	41 748.5
4	Home Affairs	3 241.7	4 666.6	5 195.4	5 834.4
5	International Relations and Cooperation	4 069.7	5 472.3	5 417.4	4 715.8
6	Performance Monitoring and Evaluation	2.0	3.6	10.4	40.5
7	Public Works	3 402.3	4 197.0	5 533.6	7 364.8
8	Women, Children and People with Disabilities	52.5	61.9	77.5	106.2
Financial and Administrative Services					
9	Government Communication and Information System	380.9	427.5	495.4	550.2
10	National Treasury	12 569.3	23 762.8	53 240.6	38 704.9
11	Public Enterprises	4 604.0	3 265.1	3 983.3	555.5
12	Public Service and Administration	609.6	630.6	670.8	658.7
13	Statistics South Africa	1 054.3	1 323.1	1 555.8	2 101.4
Social Services					
14	Arts and Culture	1 585.8	2 114.5	2 224.9	2 441.2
15	Basic Education	4 799.5	6 384.0	7 854.3	10 924.3
16	Health	13 578.6	16 424.5	19 168.6	23 132.5
17	Higher Education and Training	15 999.1	18 767.8	20 684.4	23 776.2
18	Labour	1 431.5	1 507.2	1 698.7	1 835.8
19	Social Development	67 191.4	76 096.7	85 318.2	95 941.1
20	Sport and Recreation South Africa	5 048.0	4 871.4	2 866.4	1 255.5
Justice, Crime Prevention and Security					
21	Correctional Services	11 122.4	12 822.6	13 687.3	15 427.5
22	Defence and Military Veterans	25 180.1	27 801.3	31 324.2	30 442.6
23	Independent Complaints Directorate	80.9	99.3	106.2	131.4
24	Justice and Constitutional Development	7 194.0	8 244.4	9 653.5	10 787.3
25	Police	36 525.9	41 635.2	47 662.5	53 529.7
Economic Services and Infrastructure					
26	Agriculture, Forestry and Fisheries	3 957.2	3 564.9	3 961.8	4 003.9
27	Communications	1 911.8	2 328.6	2 301.9	2 138.0
28	Economic Development	245.1	220.4	314.6	449.8
29	Energy	2 229.8	2 961.7	3 690.9	5 648.7
30	Environmental Affairs	1 564.5	1 789.9	2 124.3	2 438.5
31	Human Settlements	10 503.0	13 269.5	16 407.4	19 305.9
32	Mineral Resources	717.5	768.3	853.8	995.8
33	Rural Development and Land Reform	5 896.6	6 669.8	5 863.8	7 293.4
34	Science and Technology	3 127.3	3 703.5	4 183.9	4 128.0
35	Tourism	1 056.0	1 202.2	1 145.6	1 183.8
36	Trade and Industry	5 050.2	4 836.7	5 923.3	6 194.2
37	Transport	19 155.9	28 161.7	28 664.0	30 380.8
38	Water Affairs	4 802.9	5 797.8	7 188.6	8 203.2
Total appropriation by vote		309 800.8	370 620.6	436 383.5	466 338.6
Plus:					
Direct charges against the National Revenue Fund					
	President and Deputy President salary (The Presidency)	2.3	4.0	3.8	4.6
	Members remuneration (Parliament)	240.7	304.2	398.8	392.7
	State debt costs (National Treasury)	52 877.1	54 393.7	57 129.2	67 606.9
	Provincial equitable share (National Treasury)	171 053.7	201 795.6	236 890.8	265 139.4
	General fuel levy sharing with metros (National Treasury)	-	-	6 800.1	7 542.4
	Skills levy and Setas (Higher Education and Training)	6 284.3	7 234.1	7 815.6	8 424.2
	Judges and magistrates salaries (Justice and Constitutional Development)	1 184.5	1 601.1	1 774.9	1 929.9
Total direct charges against the National Revenue Fund		231 642.6	265 332.8	310 813.2	351 040.0
	Unallocated	-	-	-	-
	Contingency reserve	-	-	-	-
	Projected underspending	-	-	-	-1 700.0
Total		541 443.4	635 953.3	747 196.8	815 678.6

Table 3 Expenditure by national vote 2007/08 to 2013/14

Revised estimate	Medium-term expenditure estimates			R million
	2010/11	2011/12	2012/13	
				Central Government Administration
766.9	815.0	887.5	924.2	The Presidency
1 201.6	1 265.3	1 315.9	1 387.6	Parliament
41 748.5	47 933.6	53 842.8	57 120.8	Cooperative Governance and Traditional Affairs
5 834.4	5 464.1	5 249.7	5 864.3	Home Affairs
4 715.8	4 796.8	5 154.9	5 569.3	International Relations and Cooperation
40.5	75.8	141.0	160.4	Performance Monitoring and Evaluation
7 138.7	7 819.3	8 061.2	8 900.1	Public Works
106.2	117.9	129.5	140.8	Women, Children and People with Disabilities
				Financial and Administrative Services
550.2	496.4	524.4	552.0	Government Communication and Information System
38 375.4	22 598.2	23 469.1	25 578.9	National Treasury
555.5	230.2	199.7	210.4	Public Enterprises
656.7	690.1	726.2	774.5	Public Service and Administration
1 741.7	3 240.9	1 698.3	1 717.7	Statistics South Africa
				Social Services
2 339.7	2 468.6	2 625.1	2 784.7	Arts and Culture
9 093.0	13 868.1	16 557.9	20 409.6	Basic Education
22 218.7	25 731.6	27 610.8	30 136.7	Health
23 757.2	28 228.6	31 318.5	33 688.2	Higher Education and Training
1 793.2	1 981.5	2 098.5	2 221.7	Labour
94 841.0	104 732.7	113 524.0	122 075.5	Social Development
1 249.6	802.7	852.3	915.5	Sport and Recreation South Africa
				Justice, Crime Prevention and Security
15 232.5	16 559.2	17 805.0	18 827.8	Correctional Services
30 442.6	34 605.0	37 371.2	39 702.2	Defence and Military Veterans
131.4	151.6	161.0	170.4	Independent Complaints Directorate
10 742.3	11 413.5	12 674.3	13 409.3	Justice and Constitutional Development
53 529.7	58 061.5	62 077.6	66 696.7	Police
				Economic Services and Infrastructure
4 003.9	4 719.7	5 312.0	5 503.2	Agriculture, Forestry and Fisheries
2 138.0	1 889.1	1 721.7	1 851.7	Communications
384.5	594.5	674.7	713.3	Economic Development
5 648.7	6 089.9	5 575.3	4 304.8	Energy
2 359.8	2 846.1	2 399.3	2 643.0	Environmental Affairs
19 305.9	22 578.5	24 875.1	26 674.7	Human Settlements
995.8	1 036.2	1 107.5	1 178.7	Mineral Resources
7 293.4	8 124.2	8 674.1	9 381.1	Rural Development and Land Reform
4 128.0	4 404.6	4 887.4	5 510.1	Science and Technology
1 183.8	1 242.9	1 273.9	1 345.3	Tourism
6 075.5	6 786.9	7 366.9	7 572.4	Trade and Industry
29 989.4	35 084.0	38 204.4	41 198.9	Transport
7 609.7	9 936.2	10 231.5	10 883.5	Water Affairs
459 919.7	499 480.9	538 380.2	578 700.1	Total appropriation by vote
				Plus:
				Direct charges against the National Revenue Fund
4.6	4.8	5.1	5.3	President and Deputy President salary (The Presidency)
392.7	409.6	430.1	453.8	Members remuneration (Parliament)
66 570.4	76 578.7	90 807.7	104 036.2	State debt costs (National Treasury)
265 139.4	288 492.8	305 725.4	323 604.4	Provincial equitable share (National Treasury)
7 542.4	8 573.1	9 039.7	9 613.4	General fuel levy sharing with metros (National Treasury)
8 424.2	9 148.7	9 606.1	10 134.5	Skills levy and Setas (Higher Education and Training)
1 929.9	2 104.2	2 401.9	2 575.7	Judges and magistrates salaries (Justice and Constitutional Development)
350 003.5	385 312.0	418 016.1	450 423.3	Total direct charges against the National Revenue Fund
-	40.0	330.0	530.0	Unallocated
-	4 090.4	11 405.4	23 375.2	Contingency reserve
-	-	-	-	Projected underspending
809 923.3	888 923.3	968 131.7	1 053 028.6	Total

Table 4 Expenditure by economic classification 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation
	2007/08	2008/09	2009/10	2010/11
Current payments				
Compensation of employees	56 221.9	64 819.2	75 276.3	88 740.8
Salaries and wages	46 758.3	53 869.3	62 806.6	74 671.9
Social contributions	9 463.6	10 949.9	12 469.7	14 068.9
Goods and services	32 272.1	38 522.2	41 695.1	47 989.9
Interest and rent on land	52 895.1	54 428.7	57 287.8	67 615.5
Interest (Incl. interest on finance leases)	52 893.9	54 428.5	57 280.1	67 614.7
Rent on land	1.2	0.2	7.7	0.8
Total current payments	141 389.1	157 770.1	174 259.2	204 346.3
Transfers and subsidies to:				
Provinces and municipalities	243 233.6	289 395.9	344 774.7	387 557.9
Provinces	204 668.3	243 851.9	293 163.8	326 000.2
Provincial revenue funds	204 668.3	243 851.9	293 163.8	326 000.2
Municipalities	38 565.4	45 544.0	51 610.8	61 557.8
Municipal bank accounts	38 565.4	45 544.0	51 610.8	61 557.8
Departmental agencies and accounts	44 609.0	53 708.8	57 458.8	56 035.9
Social security funds	8.5	2 508.7	9.7	11.6
Departmental agencies (non-business entities)	44 600.5	51 200.1	57 449.1	56 024.3
Universities and technikons	12 004.1	13 897.7	15 443.5	17 576.1
Foreign governments and international organisations	935.6	1 010.6	1 366.4	1 357.1
Public corporations and private enterprises	19 485.7	20 188.1	21 704.6	20 492.5
Public corporations	14 887.2	14 723.0	19 325.2	18 180.6
Subsidies on products or production	6 293.0	8 060.3	8 477.2	9 836.7
Other transfers to public corporations	8 594.1	6 662.6	10 848.0	8 343.9
Private enterprises	4 598.5	5 465.1	2 379.4	2 311.9
Subsidies on products or production	4 111.4	5 193.5	2 009.5	1 848.5
Other transfers to private enterprises	487.1	271.7	369.9	463.4
Non-profit institutions	1 006.7	1 222.2	1 220.3	1 470.9
Households	70 655.2	79 279.0	90 214.0	98 316.7
Social benefits	65 169.0	73 588.0	84 842.8	92 538.4
Other transfers to households	5 486.3	5 690.9	5 371.2	5 778.3
Total transfers and subsidies	391 929.9	458 702.2	532 182.3	582 807.0
Payments for capital assets				
Buildings and other fixed structures	3 631.3	5 331.6	5 712.2	5 975.7
Buildings	3 356.9	4 860.4	4 598.8	4 757.1
Other fixed structures	274.4	471.2	1 113.4	1 218.5
Machinery and equipment	3 161.5	2 926.7	3 127.6	3 298.6
Transport equipment	1 538.2	1 510.2	1 524.2	1 769.1
Other machinery and equipment	1 623.4	1 416.5	1 603.4	1 529.5
Heritage assets	-	0.1	0.2	-
Specialised military assets	-	-	83.1	19.0
Biological assets	10.6	2.7	2.1	2.0
Land and subsoil assets	27.4	49.0	83.9	0.1
Software and other intangible assets	187.7	198.3	193.2	40.8
Total payments for capital assets	7 018.5	8 508.4	9 202.2	9 336.2
Payments for financial assets	1 105.9	10 972.6	31 553.0	20 889.2
Total	541 443.4	635 953.3	747 196.8	817 378.6
Unallocated	-	-	-	-
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-1 700.0
Total	541 443.4	635 953.3	747 196.8	815 678.6

Table 4 Expenditure by economic classification 2007/08 to 2013/14

Revised estimate	Medium-term expenditure estimates			R million
	2010/11	2011/12	2012/13	
88 324.0	94 788.4	100 350.8	107 316.5	Current payments
				Compensation of employees
74 278.1	79 661.6	84 435.8	90 409.3	Salaries and wages
14 046.0	15 126.9	15 914.9	16 907.2	Social contributions
46 980.3	52 944.2	55 829.0	59 536.1	Goods and services
66 579.3	76 606.4	90 838.6	104 067.6	Interest and rent on land
66 578.5	76 605.4	90 837.4	104 066.4	Interest (Incl. interest on finance leases)
0.8	1.1	1.2	1.2	Rent on land
201 883.7	224 339.0	247 018.3	270 920.2	Total current payments
				Transfers and subsidies to:
384 334.3	428 131.5	457 512.2	486 602.9	Provinces and municipalities
323 080.3	357 928.6	380 449.6	404 251.4	Provinces
323 080.3	357 928.6	380 449.6	404 251.4	Provincial revenue funds
61 254.0	70 202.9	77 062.5	82 351.5	Municipalities
61 254.0	70 202.9	77 062.5	82 351.5	Municipal bank accounts
55 866.1	68 241.9	73 170.5	78 537.2	Departmental agencies and accounts
11.6	12.4	13.0	13.7	Social security funds
55 854.6	68 229.5	73 157.5	78 523.5	Departmental agencies (non-business entities)
17 571.1	19 365.4	20 766.7	21 953.2	Universities and technikons
1 358.2	1 463.4	1 723.6	1 830.5	Foreign governments and international organisations
20 459.5	23 642.9	25 011.7	25 561.1	Public corporations and private enterprises
18 180.6	20 434.1	21 742.4	22 063.1	Public corporations
9 836.7	9 879.4	9 997.1	8 896.9	Subsidies on products or production
8 343.9	10 554.7	11 745.4	13 166.3	Other transfers to public corporations
2 278.9	3 208.8	3 269.3	3 498.0	Private enterprises
1 813.5	2 718.2	2 663.9	2 856.4	Subsidies on products or production
465.4	490.6	605.4	641.6	Other transfers to private enterprises
1 461.7	1 500.4	1 874.8	2 099.0	Non-profit institutions
97 282.0	106 151.3	115 494.5	124 154.6	Households
91 514.5	101 279.1	110 239.7	118 596.5	Social benefits
5 767.5	4 872.3	5 254.9	5 558.1	Other transfers to households
578 332.9	648 496.9	695 554.1	740 738.6	Total transfers and subsidies
				Payments for capital assets
5 615.9	7 845.0	10 560.6	14 057.6	Buildings and other fixed structures
4 479.1	5 486.6	7 813.1	11 078.5	Buildings
1 136.8	2 358.3	2 747.6	2 979.1	Other fixed structures
3 144.0	3 302.7	3 202.5	3 344.4	Machinery and equipment
1 699.1	1 922.9	1 645.0	1 697.5	Transport equipment
1 444.9	1 379.8	1 557.5	1 646.9	Other machinery and equipment
0.0	-	-	-	Heritage assets
19.0	20.7	21.3	22.4	Specialised military assets
2.0	0.2	0.3	0.3	Biological assets
0.1	-	-	-	Land and subsoil assets
35.9	38.3	39.1	39.9	Software and other intangible assets
8 817.0	11 206.9	13 823.7	17 464.5	Total payments for capital assets
20 889.7	750.1	0.1	0.1	Payments for financial assets
809 923.3	884 792.9	956 396.3	1 029 123.4	Total
-	40.0	330.0	530.0	Unallocated
-	4 090.4	11 405.4	23 375.2	Contingency reserve
-	-	-	-	Projected underspending
809 923.3	888 923.3	968 131.7	1 053 028.6	Total

Table 5 Amounts to be appropriated from the National Revenue Fund for 2011/12

R million	Appropriated (including direct charges) 2010/11	Current payments	Transfers and subsidies	Payments for capital assets 2011/12	Payments for financial assets	To be appropriated	Increase/ Decrease	
Central Government Administration								
1	The Presidency	706.8	417.5	387.8	14.5	-	819.8	113.0
2	Parliament	1 571.9	1 383.1	287.9	3.9	-	1 674.9	103.0
3	Cooperative Governance and Traditional Affairs	41 096.9	691.3	47 222.4	19.8	0.1	47 933.6	6 836.7
4	Home Affairs	5 719.6	4 437.4	1 000.1	26.7	-	5 464.1	-255.5
5	International Relations and Cooperation	4 824.4	3 703.1	809.9	283.7	-	4 796.8	-27.7
6	Performance Monitoring and Evaluation	20.4	72.8	-	3.0	-	75.8	55.4
7	Public Works	6 446.3	2 265.4	4 010.3	1 543.6	-	7 819.3	1 372.9
8	Women, Children and People with Disabilities	97.8	60.5	55.2	2.3	-	117.9	20.2
Financial and Administrative Services								
9	Government Communication and Information System	546.2	334.8	159.2	2.4	-	496.4	-49.8
10	National Treasury	378 589.1	78 015.4	317 463.8	13.7	750.0	396 242.8	17 653.7
11	Public Enterprises	350.6	188.1	40.8	1.4	-	230.2	-120.4
12	Public Service and Administration	651.5	396.5	290.9	2.7	-	690.1	38.6
13	Statistics South Africa	1 973.4	3 188.8	10.5	41.7	-	3 240.9	1 267.5
Social Services								
14	Arts and Culture	2 406.7	392.9	2 069.3	6.4	-	2 468.6	61.9
15	Basic Education	10 918.5	2 136.9	11 025.3	706.0	-	13 868.1	2 949.7
16	Health	22 967.9	1 209.3	24 489.3	32.9	-	25 731.6	2 763.6
17	Higher Education and Training	32 144.9	455.8	36 913.4	8.1	-	37 377.3	5 232.4
18	Labour	1 783.9	1 349.9	599.4	32.1	-	1 981.5	197.6
19	Social Development	95 929.1	543.7	104 177.1	11.9	-	104 732.7	8 803.6
20	Sport and Recreation South Africa	1 245.6	222.5	574.1	6.0	-	802.7	-442.9
Justice, Crime Prevention and Security								
21	Correctional Services	15 129.0	15 342.1	31.3	1 185.8	-	16 559.2	1 430.2
22	Defence and Military Veterans	30 715.3	27 278.4	6 978.0	348.6	-	34 605.0	3 889.6
23	Independent Complaints Directorate	129.3	147.6	0.1	4.0	-	151.6	22.3
24	Justice and Constitutional Development	12 180.4	10 933.7	1 791.1	792.9	-	13 517.7	1 337.3
25	Police	52 556.4	54 596.4	464.6	3 000.5	-	58 061.5	5 505.1
Economic Services and Infrastructure								
26	Agriculture, Forestry and Fisheries	3 708.0	2 039.4	2 567.8	112.5	-	4 719.7	1 011.8
27	Communications	2 114.0	585.2	1 299.6	4.3	-	1 889.1	-224.9
28	Economic Development	418.6	123.2	464.8	6.5	-	594.5	175.9
29	Energy	5 535.4	297.2	5 784.9	7.8	-	6 089.9	554.5
30	Environmental Affairs	2 557.8	1 119.1	1 219.0	508.0	-	2 846.1	288.3
31	Human Settlements	19 215.6	642.2	21 700.6	235.7	-	22 578.5	3 362.9
32	Mineral Resources	1 030.0	587.6	438.4	10.1	-	1 036.2	6.2
33	Rural Development and Land Reform	6 769.6	2 524.1	5 564.7	35.4	-	8 124.2	1 354.7
34	Science and Technology	4 615.5	369.7	4 031.6	3.3	-	4 404.6	-210.9
35	Tourism	1 151.8	268.2	968.0	6.7	-	1 242.9	91.0
36	Trade and Industry	6 150.1	1 172.4	5 600.4	14.1	-	6 786.9	636.8
37	Transport	30 178.0	841.8	34 238.0	4.1	-	35 084.0	4 906.0
38	Water Affairs	7 996.6	4 005.2	3 767.2	2 163.9	-	9 936.2	1 939.6
Total	812 142.9	224 339.0	648 496.9	11 206.9	750.1	884 792.9	72 650.0	

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

Table 6a Conditional grants to provinces 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government Administration								
3	–	29.7	–	214.4	214.4	305.0	180.0	190.0
7	836.6	889.3	1 466.0	2 252.9	2 181.3	2 270.9	2 504.8	2 778.5
Financial and Administrative Services								
10	–	–	4 200.0	–	–	–	–	–
Social Services								
14	163.2	344.6	440.6	512.7	512.7	543.4	570.8	602.2
15	4 012.9	5 215.6	6 460.1	8 683.6	7 107.4	10 546.4	11 330.6	11 953.7
16	12 368.6	14 988.7	17 523.8	21 363.7	20 483.0	23 947.7	25 746.5	28 175.2
17	2 435.3	3 005.8	3 155.3	3 804.0	3 804.0	4 326.0	4 705.1	5 262.4
20	194.0	293.7	402.3	426.4	426.4	452.0	474.6	500.7
Economic Services and Infrastructure								
26	761.7	898.0	973.7	1 166.9	1 166.9	1 487.1	1 683.9	1 866.9
31	6 988.5	8 727.6	10 819.3	13 032.1	13 032.1	14 941.5	15 599.4	16 457.4
37	5 853.7	7 663.3	10 832.1	9 404.1	9 012.8	10 615.9	11 928.5	12 860.0
Total	33 614.6	42 056.3	56 273.0	60 860.7	57 940.8	69 435.8	74 724.2	80 647.0

1. Detail provided in the Division of Revenue Act (2011).

Table 6b Conditional grants to municipalities 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government Administration								
3	7 167.2	7 186.4	8 988.3	9 726.7	9 726.7	12 132.9	14 474.2	15 272.1
7	–	–	100.5	623.0	551.4	679.6	665.7	779.5
Financial and Administrative Services								
10	716.5	361.5	808.1	1 394.6	1 186.6	1 184.6	1 279.3	1 326.1
Social Services								
20	4 605.0	4 295.0	2 168.7	512.6	512.6	–	–	–
Economic Services and Infrastructure								
29	462.5	589.1	1 074.6	1 240.1	1 240.1	1 376.6	1 151.4	1 214.8
31	2 948.3	3 572.4	4 418.2	5 157.6	5 157.6	6 267.0	7 409.5	8 126.8
37	1 174.0	2 928.7	2 431.0	3 709.9	3 709.9	4 838.8	5 037.2	5 602.9
38	732.9	994.6	902.4	990.5	966.3	1 010.8	399.0	420.9
Total	17 806.4	19 927.6	20 891.8	23 354.9	23 051.2	27 490.3	30 416.4	32 743.1

1. Detail provided in the Division of Revenue Act (2011).

Table 7 Training expenditure per vote 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Central Government Administration							
1 The Presidency	2.3	1.4	1.9	2.1	2.4	2.5	2.8
2 Parliament	10.6	11.9	10.1	10.4	14.2	15.0	16.8
3 Cooperative Governance and Traditional Affairs	2.3	1.7	1.8	2.4	5.0	5.2	5.5
4 Home Affairs	32.4	34.0	26.4	48.5	37.2	37.5	39.6
5 International Relations and Cooperation	13.1	8.1	12.4	19.6	16.6	17.8	20.0
7 Public Works	15.2	15.2	22.0	27.5	24.8	24.8	26.1
8 Women, Children and People with Disabilities	–	–	–	0.2	0.3	0.4	0.5
Financial and Administrative Services							
9 Government Communication and Information System	4.7	4.2	4.4	4.9	4.8	5.0	5.3
10 National Treasury	16.1	16.9	10.0	20.0	10.8	11.6	12.2
11 Public Enterprises	1.3	2.3	2.2	3.3	2.9	3.1	3.4
12 Public Service and Administration	2.2	3.7	2.6	3.4	3.2	3.4	3.7
13 Statistics South Africa	11.9	14.0	21.2	38.5	21.4	22.5	23.7
Social Services							
14 Arts and Culture	3.1	4.5	2.1	2.3	1.6	1.7	1.8
15 Basic Education	2.8	6.5	1.7	2.8	1.9	2.0	2.1
16 Health	9.5	1.8	4.5	5.5	4.0	4.5	4.9
17 Higher Education and Training	2.5	2.9	1.9	2.4	1.3	1.3	1.3
18 Labour	6.5	8.9	8.3	8.9	11.8	12.0	12.7
19 Social Development	1.7	1.8	2.3	2.5	2.7	2.9	3.0
20 Sport and Recreation South Africa	0.9	0.9	1.1	1.2	1.6	1.6	1.5
Justice, Crime Prevention and Security							
21 Correctional Services	125.6	76.0	89.5	64.0	100.5	105.6	111.0
22 Defence and Military Veterans	87.4	117.7	113.6	145.6	131.9	133.0	141.2
23 Independent Complaints Directorate	0.6	0.4	0.7	1.2	1.2	1.3	1.4
24 Justice and Constitutional Development	18.3	37.5	86.4	78.9	83.6	89.4	94.0
25 Police	966.0	1 124.0	1 253.4	1 386.6	1 449.0	1 514.2	1 590.0
Economic Services and Infrastructure							
26 Agriculture, Forestry and Fisheries	20.3	24.2	16.4	20.0	13.1	14.9	25.5
27 Communications	3.7	6.0	9.0	5.9	6.7	7.3	7.7
28 Economic Development	–	–	–	0.1	0.8	0.9	1.0
29 Energy	0.7	1.6	2.1	2.1	2.7	2.9	3.3
30 Environmental Affairs	2.1	2.2	2.3	2.5	4.1	4.2	4.3
31 Human Settlements	1.2	2.9	2.3	14.1	4.0	4.3	4.5
32 Mineral Resources	1.7	3.8	9.1	3.5	3.9	4.1	4.4
33 Rural Development and Land Reform	9.0	9.4	11.9	12.6	13.3	13.9	–
34 Science and Technology	1.7	2.0	3.2	5.1	5.4	5.6	5.9
35 Tourism	1.4	1.5	1.0	1.0	1.0	1.1	1.1
36 Trade and Industry	1.0	2.5	9.3	11.0	13.4	14.1	14.9
37 Transport	3.2	1.8	3.9	4.0	2.9	3.1	3.5
38 Water Affairs	38.9	40.8	50.6	56.7	62.4	68.6	75.5
Total	1 421.9	1 595.3	1 801.5	2 021.3	2 069.6	2 164.4	2 277.3

Table 8 Infrastructure expenditure per vote 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates			
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	
Central Government Administration								
3	Cooperative Governance and Traditional Affairs	6 967.2	6 969.0	8 727.5	9 514.7	11 500.2	13 983.1	14 752.2
4	Home Affairs	122.9	136.0	102.0	131.1	209.8	215.8	248.0
5	International Relations and Cooperation	649.9	926.7	165.3	267.9	250.9	318.2	319.2
7	Public Works	488.0	988.4	1 253.6	1 376.0	1 443.9	1 474.7	1 724.7
Financial and Administrative Services								
10	National Treasury	41.2	373.5	578.1	1 155.0	853.6	880.0	855.0
Social Services								
14	Arts and Culture	281.2	448.6	449.7	447.8	455.6	483.0	509.5
15	Basic Education	2 636.0	3 101.5	3 884.7	4 832.3	6 398.3	8 408.2	11 617.3
16	Health	5 507.8	3 361.4	3 720.5	5 403.0	5 838.1	6 156.9	5 989.0
18	Labour	64.4	37.6	26.9	28.5	44.2	10.5	7.6
20	Sport and Recreation South Africa	4 605.0	4 295.0	2 168.7	512.6	-	-	-
Justice, Crime Prevention and Security								
21	Correctional Services	1 005.3	948.5	833.6	950.9	968.3	1 016.8	1 072.7
22	Defence and Military Veterans	8.1	621.3	665.0	732.7	1 058.4	1 085.7	1 118.0
24	Justice and Constitutional Development	361.1	479.5	590.1	631.4	759.4	1 105.0	1 161.7
25	Police	732.5	991.2	1 070.1	1 118.2	1 235.3	1 544.6	1 629.5
Economic Services and Infrastructure								
26	Agriculture, Forestry and Fisheries	105.3	110.3	131.7	181.7	260.1	239.3	141.0
27	Communications	646.0	750.0	920.0	540.9	404.0	317.0	376.1
29	Energy	1 435.6	1 739.9	2 400.3	4 239.9	4 334.4	4 533.5	3 200.3
30	Environmental Affairs	603.7	405.4	477.5	637.7	647.8	149.7	187.5
31	Human Settlements	9 936.8	12 300.0	15 087.4	18 155.9	21 440.0	23 488.4	25 101.5
33	Rural Development and Land Reform	5.6	6.3	2.8	6.9	21.2	11.3	4.2
34	Science and Technology	272.0	408.0	699.3	236.9	254.2	473.1	595.2
36	Trade and Industry	911.0	967.5	1 407.3	1 224.4	827.4	839.6	629.9
37	Transport	10 889.1	13 915.3	16 955.1	19 747.4	23 128.1	25 592.1	27 901.4
38	Water Affairs	930.4	1 904.1	2 212.8	2 764.0	4 123.8	4 455.1	5 064.6
Total		49 206.1	56 185.0	64 530.2	74 837.7	86 457.1	96 781.5	104 206.1

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

Table 9 Personnel expenditure per vote 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14	
Central Government and Administration									
1	The Presidency	117.1	141.7	181.9	209.5	209.5	237.4	251.4	275.6
2	Parliament	517.3	651.0	784.6	868.1	868.1	936.1	990.2	1 046.8
3	Cooperative Governance and Traditional Affairs	128.1	153.8	165.7	232.1	232.1	232.9	245.9	258.1
4	Home Affairs	1 087.0	1 296.0	1 637.1	1 971.1	1 971.1	2 206.6	2 317.5	2 443.5
5	International Relations and Cooperation	1 293.2	1 683.4	1 833.3	1 858.6	1 858.6	1 704.5	1 811.9	2 034.5
6	Performance Monitoring and Evaluation	1.6	2.6	3.4	22.5	22.5	50.9	84.0	102.7
7	Public Works	721.5	801.0	976.1	1 200.9	1 200.9	1 242.1	1 241.2	1 305.1
8	Women, Children and People with Disabilities	4.8	5.9	9.8	24.1	24.1	34.6	39.9	46.3
Financial and Administrative Services									
9	Government Communication and Information System	116.2	114.0	138.7	150.7	150.7	165.4	173.4	183.2
10	National Treasury	272.7	321.0	402.1	552.6	511.2	605.9	637.7	672.2
11	Public Enterprises	56.0	70.4	75.2	90.3	90.3	96.5	101.0	106.2
12	Public Service and Administration	115.8	129.1	156.8	183.6	183.6	208.8	229.5	250.5
13	Statistics South Africa	472.0	700.7	879.2	978.7	931.6	1 531.0	1 165.0	1 185.0
Social Services									
14	Arts and Culture	107.2	126.8	146.3	152.9	152.9	164.8	174.3	183.7
15	Basic Education	150.4	186.3	225.2	271.1	271.1	325.6	349.3	371.7
16	Health	258.6	292.5	333.0	385.0	385.0	424.0	465.0	492.0
17	Higher Education and Training	146.2	174.8	201.8	251.6	249.6	301.5	334.1	359.7
18	Labour	497.9	491.3	576.5	744.8	701.9	786.3	865.8	915.2
19	Social Development	133.6	184.1	220.1	254.9	254.9	267.8	285.1	300.4
20	Sport and Recreation South Africa	43.4	54.5	61.3	75.8	74.3	79.9	84.0	88.4
Justice, Crime Prevention and Security									
21	Correctional Services	6 799.2	8 077.8	9 065.5	10 247.5	10 247.5	10 964.9	11 522.8	12 191.7
22	Defence and Military Veterans	9 735.9	10 620.0	12 705.6	16 219.0	16 219.0	16 770.7	17 700.5	18 787.8
23	Independent Complaints Directorate	45.7	58.0	65.1	75.8	75.8	86.6	91.8	97.2
24	Justice and Constitutional Development	4 250.9	5 326.2	6 028.1	7 262.9	7 224.1	7 631.2	8 382.2	8 850.6
25	Police	25 610.6	29 147.4	33 771.5	38 416.1	38 416.1	41 070.3	43 643.2	47 181.7
Economic Services and Infrastructure									
26	Agriculture, Forestry and Fisheries	811.1	931.3	1 082.2	1 199.6	1 199.6	1 273.0	1 395.3	1 474.5
27	Communications	97.7	108.0	129.6	164.6	164.6	171.7	179.3	188.0
28	Economic Development	–	–	7.9	57.7	33.7	79.2	91.8	96.5
29	Energy	85.5	103.0	133.3	147.9	147.9	181.7	192.4	218.3
30	Environmental Affairs	182.5	197.7	254.0	333.1	333.1	405.2	426.6	451.1
31	Human Settlements	103.5	134.2	166.9	289.0	289.0	319.0	331.9	346.8
32	Mineral Resources	210.1	231.0	275.1	343.7	343.7	377.6	401.0	421.8
33	Rural Development and Land Reform	476.4	614.2	760.9	1 196.8	1 196.8	1 395.7	1 523.3	1 608.9
34	Science and Technology	102.1	141.6	167.5	223.7	223.7	225.3	237.6	259.6
35	Tourism	130.8	106.4	89.6	101.1	101.1	141.9	158.4	169.4
36	Trade and Industry	327.5	383.1	437.7	569.8	533.3	602.2	644.2	676.4
37	Transport	131.3	182.6	228.1	266.2	266.2	294.4	309.9	326.5
38	Water Affairs	880.5	875.6	899.8	1 147.3	964.8	1 195.4	1 272.4	1 348.8
Total		56 221.9	64 819.2	75 276.3	88 740.8	88 324.0	94 788.4	100 350.8	107 316.5

Table 10 Departmental receipts per vote 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates			
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14	
Central Government Administration									
1	The Presidency	0.3	0.2	0.6	0.5	0.5	0.3	0.3	0.3
2	Parliament	43.4	45.9	38.5	15.5	15.5	11.9	11.5	11.2
3	Cooperative Governance and Traditional Affairs	0.7	0.8	0.5	0.6	0.6	0.6	0.6	0.6
4	Home Affairs	421.1	355.7	442.2	455.3	455.3	482.6	506.7	557.4
5	International Relations and Cooperation	65.1	43.6	23.2	22.0	31.2	22.9	24.0	25.3
6.	Performance Monitoring and Evaluation	-	-	-	-	-	-	-	-
7	Public Works	95.8	28.5	39.6	30.9	30.9	38.7	40.6	42.6
8	Women, Children and People with Disabilities	-	-	-	-	-	-	-	-
Financial and Administrative Services									
9	Government Communication and Information System	3.1	3.3	2.9	3.0	2.7	2.5	2.6	2.6
10	National Treasury	5 095.8	5 270.4	2 543.6	3 204.2	2 842.2	1 233.2	2 391.4	2 746.0
11	Public Enterprises	0.1	0.8	1.2	1.2	1.2	0.1	0.1	0.1
12	Public Service and Administration	2.7	1.0	2.2	0.7	0.7	0.7	0.8	0.8
13	Statistics South Africa	17.7	2.8	8.5	2.2	2.2	2.4	2.5	2.7
Social Services									
14	Arts and Culture	0.4	3.6	1.1	0.8	0.8	0.8	0.9	1.1
15	Basic Education	1.9	1.5	0.7	1.2	1.5	1.0	1.1	1.2
16	Health	41.2	31.2	45.2	31.5	31.5	32.8	32.9	36.2
17	Higher Education and Training	6.9	6.7	6.7	7.9	7.9	7.9	8.0	8.0
18	Labour	8.4	28.9	12.9	16.1	16.1	22.4	24.3	25.5
19	Social Development	237.0	16.5	30.6	218.3	0.2	10.1	10.1	10.1
20	Sport and Recreation South Africa	0.0	0.3	0.2	0.3	0.3	0.4	0.4	0.4
Justice, Crime Prevention and Security									
21	Correctional Services	136.3	80.5	108.5	143.4	120.4	126.1	132.3	139.2
22	Defence and Military Veterans	551.9	629.4	699.9	902.5	902.5	803.5	843.7	885.9
23	Independent Complaints Directorate	0.4	0.1	0.2	0.2	0.1	0.1	0.2	0.2
24	Justice and Constitutional Development	317.0	356.8	382.9	377.6	377.6	399.8	422.5	443.7
25	Police	345.1	376.5	347.6	272.9	280.3	263.9	258.7	257.1
Economic Services and Infrastructure									
26	Agriculture, Forestry and Fisheries	121.1	254.0	250.5	119.3	119.3	121.5	118.2	123.6
27	Communications	3 007.4	3 520.1	1 344.8	1 398.7	898.9	913.4	928.0	943.4
28	Economic Development	229.3	244.4	456.0	230.0	366.3	243.8	250.0	263.8
29	Energy	1.2	3.3	4.4	3.7	3.7	3.9	4.1	4.2
30	Environmental Affairs	4.7	8.5	2.1	4.1	4.1	2.8	2.8	2.8
31	Human Settlements	0.7	2.4	0.7	1.2	1.2	0.5	0.6	0.6
32	Mineral Resources	267.1	261.3	212.7	99.0	99.0	27.6	28.0	28.3
33	Rural Development and Land Reform	176.4	64.2	44.0	41.7	41.7	69.0	64.5	68.3
34	Science and Technology	0.2	0.3	1.6	0.4	0.7	0.1	0.1	0.1
35	Tourism	-	-	0.7	1.5	1.5	-	-	-
36	Trade and Industry	94.2	64.9	52.6	108.3	90.3	115.0	120.3	121.5
37	Transport	362.5	215.8	106.1	266.7	266.7	137.4	144.3	151.5
38	Water Affairs	0.1	26.6	76.3	42.1	42.1	22.9	24.3	25.9
Total departmental receipts as per Estimates of National Expenditure		11 657.1	11 950.7	7 291.9	8 025.3	7 057.5	5 122.8	6 401.5	6 932.4
Less: Parliament (retained departmental receipts)		43.4	45.9	38.5	15.5	15.5	11.9	11.5	11.2
Plus: Direct receipts into the National Revenue Fund (National Treasury) ²		1 020.9	-	1 000.0	-	600.0	-	-	-
Plus: South African Revenue Service departmental receipts collection		58.0	711.4	635.1	4 255.0	4 612.0	4 890.0	5 150.0	5 430.0
Total departmental receipts as per Budget Review		12 692.6	12 616.2	8 888.5	12 264.8	12 254.0	10 000.9	11 540.0	12 351.1

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

2. Direct receipts into the National Revenue Fund in this instance refer to Levy accounts/exchange control forfeits collected by the South African Reserve Bank.

Information contained in each chapter

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

The main divisions of the Appropriation Bill are divided into votes. A vote generally specifies the total amount appropriated per department, but more than one department may be contained within a single vote. Each chapter in the Estimates of National Expenditure relates to a vote. By appropriating funds from the National Revenue Fund through the approval of the Appropriation Bill, Parliament authorises expenditure.

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

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

These functional groupings are informal and are not the same as either the government's cluster system groupings or the standard chart of accounts' more rigorous classification of government functions. In the functional budgeting approach linked to the outcomes approach which has been adopted, these groupings are disaggregated further.

More detailed information for each vote is available on www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly about goods and services, transfers, donor funding, public entities and lower level institutional information is provided.

The chapter for each vote contains the following information:

Budget summary

This table shows the budgeted expenditure for the vote for the three-year MTEF period.

R million	2011/12					2012/13	2013/14
	Total to be Appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Programme name							
Programme name							
Programme name							
Subtotal							
Direct charge against the National Revenue Fund							
Item							
Item							
Total expenditure estimates							
Executive authority	Minister						
Accounting officer	Director-General / Chief Operating Officer						
Website address							

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

The **2011/12 total to be appropriated** shows the expenditure allocation per programme and the aggregated amount for 2011/12 and corresponds with the information in the 2011 Appropriation Bill.

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

Current payments are payments made by a department for its operational requirements.

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

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

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

Estimates for the two outer years of the expenditure framework, **2012/13** and **2013/14**, are also shown. These estimates are not included in the 2011 Appropriation Bill as they are still only indicative of actual expenditure levels in the outer years of the MTEF period. Parliament typically only appropriates or authorises expenditure for one financial year at a time. These forward estimates or indicative allocations do, however, form the basis for the planning of the 2012 Budget.

Direct charges against the National Revenue Fund are amounts spent in terms of statutes and do not require parliamentary approval and thus are not contained in the Appropriation Bill. They are not budgeted for under any programme on a particular vote and include, for example, state debt costs.

Total expenditure estimates are the sum of the expenditure on programmes and direct charges, classified into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

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

Aim

The aim of the vote captures the department's mandate, strategic objectives or administrative functions, and corresponds with the aim stated in the Appropriation Bill.

Programme purposes

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

Strategic overview: 2007/08 – 2013/14

This section describes the department's strategic direction over the period under review. It includes policy and mandate developments, legislative changes, a discussion on how the department will contribute towards the achievement of outcomes that are attributed to it and the related outputs listed in the service delivery agreements, as well as a table of selected quantitative and trendable performance indicators.

Savings and cost effectiveness measures

In this section, departments discuss details of the reprioritisation of budgets and savings and cost reduction measures to be effected over the MTEF period.

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

Selected performance indicators

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14

The table presents only a selected set of a department or entity's performance information and is not intended to provide a comprehensive view of performance. It should, however, contain key performance indicators that form part of the service delivery agreements.

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

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

Expenditure estimates

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

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
1. Programme name								
2. Programme name								
3. Programme name								
Subtotal								
Direct charge against the National Revenue Fund								
Item								
Item								
Total								
Change to 2010 Budget estimate								

Economic classification

Current payments			
Economic classification item			
Economic classification item			
Transfers and subsidies			
Economic classification item			
Economic classification item			
Payments for capital assets			
Economic classification item			
Economic classification item			
Payments for financial assets			
Total			

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

For comparability, where programme structures have been changed in recent years, expenditure has, where possible, been reallocated to the new approved programme structure for all seven years.

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

Adjusted appropriation includes any changes made to the appropriation voted in the main 2010 Budget for the financial year, with amounts reallocated for any subsequent approved programme structure changes. Changes are generally made mid-year at the time of the adjustments budget. These adjustments can only be made in terms of the circumstances listed in section 30 of the Public Finance Management Act (1999). Adjustments were included in the Adjustments Appropriation Bill, which Parliament approved before expenditure could take place, and the details were published in the Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2010/11 represents National Treasury's current estimate, in consultation with the department, of expenditure outcomes. This does not imply a change in the amounts voted to departments in the 2010/11 adjusted appropriation; it is merely a more recent estimate of what the department is likely to spend in this financial year.

The **medium-term expenditure estimates** are shown for 2011/12, 2012/13 and 2013/14. The spending figures for 2011/12 constitute the proposed appropriation to be funded from the National Revenue Fund that is contained in the main Appropriation Bill, which has to be considered by Parliament after it has been tabled. The medium-term expenditure estimates for 2012/13 and 2013/14 are indicative allocations, and will form the basis for planning the 2012 Budget.

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

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

Expenditure trends

The main expenditure trends and vote programme structure changes from 2007/08 to 2013/14 are described. Trends are generally represented over the MTEF period between 2010/11 and 2013/14, or over the entire period between 2007/08 and 2013/14.

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

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

Personnel information

A brief summary of the personnel posts per programme by salary level is given.

Infrastructure spending

Expenditure on existing, new and mega infrastructure is discussed.

Departmental receipts

Departmental anticipated (non-tax) receipts for the MTEF period are described in relation to receipts for 2010/11.

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts								
Economic classification item								
Economic classification item								
Total								

Information on each programme

Each programme section (with the exception of the *Administration* programme) opens with the purposes and activities of the subprogrammes that form that programme. Key functions, activities and transfers are highlighted by subprogramme. The work carried out by the subprogramme is explained in relation to the personnel responsible, the spending allocation of the funding, and outputs achieved.

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

Objectives and measures

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

For example: Improve the provision of specified services and products to eligible citizens and residents (strategic intent/objective) by reducing the time taken to issue passports and travel documents (specific intervention) from 10 days in 2010/11 to 5 days in 2013/14 (progress measure).

Expenditure estimates (per programme)

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

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Subprogramme name							
Subprogramme name							
Subprogramme name							
Total							
Change to 2010 Budget estimate							
Economic classification							
Current payments							
Economic classification item							
Economic classification item							
Transfers and subsidies							
Economic classification item							
Economic classification item							
Payments for capital assets							
Economic classification item							
Economic classification item							
Payments for financial assets							
Total							

Expenditure trends (per programme)

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

Public entities and other agencies

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

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

- key legislative mandates in terms of which the entity was established and within which it operates as well as the outcomes and related outputs as stated in service delivery agreements
- selected performance indicators relating to the entity's mandate
- planned deliverables for the next MTEF period
- key achievements during the previous reporting periods
- financial data tables for the entity, focusing on the sources of funding for the entity, key spending areas and expenditure trends, and, if applicable, an analysis of some of the more important items on the entity's balance sheet that relate to the key activities being carried out
- reprioritisation, savings and cost effectiveness measures implemented
- personnel expenditure by salary level
- a list of other entities for which more detail appears on www.treasury.gov.za appears at the end of each chapter together with a short description of what the entity does and its total budget.

Additional tables

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

Summary of expenditure trends and estimates per programme and economic classification

This table shows the budgeted expenditure and the revised estimate for 2010/11 as well as the audited outcome for 2009/10.

Details of approved establishment and personnel numbers per salary level

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

Information is provided on the **number of personnel posts filled/planned for on funded establishment** in the department at different salary levels **per programme** as at 30 September 2010.

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

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

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

Summary of expenditure on training

Information is provided on the funds spent on training as a proportion of compensation of employees, and the number of people trained by the department.

Summary of conditional grants to provinces and municipalities

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

Summary of departmental public private partnerships projects

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

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

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

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

Unitary charge or fee refers to the total payment made to the private party for the provision of the various services.

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

Project monitoring cost is associated with the ongoing evaluation and monitoring of public private partnerships in operation.

Summary of donor funding

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

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

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

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

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

Summary of expenditure on infrastructure

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

Departmental infrastructure refers to direct spending by a department on infrastructure assets which the department will own.

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

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

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

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

Communications

**National Treasury
Republic of South Africa**



Contents

Budget summary	1
Aim	1
Programme purposes	1
Strategic overview: 2007/08 – 2013/14	2
Savings and cost effectiveness measures	3
Selected performance indicators	4
Expenditure estimates	5
Expenditure trends	6
Departmental receipts	7
Programme 1: Administration	8
Expenditure trends	10
Expenditure trends	12
Programme 3: ICT Policy Development	12
Programme 4: ICT Enterprise Development	15
Programme 5: ICT Infrastructure Development	18
Programme 6: Presidential National Commission	20
Public entities and other agencies	23
Additional tables	42

Vote 27

Communications

Budget summary

R thousand	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	148 505	147 263	225	1 017	157 615	165 499
ICT International Affairs and Trade	40 890	36 563	3 700	627	38 746	39 870
ICT Policy Development	94 699	76 336	17 663	700	94 753	97 598
ICT Enterprise Development	1 289 416	12 624	1 276 528	264	1 059 970	1 118 243
ICT Infrastructure Development	280 911	278 376	1 500	1 035	337 197	395 654
Presidential National Commission	34 691	34 075	-	616	33 424	34 817
Total expenditure estimates	1 889 112	585 237	1 299 616	4 259	1 721 705	1 851 681
Executive authority	Minister of Communications					
Accounting officer	Director-General of Communications					
Website address	www.doc.gov.za					

Aim

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

Programme purposes

Programme 1: Administration

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

Programme 2: ICT International Affairs and Trade

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

Programme 3: ICT Policy Development

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

Programme 4: ICT Enterprise Development

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

Programme 5: ICT Infrastructure Development

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

Programme 6: Presidential National Commission

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

Strategic overview: 2007/08 – 2013/14

The Department of Communications develops and implements policy interventions that create an enabling ICT environment to promote socioeconomic development and to advance government's developmental agenda. In support of this aim, the department has developed its 2011–2014 medium term strategic plan.

Strategic objectives over the medium term

The department contributes to an efficient, competitive and responsive economic infrastructure network (outcome 6) and communication and information technology (output 5) through increasing broadband penetration by rolling out broadband infrastructure and services, digital terrestrial television infrastructure, and local loop unbundling.

Improving broadband infrastructure

The legacy of broadband infrastructure and services deployed for and during the 2010 FIFA World Cup requires harnessing and redeployment of these resources to provide increased bandwidth capacities to the host cities, which will contribute to a more responsive infrastructure network and improved access, including in rural areas. In 2011/12, the department will facilitate the implementation of the legacy plan on how to leverage off the infrastructure rolled out for the 2010 FIFA World Cup.

Improving cyber security

The department will also develop and implement a cyber security policy by 2012 that will focus on: building the institutional framework and capacity necessary for mitigating any threats to cyber security, building a culture of cyber security through awareness and skills development, forging local and international relationships to strengthen global efforts to deal with the problem, and carrying out research on cyber security.

Migrating to digital broadcasting

The department is responsible for managing the digital broadcasting migration process to ensure that agreed targets are met, while Sentech is responsible for constructing the digital television transmission infrastructure. The intention is to provide digital terrestrial television infrastructure to cover 96 per cent of the population by 2013, which would thus enable the switch-off of analogue television transmissions in that year. The department will also focus on finalising and monitoring the implementation of the set top box manufacturing sector development strategy, the scheme that subsidises poor households in purchasing set top boxes, and the local and digital content development strategy.

Making ICT more available and affordable

In collaboration with relevant role players in the industry, the department will facilitate a programme of action aimed at reducing the cost to communicate, and improving the quality, availability and use of ICTs across all sectors. This programme of action contains specific interventions aimed at: reducing telecommunications prices; fostering competition in the market; reducing local and international broadband prices; increasing mobile telephony; improving internet access and use, particularly in rural and underdeveloped areas; and promoting domestic and foreign investment in the sector. The programme of action will also accelerate the local loop unbundling process, which is being facilitated by the Independent Communications Authority of South Africa, and will be concluded by 2011.

ICT rural development strategy

The department will develop and implement an ICT rural development strategy by 2012 aimed at ensuring the integrated delivery of ICT infrastructure and services to bridge the information and knowledge divide between rural and urban areas, with a specific focus on interventions in the second economy.

Improving the efficiency of radio spectrum usage

The department will promote the efficient use of the radio frequency spectrum through implementing measures to improve spectrum use by 2012 in accordance with the national radio frequency spectrum policy. It will also validate the national radio frequency spectrum plan to ensure that the licensing of the radio frequency spectrum promotes efficient use, and supports government's outcomes for development and diversity.

e-Connectivity

To ensure improved connectivity and service delivery within schools and improve the quality of basic education, the department will prioritise the development and implementation of an integrated e-connectivity plan for health centres and schools, which will ensure the connection of 5 500 schools by 2013.

Updating legislation and policies

The department will continue to reform the ICT sector by promulgating and implementing legislation and making relevant policy interventions. The legislation and policies will include: the integrated national ICT policy framework, which is aimed at providing a long term vision towards the development of an integrated ICT sector in South Africa; the South African Post Office Bill, which provides a comprehensive corporate governance and legal framework for the South African Post Office in a single act focusing on the South African Post Office as a legal entity; the Postbank Bill, which is designed to create a legal and administrative framework that will allow for the establishment of the South African Postbank as a separate legal entity from the South African Post Office; the Public Service Broadcasting Bill, which is aimed at repealing the Broadcasting Act of 1999 so as to align the broadcasting system to South Africa's developmental goals; the Independent Communications Authority of South Africa Amendment Bill, which is aimed at amending the Independent Communications Authority of South Africa Amendment Act (2006); and the Electronic Communications Amendment Bill, which is aimed at amending the Electronic Communications Act (2005).

Strengthening oversight of public entities

In its effort to strengthen its oversight responsibilities over public entities, the department will implement the following specific interventions: facilitate the review of financial controls and supply chain systems of public entities (to deal mainly with the underlying causes of the qualified audit reports and matters of emphasis); facilitate bilateral meetings between the minister and the boards or councils, the director general and the executive management of each state owned enterprise; strengthen the monitoring capacity of the shareholder management unit so that it is able to detect potential challenges faced by public entities early; incorporate into shareholder compacts specific and additional reporting matters and monitoring indicators to be used as the basis for monitoring performance in these specific areas; periodically hold structured meetings individually and jointly with all public entities facilitate the alignment of the strategies of public entities with government priorities; strengthen the South African Broadcasting Corporation's monitoring task team and ensure that the outcomes of this work are communicated to the Minister of Communications and the Minister of Finance; and analyse the annual and quarterly reports and financial statements to assess the financial and operational performance of the state owned enterprises to provide early warning, feedback and guidance.

Savings and cost effectiveness measures

The department has identified efficiency savings including savings on transfers over the MTEF period of R25.2 million, R59.8 million and R69.4 million across all programmes. Goods and services items targeted for cost reduction include: consultancy services, travel and subsistence, lease payment, training and development as well as venues and facilities, and other operating expenditure. Savings will be achieved by reducing the department's reliance on consultants by filling vacant critical positions to strengthen internal capacity and using consultants only when necessary for effective service delivery.

Additional baseline efficiency savings made by the department of R314.7 million in 2011/12 and R479 million in 2012/13 were from reductions in the allocation to the South African Post Office.

Cabinet further approved savings of R5.4 million in 2011/12, R4.8 million in 2012/13 and R5.1 million in 2013/14 to create more fiscal space to channel more resources to core service delivery functions.

Selected performance indicators

Table 27.1 Communications

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Percentage of broadband penetration	Information and Communication Technology Infrastructure Development	-	-	-	2%	4%	7%	10%
Total number of Dinaledi Schools connected to the internet	Information and Communication Technology Infrastructure Development	-	-	-	375	125	-	-
Percentage household coverage of digital television transmission infrastructure	Information and Communication Technology Infrastructure Development	-	-	-	60%	80%	96%	-
Percentage reduction of per minute cost of mobile phones (wholesale interconnection rate per minute)	Information and Communication Technology Policy Development	-	-	-	29% (R0.89)	14% (R0.73)	12% (R0.56)	9% (R0.40)
Percentage reduction of per minute cost for fixed line (public access) phones ¹	Information and Communication Technology Policy Development	-	-	-	0%	10% (R0.08)	10% (R0.07)	10% (R0.06)
Total number of community radio stations provided with broadcasting infrastructure ²	Information and Communication Technology Policy Development	45	35	39	15	7	7	7
Number of ICT position papers developed for international engagement per year	Information and Communication Technology International Affairs and Trade	-	8	5	8	5	5	5
Number of young people participating in the national youth information society and development programme per year	Presidential National Commission	830	2 120	502	944	1 100	1 500	1 500
Number of e-cooperatives established to increase entry of youth owned small enterprises into the ICT sector per year	Presidential National Commission	46	96	71	40	60	60	60
Number of provinces for which provincial cultural heritage content is captured in the national digital repository per year	Presidential National Commission	-	-	-	4	4	3	2
Number of ICT SMME hubs created in each province per year	Information and Communication Technology Enterprise Development	-	-	-	0 ³	2	2	2
Total number of jobs created through ICT related projects	Finance and ICT Enterprise Development and Presidential National Commission	-	-	-	-	17 322 (20%)	34 644 (40%)	34 644 (40%)

1. Progress was not made on the target for fixed line (public access) phone costs as priority was given to the reduction of mobile phone costs. The focus will be on fixed line costs in 2011/12.

2. The budget for community station broadcasting infrastructure has declined over the medium term due to budgetary constraints.

3. The target for the creation of ICT hubs in provinces was not achieved, largely due to a lack of capacity. However, there was extensive consultation with the relevant provinces.

Expenditure estimates

Table 27.2 Communications

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R thousand								
Administration	143 478	147 431	163 200	159 001	159 001	148 505	157 615	165 499
ICT International Affairs and Trade	37 448	53 479	44 600	44 618	44 618	40 890	38 746	39 870
ICT Policy Development	60 572	71 491	70 112	102 164	102 164	94 699	94 753	97 598
ICT Enterprise Development	1 573 895	1 918 413	1 923 635	1 617 992	1 617 992	1 289 416	1 059 970	1 118 243
ICT Infrastructure Development	69 094	94 849	74 787	180 156	180 156	280 911	337 197	395 654
Presidential National Commission	27 291	42 948	25 578	34 070	34 070	34 691	33 424	34 817
Total	1 911 778	2 328 611	2 301 912	2 138 001	2 138 001	1 889 112	1 721 705	1 851 681
Change to 2010 Budget estimate				24 002	24 002	75 051	91 343	159 580
Economic classification								
Current payments	310 898	377 243	432 026	502 178	502 178	585 237	648 746	719 799
Compensation of employees	97 707	107 953	129 595	164 614	164 614	171 673	179 289	188 024
Goods and services	213 191	269 290	302 401	337 564	337 564	413 564	469 457	531 775
<i>of which:</i>								
<i>Administrative fees</i>	14 771	9 228	1 371	999	1 065	1 058	1 160	1 225
<i>Advertising</i>	10 614	19 854	13 849	13 118	11 418	11 407	11 892	12 293
<i>Assets less than the capitalisation threshold</i>	2 728	1 516	913	5 586	5 435	5 185	4 967	5 182
<i>Audit cost: External</i>	2 059	1 457	6 517	2 564	2 564	2 192	2 905	2 659
<i>Bursaries: Employees</i>	304	200	315	606	598	706	633	667
<i>Catering: Departmental activities</i>	2 505	2 868	2 781	2 607	2 742	2 733	2 653	2 553
<i>Communication</i>	6 674	6 279	8 077	6 970	6 805	6 712	7 066	7 185
<i>Computer services</i>	1 496	3 657	2 499	5 911	6 041	4 760	3 421	3 674
<i>Consultants and professional services: Business and advisory services</i>	38 213	50 839	42 063	127 934	127 980	123 075	113 509	118 184
<i>Consultants and professional services: Infrastructure and planning</i>	583	23	-	200	200	85 213	150 216	200 228
<i>Consultants and professional services: Legal costs</i>	931	2 276	607	1 450	1 450	1 580	1 499	1 486
<i>Contractors</i>	13 507	35 154	86 832	18 497	18 497	17 898	18 923	19 671
<i>Agency and support / outsourced services</i>	-	19 158	21 960	26 650	26 530	27 219	26 138	27 632
<i>Entertainment</i>	74	149	145	497	497	524	541	568
<i>Fleet services (including government motor transport)</i>	-	-	-	80	80	90	95	100
<i>Inventory: Fuel, oil and gas</i>	-	431	512	298	298	313	329	247
<i>Inventory: Materials and supplies</i>	-	14	13	23	23	31	32	34
<i>Inventory: Medical supplies</i>	-	1	2	6	6	6	6	6
<i>Inventory: Other consumables</i>	42	83	233	99	99	407	325	310
<i>Inventory: Stationery and printing</i>	5 538	6 117	6 833	8 341	8 591	8 010	7 410	7 695
<i>Lease payments</i>	38 583	24 972	33 991	34 166	34 866	35 798	38 409	40 091
<i>Property payments</i>	6 560	10 599	11 622	11 725	11 725	11 872	12 697	14 206
<i>Transport provided: Departmental activity</i>	297	-	-	177	177	519	191	202
<i>Travel and subsistence</i>	35 463	41 467	27 545	35 607	35 087	31 282	29 343	29 856
<i>Training and development</i>	3 655	10 945	5 835	6 717	8 217	7 795	7 900	7 913
<i>Operating expenditure</i>	15 912	2 120	22 989	16 833	16 833	17 620	18 759	19 623
<i>Venues and facilities</i>	12 682	19 883	4 897	9 903	9 740	9 559	8 438	8 285
<i>Interest and rent on land</i>	-	-	30	-	-	-	-	-

Table 27.2 Communications (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Transfers and subsidies	1 592 345	1 938 461	1 859 612	1 631 704	1 631 704	1 299 616	1 068 051	1 126 705
Provinces and municipalities	69	6	105	-	-	-	-	-
Departmental agencies and accounts	319 565	338 977	370 206	610 467	610 467	692 674	694 427	732 531
Universities and technikons	-	98	78	-	-	-	-	-
Foreign governments and international organisations	1 178	9	6	-	-	-	-	-
Public corporations and private enterprises	1 269 386	1 596 484	1 488 598	1 017 737	1 017 737	603 242	369 739	390 075
Non-profit institutions	2 050	2 824	327	3 500	3 500	3 700	3 885	4 099
Households	97	63	292	-	-	-	-	-
Payments for capital assets	8 470	12 786	10 192	4 119	4 119	4 259	4 908	5 177
Buildings and other fixed structures	18	-	-	-	-	-	-	-
Machinery and equipment	8 075	6 660	6 369	4 119	4 119	4 259	4 908	5 177
Software and other intangible assets	377	6 126	3 823	-	-	-	-	-
Payments for financial assets	65	121	82	-	-	-	-	-
Total	1 911 778	2 328 611	2 301 912	2 138 001	2 138 001	1 889 112	1 721 705	1 851 681

Expenditure trends

The spending focus over the MTEF period will be on: coordinating the active participation of the South African government in specialised ICT agencies throughout 2011/12, adopting a uniform approach to spectrum pricing by March 2013, monitoring the operations of the Digital Dzunga Advisory Council throughout 2011/12, and implementing the broadcast digital migration policy to ensure a smooth transition from analogue to digital broadcast by 2013.

Expenditure increased from R1.9 billion in 2007/08 to R2.1 billion in 2010/11, at an average annual rate of 3.8 per cent. The increase was due to the following additional allocations: R500 million in 2007/08 to Sentech for the national wholesale broadband network; R600 million in 2008/09, R450 million in 2009/10 and R150 million in 2010/11 to Telkom for the implementation of the ICT access network; R200 million in 2008/09 and R100 million in 2009/10 to Sentech to fund the satellite backup for the 2010 FIFA World Cup; and R100 million in 2009/10 and R110 million in 2010/11 to Sentech to cover increased operational expenditure during the dual illumination period.

Over the medium term, expenditure is expected to decrease from R2.1 billion in 2010/11 to R1.9 billion in 2013/14, at an average annual rate of 4.7 per cent. Expenditure declines over this period as the implementation of 2010 FIFA World Cup infrastructure and other initiatives comes to an end. In 2010/11, a final allocation of R150 million is made to Telkom for the 2010 FIFA World Cup. In 2011/12, R25 million is allocated to the Universal Service and Access Agency of South Africa and the Universal Service and Access Fund to: build capacity and procure the necessary supporting infrastructure to expand ICT access to South Africans in the under-served areas. R180 million in 2010/11 and R220 million in 2011/12 is allocated to subsidising poor households to purchase set top boxes as part of the migration from an analogue to a digital broadcasting platform.

The expenditure in the *ICT Enterprise Development* programme is expected to decrease from R1.6 billion to R1.1 billion over the medium term, at an average annual rate of 11.6 per cent. This decrease is due to the final allocations to Sentech and Telkom in 2010/11 for the 2010 FIFA World Cup projects. The decrease in transfers and subsidies over the medium term is also due to discontinuation of *South African Broadcasting Corporation: Technology* subprogramme, with a final allocation of R150 million in 2010/11.

Expenditure on compensation of employees increased from R97.7 million in 2007/08 to R164.6 million in 2010/11, at an average annual rate of 19 per cent. This growth is the result of an increase in the number of staff and due to inflation related salary adjustments. Over the MTEF period, expenditure on compensation of employees is expected to increase to R188 million, at average annual rate of 4.5 per cent due to inflation related adjustments to salaries. The ratio of administrative costs to line function costs is 1:1.8.

Infrastructure spending

The department does not directly deliver infrastructure projects. It secures funding and subcontracts the projects to state owned enterprises and service providers. The funding required for these infrastructure delivery projects is usually transferred directly to the state owned enterprises or service providers concerned. The department monitors and evaluates the projects to track the infrastructure delivery schedule and the project spending.

R450 million has been allocated over the MTEF period to develop the broadband implementation strategy, the broadband policy for all spheres of government, and the delivery broadband infrastructure and services in underserved and rural areas. R100 million has been allocated in 2011/12, R150 million in 2012/13 and R200 million in 2013/14.

Personnel information

The department has an establishment of 428 posts, which are all are funded and exclude the minister and deputy minister, and 34 are additional to the approved establishment. The number of posts filled increased from 187 in 2007/08 to 312 in 2010/11, and is expected to grow to 428 over the medium term.

There are 116 vacancies within the department, of which 37 are in salary level 13, 28 in salary level 11 and 20 in salary level 12. Most of these vacancies are in the *Administration, ICT Policy Development* programme and *ICT Infrastructure Development* programme. These posts remain vacant due to the organisational review of the department. The ratio of support staff to line function programme staff is 1:1.1.

Departmental receipts

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

Revenue decreased from R4 billion in 2007/08 to R1.3 billion in 2010/11, at an average annual rate of 32.2 per cent. The decrease was due to the once-off R3.9 billion in extraordinary proceeds received from Telkom for the sale of Vodacom shares. Over the medium term, revenue is expected to decrease to R943.4 million, at an average annual rate of 9.3 per cent.

Table 27.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	3 007 442	3 520 122	1 344 790	1 398 742	898 868	913 439	928 049	943 394
Sales of goods and services produced by department	1 760 132	2 148 962	871 878	574 579	274 579	288 310	302 725	317 861
Sales of scrap, waste, arms and other used current goods	62	-	-	-	-	-	-	-
Transfers received	942	-	2 340	81	81	-	-	-
Interest, dividends and rent on land	1 245 453	1 370 204	469 777	824 082	624 082	624 993	625 184	625 386
Sales of capital assets	5	297	-	-	-	-	-	-
Transactions in financial assets and liabilities	848	659	795	-	126	136	140	147
Extraordinary receipts	1 035 238	-	4 481 173	398	362 731	-	-	-
Proceeds from sale of Telkom's share in Vodacom	1 035 238	-	3 933 903	-	-	-	-	-
Special dividends from Telkom	-	-	538 323	-	362 333	-	-	-
Departmental agencies and accounts	-	-	8 947	-	-	-	-	-
Account receivable	-	-	-	398	398	-	-	-
Total	4 042 680	3 520 122	5 825 963	1 399 140	1 261 599	913 439	928 049	943 394

Programme 1: Administration

Expenditure estimates

Table 27.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R thousand							
Ministry ¹	1 654	2 891	3 047	3 312	3 494	3 669	3 871
Management	30 458	48 829	37 352	40 556	39 121	41 925	43 568
Operations	106 505	91 462	116 608	108 202	98 504	104 213	109 823
Office Accommodation	4 861	4 249	6 193	6 931	7 386	7 808	8 237
Total	143 478	147 431	163 200	159 001	148 505	157 615	165 499
Change to 2010 Budget estimate				7 200	(11 582)	(13 000)	(14 500)

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

Economic classification

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Current payments	137 382	143 932	157 761	157 883	147 263	156 301	164 113
Compensation of employees	48 967	46 969	53 037	67 985	70 809	74 486	78 138
Goods and services	88 415	96 963	104 724	89 898	76 454	81 815	85 975
<i>of which:</i>							
Administrative fees	14 182	1 881	753	203	214	225	237
Advertising	7 748	8 258	7 298	3 365	3 534	3 711	3 915
Assets less than the capitalisation threshold	1 820	703	449	1 953	1 273	1 354	1 373
Audit cost: External	2 059	1 457	3 594	2 564	2 192	2 905	2 659
Bursaries: Employees	126	3	28	77	82	87	92
Catering: Departmental activities	1 052	1 617	955	808	849	934	940
Communication	2 777	2 794	2 873	2 491	2 090	2 311	2 361
Computer services	601	564	815	66	70	74	78
Consultants and professional services: Business and advisory services	1 960	3 885	24 674	12 087	3 327	3 818	3 911
Consultants and professional services: Infrastructure and planning	-	23	-	50	55	58	61
Consultants and professional services: Legal costs	931	2 184	567	1 050	903	1 058	1 021
Contractors	7 732	10 017	3 942	4 245	3 458	3 681	3 939
Agency and support / outsourced services	-	662	312	-	-	-	-
Entertainment	45	78	68	284	299	314	331
Fleet services (including government motor transport)	-	-	-	80	90	95	100
Inventory: Fuel, oil and gas	-	395	446	298	313	329	247
Inventory: Materials and supplies	-	9	7	-	5	5	5
Inventory: Medical supplies	-	1	2	6	6	6	6
Inventory: Other consumables	7	50	203	50	204	246	227
Inventory: Stationery and printing	3 281	4 097	4 391	4 115	3 345	2 726	2 854
Lease payments	20 007	21 347	29 700	30 549	31 242	33 721	35 247
Property payments	5 960	9 562	8 940	10 184	10 253	11 017	12 434
Transport provided: Departmental activity	196	-	-	-	-	-	-
Travel and subsistence	9 093	17 083	10 609	9 489	8 086	8 280	8 716
Training and development	1 704	2 207	2 410	2 986	2 168	2 327	2 510
Operating expenditure	4 560	475	218	1 196	766	829	702
Venues and facilities	2 574	7 611	1 470	1 702	1 630	1 704	2 009

Table 27.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Transfers and subsidies	313	582	377	125	225	236	249
Provinces and municipalities	69	6	104	-	-	-	-
Departmental agencies and accounts	105	113	118	125	225	236	249
Universities and technikons	-	98	-	-	-	-	-
Foreign governments and international organisations	-	7	3	-	-	-	-
Public corporations and private enterprises	-	-	125	-	-	-	-
Non-profit institutions	50	324	-	-	-	-	-
Households	89	34	27	-	-	-	-
Payments for capital assets	5 718	2 796	4 980	993	1 017	1 078	1 137
Machinery and equipment	5 453	2 577	4 980	993	1 017	1 078	1 137
Software and other intangible assets	265	219	-	-	-	-	-
Payments for financial assets	65	121	82	-	-	-	-
Total	143 478	147 431	163 200	159 001	148 505	157 615	165 499
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	105	113	118	125	225	236	249
Information Systems, Electronics and Communication Technologies Authority	105	113	118	125	225	236	249
Foreign governments and international organisations							
Current	-	7	3	-	-	-	-
Foreign government and international organisation	-	-	3	-	-	-	-
Foreign gov and international organisation	-	7	-	-	-	-	-
Universities and technikons							
Current	-	98	-	-	-	-	-
University and technikons	-	98	-	-	-	-	-
Provinces and municipalities							
Provinces							
Provincial agencies and funds							
Current	69	6	104	-	-	-	-
Provincial and local government	69	6	104	-	-	-	-
Households							
Households other transfers							
Current	89	34	27	-	-	-	-
Households	89	34	27	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	-	-	125	-	-	-	-
Public corporations and private enterprise	-	-	125	-	-	-	-
Non-profit institutions							
Current	50	324	-	-	-	-	-
Non profit organisations	50	324	-	-	-	-	-

Expenditure trends

Expenditure increased from R143.5 million in 2007/08 to R159 million in 2010/11, at an average annual rate of 3.5 per cent. Over the medium term, expenditure is expected to increase from R159 million to R165.5 million, at an average annual rate of 1.3 per cent. The increase in both periods in expenditure was to provide for administration and leadership to the department. Expenditure on compensation of employees is expected to rise from R68 million in 2010/11 to R78.1 million in 2013/14, at an average annual rate of 4.7 per cent.

Programme 2: ICT International Affairs and Trade

- *International Affairs* coordinates the functions and responsibilities of the department to meet South Africa's international ICT obligations. This subprogramme has a staff complement of 19 and a total budget of R22.1 million in 2010/11, the bulk of which is used for travelling abroad. In 2010/11, the subprogramme facilitated two memorandums of understanding, namely, the South Africa-Egypt memorandum of understanding, which was entered into in October 2010; and the ICT agreement with Cuba in April 2010. A draft South Africa-Angola memorandum of understanding, which provides a scope of ICT collaboration with the Angola, was communicated through diplomatic channels.
- *ICT Trade/Partnerships* develops and advances South Africa's interests in international trade forums through participation in World Trade Organisation ICT related initiatives and other international trade agreements. This subprogramme has a staff complement of 6 and a total budget of R22.5 million in 2010/11, of which 56 per cent is used for membership fees to international ICT organisations and participation in multilateral forums. It is also responsible for the promotion of the South African ICT industry and identifying niche markets and markets for development and innovation.

Objectives and measures

- Support mutual economic development and promote an inclusive information society through strengthening North-South cooperation and South-South cooperation by implementing the India-Brazil-South Africa information society annual programme in 2011/12.
- Contribute to the global ICT agenda prioritising Africa's development by:
 - coordinating the active participation of the South African government in specialised ICT agencies in line with the meeting schedules provided by these bodies throughout 2011/12
 - by submitting at least 5 position papers by March 2012 to influence key debates
 - by participating in the International Telecommunication Union, the AU and SADC forum on the transition from analogue to digital broadcasting, thus promoting the transition by March 2013
 - by adopting a uniform approach to spectrum pricing by March 2013, thus promoting ICT development in Africa.

Expenditure estimates

Table 27.5 ICT International Affairs and Trade

Subprogramme	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand							
International Affairs	22 190	15 310	9 096	22 123	18 385	16 941	16 756
ICT Trade/Partnerships	15 189	38 169	35 504	22 495	22 505	21 805	23 114
Postal Regulator	69	-	-	-	-	-	-
Total	37 448	53 479	44 600	44 618	40 890	38 746	39 870
Change to 2010 Budget estimate				-	(5 920)	(7 509)	(8 929)

Expenditure estimates

Table 27.5 ICT International Affairs and Trade (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	34 156	50 915	44 320	40 605	36 563	34 352	35 234
Compensation of employees	8 560	6 706	9 462	15 632	10 719	10 153	10 177
Goods and services	25 596	44 209	34 858	24 973	25 844	24 199	25 057
<i>of which:</i>							
<i>Administrative fees</i>	11	4 097	55	38	40	42	44
<i>Advertising</i>	380	605	717	375	394	414	436
<i>Assets less than the capitalisation threshold</i>	37	1	61	377	396	415	436
<i>Bursaries: Employees</i>	52	–	–	60	63	66	69
<i>Catering: Departmental activities</i>	61	314	607	470	494	119	125
<i>Communication</i>	522	397	1 979	718	764	792	834
<i>Computer services</i>	7	3	9	–	–	–	–
<i>Consultants and professional services: Business and advisory services</i>	1 537	4 477	1 457	529	555	583	412
<i>Consultants and professional services: Infrastructure and planning</i>	583	–	–	–	–	–	–
<i>Contractors</i>	56	18 104	1 220	547	575	603	634
<i>Agency and support / outsourced services</i>	–	116	88	–	–	–	–
<i>Entertainment</i>	3	11	9	43	45	47	49
<i>Inventory: Fuel, oil and gas</i>	–	6	18	–	–	–	–
<i>Inventory: Materials and supplies</i>	–	–	–	1	1	1	1
<i>Inventory: Other consumables</i>	35	11	–	2	2	2	2
<i>Inventory: Stationery and printing</i>	115	109	95	151	158	106	112
<i>Lease payments</i>	426	681	1 284	240	252	265	278
<i>Property payments</i>	16	60	10	–	–	–	–
<i>Transport provided: Departmental activity</i>	1	–	–	–	–	–	–
<i>Travel and subsistence</i>	3 917	8 061	4 433	4 542	4 445	3 324	3 451
<i>Training and development</i>	198	12	57	75	79	83	87
<i>Operating expenditure</i>	11 107	6	22 552	15 275	15 974	15 649	16 512
<i>Venues and facilities</i>	6 532	7 138	207	1 530	1 607	1 688	1 575
Transfers and subsidies	3 182	2 500	160	3 500	3 700	3 885	4 099
Foreign governments and international organisations	1 178	–	–	–	–	–	–
Non-profit institutions	2 000	2 500	–	3 500	3 700	3 885	4 099
Households	4	–	160	–	–	–	–
Payments for capital assets	110	64	120	513	627	509	537
Machinery and equipment	110	64	120	513	627	509	537
Total	37 448	53 479	44 600	44 618	40 890	38 746	39 870
Details of transfers and subsidies							
Households							
Households other transfers							
Current	4	–	160	–	–	–	–
Households	4	–	160	–	–	–	–
Non-profit institutions							
Current	2 000	2 500	–	3 500	3 700	3 885	4 099
New Partnership for Africa's Development e-Africa	2 000	2 500	–	3 500	3 700	3 885	4 099

Expenditure trends

The spending focus over the medium term is expected to be on the payment of membership fees to international organisations, hosting international conferences and travelling internationally.

Expenditure grew from R37.5 million in 2007/08 to R44.6 million in 2010/11, at an average annual rate of 6 per cent. The growth was mainly attributed to the R23 million increase in spending in the *ICT Trade/Partnerships* subprogramme between 2007/08 and 2008/09, which was related to expenses for hosting the world telecommunication standardisation assembly in October 2008.

Over the medium term, expenditure is expected to decrease from R44.6 million to R39.9 million, at an average annual rate of 3.7 per cent. The decrease is due to savings amounting to R2.3 million that were identified from compensation of employees, and R1.4 million that was moved to Programme 3 to accommodate the staff complement of this programme. Efficiency savings were also realised in expenditure on consultants, professional service providers, and venues and facilities in the *International Affairs* subprogramme. Payments for capital assets are also expected to increase at an average annual rate of 1.5 per cent over the same period, due to the implementation of cost efficiency savings.

The ratio of administrative costs to line function programme costs is 1:1.7.

Programme 3: ICT Policy Development

- *ICT Policy Development* drafts legislation, regulations, policy and guidelines that govern the broadcasting, telecommunications, postal, and IT sectors, thus ensuring broad based economic development within the ICT sector. This subprogramme has a staff complement of 39 and a total budget of R59.8 million in 2010/11, of which 29 per cent is used for compensation of employees and operational expenses. In 2010/11, the South African Post Office Bill was put before Parliament and is currently being deliberated. The Postbank Bill has gone through all necessary legislative approval processes and will be presented to the President for it to be promulgated.
- *Economic Analysis, Market Modelling and Research* is responsible for economic analysis of the broadcasting, telecommunications, postal and IT sectors to determine trends and make growth projections. This entails undertaking market research to explore areas that require policy intervention. This subprogramme has a staff complement of 29 and a total budget of R6 million in 2010/11, of which 65 per cent is used for compensation of employees and related expenditure on goods and services. In 2010/11, interconnection and mobile termination rates were reduced from a peak rate of R1.25 to R0.89 after negotiations with cellular operators.
- *ICT Uptake and Usage* ensures that the ICT industry adheres to and implements policy and legislation, and undertakes research to determine the extent to which policies are being implemented in the broadcasting, telecommunications, postal and IT sectors. This subprogramme has a staff complement of 9 and a total budget of R6 million in 2010/11, of which 60 per cent is used for compensation of employees and related expenditure on goods and services.
- *Intergovernmental Relations* advises, coordinates and facilitates intergovernmental relations with all spheres of government in carrying out the departmental mandate. This subprogramme has a staff complement of 16 and a total budget of R8.5 million in 2010/11, of which 62 per cent is used for compensation of employees and related expenditure on goods and services. In 2010/11, the department participated in various imbizos and government communications campaigns across the provinces, with a specific focus on district and local municipalities.
- *South African Broadcasting Corporation: Community Radio Stations* makes transfers to the South African Broadcasting Corporation for extending signal distribution to reach all communities and extending community multimedia services at selected nodal points.
- *South African Broadcasting Corporation: Programme Production* makes transfers to the South African Broadcasting Corporation and other entities for producing programmes with local content on issues relating to the youth, women, children, the disabled, and HIV and AIDS, for commercial and community radio stations.

Objectives and measures

- *Contribute to improving the cost, quality, availability and usage of ICTs across the ICT sector by implementing the relevant policies and the programme to reduce communication costs by March 2013.*
- *Improve access to and modernise broadcasting services in South Africa through ensuring a smooth transition from analogue to digital broadcasting by November 2011 by facilitating the implementation of the broadcasting digital migration policy, specifically by:*
 - *submitting the set top box manufacturing sector development strategy to Cabinet by June 2011*
 - *submitting the subsidy scheme for set top boxes for poor television owning households to Cabinet by June 2011*
 - *monitoring the operations of the Digital Dzunga Advisory Council throughout 2011/12*
 - *submitting the local and digital content development strategy to Cabinet by August 2011.*
- *Create an enabling environment for the growth of the ICT sector by:*
 - *submitting the integrated ICT policy framework to Cabinet by March 2012*
 - *submitting the Public Service Broadcasting Bill to Cabinet by March 2012*
 - *enacting the South African Post Office Bill into law by March 2012*
 - *implementing the Postbank Act (2010) and monitoring it throughout 2011/12*
 - *introducing the Electronic Communications Amendment Bill in Parliament by March 2012*
 - *introducing the Independent Communications Authority of South Africa Amendment Bill in Parliament by March 2012.*

Expenditure estimates

Table 27.6 ICT Policy Development

Subprogramme	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand							
ICT Policy Development	35 884	39 779	35 210	59 763	52 415	51 897	53 352
Economic Analysis, Market Modelling and Research	2 506	4 129	4 343	6 022	9 464	9 528	9 986
ICT Uptake and Usage	1 017	3 385	4 968	5 998	5 153	4 867	4 690
Intergovernmental Relations	5 697	8 014	7 808	8 531	10 004	10 080	10 178
South African Broadcasting Corporation: Community Radio Stations	–	2 280	12 783	6 850	7 663	8 381	8 842
South African Broadcasting Corporation: Programme Production	15 468	13 904	5 000	15 000	10 000	10 000	10 550
Total	60 572	71 491	70 112	102 164	94 699	94 753	97 598
Change to 2010 Budget estimate				12 052	1 221	1 453	(834)
Economic classification							
Current payments	43 507	54 682	51 911	79 732	76 336	75 587	77 378
Compensation of employees	12 238	17 625	24 084	26 534	32 372	33 919	35 638
Goods and services	31 269	37 057	27 827	53 198	43 964	41 668	41 740
<i>of which:</i>							
<i>Administrative fees</i>	55	179	201	526	553	581	614
<i>Advertising</i>	1 104	10 820	5 305	5 499	4 959	5 212	5 353
<i>Assets less than the capitalisation threshold</i>	230	135	107	653	685	149	157
<i>Bursaries: Employees</i>	41	49	82	254	267	280	295
<i>Catering: Departmental activities</i>	68	166	731	987	1 037	1 089	1 049

Table 27.6 ICT Policy Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Current payments							
Communication	1 736	1 139	1 154	2 068	2 163	2 096	2 022
Computer services	98	876	11	43	45	47	50
Consultants and professional services: Business and advisory services	5 456	11 843	8 529	18 364	11 170	10 605	10 856
Consultants and professional services: Legal costs	–	92	–	400	420	441	465
Contractors	3	406	675	1 400	1 470	1 544	1 579
Agency and support / outsourced services	–	614	6	150	158	166	175
Entertainment	11	28	30	103	108	113	118
Inventory: Materials and supplies	–	2	1	17	18	19	21
Inventory: Other consumables	–	11	17	44	46	48	50
Inventory: Stationery and printing	689	705	1 352	2 775	2 864	2 838	2 904
Lease payments	15 363	317	1 338	2 531	2 409	2 412	2 466
Property payments	49	12	250	150	158	166	175
Transport provided: Departmental activity	17	–	–	97	102	107	113
Travel and subsistence	5 346	6 368	5 890	11 479	10 065	9 190	8 975
Training and development	241	645	450	1 431	1 403	1 479	1 515
Operating expenditure	69	1 331	102	113	94	99	106
Venues and facilities	693	1 319	1 596	4 114	3 770	2 987	2 682
Transfers and subsidies	15 472	16 188	17 868	21 850	17 663	18 381	19 392
Universities and technikons	–	–	78	–	–	–	–
Foreign governments and international organisations	–	2	3	–	–	–	–
Public corporations and private enterprises	15 468	16 184	17 783	21 850	17 663	18 381	19 392
Households	4	2	4	–	–	–	–
Payments for capital assets	1 593	621	333	582	700	785	828
Machinery and equipment	1 593	621	333	582	700	785	828
Total	60 572	71 491	70 112	102 164	94 699	94 753	97 598
Details of transfers and subsidies							
Foreign governments and international organisations							
Current	–	2	3	–	–	–	–
Foreign government and international organisation	–	2	3	–	–	–	–
Universities and technikons							
Current	–	–	78	–	–	–	–
University and technikons	–	–	78	–	–	–	–
Households							
Households other transfers							
Current	4	2	4	–	–	–	–
Households	4	2	4	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	15 468	16 184	17 783	21 850	17 663	18 381	19 392
South African Broadcasting Corporation: Community Radio Stations	–	2 280	12 783	6 850	7 663	8 381	8 842
South African Broadcasting Corporation: Programme Production	15 468	13 904	5 000	15 000	10 000	10 000	10 550

Expenditure trends

The spending focus over the medium term will be on migrating to digital broadcasting, reducing the cost to communicate, and updating legislation and policies.

Expenditure grew from R60.6 million in 2007/08 to R102.2 million in 2010/11, at an average annual rate of 19 per cent. The growth was mainly due to the increase in spending on travelling and subsistence and the use of professional services from consultants in the *ICT Policy Development* and *Intergovernmental Relations* subprogrammes. Expenditure also increased due to the transfer of the *Intergovernmental Relations* subprogramme from the *ICT International Affairs and Trade* programme to this programme.

Over the MTEF period, spending is expected to decrease from R102.2 million to R97.6 million, at an average annual rate of 1.5 per cent. The decrease is due to a reduction in transfers and subsidies to the South African Broadcasting Corporation, as well as expected efficiency savings initiatives.

The ratio of administrative costs to line function costs is 1:2.

Programme 4: ICT Enterprise Development

- *Public Entity Oversight* provides oversight on state owned enterprises by managing government's shareholder interests in public enterprises to support the attainment of key national goals and strategic priorities. This subprogramme has a staff complement of 7 and a total budget of R1.6 billion in 2010/11, of which 99 per cent is used for transfers and subsidies to entities. In 2010/11, the department established a monitoring task team to monitor the performance of the South African Broadcasting Corporation and report progress and early warnings to the Minister of Communications. Bimonthly bilateral meetings between the minister and the boards of state owned enterprises, and meetings between the director general and chief executives of state owned enterprises were also introduced. R500 000 has been budgeted between 2009/10 and 2010/11 for the development of remuneration guidelines for state owned enterprise boards.
- *Small Medium and Micro Enterprise Development* facilitates the growth and development of ICT SMMEs. This subprogramme has a staff complement of 4 and a total budget of R8.1 million in 2010/11, of which 45 per cent is used for compensation of employees and related expenditure on goods and services. This subprogramme is also responsible for the development of ICT hubs to facilitate the capacity building of ICT SMMEs in under-served provinces; development of ICT portal to facilitate access to business and tender opportunities by SMMEs in all provinces; build capacity of ICT SMMEs to compete in export markets; and to facilitate the involvement of SMMEs in the set top box manufacturing value chain.

Objectives and measures

- Promote good governance in 2011/12 in all 6 public entities reporting to the department by:
 - monitoring the implementation of the recommendations of the previous corporate governance reviews
 - continuously enforcing and monitoring compliance with corporate governance protocols and the applicable legislation.
- Ensure the effectiveness and efficiency of public entities by aligning their business and investment plans with government's overall strategic objectives annually.
- Strengthen the performance of public entities in the ICT sector by analysing their quarterly and annual performance reports in 2011/12.
- Accelerate socioeconomic development through facilitating the growth and development of ICT SMMEs and improving their sustainability by:
 - facilitating 35 ICT business linkages by March 2012
 - monitoring the implementation of the action plan to benefit SMMEs in the broadcasting digital migration value chain (manufacturing, distribution, installation and maintenance) throughout 2011/12.

Expenditure estimates

Table 27.7 ICT Enterprise Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand							
Public Entity Oversight	1 570 372	1 916 030	1 918 882	1 609 931	1 282 365	1 050 185	1 107 855
Small Medium and Micro Enterprise Development	3 523	2 383	4 753	8 061	7 051	9 785	10 388
Total	1 573 895	1 918 413	1 923 635	1 617 992	1 289 416	1 059 970	1 118 243
Change to 2010 Budget estimate				500	(947)	(30 450)	(4 219)
Economic classification							
Current payments	6 990	6 333	90 782	13 038	12 624	15 029	15 920
Compensation of employees	2 655	3 460	3 904	6 784	7 082	7 444	7 853
Goods and services	4 335	2 873	86 878	6 254	5 542	7 585	8 067
<i>of which:</i>							
Administrative fees	-	6	4	12	13	64	67
Advertising	300	-	3	69	72	161	170
Assets less than the capitalisation threshold	12	35	106	40	42	250	263
Audit cost: External	-	-	2 923	-	-	-	-
Bursaries: Employees	-	-	121	30	32	-	-
Catering: Departmental activities	31	16	30	25	26	146	154
Communication	74	133	218	205	216	289	305
Computer services	-	1	-	-	-	41	43
Consultants and professional services: Business and advisory services	3 644	2 230	2 972	1 842	1 409	3 034	3 266
Consultants and professional services: Legal costs	-	-	40	-	-	-	-
Contractors	1	-	80 003	10	11	7	7
Agency and support / outsourced services	-	-	-	3 200	2 593	410	433
Entertainment	1	6	5	41	43	35	37
Inventory: Other consumables	-	2	2	-	-	24	26
Inventory: Stationery and printing	137	91	69	106	111	250	263
Lease payments	6	27	75	70	74	124	131
Travel and subsistence	91	281	232	504	529	491	518
Training and development	38	23	16	40	43	194	205
Operating expenditure	-	-	-	10	275	1 931	2 037
Venues and facilities	-	22	59	50	53	134	142
Transfers and subsidies	1 566 878	1 911 664	1 832 605	1 604 729	1 276 528	1 044 049	1 101 382
Departmental agencies and accounts	317 960	337 364	368 588	608 842	690 949	692 691	730 699
Public corporations and private enterprises	1 248 918	1 574 300	1 463 690	995 887	585 579	351 358	370 683
Non-profit institutions	-	-	327	-	-	-	-
Payments for capital assets	27	416	248	225	264	892	941
Machinery and equipment	27	416	248	225	264	892	941
Total	1 573 895	1 918 413	1 923 635	1 617 992	1 289 416	1 059 970	1 118 243

Table 27.7 ICT Enterprise Development (continued)

R thousand	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	317 960	337 364	368 588	608 842	690 949	692 691	730 699
Independent Communications Authority of South Africa	234 475	247 272	269 607	290 923	313 378	324 797	342 661
National Electronic Media Institute of South Africa	29 658	25 303	29 059	32 602	33 473	34 116	35 902
Universal Services and Access Agency Fund	21 105	30 208	23 495	46 704	58 168	59 801	63 090
Universal Services and Access Agency Fund	32 722	34 581	36 427	218 613	260 930	273 977	289 046
Universal Services and Access Agency Fund: Infrastructure	-	-	10 000	20 000	25 000	-	-
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	623 918	1224 300	1199 671	724 987	306 579	184 408	194 550
South African Post Office: Subsidy	363 800	371 600	383 092	306 077	180 442	51 964	54 822
South African Broadcasting Corporation: Channel Africa	32 962	34 834	36 694	38 896	41 230	43 292	45 673
South African Broadcasting Corporation: Public Broadcaster	206 156	217 866	429 885	230 014	84 907	89 152	94 055
Sentech: East African Submarine Cable System	21 000	-	-	-	-	-	-
Telkom: 2010 FIFA World Cup	-	600 000	350 000	150 000	-	-	-
Capital	625 000	350 000	264 019	270 900	279 000	166 950	176 133
Sentech: Digitisation	125 000	150 000	160 019	160 900	159 000	166 950	176 133
Sentech: National Wholesale Broadband Network	500 000	-	-	-	-	-	-
Sentech-2010 FIFA World Cup	-	200 000	4 000	-	-	-	-
Sentech: Digital Terrestrial Television (Dual Illumination)	-	-	100 000	110 000	120 000	-	-
Non-profit institutions							
Current	-	-	327	-	-	-	-
Non profit organisations	-	-	327	-	-	-	-

Expenditure trends

The spending focus over the medium term will be on promoting SMMEs and strengthening oversight over the public entities and the transfers of funds to entities.

Expenditure increased from R1.57 billion in 2007/08 to R1.62 billion in 2010/11, at an average annual rate of 0.9 per cent. The increase was due to the once-off allocations of R500 million in 2007/08 to Sentech for the rollout of the national wireless broadband network; R200 million in 2008/09 to Sentech for the 2010 FIFA World Cup satellite back up infrastructure, which included the construction of the second teleport; and R600 million for Telkom to develop the ICT access network. An additional R200 million was allocated in the 2009 Adjusted Estimates of National Expenditure for the South African Broadcasting Corporation's immediate liquidity requirements.

Expenditure is expected to decrease from R1.6 billion to R1.1 billion over the medium term, at an average annual rate of 11.6 per cent. The decrease is as a result reductions in allocations over the medium term to: the South African Post Office, which decreased from R306.1 million to R54.8 million; and the South African Broadcasting Corporation, which decreased from R230 million to R94.1 million due to discontinued allocations for the technology division of the entity. The South African Broadcasting Corporation received a final allocation

of R150 million in 2010/11 for the implementation of the ICT guarantee and Sentech, in the same year, received R100 million for satellite back up infrastructure for the 2010 FIFA World Cup.

Transfers to departmental agencies are expected to increase from R608.8 million in 2010/11 to R730.7 million in 2013/14, at an average annual rate of 6.3 per cent. This is due to the new mandate for the Universal Service and Access Fund to subsidise set top boxes to poor households as part of the digital migration process.

The ratio of administrative costs to line function costs is 1:1.5.

Programme 5: ICT Infrastructure Development

- *Applications and Research* is responsible for technology research and analysis, applications and content development, analysing the legal environment to promote infrastructure technologies, and managing the use of the national frequency spectrum. This subprogramme has a staff complement of 55 and a total budget of R66.8 million in 2010/11, of which 50 per cent is used for compensation of employees and operational expenditure on goods and services.
- *Meraka Institute* makes transfers to the Meraka Institute to conduct research and develop ICT applications in the national interest. Transfers to the entity ended in 2009/10.
- *112 Emergency Call Centre* provides a single national emergency number, from which all emergency calls will be routed to the most suitable local response unit. This subprogramme makes transfers for the emergency call centre.
- *.za Domain Name Authority* is responsible for administering and managing the .za domain name space. This subprogramme makes transfers for the management of the .za domain name space.

Objectives and measures

- Create an enabling environment for accelerated and shared economic growth through increasing access, uptake and use of ICT by incorporating Broadband legislation in the ECA Amendment Bill by March 2012.
- Improve universal access to ICT by facilitating connectivity to ICT networks and to applications for all schools, health centres and government centres by March 2014.
- Ensure that the ICT infrastructure developed for the 2010 FIFA World Cup yields further social and economic benefits by facilitating the implementation of the legacy plan by March 2012.
- Contribute to building confidence and security in the use of ICTs by developing and implementing a cyber security policy by March 2013, in order to maximise investment in the ICT sector.
- Improve access to digital broadcasting services by all South African television owning households by facilitating and monitoring digital terrestrial television infrastructure rollout to achieve coverage of 96 per cent of the population by March 2013.

Expenditure estimates

Table 27.8 ICT Infrastructure Development

Subprogramme	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand							
Applications and Research	42 992	64 323	45 242	66 756	161 921	212 327	263 916
Meraka Institute	5 000	6 000	7 000	-	-	-	-
112 Emergency Call Centre	19 602	23 026	21 045	111 900	117 490	123 370	130 155
.za Domain Name Authority	1 500	1 500	1 500	1 500	1 500	1 500	1 583
Total	69 094	94 849	74 787	180 156	280 911	337 197	395 654
Change to 2010 Budget estimate				2 705	92 279	141 849	189 562

Table 27.8 ICT Infrastructure Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	61 975	79 195	61 912	177 575	278 376	334 635	392 951
Compensation of employees	15 862	22 686	25 408	30 287	32 287	33 940	35 807
Goods and services	46 113	56 509	36 474	147 288	246 089	300 695	357 144
<i>of which:</i>							
Administrative fees	9	–	59	46	48	48	51
Advertising	809	100	228	1 685	1 894	1 894	1 798
Assets less than the capitalisation threshold	380	284	173	2 372	2 583	2 583	2 725
Bursaries: Employees	31	94	52	140	147	147	155
Catering: Departmental activities	117	294	107	143	150	150	158
Communication	1 031	1 192	1 425	935	892	892	940
Computer services	215	1 791	1 363	5 602	4 382	3 038	3 270
Consultants and professional services: Business and advisory services	19 886	18 831	3 920	90 823	104 223	93 453	97 801
Consultants and professional services: Infrastructure and planning	–	–	–	150	85 158	150 158	200 167
Contractors	5 713	6 035	612	11 901	12 221	12 746	13 146
Agency and support / outsourced services	–	16 987	21 554	23 000	24 150	25 362	26 757
Entertainment	11	23	25	21	22	22	23
Inventory: Fuel, oil and gas	–	30	48	–	–	–	–
Inventory: Materials and supplies	–	3	4	–	–	–	–
Inventory: Other consumables	–	5	8	–	–	–	–
Inventory: Stationery and printing	342	461	388	565	593	593	626
Lease payments	2 478	2 329	733	496	1 121	1 151	1 215
Property payments	535	964	2 422	1 391	1 461	1 514	1 597
Transport provided: Departmental activity	80	–	–	80	84	84	89
Travel and subsistence	12 549	5 171	2 360	5 633	4 415	4 315	4 540
Training and development	277	1 103	365	985	1 034	1 034	791
Operating expenditure	172	273	78	239	251	251	266
Venues and facilities	1 478	539	550	1 081	1 260	1 260	1 029
Interest and rent on land	–	–	30	–	–	–	–
Transfers and subsidies	6 500	7 525	8 507	1 500	1 500	1 500	1 583
Provinces and municipalities	–	–	1	–	–	–	–
Departmental agencies and accounts	1 500	1 500	1 500	1 500	1 500	1 500	1 583
Public corporations and private enterprises	5 000	6 000	7 000	–	–	–	–
Households	–	25	6	–	–	–	–
Payments for capital assets	619	8 129	4 368	1 081	1 035	1 062	1 120
Buildings and other fixed structures	18	–	–	–	–	–	–
Machinery and equipment	489	2 222	556	1 081	1 035	1 062	1 120
Software and other intangible assets	112	5 907	3 812	–	–	–	–
Total	69 094	94 849	74 787	180 156	280 911	337 197	395 654

Table 27.8 ICT Infrastructure Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 500	1 500	1 500	1 500	1 500	1 500	1 583
.za Domain Name Authority	1 500	1 500	1 500	1 500	1 500	1 500	1 583
Provinces and municipalities							
Provinces							
Provincial agencies and funds							
Current	-	-	1	-	-	-	-
Provincial and local government	-	-	1	-	-	-	-
Households							
Households other transfers							
Current	-	25	6	-	-	-	-
Households	-	25	6	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	5 000	6 000	7 000	-	-	-	-
Meraka Institute	5 000	6 000	7 000	-	-	-	-

Expenditure trends

The spending focus over the medium term will be on broadband ICT universal access, which has been allocated R450 million over the MTEF period, which accounts for the 58.1 per cent average annual increase in the *Applications and Research* subprogramme.

Expenditure increased from R69.1 million in 2007/08 to R180.2 million in 2010/11, at an average annual rate of 37.6 per cent. The increase was mainly as a result of restructuring the *Applications and Research* subprogramme to include the department's IT network infrastructure. The increase is also attributed to the allocation of R111.9 million in 2010/11 for the *112 Emergency Call Centre* subprogramme.

Over the medium term, expenditure is expected to increase from R180.2 to R395.7 million, at an average annual rate of 30 per cent. The increase is driven mainly by the reprioritisation of R80 million in 2010/11, R86.3 million in 2011/12 and R91.8 million in 2012/13 for the *112 Emergency Call Centre* subprogramme from the *ICT Policy Development* programme.

The ratio of administrative costs to line function costs is 1:2.

Programme 6: Presidential National Commission

- *Planning, Coordination and Evaluation* ensures that South Africa has proactive and progressive national plans on the information society and development with sectoral, provincial and local government inputs. This entails assessing whether policies and legislation are conducive to developing an inclusive information society, and assessing the impact of ICT programmes and projects. This subprogramme has a staff complement of 8 and a total budget of R11.9 million in 2010/11, of which 25 per cent is used for compensation of employees and related expenditure on goods and services. In 2009/10, the subprogramme finalised the drafting of the e-barometer report.
- *Information Society and Development Cluster* supports the effective and efficient functioning of the information society and the development of institutional mechanisms such as the interministerial committee on information society and development, the information society and development intergovernmental relations forum, the forum of South African directors general for information society and development, and

the intergovernmental relations forum technical committee. This subprogramme has a staff complement of 8 and a total budget of R4.6 million in 2010/11, of which 65 per cent is used for compensation of employees and related expenditure on goods and services. In 2010/11, the subprogramme facilitated the hosting of the information society and development intergovernmental relations forum and provided professional secretariat support to the information society and development multi-stakeholder forum where over 150 delegates participated in the conference. A programme of action was developed for implementation by the information society and development multi-stakeholder forum commissions.

- *e-Applications* facilitates the implementation of information society related projects and programmes to attain the sectoral targets of the information society and development plan; and maximises the benefits of the information society for the development of women, children, the youth, people with disabilities and poor communities. This subprogramme has a staff complement of 29 and a total budget of R6.7 million in 2010/11, of which 40 per cent is used for compensation of employees and related expenditure on goods and services. In order to improve access to government services through the e-government programme, a total of 180 hospital websites were developed during 2009/10 to 2010/11 at a cost of R1 million. The hospital websites were officially launched by the minister on 30 September 2010.
- *Presidential National Commission Operations* provides responsive, timely and comprehensive strategic and administrative support that strengthens the Presidential National Commission on information society and development as a knowledge driven organisation. This subprogramme has a staff complement of 14 and a total budget of R10.9 million in 2010/11, of which 82 per cent is used for compensation of employees and related expenditure on goods and services. In 2010/11, the subprogramme ensured effective business management systems and processes largely through focusing on implementing the master systems plan, the knowledge management strategy and the communication strategy, and improving project management practices. These achievements were supported by a budget of R750 000.

Objectives and measures

- Contribute to building social cohesion and national identity by focusing on the digitisation of content for cultural heritage and military veterans repositories by:
 - capturing provincial heritage content in the national cultural heritage digital repository in all 9 provinces by March 2014
 - Profiling the contribution of military veterans to creating the South African democratic dispensation by March 2013.
- Measure the impact of the information society and development plan by producing a country information society readiness report by March 2012.
- Improve access to government services through the e-government programme by ensuring that 45 per cent of municipal websites are fully functional and interactive by March 2014.
- Promote economic growth and access to information and job creation by developing and implementing an ICT rural development strategy by March 2012, so as to roll out ICT services to rural communities.
- Promote the rehabilitation and integration of children in conflict with the law by facilitating the provision of e-literacy training for 500 youth offenders by March 2013.
- Improve ICT uptake and usage and contribute to ICT policy development by establishing internal capacity by March 2012 to conduct extensive research on relevant issues.

Expenditure estimates

Table 27.9 Presidential National Commission

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand							
Planning, Coordination and Evaluation	12 879	11 156	3 436	11 897	6 679	6 168	6 726
e-Applications	5 465	21 924	13 757	6 679	15 285	15 315	15 496
Information Society and Development Cluster	1 470	1 156	2 710	4 590	4 087	4 094	4 263
Presidential National Commission Operations	7 477	8 712	5 675	10 904	8 640	7 847	8 332
Total	27 291	42 948	25 578	34 070	34 691	33 424	34 817
Change to 2010 Budget estimate				1 545	-	(1 000)	(1 500)
Economic classification							
Current payments	26 888	42 186	25 340	33 345	34 075	32 842	34 203
Compensation of employees	9 425	10 507	13 700	17 392	18 404	19 347	20 411
Goods and services	17 463	31 679	11 640	15 953	15 671	13 495	13 792
<i>of which:</i>							
<i>Administrative fees</i>	514	3 065	299	174	190	200	212
<i>Advertising</i>	273	71	298	2 125	554	500	621
<i>Assets less than the capitalisation threshold</i>	249	358	17	191	206	216	228
<i>Bursaries: Employees</i>	54	54	32	45	115	53	56
<i>Catering: Departmental activities</i>	1 176	461	351	174	177	215	127
<i>Communication</i>	534	624	428	553	587	686	723
<i>Computer services</i>	575	422	301	200	263	221	233
<i>Consultants and professional services: Business and advisory services</i>	5 730	9 573	511	4 289	2 391	2 016	1 938
<i>Consultants and professional services: Legal costs</i>	-	-	-	-	257	-	-
<i>Contractors</i>	2	592	380	394	163	342	366
<i>Agency and support / outsourced services</i>	-	779	-	300	318	200	267
<i>Entertainment</i>	3	3	8	5	7	10	10
<i>Inventory: Materials and supplies</i>	-	-	1	5	7	7	7
<i>Inventory: Other consumables</i>	-	4	3	3	155	5	5
<i>Inventory: Stationery and printing</i>	974	654	538	629	939	897	936
<i>Lease payments</i>	303	271	861	280	700	736	754
<i>Property payments</i>	-	1	-	-	-	-	-
<i>Transport provided: Departmental activity</i>	3	-	-	-	333	-	-
<i>Travel and subsistence</i>	4 467	4 503	4 021	3 960	3 742	3 743	3 656
<i>Training and development</i>	1 197	6 955	2 537	1 200	3 068	2 783	2 805
<i>Operating expenditure</i>	4	35	39	-	260	-	-
<i>Venues and facilities</i>	1 405	3 254	1 015	1 426	1 239	665	848
Transfers and subsidies	-	2	95	-	-	-	-
Households	-	2	95	-	-	-	-
Payments for capital assets	403	760	143	725	616	582	614
Machinery and equipment	403	760	132	725	616	582	614
Software and other intangible assets	-	-	11	-	-	-	-
Total	27 291	42 948	25 578	34 070	34 691	33 424	34 817
Details of transfers and subsidies							
Households							
Households other transfers							
Current	-	2	95	-	-	-	-
Households	-	2	95	-	-	-	-

Expenditure trends

The spending focus over the medium term will be on developing an inclusive information society for socioeconomic development.

Expenditure increased from R27.3 million in 2007/08 to R34.1 million in 2010/11, at an average annual rate of 7.7 per cent. The increase was mainly due to additional funding for the third apex priority project in 2008/09. The project aims to contribute to building an inclusive information society that ensures the uptake and usage of ICTs by government and individuals. This also explains the 301.2 per cent annual growth in expenditure in the *e-Applications* subprogramme in 2008/09. Over the MTEF period, expenditure is expected to increase from R34.1 million to R34.8 million, at an average annual rate of 0.7 per cent. The growth is mainly due to the restructuring of this programme.

The ratio of administrative costs to line function costs is 1:1.5.

Public entities and other agencies

Sentech

Strategic overview: 2007/08 – 2013/14

Established in terms of the Sentech Act (1996) and the Sentech Amendment Act (1999), the organisation is a state owned enterprise whose mandate is to provide broadcasting signal distribution for broadcasting licensees. In 2002, Sentech was awarded multimedia and carrier of carrier licences, thus positioning it to offer fully converged ICT services. In line with the Electronic Communications Act (2005), these licences were converted in 2009 to individual electronic communications network service and individual electronic communications service licences.

In fulfilling its mandate over the MTEF period, Sentech will continue to successfully provide signal distribution to licensed television and radio broadcasters in South Africa, the rest of Africa and a few European broadcasters.

As mandated by government in 2005 to migrate the analogue terrestrial television infrastructure to digital terrestrial television, Sentech has achieved 33 per cent of the active population coverage to date. However, infrastructure rolled out would cover about 47 per cent of the population if switched on. Sentech's target is to achieve 60 per cent population coverage by March 2011. Sentech also intends to develop a broadband plan to expand its core services and provide connectivity to rural and under-served areas.

Savings and cost effectiveness measures

An expenditure committee was put in place in April 2010 to create an optimally functional organisational structure that is cost effective and generates savings. The committee helps control administrative costs, improve process efficiency, reduce unnecessary and unauthorised purchasing and increases contract compliance by linking business processes to the performance management process.

Selected performance indicators

Table 27.10 Sentech

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/0	2010/11	2011/12	2012/13	2013/14
Television network performance ¹ (measured by percentage of availability)	Provide broadcasting signals to both television and radio frequency spectrum	99%	99%	99%	99%	99%	99%	99%
Network performance ¹ (measured by percentage availability)	Digitise the existing analogue infrastructure as part of the broadcasting digital migration	99%	99%	99%	99%	99%	99%	99%
Number of new radio transmitters switched on per year	Increase access to information through listenership	10	10	10	10	10	10	10
Number of new television transmitters switched on per year	Increase access to information through viewership	10	10	10	90	10	10	10

1. Network performance refers to the quality of a signal product as seen by the customer, not to the volume of signal products.

Details of programmes/activities/objectives

Table 27.11 Sentech

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Salary and Wages	216 635	229 333	210 729	218 814	243 334	260 367	286 404
Social Contributions (employer contributions only)	28 378	24 242	25 001	38 614	32 114	34 362	37 798
Use of goods and services	418 404	548 486	475 856	315 754	403 023	465 651	529 929
Interest	48 326	56 776	1 700	44 073	9 096	8 263	9 089
Depreciation and amortisation	23 242	61 279	96 809	127 728	141 009	155 059	163 160
Total expense	734 985	920 116	810 095	744 983	828 576	923 702	1 026 380

Sentech was established to provide broadcasting signal distribution for the broadcasting licensees and it continues extending signal distribution to the rest of Africa over the MTEF period. Out of the total budget of R745 million in 2010/11, 34.6 per cent is used for the compensation of employees and 39.8 per cent for goods and services, such as the maintenance and upgrading infrastructure related to signal distribution. R270.9 million was allocated in 2010/11 for the Digital Terrestrial Television programme, of which R110 million is allocated for dual illumination.

- **Digital Terrestrial Television** is responsible for migrating signal distribution infrastructure from analogue to digital in line with the developments in technologies and agreements of the International Telecommunications Union for worldwide migration to digital. The two main activities of the programme are dual illumination and infrastructure provision. In 2008/09 as part of the digital migration programme that began in 2006, digital signal was switched and 33 per cent population coverage was achieved by 31 March 2009 in the Johannesburg, Pretoria and Durban areas. As at 31 March 2010, the total transfer made for the digital television infrastructure rollout was R515 million.
- **2010 World Cup Soccer** provided satellite backup for the 2010 FIFA World Cup in terms of the guarantees entered into with FIFA. R200 million was allocated to the programme in 2008/09 and R100 million in 2009/10.
- **National Wholesale Broadband Network** develops innovative products, rolls out the national wholesale broadband network and extends social value projects. R500 million was allocated for this programme in 2007/08.

Expenditure estimates

Table 27.12 Sentech

Statement of financial performance				Revised estimate 2010/11	Medium-term estimate		
R thousand	Audited outcome				2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	727 002	838 962	906 278	884 367	959 798	1 151 115	1 266 227
Sale of goods and services other than capital assets	699 115	750 347	838 868	840 294	950 702	1 142 852	1 257 137
<i>of which:</i>							
<i>Sales by market establishments</i>	699 115	750 347	838 868	840 294	950 702	1 142 852	1 257 137
<i>Other non-tax revenue</i>	27 887	88 615	67 410	44 073	9 096	8 263	9 089
Total revenue	727 002	838 962	906 278	884 367	959 798	1 151 115	1 266 227
Expenses							
Current expense	683 365	834 595	651 079	690 607	766 516	837 748	931 831
Compensation of employees	216 635	229 333	235 730	257 428	275 448	294 729	324 202
Goods and services	355 025	433 560	331 050	296 261	343 626	384 743	441 278
Depreciation	91 757	139 168	82 599	127 728	141 009	155 059	162 812
Interest, dividends and rent on land	19 948	32 534	1 700	9 190	6 433	3 217	3 539
Transfers and subsidies	28 378	24 242	88 419	-	-	-	-
Total expenses	734 985	920 116	810 095	744 983	828 576	923 702	1 026 380
Surplus / (Deficit)	(7 983)	(81 154)	96 183	139 384	131 222	227 413	239 847
Statement of financial position							
Carrying value of assets	902 483	741 451	846 405	1 180 356	1 733 254	1 757 205	1 845 065
<i>of which: Acquisition of assets</i>	148 154	174 316	269 865	556 136	693 907	406 883	250 672
Inventory	17 793	13 825	8 462	23 163	24 785	26 520	27 846
Loans	-	-	-	-	463	463	-
Receivables and prepayments	86 749	77 219	74 385	73 366	78 502	83 997	88 197
Cash and cash equivalents	713 622	257 053	178 586	271 960	257 012	500 638	525 670
Assets not classified elsewhere	22 791	787 900	800 539	580 311	129 478	117 584	123 463
Total assets	1 743 438	1 877 448	1 908 377	2 129 156	2 223 494	2 486 407	2 610 241
Accumulated surplus/deficit	(37 880)	(61 692)	43 435	160 115	291 337	518 750	544 688
Capital and reserves	566 699	509 357	498 716	978 050	1 394 316	1 511 101	1 586 170
Borrowings	158 443	131 432	83 177	100 340	92 789	1 340	1 407
Post-retirement benefits	97 752	122 140	119 580	131 128	123 354	131 989	138 588
Trade and other payables	291 442	318 246	128 120	179 212	191 757	205 180	215 439
Provisions	-	4 000	-	-	-	-	-
Liabilities not classified elsewhere	646 757	871 862	1 035 877	580 311	129 941	118 047	123 949
Total equity and liabilities	1 723 213	1 895 345	1 908 905	2 129 156	2 223 494	2 486 407	2 610 241

Expenditure trends

The spending focus over the MTEF period will be on extending signal distribution to the rest of Africa and rolling out digital terrestrial television infrastructure.

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

Revenue increased from R727 million in 2007/08 to R 884.4 million in 2010/11, at an average annual rate of 6.7 per cent. The increase was primarily due to tariff increases for broadcast signal distribution and the digital terrestrial television dual illumination cost recovery grant income of R51.3 million.

Between 2007/08 and 2010/11, expenditure increased from R735 million to R745 million, at average annual rate of 0.5 per cent. Cost of sales increased due to impairments of the carrier of carriers' assets (R10.7 million), derecognition of licences (R15.6 million) and additional operational expenditure incurred on the rollout of the

digital terrestrial television network (R51.3 million). Over the MTEF period, expenditure is expected to increase from R745 million to R1 billion, at an average annual rate of 11.3 per cent. The increase is due to the entity continuing to provide signal distribution to licensed television and radio broadcasters in South Africa, and signal distribution extended to the rest of Africa and some of Europe. The organisation will, over the medium term, implement a turnaround strategy in line with the recommendations of the task team appointed by the Minister of Communications.

Personnel information

The entity has an establishment of 623 posts, of which 619 are funded. The number of posts filled stayed constant at 545 during 2007/08 and 2010/11, and is expected to increase to 549 over the medium term. This is to fill in some of the vacant posts as per organisational structure. The vacancies are mostly at the professional level and have not affected service delivery. These posts remain vacant because of staff turnover and, currently, the entity is in the process of recruiting new staff to fill the vacant posts.

The ratio of support staff to line staff is 1:4.

South African Post Office

Strategic overview: 2007/08 – 2013/14

The South African Post Office was established in accordance with the Post Office Act (1958) as a government business enterprise to provide postal and related services to the South African public. It was granted an exclusive mandate to conduct postal services in the country by the Postal Services Act (1988). This act makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations and the financial services activities of Postbank.

The Post Office Act (1958) will be repealed and replaced by the Post Office Bill and the Postbank Bill, which will be enacted into law by March 2012. The South African Post Office has a retail post office infrastructure of 2 487 service points, which delivers postal, courier, financial and Postbank services. To increase access to its services, 140 new post offices were opened between 2007/08 and 2009/10, and the entity expects to open 20 new post offices per year over the MTEF period. With the imminent corporatisation of Postbank into a separate entity, more previously disadvantaged communities will have access to banking services.

The strategic objectives for the South African Post Office over the medium term are to: drive operational excellence to achieve top quality at benchmark cost; achieve customer intimacy and use this to grow in its communications, logistics and financial services; be government's preferred partner for economic enablement within the product service offering and in the delivery of government services; build a high performance culture and develop skills throughout the organisation and to strengthen the public perception of the South African Post Office as a trusted brand. In terms of government's outcomes and priorities, these strategic objectives aim will contribute to decent employment, a skilled and capable workforce, an efficient and competitive infrastructure, improved quality of households, the protection of natural resources, and creating a better South Africa and an effective, empowered and fair public service.

Savings and cost effectiveness measures

The South African Post Office has implemented cost containment measures that have limited growth in expenditure on goods and services to 5 per cent per year. This was achieved by reducing spending on non-core goods and services, such on entertainment and travelling. Between 2007/08 and 2010/11, spending on non-core goods and services was limited to a net amount of R802 million without compromising service delivery.

Selected performance indicators

Table 27.13 South African Post Office

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of new post offices per year ¹	Provide Countrywide Access to Services	31	45	64	20	20	20	20
Number of post office service points per year ²	Provide Countrywide Access to Services	2 669	2 714	2 467	2 487	2 507	2 527	2 547
Number of new addresses delivered per year	Provide a Physical Address to Every Household	1 660 396	1 671 342	1 645 945	1 650 000	1 650 000	1 650 000	1 650 000
Total value of Postbank depositors' funds	Provide Countrywide Access to Services	R2.9bn	R3.3bn	R3.7bn	R3.8bn	R4.2bn	R4.5bn	R4.9bn

1. The number of new post offices for 2010/11 and the MTEF period has been reduced from 50 per year to 20 per year, due to the reduction of the subsidy and declining profitability and capacity.

2. Some of the post offices are closed since the services is no longer needed in those areas hence the numbers decreased in 2009/10 then started to increase due to rollout of post offices to underserved areas.

Details of programmes/activities/objectives

Table 27.14 South African Post Office

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Provide postal and related services to the broader South African public	5 237 788	5 665 347	5 660 112	6 040 117	6 242 566	6 589 713	6 974 007
Total expense	5 237 788	5 665 347	5 660 112	6 040 117	6 242 566	6 589 713	6 974 007

The South African Post Office was established to provide postal and banking services to the South African public. In 2009/10, the South African Post Office rolled out 1.6 million addresses and the Postbank's depositors' funds increased from R3 billion in 2007/08 to R3.7 billion in 2009/10. In 2010/11, 1 650 000 new addresses will be rolled out and 20 new post offices will be opened, increasing the number of post office service points to 2 487. Funds from Postbank depositors are expected to increase by 8 per cent to R3.8 billion over the MTEF period.

Provide a Physical Address to Every Household seeks to ensure that each citizen has a delivery address where mail can be delivered. The target is to roll out 1.6 million new addresses per year.

Provide Countrywide Access to Services ensures a presence in all parts of the country to allow ease of access to all services. The South African Post Office would like to increase the existing retail post office infrastructure by 20 new post offices per year at a total budget of R38 million.

Mail Delivery Standards strives to deliver quality postal services consistently. A postal delivery target of 95 per cent of all mail posted is delivered within five working days has been set with the intention of improving this standard to 97 per cent by 2012/13. The total budget for the provision of addresses and the improvement of mail delivery standards is estimated at R8.2 million per year.

Expenditure estimates

Table 27.15 South African Post Office

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R thousand							
Revenue							
Non-tax revenue	5 237 616	5 659 824	5 570 150	5 807 109	6 131 040	6 574 278	7 037 661
Sale of goods and services other than capital assets	4 603 283	4 853 131	4 894 680	5 208 329	5 550 659	5 958 179	6 386 392
<i>of which:</i>							
<i>Sales by market establishments</i>	4 603 283	4 853 131	4 894 680	5 208 329	5 550 659	5 958 179	6 386 392
<i>Other non-tax revenue</i>	634 333	806 693	675 470	598 780	580 381	616 099	651 269
Transfers received	363 800	371 600	383 092	306 077	180 442	51 964	54 822
Total revenue	5 601 416	6 031 424	5 953 242	6 113 186	6 311 482	6 626 242	7 092 483

Table 27.15 South African Post Office (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome				2010/11	2011/12	2012/13
	2007/08	2008/09	2009/10				
Expenses							
Current expense	5 049 878	5 540 009	5 578 005	5 997 644	6 204 256	6 566 904	6 943 971
Compensation of employees	2 708 537	2 899 448	2 960 970	3 195 703	3 355 488	3 523 262	3 699 425
Goods and services	2 065 640	2 294 848	2 357 620	2 557 537	2 599 610	2 782 818	2 971 503
Depreciation	173 187	196 841	172 344	161 184	169 244	177 705	186 592
Interest, dividends and rent on land	102 514	148 872	87 071	83 220	79 914	83 119	86 451
Total expenses	5 237 788	5 665 347	5 660 112	6 040 117	6 242 566	6 589 713	6 974 007
Surplus / (Deficit)	363 628	366 077	293 130	73 069	68 916	36 529	118 476
Statement of financial position							
Carrying value of assets	1 130 114	1 216 046	1 152 728	1 349 664	1 590 920	1 780 215	1 951 123
<i>of which: Acquisition of assets</i>	158 709	288 812	141 109	358 120	410 500	367 000	357 500
Investments	1 899 613	2 452 242	3 132 638	3 173 132	3 221 738	3 409 853	3 635 076
Inventory	54 471	59 190	48 326	49 340	51 807	54 396	57 117
Receivables and prepayments	665 857	509 286	573 966	648 800	675 094	724 630	777 762
Cash and cash equivalents	3 481 233	3 603 141	3 528 581	3 574 193	3 628 943	3 540 834	3 534 524
Assets not classified elsewhere	459 493	851 324	971 469	909 452	981 544	1 068 534	1 169 012
Total assets	7 690 781	8 691 229	9 407 708	9 704 581	10 150 046	10 578 462	11 124 614
Accumulated surplus/deficit	642 086	1 004 988	1 301 579	1 374 648	1 443 564	1 480 093	1 543 746
Capital and reserves	954 661	957 836	954 375	955 785	956 017	956 261	956 517
Borrowings	1 629	7	-	-	-	-	-
Post-retirement benefits	541 283	942 854	1 018 405	1 242 777	1 314 596	1 407 448	1 515 896
Trade and other payables	5 031 066	5 297 205	5 747 877	5 974 311	6 270 956	6 561 501	6 926 639
Provisions	9 560	10 513	11 259	11 822	12 413	13 034	13 685
Liabilities not classified elsewhere	510 496	477 826	374 213	145 238	152 500	160 125	168 131
Total equity and liabilities	7 690 781	8 691 229	9 407 708	9 704 581	10 150 046	10 578 462	11 124 614
Contingent liabilities	309 761	183 039	98 713	90 700	81 630	73 460	66 120

Expenditure trends

The spending focus over the MTEF period is expected to be on building at least 20 new post offices per year to increase the number of addresses and service points.

The South African Post Office receives a government subsidy, which is used to fund universal service obligations and investment in infrastructure. The revenue mix of the South African Post Office is made up of postal services, courier services, financial transactions and revenue from the Postbank's services. Revenue increased from R5.6 billion in 2007/08 to R6.1 billion in 2010/11, at an average annual rate of 3 per cent. The increase was due to the difficult trading conditions in 2010, declining mail volumes and lower interest rates. Over the medium term, the revenue is expected to grow to R7.1 billion, at an average annual rate of 5.1 per cent. The increase is due to expected increase in postal services, courier services and revenue from Postbank services.

Expenditure increased from R5.2 billion in 2007/08 to R6 billion in 2010/11, at an average annual rate of 4.9 per cent. Expenditure on compensation of employees, which is a major cost driver, increased by 7.9 per cent in 2010/11 and will increase at an average annual rate of 5 per cent over the medium term, from R3.2 billion to R3.7 billion.

Personnel information

The entity has an establishment of 16 920 posts, which are all funded. The number of filled posts decreased from 16 920 in 2007/08 to 16 174 in 2010/11. The decrease was mainly at the semi-skilled and very low skilled levels, which had a high turnover rate due to economic conditions between 2008 and 2010/ Staff at these levels left to seek better paying jobs. The filled posts are expected to remain at 16 174 over the MTEF. The ratio of support staff to line function staff is 1:0.4.

South African Broadcasting Corporation

Strategic overview: 2007/08 – 2013/14

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

The corporation's mandate as set out in the Broadcasting Act (1999) is to provide its services to all South Africans in all the official languages and to provide programming that informs, educates and entertains, and which also reflects the diversity of South Africans, while maintaining freedom of expression and journalistic, creative and programming independence.

Its mandate is also aligned with government's 12 outcomes and strategic objectives, as articulated through the Department of Communications. In particular, the corporation supports the objective of a vibrant ICT sector that ensures that all South Africans have access to affordable and accessible ICT services to advance socioeconomic development goals and support the African Agenda, and contributes to building a better world.

The corporation's service and broadcasting activities are regulated through the licence conditions issued by the Independent Communications Authority of South Africa for each of its radio and television services. It reports to the authority quarterly to comply with licence conditions.

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

Over the medium term, the corporation will focus on rebuilding the organisation from financial management to governance, with the strategic thrust being the re-alignment of the corporation's operating model with the imperatives of digital broadcasting. The key focus will be on developing and implementing a new organisational structure and revised business model for the news and sports divisions, to ensure the sustainability of the public service broadcasting model.

The corporation plans to contribute to government's goals through: partnering with the local production industry and making continued investment in the sector; investing in coverage of sports that are of national interest; implementing the digital terrestrial television project, which will contribute to build an inclusive information society; increasing access to its services by extending low power transmissions to rural areas; and rolling out the information sessions for the 2011 local government elections in partnership with the Independent Electoral Commission; these will inform South Africans of the importance of local government elections.

Savings and cost effectiveness measures

The corporation has identified cost effectiveness measures that contain operating expenses at R5.8 billion in 2013/14. The measures also decrease spending on compensation of employees, from R1.5 billion in 2010/11 to R1.4 billion in 2013/14. To realise these savings, the corporation implemented austerity measures in 2009 that resulted in a saving of R500 million in 2009/10. The turnaround strategy and its implementation will result in the savings through the following measures: effectively managing trade debtors; renegotiating certain programme rights with distributors and reducing production costs related to those programmes; stricter management of expenditure, including adherence to procurement processes; discontinuing some employee benefits such as petrol cards and retention allowance, and revising leave days.

Selected performance indicators

Table 27.16 South African Broadcasting Corporation

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/0	2010/11	2011/12	2012/13	2013/14
Value of operational expenditure for digital terrestrial television migration	Digital Terrestrial Television Migration	–	R30m	R49m	R462m	R451m	R441m	R463m
Value of funding for 2011 local government elections	2011 Local Government Elections	–	–	–	R54m	–	–	–
Value of funding for technology upgrade	Technology Upgrade and Broadcasting Infrastructure (includes digital terrestrial television migration)	–	R1.1bn	R424m	R874m	R776m	R340m	R357m
Local content as a percentage of total public broadcasting service television	Local Content Delivery	55%	60%	65%	75%	75%	75%	75%
Local content as a percentage of total public commercial service television	Local Content Delivery	35%	35%	35%	35%	35%	35%	35%
Local content as a percentage of total public broadcasting service radio	Local Content Delivery	40%	60%	65%	70%	70%	70%	70%
Local content as a percentage of total public commercial service radio	Local Content Delivery	35%	35%	40%	45%	45%	45%	45%
Number of lower power television transmitters switched on	Universal Access (transmitter roll out)	60	430	16	–	426	–	–
Number of lower power radio transmitters switched on	Universal Access (transmitter roll out)	119	105	16	–	105	–	–

Details of programmes/activities/objectives

Table 27.17 South African Broadcasting Corporation

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Reduce and maintain Opex costs (as per Financial Info page row 96)	4 682 655	6 320 185	3 839 525	4 696 309	4 367 814	4 431 961	4 940 373
Invest in new Capex and replace aging equipment (as per Capital Asset page)	363 069	368 870	409 676	464 500	794 280	332 400	324 600
Invest in Programme, Film and Sport rights (Purchase amount and not balance)	–	–	2 105 956	1 515 273	2 304 858	2 485 888	2 393 929
Total expense	5 045 724	6 689 055	6 355 157	6 676 082	7 466 952	7 250 249	7 658 902

The South African Broadcasting Corporation is a public broadcaster that provides broadcasting services to all South Africans in all the official languages that informs, educates and entertains. The total budget allocated to the corporation for 2010/11 was R230 million, of which 65 per cent was allocated for technology programme and 35 per cent was allocated for public education. In 2010/11, South Africa hosted a successful 2010 FIFA World Cup and the South African Broadcasting Corporation as the official broadcaster contributed to the successful hosting of the event. During this time, the corporation achieved a 98 per cent audience viewership, with 64 million people watching.

Below is the list of the major programmes/activities/objectives that the corporation is currently involved in, apart from the Organisational Turnaround Strategy.

- **2011 Local Government Elections** provides balanced, fair and relevant news to ensure that the people of South Africa are fully informed of the entire election process.
- **Digital Terrestrial Television Migration** facilitates the migration to digital television. In November 2008, the corporation launched a digital terrestrial television trial using the DVB-T standard. The trial was in Johannesburg, Pretoria and Durban and it ran until March 2010. The trial enabled the corporation to test the digital terrestrial television technology and to test consumer reaction. In January 2011, the Minister of Communications announced that South Africa will achieve digital migration by the end of 2013 and that South Africa will adopt a new standard for digital terrestrial television called DVB-T2. The new standard will require a revision of the digital terrestrial television decoder to include the DVB-T2 technology.

- **Low Power Transmitter Expansion** facilitates the expansion of the South African Broadcasting Corporation's service to the areas without coverage, specifically between Taung and Vryburg and the area west of Vryburg towards Laxey. This covers 30 small towns or villages. In many of these areas, suitable mast infrastructure has been identified. Sentech is in the process of checking the viability of this infrastructure and identifying spare frequencies that would work without causing harmful interference.

Expenditure estimates

Table 27.18 South African Broadcasting Corporation

Statement of financial performance				Revised estimate 2010/11	Medium-term estimate		
R thousand	Audited outcome		2011/12		2012/13	2013/14	
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	4 573 379	5 245 522	5 105 563	5 716 753	6 703 228	7 251 011	7 623 982
Sale of goods and services other than capital assets <i>of which:</i>	4 479 270	5 114 790	4 982 517	5 643 585	6 614 357	7 160 077	7 528 990
<i>Admin fees</i>	912 816	770 654	791 290	727 894	880 471	900 481	940 503
<i>Sales by market establishments</i>	3 566 454	4 338 759	4 189 313	4 915 691	5 733 886	6 259 596	6 588 487
<i>Other sales</i>	–	5 377	1 914	–	–	–	–
<i>Other non-tax revenue</i>	94 109	130 732	123 046	73 168	88 871	90 934	94 992
Transfers received	202 596	110 153	313 120	146 262	197 444	202 868	208 320
Total revenue	4 775 975	5 355 675	5 418 683	5 863 015	6 900 672	7 453 879	7 832 302
Expenses							
Current expense	4 712 269	6 407 539	5 901 823	6 211 366	6 672 672	6 917 849	7 334 302
Compensation of employees	1 503 949	1 542 391	1 507 428	1 489 050	1 275 680	1 361 796	1 452 401
Goods and services	3 053 956	4 620 797	4 015 548	4 327 573	4 868 483	4 963 134	5 242 414
Depreciation	140 282	193 651	253 873	272 469	391 000	466 000	541 000
Interest, dividends and rent on land	14 082	50 700	124 974	122 274	137 509	126 919	98 487
Transfers and subsidies	–	36 993	43 138	216	–	–	–
Total expenses	4 682 655	6 320 185	5 945 481	6 211 582	6 672 672	6 917 849	7 334 302
Surplus / (Deficit)	93 320	(964 510)	(526 798)	(348 567)	228 000	536 030	498 000
Statement of financial position							
Carrying value of assets	1 492 347	1 666 104	1 816 413	2 008 444	2 292 662	2 158 532	1 941 602
<i>of which: Acquisition of assets</i>	363 069	368 870	409 676	464 500	794 280	332 400	324 600
Investments	521 437	8 962	15 273	193 023	10 000	10 000	10 000
Inventory	4 614	1 107 157	902 263	680 180	955 349	749 652	805 360
Receivables and prepayments	1 103 656	1 364 990	1 221 989	1 492 547	1 060 975	1 115 975	1 170 039
Cash and cash equivalents	–	27 088	338 819	(303 414)	(278 261)	353 292	772 483
Assets not classified elsewhere	1 338 503	325 325	333 508	330 361	213 448	151 388	89 328
Total assets	4 460 557	4 499 626	4 628 265	4 401 141	4 254 173	4 538 839	4 788 812
Accumulated surplus/deficit	2 460 131	1 529 696	1 002 898	654 331	1 034 358	1 570 388	2 068 388
Capital and reserves	1 407	1 407	2 119	2 119	2 000	2 000	2 000
Borrowings	212 546	576 235	1 389 232	1 368 078	1 221 206	850 587	476 283
Post-retirement benefits	510 597	543 321	583 601	610 367	668 165	714 936	764 982

Table 27.18 South African Broadcasting Corporation (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand							
Trade and other payables	846 799	1 220 559	838 759	1 171 512	942 430	998 975	1 058 914
Provisions	29 738	50 296	88 071	44 036	98 957	104 894	111 188
Liabilities not classified elsewhere	399 339	578 112	723 585	550 698	287 058	297 058	307 058
Total equity and liabilities	4 460 557	4 499 626	4 628 265	4 401 141	4 254 173	4 538 839	4 788 812

Expenditure trends

The spending focus over the MTEF period is expected to be on the 2011 local government elections and digital broadcasting migration.

Revenue is generated mainly from television licences, advertising and sponsorships. Between 2007/08 and 2010/11, revenue increased from R4.8 billion to R5.9 billion, at an average annual rate of 7.1 per cent. Over the medium term, revenue is expected to increase to R7.8 billion, at an average annual rate of 10.1 per cent. The increase is a consequence of the introduction of digital television, which caused significant increase in the advertising revenue. There is also an expected increase in other revenue streams from sources such as sponsorship, trade exchange and television licences.

The expenses increased from R4.7 billion in 2007/08 to R6.2 billion in 2010/11, at an average annual rate of 9.9 per cent. This is highly driven by employee costs as well as amortisation of programme, film and sport rights.

Personnel information

The corporation has an establishment of 3 889 posts, of which 130 are vacant. The number of posts filled declined from 3 767 in 2007/08 to 3 759 in 2010/11, and is expected to further decrease to 3 389 over the medium term. This is as a result of cost cutting measures that have been put in place. The vacancies are mostly in the professional level as the corporation's organisational structure is top loaded.

Independent Communications Authority of South Africa

Strategic overview: 2007/08 - 2013/14

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

The strategic objectives of the authority over the medium term are to: liberalise and promote competition in the ICT sector to promote diversity and consumer choice; review the compliance framework in order to strengthen the compliance by operators with regulation and the law; implement a wholesale access regime to promote the effective sharing of existing infrastructure and increase the interoperability of networks, including local loop unbundling. It will promote economic growth by implementing efficient allocation and spectrum management.

The authority will also develop and enforce universal service obligations to ensure sustainable access to ICT service for all and improve broadband access, and ensure that service delivery standards for mandated services are upheld and maintained by the authority.

In pursuit of these strategic objectives, the agency is contributing to the government outcomes relating to an efficient, competitive and responsive economic infrastructure network (outcome 6) through outputs and activities related to ICT.

Savings and cost effectiveness measures

In an attempt to realise savings, the authority intends to relocate the head office to cheaper premises. This will result in savings of R2 million per year and a reduction of costs over the MTEF period of R6 million. The authority also aims to reduce the international training costs by bringing international expertise for training

purposes locally instead of sending its personnel overseas for training. This will result in saving of R500 000 per year. The organisation has realised savings of R360 000 from the investment made on voice over internet protocol, which was implemented in 2008/09.

Selected performance indicators

Table 27.19 Independent Communications Authority of South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of equipment approvals applications processed per year	Licensing and Monitoring	1 620	2 000	–	2 000	2 100	2 110	2 100
Number of spectrum licensing applications processed per year	Licensing and Monitoring	5 800	5 800	–	3 040	3 344	3 680	4 048
Rate of resolving consumer complaints per year	Consumer Affairs	60%	60%	66%	70%	75%	80%	85%
Number of inspections of illegal electronic equipment per year	Licensing and Monitoring	810	1 200	1 406	920	1 500	1 113	1 225
Number of broadcasting licenses issued per year	Licensing and Monitoring	197	60	143	20	50	65	65
Number of applications, interconnection and facilities leasing agreements approved per year	Licensing and Monitoring	198	351	442	254	330	360	277

Detail of programmes/activities/objectives

Table 27.20 Independent Communications Authority of South Africa

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Issuing licences	118 428	119 115	150 778	165 291	179 978	192 740	187 038
Conducting inspections	–	11 012	14 272	15 300	16 070	16 616	19 546
Ensuring compliance of key sectoral players including the mobile phone operators, TV operators and TV signal distributors	29 607	37 506	17 126	18 900	19 283	19 939	22 055
Develop and implement regulations to give effect to the ministerial policy directives	–	17 216	19 980	21 500	22 497	26 585	25 397
Ensure that the countries ICT sector standards or practices are aligned to the ITU and also ensure that the country strives to achieve Millennium Development Goals (MDGs) for ICT access within the set time frames and oversee the effective optimal operations of the Posted Regulator	59 214	53 251	57 087	60 150	64 278	66 462	72 183
	29 607	17 226	19 980	19 800	19 283	9 970	19 823
Total expense	236 855	255 325	279 223	300 941	321 390	332 311	346 042

The total budget allocated to this entity for 2010/11 was R290.9 million from transfers and R10 million from own revenue. 58 per cent of the budget was used for the compensation of employees. The most of the remaining funds are utilised for the regulatory activities such handling complaints and applications and issuing licenses.

- **Licensing and Monitoring** issues and authorises broadcasting licences, electronic communication services, communication networks services and postal services licenses. It also monitors and ensures compliance by licensees.
- **Engineering and Technology** plans, manages, administers and controls the radio frequency spectrum. It also manages required technical standards. Its activities during MTEF period will include, among others, licensing the wireless broadband spectrum in various bands, developing a radio frequency migration plan and a ten-year roadmap for spectrum, revising the UHF broadcasting band plan to optimise the digital terrestrial television only frequency plan, and licensing the mobile television multiplex.
- **Market and Competition** processes interconnection and facilities leasing agreements, tariff filing and numbering applications; and monitors developing regulations and research on communication markets and

competition. The division will implement existing regulations for reserved postal services, conduct market review of retail to evaluate effectiveness of competition in retail, wholesale markets and wholesale signal distribution.

- **Consumer Affairs** monitors licensee's service quality, conducts research on consumer related issues, monitors accessibility of universal service to consumers, promotes the interests of consumers through education and awareness, and resolves consumer complaints on the electronic communications service, electronic communications network services, broadcasting and postal services.

Expenditure estimates

Table 27.21 Independent Communications Authority of South Africa

Statement of financial performance				Revised estimate 2010/11	Medium-term estimate		
R thousand	Audited outcome				2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	24 012	19 747	15 827	10 018	8 012	7 514	5 005
Sale of goods and services other than capital assets	-	17	5	-	-	-	-
<i>of which:</i>							
<i>Admin fees</i>	-	17	5	-	-	-	-
<i>Other non-tax revenue</i>	24 012	19 731	15 823	10 018	8 012	7 514	5 005
Transfers received	212 843	247 679	269 607	290 923	313 378	324 797	341 037
Total revenue	236 855	267 426	285 434	300 941	321 390	332 311	346 042
Expenses							
Current expense	236 392	255 325	279 223	299 791	320 189	331 110	344 742
Compensation of employees	117 656	133 317	159 040	175 494	185 146	195 329	206 072
Goods and services	107 491	110 312	116 201	74 610	75 342	75 393	76 869
Depreciation	11 075	11 696	3 982	11 030	12 100	11 070	11 060
Interest, dividends and rent on land	170	-	-	38 657	47 601	49 318	50 740
Transfers and subsidies	463	-	-	1 150	1 200	1 200	1 300
Total expenses	236 855	255 325	279 223	300 941	321 390	332 310	346 042
Surplus / (Deficit)	-	12 101	6 211	-	-	-	-
Statement of financial position							
Carrying value of assets	70 262	79 056	103 898	95 847	108 545	101 865	101 255
<i>of which: Acquisition of assets</i>	33 201	18 872	23 221	26 726	5 512	5 490	12 150
Receivables and prepayments	11 471	9 873	5 988	10 000	10 500	10 500	11 000
Cash and cash equivalents	65 572	78 532	81 144	62 000	64 000	64 000	52 700
Assets not classified elsewhere	-	555 835	496 281	550 000	577 706	609 586	625 446
Total assets	147 305	723 296	687 312	717 847	760 751	785 951	790 401
Accumulated surplus/deficit	(13 817)	126 431	132 642	-	-	-	-
Capital and reserves	33 731	-	-	33 731	33 731	33 731	33 731
Borrowings	8 542	-	-	11 500	10 000	11 500	11 000
Trade and other payables	20 293	24 212	32 704	21 000	21 000	20 000	20 000
Provisions	7 010	-	-	10 000	10 000	11 000	10 000
Liabilities not classified elsewhere	91 546	572 653	521 966	641 616	686 020	709 720	715 670
Total equity and liabilities	147 305	723 296	687 312	717 847	760 751	785 951	790 401

Expenditure trends

The spending focus over the MTEF period will be on liberalising and promoting competition in the ICT sector; monitoring, adjudicating and ensuring compliance with regulation and the law, and ensuring sustainable universal access.

The authority derives its revenue from transfers received from the Department of Communications. Revenue increased from R236.9 million to R300.9 million between 2007/08 and 2010/11, at an average annual rate of

8.3 per cent. Over the medium term, revenue increases to R346 million, at an average annual rate of 4.8 per cent. The increase in both periods is due to increases in baseline allocations.

Expenditure also increased from R236.9 million in 2007/08 to R300.9 million in 2010/11, at an average annual rate of 8.3 per cent. Over the medium term, expenditure is expected to increase from R300.9 million 2010/11 to R346 million in 2013/14, at an average annual rate of 4.8 per cent. The growth in both periods is due to digital migration and market studies to establish a competitive framework in the sector. The market studies will continue in 2011/12 where the bulk of expenditure will be on acquiring a spectrum system to allow the national spectrum to be planned and managed, and implementing the new spectrum fees.

Personnel information

The authority has an establishment of 337 posts, of which 37 are vacant. The number of posts filled declined from 65 in 2007/08 to 20 in 2010/11. Some of the vacant positions are expected to be filled and will result in a growth of 29 over the medium term. The vacancies are mostly in the semi-skilled level. The ratio of support staff to line function staff is 1:0.5.

National Electronic Media Institute of South Africa

Strategic overview: 2007/08 – 2013/14

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

The institute also explores complementary sources of funding from entities needing to develop the organisational capacity to better handle ICT service delivery. These include: provincial governments; government departments; state owned enterprises; the media, advertising, publishing, printing, packaging, information and electronics and telecommunications education and training authorities; and corporate clients.

The institute contributes to two of the Department of Communications' strategic goals: to accelerate the socioeconomic development of South Africans by increasing access to, as well as the uptake and use of, ICT through partnerships with business and civil society and three spheres of government; and to contribute towards building a developmental state, including the improvement of public services and strengthening democratic institutions.

A key priority over the medium term is for the institute to increase its research and development capabilities, including the publication of accredited academic articles, with a view to establishing a multimedia journal in the future. The institute is committed to being financially and institutionally viable and sustainable, building transparent relationships with its stakeholders and reaching a broader target market.

Savings and cost effective service measures

Over the MTEF period, the institute has identified savings of R947 000 in 2011/12, R975 000 in 2012/13 and R1.1 million in 2013/14. Savings have been identified through proposing expenditure cuts to the baseline allocation by reducing the number of potential training projects, marketing expenditure for student recruitment and deferring staff development to meet accreditation industry requirements. To mitigate any negative impacts, the institute is revising the curriculum to cater for more students, more quality product and higher education standards.

Selected performance indicators

Table 27.22 National Electronic Media Institute of South Africa

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of students recruited and trained in the following programmes per year:	Core training and development of students							
- television production		51	50	35	35	22	40	45
- radio production		24	25	24	19	25	30	35
- graphic design		16	25	13	40	40	45	50
- animation		16	18	19	19	21	36	41
Number of students trained in skills programmes and learnerships per year:	Train students, produce content development projects, and establish a sustainable digital content hub							
- broadcast training short courses		-	-	-	135	116	126	136
- animation/graphic design short courses		-	-	-	18	30	35	40
- multimedia special projects		-	-	-	625	300	340	380
- content development		-	-	-	3	3	4	5

Details of programmes/activities/objectives

Table 27.23 National Electronic Media Institute of South Africa

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Graphic design/animation training	-	-	4 254	5 254	5 494	5 681	5 975
Radio production training	-	-	2 517	4 977	3 597	3 635	3 539
Television production training	-	-	3 541	4 387	4 801	4 592	1 218
Other objectives	31 035	40 787	30 259	34 779	36 959	39 999	43 512
Total expense	31 035	40 787	40 571	49 397	50 852	53 908	54 244

The National Electronic Media Institute of South Africa is a training institution, specialising in teaching the production and technical skills applicable to the television and radio broadcasting industries. This entity was allocated a total budget of R32.6 million in 2010/11. All of these funds are utilised for activities relating to the training of students as indicated in programmes below.

Animation Diploma is a three-year programme based on both traditional and digital animation and is designed to cover the entire value chain of animation production.

Graphic Design is a three-year programme that provides learners with visual communication skills in traditional print media, digital and interactive media, and motion graphics.

Radio Production equips learners for work in radio broadcasting.

Television Production ensures specialist competence in all the disciplines related to television production.

Expenditure estimates

Table 27.24 National Electronic Media Institute of South Africa

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R thousand							
Revenue							
Non-tax revenue	9 671	12 613	7 012	13 697	13 697	14 519	15 325
Sale of goods and services other than capital assets	8 796	11 234	6 061	13 697	13 697	14 519	15 325

Table 27.24 National Electronic Media Institute of South Africa (continued)

Statement of financial performance				Revised estimate 2010/11	Medium-term estimate		
R thousand	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
<i>of which:</i>							
Sales by market establishments	3 989	11 234	6 061	13 697	13 697	14 519	15 325
Other sales	4 807	–	–	–	–	–	–
Other non-tax revenue	875	1 379	951	–	–	–	–
Transfers received	22 658	25 303	29 059	32 602	34 420	35 465	37 300
Total revenue	32 329	37 916	36 071	46 299	48 117	49 984	52 625
Expenses							
Current expense	31 035	40 787	40 571	49 397	50 852	53 907	54 244
Compensation of employees	12 825	16 397	19 098	25 551	28 761	29 623	30 512
Goods and services	15 099	21 574	18 448	20 616	19 781	19 894	19 211
Depreciation	2 726	2 756	3 012	3 230	2 310	4 390	4 521
Interest, dividends and rent on land	385	60	14	–	–	–	–
Total expenses	31 035	40 787	40 571	49 397	50 852	53 907	54 244
Surplus / (Deficit)	1 294	(2 871)	(4 500)	(3 098)	(2 735)	(3 923)	(1 619)
Statement of financial position							
Carrying value of assets	6 453	5 459	7 420	7 179	8 451	56 537	64 051
<i>of which: Acquisition of assets</i>	1 585	1 766	4 956	2 989	3 682	52 313	12 035
Receivables and prepayments	7 250	5 466	2 425	3 000	3 000	3 000	3 000
Cash and cash equivalents	14 728	17 428	15 762	6 329	2 993	580	485
Total assets	28 431	28 353	25 607	16 508	14 444	60 117	67 537
Accumulated surplus/deficit	6 951	18 165	13 693	12 736	9 701	6 159	4 402
Borrowings	386	291	–	–	–	–	–
Trade and other payables	21 094	5 831	6 593	2 125	2 125	1 358	435
Provisions	–	544	2 030	1 647	2 618	4 600	5 500
Liabilities not classified elsewhere	–	3 522	3 291	–	–	48 000	57 200
Total equity and liabilities	28 431	28 353	25 607	16 508	14 444	60 117	67 537

Expenditure trends

The spending focus over the MTEF period will be on training previously disadvantaged individuals, particularly women, to equip them with the necessary skills to play significant roles in the constantly changing broadcasting environment.

The main sources of revenue are government allocations, student fees and other revenue derived from training and partnerships. Between 2007/08 and 2010/11, revenue increased from R32.3 million to R46.3 million, at an average annual rate of 12.7 per cent. Over the medium term, revenue is expected to increase to R52.6 million, at an average annual rate of 4.4 per cent. The increases in both periods are due to increase in baseline allocations to this entity.

Expenditure increased from R31 million in 2007/08 to R49.4 million in 2010/11, at an average annual rate of 16.8 per cent. The increase was mainly due to the entity realising its mandate, which is to train previously disadvantaged individuals, particularly women, to equip them with the necessary skills to play significant roles in the constantly changing broadcasting environment. The increase was also due to inflationary adjustments to the baseline allocation and the expanding of the staff establishment. Expenditure is expected to increase to R54.2 million over the medium term, at an average annual rate of 3.2 per cent. This is based on appropriate human capital investment and acquiring access to appropriate campus facilities to promote an environment for optimal learning.

Personnel information

The institute has an establishment of 65 posts, of which 16 are vacant. The number of posts filled increased from 36 in 2007/08 to 58 in 2010/11, and is expected to grow to 64 over the medium term. The vacancies are mostly in the semi-skilled level. The ratio of support staff to line staff is 1:4.

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

Strategic overview: 2007/08-2013/14

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 with a sole mandate of promoting the goal of universal access and universal service to electronic communications services, electronic communications network services and broadcasting services.

Over the past three years, the agency has largely focused on establishing ICT access centres as its key strategic objective. In reviewing its corporate plans, the agency has identified the following areas as its key strategic priorities: developing ICT infrastructure; promoting the affordability of ICT services; ensuring the effective use and sustainability of these services; and positioning the agency as a leader in universal service and access in partnerships with other role players in the sector. Based on this review, the agency has crafted a roadmap that will allow it to deliver on its mandate over the MTEF period.

In terms of government's 12 outcomes, the agency's strategic priorities are aligned with an efficient, competitive and responsive economic infrastructure network (outcome 6).

Savings and cost effective measures

The agency has identified savings of R195 million over the medium term in spending in the Universal Service and Access Fund. The savings were as a result of a compulsory reduction in the baseline allocation.

Selected performance indicators

Table 27.25 Universal Service and Access Agency of South Africa and Universal Service and Access Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Number of access centres handed over and fully functional ¹	Access centre handover	-	-	-	115	44	46	48
Number of access centres operational ¹	Rehabilitation of access centres	154	155	80	-	-	-	-
Number of personnel from access centres trained ¹	Training	69	200	100	-	-	-	-
Number of new ICT access facilities deployed in under-served areas	ICT access facilities deployment	7	20	-	100 ²	44	98	98
Number of under-served areas covered with broadband infrastructure	Under-served area broadband infrastructure	-	-	-	3	1	1	1
Number of operators in under-served areas provided with infrastructure subsidies ³	Deployment of electronic communications infrastructure in under-served areas	3	2	-	-	-	-	-
Number of poor television-owning households subsidised (for purchase of set top boxes as part of broadcasting digital migration)	Set top box subsidy	-	-	-	-	448 980	408 163	-
Subsidies provided to schools through E-rate	E-rate subsidy to schools	39	203	-	-	4 410	6 090	7 700
Number of further education and training institutes with internet connectivity	E-rate subsidy to further education and training colleges	18	18	18	18	-	-	-

1. These indicators no longer apply to the agency, as existing access centres will be handed over to relevant stakeholders to ensure their long term sustainability. Progress on the handover is reflected in the first indicator in this table.

2. The rapid deployment of access centres is due to the new methodology of collaborations with public and private sector stakeholders within the sector.

3. This indicator no longer applies, as broadband infrastructure gets deployed in under-served areas, reflected in the new indicator above.

Details of programmes/activities/objectives

Table 27.26 Universal Service and Access Agency of South Africa

R thousand	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Research costs	-	-	-	-	2 750	6 500	8 500
BMD set-top boxes capacity building	-	-	-	62 958	23 000	-	-
Corporate Identity, branding and public awareness initiatives	-	-	-	-	7 440	21 805	22 862
Staff costs	-	-	-	-	28 125	29 802	31 446
IT system upgrade: Integrated solution	-	-	-	-	1 197	1 260	1 320
Other Objectives	22 870	23 344	30 317	-	20 656	26 909	27 169
Total expense	22 870	23 344	30 317	62 958	83 168	86 276	91 297

Table 27.27 Universal Service and Access Fund

R thousand	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Access Centre Handover Programme	-	-	12 677	-	-	-	-
Under-Served Area Broadband Infrastructure Programme	-	-	-	-	31 255	44 505	44 248
ICT Access Facilities Deployment Programme	-	-	-	-	19 600	43 600	43 200
e-Connectivity	-	-	-	218 613	193 847	160 077	176 273
Other objectives	57 999	35 561	8 575	-	16 228	25 795	25 325
Total expense	57 999	35 561	21 252	218 613	260 930	273 977	289 046

In 2010/11, the agency and the fund were allocated a total budget of R66.7 million and R218.6 million respectively. Funds allocated to the agency are used for operating activities. Funds allocated to the fund are mainly used as follows:

Underserved Area Broadband Infrastructure facilitates the provision of project grants to electronic communications service or electronic communications network service licensees for the extension of broadband networks to underserved areas through a competitive bidding process.

ICT Access Facilities Deployment facilitates the provision of subsidies for the rapid deployment of ICT public access facilities in underserved areas. This will be achieved through either a public bidding process by entities with capacity to deploy nationally or open applications from community members or organisations.

Handover finalises partnerships for public access facilities, such as community access centres and school cyber labs, through a formal process with relevant and appropriate governance structures to administer these centres.

Digital Broadcasting Set Top Box Subsidy disburses subsidies to poor television owning households for the purchase of set top boxes to enable these households to access digital broadcasting services. This programme will be implemented together with the Digital Dzinga and the Department of Communications.

Expenditure estimates for the Universal Service and Access Agency of South Africa

Table 27.28 Universal Service and Access Agency of South Africa

Statement of financial performance				Revised estimate 2010/11	Medium-term estimate		
R thousand	Audited outcome		2011/12		2012/13	2013/14	
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	-	65	195	-	-	-	-
<i>Other non-tax revenue</i>	-	65	195	-	-	-	-
Transfers received	21 105	30 208	33 495	66 704	83 168	86 276	91 297
Total revenue	21 105	30 273	33 690	66 704	83 168	86 276	91 297
Expenses							
Current expense	22 870	23 344	30 317	62 958	83 168	86 276	91 297
Compensation of employees	10 868	14 369	17 742	22 878	28 124	29 802	31 446
Goods and services	11 235	7 945	11 686	38 800	53 336	54 516	57 951
Depreciation	709	969	889	1 212	1 636	1 882	1 900
Interest, dividends and rent on land	58	61	-	68	72	76	-
Total expenses	22 870	23 344	30 317	62 958	83 168	86 276	91 297
Surplus / (Deficit)	(1 765)	6 929	3 373	3 746	-	-	-
Statement of financial position							
Carrying value of assets	3 242	2 352	2 073	13 511	8 149	7 067	5 767
<i>of which: Acquisition of assets</i>	2 014	64	610	12 650	1 050	800	600
Receivables and prepayments	377	577	237	650	1 254	1 555	1 839
Cash and cash equivalents	830	5 203	9 515	10 500	13 091	16 588	14 391
Total assets	4 449	8 132	11 825	24 661	22 494	25 210	21 997
Accumulated surplus/deficit	(563)	6 351	9 348	6 961	-	-	-
Borrowings	2 057	-	-	-	-	-	-
Trade and other payables	88	1 107	1 390	16 500	20 694	23 468	20 370
Provisions	572	470	924	1 200	1 800	1 742	1 627
Liabilities not classified elsewhere	2 295	204	163	-	-	-	-
Total equity and liabilities	4 449	8 132	11 825	24 661	22 494	25 210	21 997

Expenditure trends

The spending focus over the MTEF period will be on subsidising poor television owning households for the purchase of set top boxes to enable these households to access digital broadcasting services.

The agency receives its revenue from government allocations. Over the MTEF period, revenue is expected to increase from R66.7 million to R91.3 million, at an average annual rate of 11 per cent.

Expenditure is expected to increase from R63 million in 2010/11 to R91.3 million in 2013/14, at an average annual rate of 13.2 per cent. This is due to expenditure on compensation of employees, which takes up approximately 35 per cent of the entity's budget and grew as a result of recruiting more staff to meet the entity's programme's growing demands.

The research and development budget, which was previously in the fund, has been moved onto the agency's books. Research and development consistently gets allocated an average of 10 per cent of the budget. Other items of significance are lease payments for buildings, training and capital expenditure. In 2010/11, the agency opened offices in all provinces, which should be fully functional by the end of 2010/11. The offices in all nine provinces means that the lease payments increase almost twofold when compared to prior years.

Personnel information

The agency has an establishment of 63 posts, of which 16 are vacant. The number of posts filled increased from 37 in 2007/08 to 53 in 2010/11, and is expected to grow to 57 over the medium term.

The vacancies are mostly in the semi skilled level. The ratio of support staff to line staff is 1:1.5.

Expenditure estimates for the Universal Service and Access Fund

Table 27.29 Universal Service and Access Fund

Statement of financial performance				Revised estimate 2010/11	Medium-term estimate		
R thousand	Audited outcome		2011/12		2012/13	2013/14	
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	3 671	18	208	-	-	-	-
<i>Other non-tax revenue</i>	3 671	18	208	-	-	-	-
Transfers received	32 722	34 581	36 427	218 613	260 930	273 977	289 046
Total revenue	36 393	34 599	36 635	218 613	260 930	273 977	289 046
Expenses							
Current expense	57 999	35 561	21 252	218 613	260 930	273 977	289 046
Goods and services	57 999	35 561	21 252	218 613	260 930	273 977	289 046
Total expenses	57 999	35 561	21 252	218 613	260 930	273 977	289 046
Surplus / (Deficit)	(21 606)	(962)	15 383	-	-	-	-
Statement of financial position							
Receivables and prepayments	2 063	134	62	6	-	-	-
Cash and cash equivalents	3 412	7 598	28 167	181 925	30 837	152 345	99 976
Total assets	5 475	7 732	28 229	181 931	30 837	152 345	99 976
Accumulated surplus/deficit	1 874	912	16 295	-	-	-	-
Trade and other payables	3 601	6 820	11 934	181 931	30 837	152 345	99 976
Total equity and liabilities	5 475	7 732	28 229	181 931	30 837	152 345	99 976

Expenditure trends

The spending focus is expected to be on the rollout to poor households owning television set for the purchase of set top boxes.

The fund derives its revenue from the Department of Communications. Expenditure is expected to increase from R218.6 million in 2010/11 to R289 million in 2013/14, at an average annual rate of 9.8 per cent. The increase over the MTEF period is due to previous allocations to subsidise set top boxes for poor households. The process has been delayed due to the review of the digital terrestrial television standards.

The baseline funding granted over the MTEF period also allows the agency to carry the legacy projects that are related to access centres, including the handover of access centres and the rapid deployment of access centres. An average of 72 per cent of the budget over the MTEF period is directed towards the digital migration project.

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2009/10		2009/10	2010/11			2010/11
Administration	152 290	147 890	163 200	151 801	7 200	159 001	159 001
ICT International Affairs and Trade	45 624	45 624	44 600	44 618	–	44 618	44 618
ICT Policy Development	94 171	97 802	70 112	90 112	12 052	102 164	102 164
ICT Enterprise Development	1 392 652	2 047 052	1 923 635	1 617 492	500	1 617 992	1 617 992
ICT Infrastructure Development	548 085	98 085	74 787	177 451	2 705	180 156	180 156
Presidential National Commission	34 041	34 041	25 578	32 525	1 545	34 070	34 070
Total	2 266 863	2 470 494	2 301 912	2 113 999	24 002	2 138 001	2 138 001
Economic classification							
Current payments	384 137	383 368	432 026	483 176	19 002	502 178	502 178
Compensation of employees	148 197	147 428	129 595	160 414	4 200	164 614	164 614
Goods and services	235 940	235 940	302 401	322 762	14 802	337 564	337 564
Interest and rent on land	–	–	30	–	–	–	–
Transfers and subsidies	1 873 279	2 077 679	1 859 612	1 626 704	5 000	1 631 704	1 631 704
Provinces and municipalities	–	–	105	–	–	–	–
Departmental agencies and accounts	375 706	375 706	370 206	610 467	–	610 467	610 467
Universities and technikons	–	–	78	–	–	–	–
Foreign governments and international organisations	–	–	6	–	–	–	–
Public corporations and private enterprises	1 493 073	1 697 473	1 488 598	1 012 737	5 000	1 017 737	1 017 737
Non-profit institutions	3 000	3 000	327	3 500	–	3 500	3 500
Households	1 500	1 500	292	–	–	–	–
Payments for capital assets	9 447	9 447	10 192	4 119	–	4 119	4 119
Machinery and equipment	9 447	9 447	6 369	4 119	–	4 119	4 119
Software and other intangible assets	–	–	3 823	–	–	–	–
Payments for financial assets	–	–	82	–	–	–	–
Total	2 266 863	2 470 494	2 301 912	2 113 999	24 002	2 138 001	2 138 001

Table 27.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Department	427	428	34	187	270	303	312	312	312	312
Salary level 1 – 6	45	46	8	21	28	36	39	39	39	39
Salary level 7 – 10	147	147	16	65	108	116	119	119	119	119
Salary level 11 – 12	103	103	4	41	58	64	60	60	60	60
Salary level 13 – 16	132	132	6	60	76	87	94	94	94	94
Administration	191	192	10	78	137	142	137	137	137	137
Salary level 1 – 6	27	28	4	12	20	24	23	23	23	23
Salary level 7 – 10	65	65	6	25	58	55	57	57	57	57
Salary level 11 – 12	49	49	–	17	24	30	23	23	23	23
Salary level 13 – 16	50	50	–	24	35	33	34	34	34	34
ICT International Affairs and Trade	24	24	1	11	13	14	16	16	16	16
Salary level 1 – 6	4	4	–	–	1	1	1	1	1	1
Salary level 7 – 10	7	7	1	4	5	6	6	6	6	6
Salary level 11 – 12	1	1	–	1	1	1	–	–	–	–
Salary level 13 – 16	12	12	–	6	6	6	9	9	9	9
ICT Policy Development	71	71	10	17	33	44	61	61	61	61
Salary level 1 – 6	5	5	1	–	–	–	5	5	5	5
Salary level 7 – 10	23	23	3	5	12	17	22	22	22	22
Salary level 11 – 12	19	19	2	4	13	12	15	15	15	15
Salary level 13 – 16	24	24	4	8	8	15	19	19	19	19
ICT Enterprise Development	4	4	–	26	3	7	6	6	6	6
Salary level 1 – 6	–	–	–	2	–	–	–	–	–	–
Salary level 7 – 10	2	2	–	13	2	3	2	2	2	2
Salary level 11 – 12	–	–	–	3	–	–	–	–	–	–
Salary level 13 – 16	2	2	–	8	1	4	4	4	4	4
ICT Infrastructure Development	79	79	12	34	51	61	56	56	56	56
Salary level 1 – 6	5	5	2	5	4	7	6	6	6	6
Salary level 7 – 10	32	32	6	10	19	25	22	22	22	22
Salary level 11 – 12	20	20	2	8	11	11	11	11	11	11
Salary level 13 – 16	22	22	2	11	17	18	17	17	17	17
Presidential National Commission	58	58	1	21	33	35	36	36	36	36
Salary level 1 – 6	4	4	1	2	3	4	4	4	4	4
Salary level 7 – 10	18	18	–	8	12	10	10	10	10	10
Salary level 11 – 12	14	14	–	8	9	10	11	11	11	11
Salary level 13 – 16	22	22	–	3	9	11	11	11	11	11

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

2. As at 30 September 2010.

Table 27.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R thousand)	97 707	107 953	129 595	164 614	171 673	179 289	188 024
Training expenditure (R thousand)	3 656	6 032	8 950	5 899	6 721	7 340	7 744
Training as percentage of compensation of employees	3.7%	5.6%	6.9%	3.6%	3.9%	4.1%	4.1%
Total number trained in department (head count)	241	243	173	148			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	50	43	41	45			
<i>Learnerships trained (head count)</i>	-	-	-	-			
<i>Internships trained (head count)</i>	29	32	35	43			
Households receiving bursaries (R thousand)	-	-	-	-	-	-	-
Households receiving bursaries (head count)	-	-	-	-			

Table 27.D Summary of expenditure on infrastructure

Project name R thousand	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Departmental infrastructure										
Broadband services infrastructure in underserved and rural areas	Access and backhaul broadband infrastructure in all provinces	Construction	450 000	-	-	-	-	100 000	150 000	200 000
Infrastructure transfers to other spheres, agencies and departments										
Sentech: digitisation of terrestrial television network	Efficient use of spectrum, broadcast digital dividend, multiple channel possibilities and new content generation	Design	2 700 000	125 000	150 000	260 019	270 900	279 000	166 950	176 133
Telkom 2010	2010 FIFA World Cup access network infrastructure between stadiums and international broadcast centre	Handed over	1 200 000	-	600 000	450 000	150 000	-	-	-
Sentech: national wholesale broadband network	Broadband cost reduction	Design	500 000	500 000	-	-	-	-	-	-
Sentech 2010	2010 FIFA World Cup satellite back-up links between stadiums and international broadcast centre	Handed over	300 000	-	-	200 000	100 000	-	-	-
Universal Service and Access Agency and Fund	Subsidisation of ICT infrastructure to promote universal access and services	Various	55 000	-	-	10 000	20 000	25 000	-	-
Sentech: East African submarine cable system	Cheaper international internet connectivity	Design	21 000	21 000	-	-	-	-	-	-
Total			5 226 000	646 000	750 000	920 019	540 900	404 000	316 950	376 133



**ESTIMATES
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