

# Vote 3

## Communications

### Adjusted budget summary

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>1 345 406</b>	<b>1 349 720</b>	<b>-</b>	<b>4 314</b>
<b>of which:</b>				
Current payments	75 120	113 971	-	38 851
Transfers and subsidies	1 270 202	1 231 949	(38 253)	-
Payments for capital assets	84	3 800	-	3 716
Executive authority	Minister of Communications			
Accounting officer	Director-General of Communications			
Website address	www.doc.gov.za			

### Vote purpose

*Create an enabling environment for the provision of inclusive communication services to all South Africans in a manner that promotes socioeconomic development and investment through broadcasting, new media, print media and other new technologies, and brand the country locally and internationally.*

### Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2016/17 as published in the 2016 ENE	Achieved in the first six months of 2016/17 (April to September)	Changed target for 2016/17
Number of community radio stations provided with broadcasting infrastructure per year	Communications Policy, Research and Development	Outcome 14: Nation building and social cohesion	5	0	-
Number of digital broadcasting awareness campaigns hosted per year	Industry and Capacity Development		10	25	-
Number of reports per year showing consumer access to digital broadcasting, particularly those supported by government programmes	Industry and Capacity Development		4	2	-
Number of position papers tabled at multilateral engagements per year	Industry and Capacity Development		2	3	-
Number of stakeholder engagements coordinated per year	Industry and Capacity Development		10	8	-
Number of shareholder compact accountability instruments signed per year	Entity Oversight		5	4	-

### Mid-year progress

The number of community radio stations provided with broadcasting infrastructure will only be implemented in the third and fourth quarter of 2016/17.

In the first six months, the *Industry and Capacity Development* programme has exceeded the annual target of hosting digital broadcasting awareness campaigns. The overachievement of 25 campaigns was mainly due to the door-to-door engagements conducted for the registrations and preparations for the signal switch-off in Northern Cape.

In the first six months, the *Industry and Capacity Development* programme tabled 3 position papers at multilateral engagements against the set target of 2. The target was exceeded due to the development of a

catch-up programme which enforces continuous progress updates on the status quo of the country at large with regard to analogue switching off to Southern African Development Community and other stakeholders.

The *Entity Oversight* programme managed to coordinate 8 stakeholder engagements against the annual target of 10 engagements. The programme also managed to sign 4 of the 5 targeted shareholder compact accountability instruments, due to intensified consultations and negotiations with the councillors of the Independent Communications Authority of South Africa.

## Adjusted Estimates of National Expenditure 2016

Programme	2016/17								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
Administration	45 102	-	-	12 001	-	-	12 001	57 103	
Communications Policy, Research and Development	8 400	-	-	(672)	-	-	(672)	7 728	
Industry and Capacity Development	10 894	1 214	-	35 584	-	-	36 798	47 692	
Entity Oversight	1 281 010	-	-	(46 913)	-	3 100	(43 813)	1 237 197	
<b>Total</b>	<b>1 345 406</b>	<b>1 214</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 100</b>	<b>4 314</b>	<b>1 349 720</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>75 120</b>	<b>1 214</b>	<b>-</b>	<b>37 637</b>	<b>-</b>	<b>-</b>	<b>38 851</b>	<b>113 971</b>	
Compensation of employees	59 169	-	-	9 000	-	-	9 000	68 169	
Goods and services	15 951	1 214	-	28 637	-	-	29 851	45 802	
<b>Transfers and subsidies</b>	<b>1 270 202</b>	<b>-</b>	<b>-</b>	<b>(41 353)</b>	<b>-</b>	<b>3 100</b>	<b>(38 253)</b>	<b>1 231 949</b>	
Departmental agencies and accounts	1 088 109	-	-	(41 410)	-	3 100	(38 310)	1 049 799	
Public corporations and private enterprises	182 093	-	-	-	-	-	-	182 093	
Households	-	-	-	57	-	-	57	57	
<b>Payments for capital assets</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>3 716</b>	<b>-</b>	<b>-</b>	<b>3 716</b>	<b>3 800</b>	
Machinery and equipment	84	-	-	3 716	-	-	3 716	3 800	
<b>Total</b>	<b>1 345 406</b>	<b>1 214</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 100</b>	<b>4 314</b>	<b>1 349 720</b>	

### Programme 1: Administration

Subprogramme	2016/17								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand									
Ministry	7 440	-	-	2 256	-	-	2 256	9 696	
Departmental Management	14 643	-	-	10 549	-	-	10 549	25 192	
Internal Audit	465	-	-	400	-	-	400	865	
Corporate Services	13 142	-	-	1 149	-	-	1 149	14 291	
Financial Management	9 412	-	-	(2 353)	-	-	(2 353)	7 059	
<b>Total</b>	<b>45 102</b>	<b>-</b>	<b>-</b>	<b>12 001</b>	<b>-</b>	<b>-</b>	<b>12 001</b>	<b>57 103</b>	
<b>Economic classification</b>									
<b>Current payments</b>	<b>45 058</b>	<b>-</b>	<b>-</b>	<b>10 745</b>	<b>-</b>	<b>-</b>	<b>10 745</b>	<b>55 803</b>	
Compensation of employees	35 953	-	-	7 599	-	-	7 599	43 552	
Goods and services	9 105	-	-	3 146	-	-	3 146	12 251	
<b>Payments for capital assets</b>	<b>44</b>	<b>-</b>	<b>-</b>	<b>1 256</b>	<b>-</b>	<b>-</b>	<b>1 256</b>	<b>1 300</b>	
Machinery and equipment	44	-	-	1 256	-	-	1 256	1 300	
<b>Total</b>	<b>45 102</b>	<b>-</b>	<b>-</b>	<b>12 001</b>	<b>-</b>	<b>-</b>	<b>12 001</b>	<b>57 103</b>	

**Programme 2: Communications Policy, Research and Development**

Subprogramme		2016/17						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Broadcasting Policy	7 840	-	-	(1 672)	-	-	(1 672)	6 168
Media Policy	150	-	-	-	-	-	-	150
Technology and Engineering Services	410	-	-	1 000	-	-	1 000	1 410
<b>Total</b>	<b>8 400</b>	<b>-</b>	<b>-</b>	<b>(672)</b>	<b>-</b>	<b>-</b>	<b>(672)</b>	<b>7 728</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>8 400</b>	<b>-</b>	<b>-</b>	<b>(672)</b>	<b>-</b>	<b>-</b>	<b>(672)</b>	<b>7 728</b>
Compensation of employees	6 156	-	-	(492)	-	-	(492)	5 664
Goods and services	2 244	-	-	(180)	-	-	(180)	2 064
<b>Total</b>	<b>8 400</b>	<b>-</b>	<b>-</b>	<b>(672)</b>	<b>-</b>	<b>-</b>	<b>(672)</b>	<b>7 728</b>

**Programme 3: Industry and Capacity Development**

Subprogramme		2016/17						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Enterprise Development	6 622	-	-	(4 558)	-	-	(4 558)	2 064
Broadcasting Digital Migration	4 104	1 214	-	33 810	-	-	35 024	39 128
Industry Research and Analysis	168	-	-	6 332	-	-	6 332	6 500
<b>Total</b>	<b>10 894</b>	<b>1 214</b>	<b>-</b>	<b>35 584</b>	<b>-</b>	<b>-</b>	<b>36 798</b>	<b>47 692</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>10 854</b>	<b>1 214</b>	<b>-</b>	<b>33 067</b>	<b>-</b>	<b>-</b>	<b>34 281</b>	<b>45 135</b>
Compensation of employees	8 116	-	-	6 457	-	-	6 457	14 573
Goods and services	2 738	1 214	-	26 610	-	-	27 824	30 562
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>57</b>	<b>57</b>
Households	-	-	-	57	-	-	57	57
<b>Payments for capital assets</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>2 460</b>	<b>-</b>	<b>-</b>	<b>2 460</b>	<b>2 500</b>
Machinery and equipment	40	-	-	2 460	-	-	2 460	2 500
<b>Total</b>	<b>10 894</b>	<b>1 214</b>	<b>-</b>	<b>35 584</b>	<b>-</b>	<b>-</b>	<b>36 798</b>	<b>47 692</b>

**Programme 4: Entity Oversight**

Subprogramme		2016/17						
		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Programme Management for Entity Oversight	2 131	-	-	489	-	-	489	2 620
Broadcasting and Community Media	210 950	-	-	(2 361)	-	-	(2 361)	208 589
Communication and Branding	565 159	-	-	(1 817)	-	3 100	1 283	566 442
Regulatory Institutions	502 770	-	-	(43 224)	-	-	(43 224)	459 546
<b>Total</b>	<b>1 281 010</b>	<b>-</b>	<b>-</b>	<b>(46 913)</b>	<b>-</b>	<b>3 100</b>	<b>(43 813)</b>	<b>1 237 197</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>10 808</b>	<b>-</b>	<b>-</b>	<b>(5 503)</b>	<b>-</b>	<b>-</b>	<b>(5 503)</b>	<b>5 305</b>
Compensation of employees	8 944	-	-	(4 564)	-	-	(4 564)	4 380
Goods and services	1 864	-	-	(939)	-	-	(939)	925
<b>Transfers and subsidies</b>	<b>1 270 202</b>	<b>-</b>	<b>-</b>	<b>(41 410)</b>	<b>-</b>	<b>3 100</b>	<b>(38 310)</b>	<b>1 231 892</b>
Departmental agencies and accounts	1 088 109	-	-	(41 410)	-	3 100	(38 310)	1 049 799
Public corporations and private enterprises	182 093	-	-	-	-	-	-	182 093
<b>Total</b>	<b>1 281 010</b>	<b>-</b>	<b>-</b>	<b>(46 913)</b>	<b>-</b>	<b>3 100</b>	<b>(43 813)</b>	<b>1 237 197</b>

## Details of adjustments to the Estimates of National Expenditure 2016

### Roll-overs – R1.214 million

Programme 3: Industry Capacity Development

R1.214 million has been rolled over for the radio component of the digital terrestrial television awareness campaign.

### Virements and shifts within votes

Programmes					
1. Administration					
2. Communications Policy, Research and Development					
3. Industry and Capacity Development					
4. Entity Oversight					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 2</b>		<b>(672)</b>	<b>Programme 1</b>		<b>672</b>
Compensation of employees	Vacant posts	(492)	Compensation of employees	Increases in personnel remuneration	492
Goods and services	Cost containment measures effected, mainly on catering	(180)	Goods and services	Fleet services	180
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>8.0%</b>			
<b>Programme 3</b>		<b>(9 818)</b>	<b>Programme 1</b>		<b>9 818</b>
Compensation of employees	Vacant posts	(6 035)	Compensation of employees	Increases in personnel remuneration	6 035
Goods and services	Cost containment measures effected, mainly on travel and subsistence	(2 527)	Goods and services	Legal costs, audit fees, fleet services, training, and travel and subsistence	2 527
	Cost containment measures effected, mainly on travel and subsistence	(1 216)	Machinery and equipment	Motor vehicle for the ministry, and desktop printers	1 216
Machinery and equipment	Lower than anticipated spending on laptop and desktop computers	(40)	Machinery and equipment	Laptop and desktop computers for new employees	40
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>90.1%<sup>2</sup></b>			
<b>Programme 4</b>		<b>(46 913)</b>	<b>Programme 3</b>		<b>3 492</b>
Compensation of employees	Vacant posts	(3 492)	Compensation of employees	Contract employees for the digital migration function	3 492
	Vacant posts	(1 072)	<b>Programme 1</b>		<b>1 072</b>
			Compensation of employees	Increases in personnel remuneration	1 072
Goods and services	Cost containment measures effected, mainly on travel and subsistence	(500)	<b>Programme 3</b>		<b>500</b>
	Cost containment measures effected, mainly on travel and subsistence, and stationery	(439)	Goods and services	Advertising costs for the digital migration function	500
			<b>Programme 1</b>		<b>439</b>
			Goods and services	Administrative fees and legal services	439
Departmental agencies and accounts	Reduced spending on transfer payment to the Independent Communication Authority of South Africa <sup>1</sup>	(9 000)	<b>Programme 3</b>		<b>41 410</b>
	Reduced spending on transfer payment to the Independent Communication Authority of South Africa <sup>1</sup>	(29 853)	Compensation of employees	Contract employees for the digital migration function <sup>1</sup>	9 000
	Reduced spending on transfer payment to the Independent Communication Authority of South Africa <sup>1</sup>	(2 500)	Goods and services	Advertising, communication, and travel and subsistence for the digital migration function	29 853
	Reduced spending on transfer payment to the Independent Communication Authority of South Africa <sup>1</sup>	(57)	Machinery and equipment	Procurement of vehicles for the digital migration function	2 500
			Households	Leave gratuities	57
Shifts within the programme as a percentage of the programme budget		0.0%			
<b>Virements to other programmes as a percentage of the programme budget</b>		<b>3.7%</b>			
<b>Total</b>		<b>(57 403)</b>			<b>57 403</b>

1. National Treasury approval has been obtained.

2. Only the legislature may approve this virement in terms of the Public Finance Management Act (1999).

**Self-financing expenditure – R3.100 million**

## Programme 4: Entity Oversight

Revenue of R3.100 million has been generated thus far in 2016/17, from advertising in the bi-monthly Vuk'uzenzele government newspaper, which is coordinated by the Government Communication and Information System. This will be used for increasing the print run from 850 000 to 1 040 000 copies per edition.

**Expenditure outcome for 2015/16 and actual expenditure for 2016/17**

Programme	2015/16					2016/17				
	Audited outcome					Actual expenditure				
R thousand	Adjusted appropriation	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted appropriation	Apr 15 - Mar 16	Apr 15 - Mar 16 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted appropriation	
Administration	42 414	19 916	47.0	48 206	113.7	57 103	4.2	31 592	55.3	
Communications Policy, Research and Development	7 897	1 844	23.4	4 896	62.0	7 728	0.6	3 109	40.2	
Industry and Capacity Development	20 197	5 227	25.9	20 385	100.9	47 692	3.5	11 479	24.1	
Entity Oversight	1 220 380	594 587	48.7	1 214 555	99.5	1 237 197	91.7	620 586	50.2	
<b>Total</b>	<b>1 290 888</b>	<b>621 574</b>	<b>48.2</b>	<b>1 288 042</b>	<b>99.8</b>	<b>1 349 720</b>	<b>100.0</b>	<b>666 766</b>	<b>49.4</b>	
<b>Economic classification</b>										
<b>Current payments</b>	<b>80 060</b>	<b>28 311</b>	<b>35.4</b>	<b>76 279</b>	<b>95.3</b>	<b>113 971</b>	<b>8.4</b>	<b>47 515</b>	<b>41.7</b>	
Compensation of employees	56 005	19 266	34.4	47 592	85.0	68 169	5.1	33 091	48.5	
Goods and services	24 055	9 045	37.6	28 687	119.3	45 802	3.4	14 424	31.5	
<b>Transfers and subsidies</b>	<b>1 210 156</b>	<b>593 031</b>	<b>49.0</b>	<b>1 210 205</b>	<b>100.0</b>	<b>1 231 949</b>	<b>91.3</b>	<b>618 031</b>	<b>50.2</b>	
Departmental agencies and accounts	1 037 229	518 650	50.0	1 037 229	100.0	1 049 799	77.8	552 244	52.6	
Public corporations and private enterprises	172 927	74 381	43.0	172 927	100.0	182 093	13.5	65 731	36.1	
Households	–	–	–	49	–	57	–	56	98.2	
<b>Payments for capital assets</b>	<b>672</b>	<b>232</b>	<b>34.5</b>	<b>1 558</b>	<b>231.8</b>	<b>3 800</b>	<b>0.3</b>	<b>1 217</b>	<b>32.0</b>	
Machinery and equipment	672	232	34.5	1 558	231.8	3 800	0.3	1 217	32.0	
<b>Payments for financial assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>–</b>	
<b>Total</b>	<b>1 290 888</b>	<b>621 574</b>	<b>48.2</b>	<b>1 288 042</b>	<b>99.8</b>	<b>1 349 720</b>	<b>100.0</b>	<b>666 766</b>	<b>49.4</b>	

**Expenditure trends for the first six months of 2016/17**

Total expenditure in 2015/16 was 99.8 per cent of the 2015/16 adjusted appropriation. Expenditure in the first six months of 2016/17 was R666.8 million, or 49.4 per cent of the adjusted appropriation of R1.3 billion for the year. In comparison, mid-year expenditure in 2015/16 was R621.6 million, or 48.2 per cent of the 2015/16 adjusted appropriation. Compared to the first six months of 2015/16, expenditure over the same period in 2016/17 increased by R45.2 million, or 7.3 per cent. The increase was mainly in compensation of employees as contract posts for the digital terrestrial television project were extended.

**Departmental receipts**

	2015/16					2016/17				
	Audited outcome					Actual receipts				
R thousand	Adjusted estimate	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted estimate	Apr 15 - Mar 16	Apr 15 - Mar 16 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted estimate
<b>Departmental receipts</b>	<b>1 025 126</b>	<b>717 111</b>	<b>70.0</b>	<b>1 328 069</b>	<b>129.6</b>	<b>1 025 794</b>	<b>1 026 751</b>	<b>100.0</b>	<b>852 752</b>	<b>83.1</b>
Sales of goods and services produced by department	10	5	50.0	12	120.0	1 024 120	74	–	36	48.6
Interest, dividends and rent on land	4 000	2 362	59.1	3 406	85.2	1 662	2 168	0.2	1 168	53.9
Transactions in financial assets and liabilities	1 021 116	714 744	70.0	1 324 651	129.7	12	1 024 509	99.8	851 548	83.1
<b>Total</b>	<b>1 025 126</b>	<b>717 111</b>	<b>70.0</b>	<b>1 328 069</b>	<b>129.6</b>	<b>1 025 794</b>	<b>1 026 751</b>	<b>100.0</b>	<b>852 752</b>	<b>83.1</b>

## Revenue trends for the first six months of 2016/17

Revenue in the first six months of 2016/17 was R852.8 million, or 83.1 per cent of the adjusted revenue estimate of R1 billion for the year. In comparison, mid-year revenue in 2015/16 was R717.1 million, or 70 per cent of the 2015/16 adjusted estimate. Compared to the first six months of 2015/16, revenue over the same period in 2016/17 increased by R135.6 million, or 18.9 per cent. This was mainly due to the revenue generated in the 2016/17 financial year by the Independent Communications Authority of South Africa for licence fees.

## Changes to transfers and subsidies

### Summary of changes to transfers and subsidies per programme

R thousand	2016/17							Adjusted appropriation
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
<b>Industry and Capacity Development</b>								
<b>Households</b>								
<b>Social benefits</b>								
<b>Current</b>	-	-	-	57	-	-	57	57
Employee social benefits	-	-	-	57	-	-	57	57
<b>Entity oversight</b>								
<b>Departmental agencies and accounts</b>								
<b>Departmental agencies (non-business entities)</b>								
<b>Current</b>	796 637	-	-	(41 410)	-	3 100	(38 310)	758 327
Government Communication and Information System	382 156	-	-	-	-	3 100	3 100	385 256
Independent Communications Authority of South Africa	414 481	-	-	(41 410)	-	-	(41 410)	373 071