

# Vote 27

## Communications

	2004/05	2005/06	2006/07
	<b>To be appropriated</b>		
MTEF allocations	R875 200 000	R914 503 000	R970 951 000
Statutory amounts	-	-	-
Responsible Minister	Minister of Communications		
Administering Department	Department of Communications		
Accounting Officer	Director-General of Communications		

### Aim

*The aim of the Department of Communications is to formulate policy and ensure its implementation for the telecommunications, postal and broadcasting services; and to control transfers to the South African Post Office, the South African Broadcasting Corporation, the Independent Communications Authority of South Africa, the National Electronic Media Institute of South Africa and the Universal Service Agency.*

### Programme purpose and measurable objectives

#### Programme 1: Administration

**Purpose:** Provide for policy formulation by management, carry out other functions including financial control and internal audit, manage human resources and provide other support services.

#### Programme 2: Telecommunications Policy

**Purpose:** Formulate telecommunications policy, manage government's shareholding interest in Telkom SA Ltd and its subsidiaries, and control transfers to the Universal Service Agency and Universal Service Fund.

**Measurable objective:** Achieve a liberalised and competitive telecommunications industry through the development, implementation and monitoring of policy that results in competition among a variety of service providers.

#### Programme 3: Postal Services

**Purpose:** Develop and monitor the implementation of policy in the postal sector, manage the shareholding in the South African Post Office Ltd and its subsidiaries, and oversee the Postal Regulator.

**Measurable objective:** Promote universal access and service in the postal sector by developing, implementing and monitoring postal policy that increases access to postal services and improves service delivery standards.

#### **Programme 4: Multi-Media Services Policy**

**Purpose:** Formulate broadcasting policy, manage the shareholding in the South African Broadcasting Corporation (SABC), and control and monitor the transfers to the SABC, the National Electronic Media Institute of South Africa (Nemisa) and the Independent Communications Authority of South Africa (Icasa).

**Measurable objective:** Create an environment conducive to meeting the diverse multi-media needs through policy formulation and the effective management of resources in order to transform the broadcasting industry.

#### **Programme 5: Auxiliary and Associated Services**

**Purpose:** Provide research and support services to promote the department's aim.

**Measurable objective:** Facilitate, leverage and conduct high quality research to monitor and evaluate the activities of the communications sector.

### **Strategic overview and key policy developments: 2000/01 – 2006/07**

The department's mandate is informed by the need to promote communications service delivery to all South Africans. The overall strategic thrust remains the creation of a policy and legislative environment that is conducive to the growth and development of an ICT sector that is globally competitive in a world that is becoming increasingly information driven. In the past three years, the department has set the policy and regulatory frameworks to create a sound and enabling environment that is conducive to conducting business and sharing information. The focus of the department has now shifted to extending access to all forms of communication services and improving the quality of the services provided. These span five key policy areas: liberalisation of the telecommunications sector, postal services, broadcasting, e-commerce, and convergence.

#### *Liberalisation of the telecommunications sector*

The process of managed liberalisation of the telecommunications sector has gained momentum with the policy developments that made provision for the introduction of the Second National Operator (SNO). The initial deadline for identifying an SNO to compete with Telkom was extended because no viable bids were received. The Independent Communications Authority of South Africa has recommended that the licence rather be granted to a consortium of stakeholders; the department is currently identifying these stakeholders. Liberalisation is expected to both improve service delivery in the sector and expand the provision of telecommunications services. The success of the cellular telephone companies in providing cellular services and networks is testimony to this: increased competition in this sector leads to better service, greater efficiency and cheaper prices. The introduction of under-served area licences and the allocation of multi-media and international gateway licences to Sentech is expected to make ICT services available at more affordable prices and increase competition. In addition, the economy will benefit in terms of capital injection and job creation.

The department is also working directly on expanding access through its management of the Universal Service Agency, which uses levies raised from the industry to pay for network expansion.

#### *Postal services*

There has been progress in repositioning the Post Office as an agent of ICT service delivery, in line with the universal service mandate. ICT infrastructure rollout in remote corners of rural South Africa, through the Post Office, is evidence of this.

The impact of the pervasive use of email on the core business of the Post Office is driving the process of repositioning the institution. To improve delivery of information and services, a policy is being introduced that will allow the Post Office and the Post Bank to operate more independently and effectively.

An additional allocation of R750,0 million was made for the recapitalisation of the Post Office to ensure the sustainable and independent operation of the Post Bank in the long run. In order to regain depositors' confidence, the Post Bank will ensure that depositors earn competitive interest rates, make low risk investments, and reduce operational costs and risks.

### *Broadcasting*

The broadcasting dispensation has been overhauled, with the introduction of a new legislative framework (the Broadcasting Amendment Act (64 of 2002)). This provides for the conversion of the public broadcaster into a public company that must encourage the development of South African expression by providing a wide range of programming in all South African official languages. In support of the objectives of the legislation, the public broadcaster has developed policies for news programming, local content, education, universal service and access, language and religion. It has also sought public opinion through a consultation process that is now being completed. Funding has been secured for an investigation into sustainable funding options for the proposed television services in all official languages. A digital advisory body has been established to advise the department on issues relevant to introducing and migrating to digital broadcasting in South Africa. The Broadcasting Production Body produced a report on the development, production and display of local television and radio content and how this could be supported and promoted locally and internationally. The department will study these recommendations with a view to implementation in the forthcoming MTEF period.

### *E-commerce*

The department's e-commerce initiative aims to develop a policy that fosters electronic and mobile commerce. The establishment of a domain name authority will provide equitable access to domain names. This authority will resolve disputes arising from activities such as cyber-squatting – the registration of trademarks and well-known names as domain names, exclusively for commercial purposes.

A certification authority will provide users and the business community with the confidence and security needed to conclude online transactions. It will also ensure that certificates to guarantee authentication and non-repudiation are accessible and affordable to all users. The department needs to establish a register of cryptography providers to create a safe e-commerce environment for the users.

### *Convergence*

The traditional boundaries between broadcasting, telecommunications and IT have become blurred. Due to advancements in digital technology, no clear division exists between these sectors anymore. A spectrum of services is now provided on a multi-service network infrastructure, bringing together industries that were traditionally separated. This convergence has challenged existing legislative and regulatory frameworks. As a policy-maker, the department needs to ensure that old regulations and policies do not hinder the development of cross-sector applications, services and businesses. Accordingly, it has started a major policy review process that will result in a convergence law that will reflect the integration of telecommunications with IT and broadcasting. This should ensure that convergence will empower citizens with better access to knowledge and information, and encourage economic growth.

## Expenditure estimates

**Table 27.1: Communications**

Programme	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04				
1 Administration	64 225	80 399	96 204	88 607	84 198	91 269	95 292	101 008
2 Telecommunications Policy	81 559	110 431	123 068	146 796	144 062	134 649	142 670	151 230
3 Postal Services	18 918	631 389	321 570	1 090 186	1 088 027	356 490	372 199	394 531
4 Multi-Media Services Policy	287 839	302 709	340 354	312 948	312 319	285 668	296 904	316 298
5 Auxiliary and Associated Services	3 296	3 410	3 392	6 682	6 356	7 124	7 438	7 884
<b>Total</b>	<b>455 837</b>	<b>1 128 338</b>	<b>884 588</b>	<b>1 645 219</b>	<b>1 634 962</b>	<b>875 200</b>	<b>914 503</b>	<b>970 951</b>
Change to 2003 Budget Estimate				802 704	792 447	8 357	7 374	
<b>Economic classification</b>								
<b>Current payments</b>	<b>102 103</b>	<b>158 702</b>	<b>177 916</b>	<b>225 413</b>	<b>215 156</b>	<b>202 463</b>	<b>224 497</b>	<b>242 169</b>
Compensation of employees	32 969	49 712	54 592	71 451	61 194	70 538	74 816	78 728
Goods and services	69 134	108 771	123 259	153 962	153 962	131 925	149 681	163 441
Interest and rent on land	–	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	219	65	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>334 116</b>	<b>945 271</b>	<b>655 360</b>	<b>1 403 701</b>	<b>1 403 701</b>	<b>647 224</b>	<b>662 384</b>	<b>699 007</b>
Provinces and municipalities	101	154	145	137	137	200	206	261
Departmental agencies and accounts	133 031	143 156	172 408	163 095	163 095	169 527	176 689	189 202
Universities and technikons	–	6 200	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–	–
Public corporations & private enterprises	174 343	772 862	458 878	1 211 105	1 211 105	444 735	449 826	470 245
Non-profit institutions	26 641	22 847	23 914	29 364	29 364	32 762	35 663	39 299
Households	–	52	15	–	–	–	–	–
<b>Payments for capital assets</b>	<b>19 618</b>	<b>24 365</b>	<b>51 312</b>	<b>16 105</b>	<b>16 105</b>	<b>25 513</b>	<b>27 622</b>	<b>29 775</b>
Buildings and other fixed structures	–	–	–	–	–	–	–	–
Machinery and equipment	19 618	24 365	51 312	16 105	16 105	25 513	27 622	29 775
Cultivated assets	–	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–	–
Land and subsoil assets	–	–	–	–	–	–	–	–
<b>Total</b>	<b>455 837</b>	<b>1 128 338</b>	<b>884 588</b>	<b>1 645 219</b>	<b>1 634 962</b>	<b>875 200</b>	<b>914 503</b>	<b>970 951</b>

## Expenditure trends

The department's spending has been uneven over the last three financial years, due to significant variations in spending on the Post Office subsidy. The subsidy was removed in 2000/01, resulting in a large drop in expenditure. It was reintroduced in 2001/02, first at R600,0 million to cover two years' losses and then at R300,0 million in 2002/03. A once-off allocation of R54,0 million was also made to Sentech in 2002/03 to settle an outstanding loan from the South African Broadcasting Corporation, to cover start-up resources for Sentech.

The 86,0 per cent increase in 2003/04 is due to the once-off allocation of R750,0 million for reimbursing the Post Bank for depositors' funds that have been utilised by the Post Office to fund its operations. A further R40,0 million has been allocated to the South African Broadcasting Corporation in 2003/04, to close down Bophuthatswana Broadcasting Corporation, as it was not financially sustainable. The spending in 2003/04 consists of R20,0 million for the rollout of an emergency call centre and R11,0 million for the feasibility study into the establishment of an

advanced institute for ICT. Despite the variations in the spending levels for the first four financial years, spending stabilises at 5,3 per cent per annum between 2004/05 and 2006/07.

## Departmental receipts

Revenue received in 2002/03 amounted to R50,3 million. A substantial portion, R25,4 million, represents the licence fee paid by the Post Office, while R22,5 million is for short-term interest received on the current bank account. Other amounts include: R1,8 million received as interest from the South African Broadcasting Corporation and R0,6 million represents recoveries of the previous financial year's expenditure. For 2003/04, R53,0 million has been received, of which R26,9 million is the licence fee paid by the Post Office while R25,7 million represents interest received. The licence fee will grow with inflation over the MTEF period.

**Table 27.2: Departmental receipts**

R thousand	Revenue outcome			Adjusted appropriation	Medium-term revenue estimate			
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
Tax receipts	-	-	-	-	-	-	-	
Sales of goods and services produced by department (excl capital assets)	23	47	25 366	26 893	28 510	30 079	31 586	
Sales of scrap, waste, arms and other used current goods (excl capital assets)	-	-	-	-	-	-	-	
Transfers received	-	68	-	-	-	-	-	
Fines, penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	12 962	16 511	24 289	25 746	37 891	39 975	41 973	
Sales of capital assets	-	-	-	-	-	-	-	
Financial transactions in assets and liabilities	827	92	604	328	350	378	402	
<b>Total departmental receipts</b>	<b>13 812</b>	<b>16 718</b>	<b>50 259</b>	<b>52 967</b>	<b>66 751</b>	<b>70 432</b>	<b>73 961</b>	

## Programme 1: Administration

The *Administration* programme conducts the overall management of the department, including policy formulation by the Minister and Director-General. The Administration subprogramme formulates policy and provides advice to the Director-General and Minister. Management also advises the Director-General and the Minister. Corporate Services is responsible for providing in-house support in the form of financial control, internal audit, human resource, procurement, knowledge management and legal services, required across the entire organisation.

## Expenditure estimates

**Table 27.3: Administration**

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate			
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand								
Minister <sup>1</sup>	542	544	672	679	719	755	793	
Management	16 498	21 111	14 928	16 182	17 156	17 912	18 987	
Corporate Services	47 185	58 744	80 604	71 746	73 394	76 625	81 228	
<b>Total</b>	<b>64 225</b>	<b>80 399</b>	<b>96 204</b>	<b>88 607</b>	<b>91 269</b>	<b>95 292</b>	<b>101 008</b>	
Change to 2003 Budget Estimate				5 000	357	374		

<sup>1</sup> Payable as from 1 April 2003. Salary: R542 928. Car allowance: R135 732.

R thousand	Expenditure outcome			Adjusted appropriation 2003/04	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03				
<b>Economic classification</b>							
<b>Current payments</b>	<b>61 669</b>	<b>77 735</b>	<b>91 609</b>	<b>86 327</b>	<b>88 688</b>	<b>92 411</b>	<b>97 916</b>
Compensation of employees	18 911	23 840	28 123	30 847	33 528	35 069	37 171
Goods and services	42 758	53 676	63 421	55 480	55 160	57 342	60 745
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	219	65	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>101</b>	<b>206</b>	<b>110</b>	<b>134</b>	<b>184</b>	<b>184</b>	<b>234</b>
Provinces and municipalities	101	154	110	134	184	184	234
Departmental agencies and accounts	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	52	-	-	-	-	-
<b>Payments for capital assets</b>	<b>2 455</b>	<b>2 458</b>	<b>4 485</b>	<b>2 146</b>	<b>2 397</b>	<b>2 697</b>	<b>2 858</b>
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	2 455	2 458	4 485	2 146	2 397	2 697	2 858
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Of which: Capitalised compensation	-	-	-	-	-	-	-
<b>Total</b>	<b>64 225</b>	<b>80 399</b>	<b>96 204</b>	<b>88 607</b>	<b>91 269</b>	<b>95 292</b>	<b>101 008</b>

**Details of transfer payments and subsidies:**

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	<b>101</b>	<b>154</b>	<b>110</b>	<b>134</b>	<b>184</b>	<b>184</b>	<b>234</b>
Regional Service Council levies	101	154	110	134	184	184	234
<b>Households (Social benefits)</b>							
<b>Current</b>	<b>-</b>	<b>52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Leave gratuity	-	52	-	-	-	-	-
<b>Total</b>	<b>101</b>	<b>206</b>	<b>110</b>	<b>134</b>	<b>184</b>	<b>184</b>	<b>234</b>

**Expenditure trends**

*Administration* increases at an average annual rate of 4,5 per cent over the MTEF period, despite the decrease of 7,9 per cent from 2002/03 to 2003/04. This decrease is because the budget for 2002/03 had been increased by R7,1 million in the Adjusted Estimates to make provision for adjustments to compensation of employees in line with inflation. Funds were also provided for: Java programming, a feasibility study into the development of IT infrastructure in schools, and the establishment of websites in indigenous languages.

**Programme 2: Telecommunications Policy**

In addition to formulating and implementing policy, the *Telecommunications Policy* programme is also responsible for the shareholding in Telkom SA Ltd and its subsidiaries, the Universal Service

Agency, and the Universal Service Fund. The Electronic Business Directorate was established in 2002/03 to ensure the implementation of the Electronic Communications and Transactions Act (25 of 2002).

The Telecommunications Policy subprogramme is structured into three domains: policy, shareholder and development. The policy domain promotes the formulation of effective telecommunications policies, taking into account national priorities, development needs, globalisation, investment needs and sector restructuring. Key to the restructuring of the sector in the medium term is the need to allocate a new radio frequency spectrum for the expansion of mobile telecommunication operations. This subprogramme will therefore facilitate the migration of government services such as security and defence from the 1800 MHz frequency. The shareholder domain promotes the maximisation of shareholder value, and the development of policy and strategy relating to the state's ownership of Telkom SA Ltd. The development domain promotes the development of ICT applications in historically under-served areas and the extension of ICT benefits to historically disadvantaged people through the delivery of advanced information services.

The Universal Service Agency, established in terms of the Telecommunications Act (103 of 1996), promotes the goal of universal telecommunications service, with the intention of raising the number of households with a telephone in their home from 13 per cent to 30 per cent by December 2005. The agency encourages, facilitates and offers guidance on schemes to provide universal telecommunications access and service. The agency also manages the Universal Service Fund, which is financed by contributions from telecommunications operators.

Money from the Universal Service Fund is used to: assist small businesses, co-operatives and needy persons to acquire telecommunications infrastructure and services in under-served areas; assist public schools and further education and training institutions to procure internet services and equipment; and establish centres where access can be obtained to telecommunication facilities.

The Electronic Business Directorate subprogramme is responsible for implementing the Electronic Communications and Transactions Act, which provides for the facilitation and regulation of electronic communications and transactions. This includes registering electronic business security service providers to create a safe environment for electronic transactions. The Advanced Institute for ICT is to be established by 2006/07 to promote education, training and research in the ICT field.

## Expenditure estimates

**Table 27.4: Telecommunications Policy**

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Telecommunications Policy	46 318	77 740	86 884	91 840	74 535	81 907	92 691
Universal Service Agency	9 641	10 205	10 711	14 211	15 884	17 500	20 100
Universal Service Fund	21 572	22 486	23 679	24 745	26 230	29 400	31 164
Electronic Business Directorate	–	–	1 794	5 000	5 000	6 863	7 275
Advanced Institute for ICT	–	–	–	11 000	13 000	7 000	–
Information Technology Secretariat (Y2K)	4 028	–	–	–	–	–	–
<b>Total</b>	<b>81 559</b>	<b>110 431</b>	<b>123 068</b>	<b>146 796</b>	<b>134 649</b>	<b>142 670</b>	<b>151 230</b>
Change to 2003 Budget Estimate				10 896	–	–	

2004 Estimates of National Expenditure

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03		2004/05	2005/06	2006/07
R thousand							
<b>Economic classification</b>							
<b>Current payments</b>	<b>28 060</b>	<b>47 922</b>	<b>43 281</b>	<b>83 835</b>	<b>53 180</b>	<b>59 610</b>	<b>68 304</b>
Compensation of employees	6 217	14 110	13 837	18 979	18 322	19 875	20 690
Goods and services	21 843	33 812	29 444	64 856	34 858	39 735	47 614
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>38 180</b>	<b>42 301</b>	<b>34 419</b>	<b>49 956</b>	<b>59 464</b>	<b>59 700</b>	<b>58 064</b>
Provinces and municipalities	-	-	19	-	-	-	-
Departmental agencies and accounts	25 022	25 896	23 679	24 745	28 580	32 200	34 464
Universities and technikons	-	6 200	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	3 517	-	-	11 000	15 000	10 000	3 500
Non-profit institutions	9 641	10 205	10 711	14 211	15 884	17 500	20 100
Households	-	-	10	-	-	-	-
<b>Payments for capital assets</b>	<b>15 319</b>	<b>20 208</b>	<b>45 368</b>	<b>13 005</b>	<b>22 005</b>	<b>23 360</b>	<b>24 862</b>
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	15 319	20 208	45 368	13 005	22 005	23 360	24 862
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>81 559</b>	<b>110 431</b>	<b>123 068</b>	<b>146 796</b>	<b>134 649</b>	<b>142 670</b>	<b>151 230</b>
<b>Details of transfer payments and subsidies:</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	-	-	19	-	-	-	-
Regional Service Council levies	-	-	19	-	-	-	-
<b>Departmental agencies and accounts (Entities)</b>							
<b>Current</b>	<b>25 022</b>	<b>25 896</b>	<b>23 679</b>	<b>24 745</b>	<b>28 580</b>	<b>32 200</b>	<b>34 464</b>
Sector Education and Training Authority: ISETT-seta	3 450	3 410	-	-	2 350	2 800	3 300
Universal Service Fund	21 572	22 486	23 679	24 745	26 230	29 400	31 164
<b>Universities and technikons</b>							
<b>Current</b>	-	6 200	-	-	-	-	-
University of Stellenbosch – Technology Licence	-	6 200	-	-	-	-	-
<b>Public corporations (other transfers)</b>							
<b>Current</b>	<b>3 517</b>	-	-	<b>11 000</b>	<b>15 000</b>	<b>10 000</b>	<b>3 500</b>
Advanced Institute for ICT	-	-	-	11 000	13 000	7 000	-
Multi-Purpose Community Centres	3 517	-	-	-	2 000	3 000	3 500



	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
<b>Non-profit institutions</b>							
<b>Current</b>	9 641	10 205	10 711	14 211	15 884	17 500	20 100
Universal Service Agency	9 641	10 205	10 711	14 211	15 884	17 500	20 100
<b>Households (Social benefits)</b>							
<b>Current</b>	-	-	10	-	-	-	-
Leave gratuity	-	-	10	-	-	-	-
<b>Total</b>	<b>38 180</b>	<b>42 301</b>	<b>34 419</b>	<b>49 956</b>	<b>59 464</b>	<b>59 700</b>	<b>58 064</b>

### Expenditure trends

From 2000/01 to 2003/04, expenditure increases annually by 21,6 per cent, largely as a result of increases in compensation of employees in order to expand the personnel capacity required to implement the Telecommunications Act. The allocation for 2003/04 increased by 19,3 per cent from 2002/03. This results from the provision of a feasibility study for the establishment of the Advanced Institute for ICT. The funding was initiated at R11,0 million for 2003/04 and increases to R13,0 million in 2004/05 and then decreases to R7,0 million in 2005/06. Total expenditure increases stabilise to an average rate of 1,0 per cent per annum over the MTEF period.

### Service delivery objectives and indicators

#### Recent outputs

##### *Liberalisation*

At the time of the 2003 ENE, the main focus was on the liberalisation of the telecommunications industry. This is an ongoing process, in terms of which a number of regulations have been issued. These cover the following areas: the application for the transfer of a telecommunications service licence; annual contributions to the Universal Service Fund; pre-selection in terms of section 96 of the Telecommunications Act; application for under-serviced area licences; and a notice of intention to supplement existing interconnection guidelines.

##### *The SNO*

Significant progress has been made with respect to the licensing of the Second National Operator, which will compete with Telkom in the provision of fixed line telecommunication services. Icasa recommended that a licence be issued to an entity consisting of the integrated 30 per cent of state-owned enterprises, the 10 per cent Nexus Connection and the warehoused 51 per cent stake. Thirteen per cent has been allocated to each of Two Consortium and Communitel. A 25 per cent equity stake in the SNO will be warehoused until suitable shareholders or investors are found.

##### *Emergency call centre*

Substantial resources have been utilised for installing infrastructure to establish the emergency communications call centre. The centre will provide a single national emergency number, from which all emergency calls can be re-routed to the most suitable local response unit (such as police, fire services and medical rescue.) The centre has been completed and is technically ready for operations, subject to the acquisition and integration of subscriber data from various operators.

### E-commerce

The Electronic Business Directorate, which is responsible for implementing the Electronic Communications and Transactions Act, has established a register of cryptography service providers. This register will provide a safe environment for electronic transactions. A domain naming authority has been established in 2003/04.

### Licensing for under-serviced areas

The first phase of licensing for applications from under-serviced areas has been completed. The process involved a public consultative process on regulations and a draft licence. Policy guidelines for subsidising under-serviced area licences were issued, together with a new model for subsidising under-serviced area licensees for the acquisition and construction of infrastructure. Icasa is in the midst of the licensing process.

### Convergence

As a consequence of the convergence of networks between telecommunications, broadcasting and IT, the department initiated a consultative process of reviewing current policies for the ICT sector, which culminated in the Convergence Colloquium held in July 2003. The colloquium resulted in the preparation of a Convergence Bill that was passed by Cabinet in November 2003.

## Medium-term output targets

### Telecommunications Policy

**Measurable objective:** Achieve a liberalised and competitive telecommunications industry through the development, implementation and monitoring of policy that results in competition among a variety of service providers.

Subprogramme	Output	Measure/Indicator	Target
Telecommunications Policy	A liberalised telecommunications industry	A licensed Second National Operator	June 2004
		Number of under-serviced area licences granted	18 under-serviced area licences by March 2007
		Feasibility study on the third national operator	August 2004
	Government's migration from the 1800 MHz spectrum	December 2005	
Established emergency communications infrastructure	A functional emergency communications call centre, accessible from anywhere in South Africa	April 2005	
Universal Service Agency and Universal Service Fund	Increased teledensity (the proportion of households with a phone) Access to telecommunications facilities	Rate of teledensity	Raise average teledensity in South Africa to 30% by December 2005
		Number of eligible people and small businesses provided with telecommunications services	10% increase in the number of people assisted by the end of 2004/05
Electronic Business Directorate	Electronic transactions	Number of electronic transactions processed successfully	10% increase in number of electronic transactions by 2006/07
	Domain naming authority	A fully functional authority responsible for the .za domain name space	To be fully functional by 2004/05
Advanced Institute for ICT	An institute that focuses on the study, research and development of ICT that benefits all citizens	Establishment of the Advanced Institute for ICT	March 2007

## Programme 3: Postal Services

The aim of *Postal Services* is to develop and monitor the implementation of policy in the postal sector. The Postal Services Policy subprogramme is structured into two focus areas, namely policy

and shareholder management. The policy focus aims to formulate effective postal policies and issue relevant regulations, taking into consideration national priorities, development needs and the need to provide universal service, especially in under-serviced areas. This includes managing projects like the national address system, multi-purpose community centres, citizens' post offices and public internet terminals that seek to promote universal access. The shareholder focus is responsible for the shareholding in SA Post Office Ltd and its subsidiaries. This includes ensuring that the Post Office has and maintains appropriate and robust corporate governance structures and complies with all relevant aspects of the King Code on Corporate Governance and the Public Finance Management Act (1 of 1999). In addition, the unit ensures that the organisation complies with the Postal Service Act (124 of 1998) and the Protocol on Corporate Governance. The Postal Regulator promotes the expansion of postal services and exercises regulatory functions for reserved and unreserved postal services. The programme also makes provision for subsidy transfers to the Post Office for any losses it incurs.

## Expenditure estimates

**Table 27.5: Postal Services**

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Postal Services Policy	16 409	22 998	11 878	13 218	27 795	35 630	37 768
Postal Regulator	2 509	8 391	9 692	26 968	28 695	36 569	38 763
Post Office Subsidy	–	600 000	300 000	1 050 000	300 000	300 000	318 000
<b>Total</b>	<b>18 918</b>	<b>631 389</b>	<b>321 570</b>	<b>1 090 186</b>	<b>356 490</b>	<b>372 199</b>	<b>394 531</b>
Change to 2003 Budget Estimate				737 104	–	–	

### Economic classification

	5 616	16 293	21 163	39 603	39 421	52 734	55 411
<b>Current payments</b>							
Compensation of employees	4 231	5 618	6 489	14 994	11 257	12 150	12 840
Goods and services	1 385	10 675	14 674	24 609	28 164	40 584	42 571
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>13 000</b>	<b>614 500</b>	<b>300 013</b>	<b>1 050 002</b>	<b>316 445</b>	<b>318 520</b>	<b>337 825</b>
Provinces and municipalities	–	–	8	2	15	20	25
Departmental agencies and accounts	–	–	–	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	13 000	614 500	300 000	1 050 000	316 430	318 500	337 800
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	5	–	–	–	–

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03		2004/05	2005/06	2006/07
R thousand							
<b>Payments for capital assets</b>	<b>302</b>	<b>596</b>	<b>394</b>	<b>581</b>	<b>624</b>	<b>945</b>	<b>1 295</b>
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	302	596	394	581	624	945	1 295
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>18 918</b>	<b>631 389</b>	<b>321 570</b>	<b>1 090 186</b>	<b>356 490</b>	<b>372 199</b>	<b>394 531</b>

**Details of transfer payments and subsidies:**

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	-	-	8	2	15	20	25
Regional Service Council levies	-	-	8	2	15	20	25
<b>Public corporations (subsidies on production)</b>							
<b>Current</b>	-	600 000	300 000	1 050 000	300 000	300 000	318 000
South African Post Office subsidy	-	600 000	300 000	1 050 000	300 000	300 000	318 000
<b>Public corporations (other transfers)</b>							
<b>Current</b>	13 000	14 500	-	-	16 430	18 500	19 800
South African Post Office: Public internet terminals	8 000	8 000	-	-	8 480	10 000	10 800
South African Post Office: Extension of Services	5 000	6 000	-	-	7 950	8 500	9 000
Multi-Purpose Community Centres	-	500	-	-	-	-	-
<b>Households (Social benefits)</b>							
<b>Current</b>	-	-	5	-	-	-	-
Leave gratuity	-	-	5	-	-	-	-
<b>Total</b>	<b>13 000</b>	<b>614 500</b>	<b>300 013</b>	<b>1 050 002</b>	<b>316 445</b>	<b>318 520</b>	<b>337 825</b>

**Expenditure trends**

The largest share of the department's budget is allocated to this programme, an average of 40,7 per cent over the medium term. The substantial increase in 2001/02 is due to the reintroduction of the postal subsidy at R600,0 million in that year (and R300,0 million per annum from the 2002/03 financial year). The subsidy was reintroduced to offset the losses incurred in the 2000/01 and 2001/02 financial years and to fund universal service projects thereafter. The subsidy accounts for an average of 81,7 per cent over the medium term. Discounting the Post Office subsidy, spending on the rest of the programme increases at an annual average 24,0 per cent over the medium term. This is mainly to provide capacity to the Postal Regulator and the Shareholder Management Unit.

**Service delivery objectives and indicators****Recent outputs**

A universal postal service obligation has been imposed on the Post Office in exchange for an exclusive right to provide a basic letter service. Working towards the objective of universal postal service, the Post Office:

- introduced a geographic information system (GIS) to develop a comprehensive profile of postal communications infrastructure during 2002/03
- initiated a policy process in July 2003 for a national address system to provide all citizens without postal addresses with mail delivery services at their physical addresses
- installed 100 public internet terminals to provide public access to digital communications infrastructure, content and services between 1998 and 2003
- launched 17 citizens' post offices and 60 conventional post offices by the end of 2003
- reviewed the existing transport and logistics strategy with a view to improving cost-effectiveness between 2002 and 2003
- completed a legal strategy to protect the Post Office against illegal operators within the reserved mail market during August 2003
- cancelled or renegotiated unfavourable contracts in 2002 to convert the fixed costs to variable costs where the Post Office only bears costs in relation to the revenue being generated
- introduced a pilot project to make pension payouts using smart cards at the Brits Post Office in the North West province during 2003.

The department supported these activities by reintroducing the subsidy to the Post Office to ensure that the organisation is on sound financial footing to guarantee the delivery of the organisation's social obligations, and by implementing a strategy to differentiate the market between the Post Office and private, bulk mail service providers.

The Post Bank corporatisation has begun, with the streamlining of governance issues and lines of accountability, which will lead to the Post Bank becoming an independent subsidiary of the Post Office.

Following the passing of the Electronic Communications and Transactions Act, which mandates the Post Office to be the preferred authentication authority of online transactions, two trust centres have been created, in Grabouw in the Western Cape and Johannesburg, to integrate the technological needs of the Post Office. These facilities will provide legal certainty and digital certificates. Linked to this, the Post Office has introduced a pension payment system that uses biometrics technology for security.

Draft postal service regulations have been gazetted and the Postal Regulator has conducted consultations around the country with postal service stakeholders. The necessary amendments to the postal service regulations have been made, subject to ministerial approval.

### Medium-term output targets

#### Postal Services

<b>Measurable objective:</b> Promote universal access and service in the postal sector by developing, implementing and monitoring postal policy that increases access to postal services and improves service delivery standards.			
<b>Subprogramme</b>	<b>Output</b>	<b>Measure/Indicator</b>	<b>Target</b>
Postal Service Policy	Universal postal service access	Number of people with access to postal services	5% increase per year in number of people with postal addresses in rural and under-served areas
		Number of postal outlets providing services	25 new citizens' post offices by 2005/06
		Number of public internet terminals	250 new public internet terminals per year
	Repositioned and economically viable Post Office separate from the Post Bank	The separation of the Post Bank	April 2006

Subprogramme	Output	Measure/Indicator	Target
Postal Regulator	Improvement in the standards of the postal service	Average delivery time for a letter	5% reduction per year in average delivery times
	Registration of private courier operators by the regulator	Number of private operators licensed	300 private operators registered by April 2005 to provide unreserved postal services

## Programme 4: Multi-Media Services Policy

*Multi-Media Services Policy* formulates policy for the broadcasting and multi-media industry. Through its eight subprogrammes, the work of the unit is structured into four focus areas: finance and shareholding; legal and policy issues; community development and disability integration; and e-learning and new services. The Multi-Media Policy subprogramme promotes the transformation of the advertising and marketing industry; the South African broadcasting production industry; digital broadcasting and convergence strategies; and moral regeneration. The unit is investigating the possibility of targeting the use of television licence fees towards public broadcasting exclusively. The issuing of sports rights and the broadcast of national sporting events is also currently under investigation. The shareholding cluster of subprogrammes manages the shareholding, corporate governance and control of transfers to the South African Broadcasting Corporation, Channel Africa, the Independent Communications Authority of South Africa, the National Electronic Media Institute and Sentech. The Community Radio subprogramme focuses on the extension of signal distribution to reach all communities, and the extension of community multimedia services at selected nodal points.

### Expenditure estimates

Table 27.6: Multi-Media Services Policy

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03	2003/04		2004/05	2005/06	2006/07
R thousand								
Multi-Media Policy	22 794	38 845	49 583	40 840	43 038	43 926	46 616	
South African Broadcasting Corporation	111 500	92 361	42 930	83 317	47 400	50 455	53 482	
Channel Africa	28 200	26 743	26 450	26 288	27 865	29 616	31 393	
Community Radio	336	14 858	5 459	9 000	9 540	10 255	10 870	
Independent Communications Authority of South Africa	108 009	117 260	148 729	138 350	140 947	144 489	154 738	
National Electronic Media Institute of South Africa	17 000	12 642	13 203	15 153	16 878	18 163	19 199	
Sentech	–	–	54 000	–	–	–	–	
<b>Total</b>	<b>287 839</b>	<b>302 709</b>	<b>340 354</b>	<b>312 948</b>	<b>285 668</b>	<b>296 904</b>	<b>316 298</b>	
Change to 2003 Budget Estimate				49 704	8 000	7 000		

#### Economic classification

	4 897	13 831	19 307	9 260	14 368	12 726	13 176
<b>Current payments</b>							
Compensation of employees	2 794	4 523	5 515	4 367	5 135	5 296	5 467
Goods and services	2 103	9 308	13 792	4 893	9 233	7 430	7 709
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03		2004/05	2005/06	2006/07
R thousand							
<b>Transfers and subsidies to:</b>	<b>282 835</b>	<b>288 264</b>	<b>320 818</b>	<b>303 608</b>	<b>271 130</b>	<b>283 978</b>	<b>302 882</b>
Provinces and municipalities	-	-	8	-	-	-	-
Departmental agencies and accounts	108 009	117 260	148 729	138 350	140 947	144 489	154 738
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	157 826	158 362	158 878	150 105	113 305	121 326	128 945
Non-profit institutions	17 000	12 642	13 203	15 153	16 878	18 163	19 199
Households	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>107</b>	<b>614</b>	<b>229</b>	<b>80</b>	<b>170</b>	<b>200</b>	<b>240</b>
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	107	614	229	80	170	200	240
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>287 839</b>	<b>302 709</b>	<b>340 354</b>	<b>312 948</b>	<b>285 668</b>	<b>296 904</b>	<b>316 298</b>

## Details of transfer payments and subsidies:

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	-	-	8	-	-	-	-
Regional Service Council levies	-	-	8	-	-	-	-
<b>Departmental agencies and accounts (Entities)</b>							
<b>Current</b>	<b>108 009</b>	<b>117 260</b>	<b>148 729</b>	<b>138 350</b>	<b>140 947</b>	<b>144 489</b>	<b>154 738</b>
Independent Communications Authority of South Africa	108 009	117 260	148 729	138 350	140 947	144 489	154 738
<b>Public corporations (other transfers)</b>							
<b>Current</b>	<b>157 826</b>	<b>158 362</b>	<b>104 878</b>	<b>150 105</b>	<b>113 305</b>	<b>121 326</b>	<b>128 945</b>
South African Broadcasting Corporation: Public broadcaster	37 000	40 114	42 930	44 717	47 400	50 455	53 482
South African Broadcasting Corporation: TBVC states	74 500	52 247	-	40 000	-	-	-
South African Broadcasting Corporation: Channel Africa	28 200	26 743	26 450	26 288	27 865	29 616	31 393
South African Broadcasting Corporation: Community radio stations	336	14 858	5 459	9 000	9 540	10 255	10 870
South African Broadcasting Corporation: Programme production	17 790	24 400	30 039	30 100	28 500	31 000	33 200
<b>Capital</b>	<b>-</b>	<b>-</b>	<b>54 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Sentech	-	-	54 000	-	-	-	-
<b>Non-profit institutions</b>							
<b>Current</b>	<b>17 000</b>	<b>12 642</b>	<b>13 203</b>	<b>15 153</b>	<b>16 878</b>	<b>18 163</b>	<b>19 199</b>
National Electronic Media Institute of South Africa	17 000	12 642	13 203	15 153	16 878	18 163	19 199
<b>Total</b>	<b>282 835</b>	<b>288 264</b>	<b>320 818</b>	<b>303 608</b>	<b>271 130</b>	<b>283 978</b>	<b>302 882</b>

## Expenditure trends

The programme's spending increased on average by 8,7 per cent per year between 2000/01 and 2002/03. A once-off payment of R54,0 million that was made to Sentech in 2002/03 for the settlement of the loan from the SABC contributed to the decrease of 8,1 per cent between 2002/03

and 2003/04. Further, a once-off amount of R40,0 million was provided in 2003/04 to the SABC to close down Bophuthatswana Broadcasting Corporation. Expenditure for the programme is set to increase at an average annual rate of 5,2 per cent between 2004/05 and 2006/07.

## Service delivery objectives and indicators

### Recent outputs

The transformation of the broadcasting industry is a final outcome that is to be achieved through a number of projects. In an effort to transform the industry, the following outputs were achieved:

#### *Broadcasting*

The SABC has been split into two operation divisions, namely, the public broadcasting service and the commercial broadcasting service, each with its own accounting and reporting mechanisms. The restructuring of the SABC includes enhanced corporate governance in terms of the Broadcasting Amendment Act (64 of 2002). The Act provides for the conversion of the SABC into a public company in terms of the Companies Act (61 of 1973). On 1 October 2003, the SABC was registered as a limited liability company (SABC Ltd).

Two reports were submitted to Cabinet: one prepared by the Digital Advisory Body on the conversion of the South African broadcasting sector from an analogue to digital broadcasting system; and the other by the Broadcasting Advisory Body on the development, production and display of local television and radio content for local and international flighting. Cabinet subsequently referred them to the interministerial subcommittee on restructuring of state assets with a request to consider the recommendations and advise Cabinet on a way forward.

A study to explore options to reposition and corporatise Channel Africa was completed and submitted to the Minister during 2003.

#### *Licences to Sentech*

A carrier licence and multi-media licence were granted to Sentech (Pty) Ltd. These licences allow the company to gain entry into the telecommunications sector by carrying international telecommunication voice traffic, and to be a multimedia digital company by providing multimedia telecommunication services.

## Medium-term output targets

### Multi-Media Services Policy

**Measurable objective:** Create an environment conducive to meeting the diverse multimedia needs through policy formulation and the effective management of resources in order to transform the broadcasting industry.

Subprogramme	Output	Measure/Indicator	Target
Multi-Media Policy	Greater diversity in broadcasting content	Ratio between programmes in each official language and English programmes	10% increase per year in ratio between programmes in each official language and English programmes
South African Broadcasting Corporation	Educational programmes	Number of educational programmes produced	4 quality educational programmes of local content per year that are acceptable to the public
Channel Africa	External broadcasting service to promote South Africa's image internationally	Increase in the proportion of external viewers	Increase of 5% in external viewership per year



Subprogramme	Output	Measure/Indicator	Target
Community Radio	A well developed community radio sector	The number of community radio stations that are fully operational	Install and license 9 production hubs (1 in each province), and reach a target of 50 installed stations by 2005/06
Independent Communications Authority of South Africa	Well regulated broadcasting and telecommunications sectors	The number of licences issued to provide broadcasting and telecommunications services  Frequency of compliance review and renewal of broadcasting licences 25 broadcasting licences to be reissued per year	3 telecommunications licences per year  Review and renew existing licences for community radio every 4 years Review and renew existing licences for commercial radio every 8 years
National Electronic Media Institute of South Africa	Trained individuals in multimedia, ICT, webcasting and traditional broadcasting	The number of individuals trained in multimedia, ICT, webcasting and traditional broadcasting	10% increase in the number of new graduates by 2005/06

## Programme 5: Auxiliary and Associated Services

*Auxiliary and Associated Services* administers, co-ordinates and manages the outsourced component of the research programme. The unit monitors international trends in the communications sector insofar as they relate to telecommunications, broadcasting, postal and related areas of converging ICT and the information society. The unit also provides research support to the Presidential International Advisory Council, the Presidential National Commission and NEPAD, when required. The Infrastructure subprogramme is responsible for the computer networks and related infrastructure in the department. The Research subprogramme undertakes research in the telecommunications, broadcasting, postal and related areas of converging ICT. Geographic information system (GIS) technologies are also used for effective policy- and decision-making to address infrastructure deficits and service delivery.

### Expenditure estimates

Table 27.7: Auxiliary and Associated Services

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation	2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Research	726	2 742	2 626	5 229	5 565	5 810	6 158
Infrastructure	2 570	668	766	1 453	1 559	1 628	1 726
<b>Total</b>	<b>3 296</b>	<b>3 410</b>	<b>3 392</b>	<b>6 682</b>	<b>7 124</b>	<b>7 438</b>	<b>7 884</b>
Change to 2003 Budget Estimate				-	-	-	

#### Economic classification

	1 861	2 921	2 556	6 388	6 806	7 016	7 362
<b>Current payments</b>							
Compensation of employees	816	1 621	628	2 264	2 296	2 426	2 560
Goods and services	1 045	1 300	1 928	4 124	4 510	4 590	4 802
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03		2004/05	2005/06	2006/07
R thousand							
<b>Transfers and subsidies to:</b>	-	-	-	1	1	2	2
Provinces and municipalities	-	-	-	1	1	2	2
Departmental agencies and accounts	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>1 435</b>	<b>489</b>	<b>836</b>	<b>293</b>	<b>317</b>	<b>420</b>	<b>520</b>
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	1 435	489	836	293	317	420	520
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>3 296</b>	<b>3 410</b>	<b>3 392</b>	<b>6 682</b>	<b>7 124</b>	<b>7 438</b>	<b>7 884</b>

**Details of transfer payments and subsidies:**

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	-	-	-	1	1	2	2
Regional Service Council levies	-	-	-	1	1	2	2
<b>Total</b>	-	-	-	1	1	2	2

**Expenditure trends**

Spending on the programme, a small component of the Communications vote, increased by an average of 1,5 per cent per year between 2000/01 and 2002/03, and will further increase by an annual average of 5,7 per over the MTEF period. The substantial increase in 2003/04 was made in order to provide capacity to the research unit to fulfil its functions.

**Service delivery objectives and indicators****Recent outputs**

In line with the targets outlined in the 2003 ENE, the unit has begun to establish statistics and benchmarking indicators for the communications sector. A corporate geographic information system (GIS) was developed to provide a spatial map of the provinces, indicating related infrastructure such as schools, post offices, public internet terminals and community density. This, together with information from Statistics South Africa, Gaffney's Local Government database and Demarcation Board municipal profiles, will be used to enhance the management information system and support decision-making. Further, in partnership with the National Language Service of the Department of Arts and Culture, the unit is managing the translation of ICT terms and definitions into all South African languages.

## Medium-term output targets

### Auxiliary and Associated Services

Measurable objective: Facilitate, leverage and conduct high quality research to monitor and evaluate the activities of the communications sector.			
Subprogramme	Output	Measure/Indicator	Target
Research	Communications sector statistics and benchmarking indicators	The number of indicators and statistics to be used for management information systems and decision-making	Annual monitoring of indicators
		Frequency of updating of communication sector statistics	Identification of at least 15 key indicators by December 2004
Infrastructure	Communication infrastructure for the department	Report on departmental infrastructure upgrading requirements in line with technological advances	First annual report by March 2005

## Public entities reporting to the Minister

### South African Post Office

The South African Post Office Ltd is established in terms of section 3 of the Post Office Act (44 of 1958) as a government business enterprise to provide postal and related services to the South African public. The government subsidy to the Post Office was terminated on 31 March 2000. This was in anticipation of the Post Office becoming a viable profit-making business. However, the turnaround strategy did not succeed and the organisation sustained further losses in 2000/01 and 2001/02. To help to improve the finances of the Post Office to enable it to continue rolling out postal infrastructure, the subsidy was reintroduced in 2001/02 at R600,0 million. A further R300,0 million a year has also been allocated over the medium term. The subsidy will be utilised to fund postal outlets, especially in the rural areas, that do not generate adequate revenue in excess of their expenses. In addition to the subsidy, the Post Office received R750,0 million in 2003/04 to reimburse the Post Bank for depositors' funds that the Post Office utilised to fund its operations during the loss-making years. These funds will be used to fund the resulting liability in the books of the Post Office.

**Table 27.8 Summary of revenue and expenses for the South African Post Office**

	Revenue/Expenditure Outcome				Medium-term estimate		
	Audited	Audited	Preliminary	Estimated			
R Thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>Revenue</b>							
<b>Tax revenue</b>	-	-	-	-	-	-	-
<b>Non-tax revenue</b>	<b>3 389 528</b>	<b>3 613 713</b>	<b>3 884 089</b>	<b>4 055 352</b>	<b>4 512 719</b>	<b>4 780 944</b>	<b>5 190 792</b>
Sale of goods and services other than capital assets	3 389 528	3 489 364	3 716 269	4 055 352	4 512 719	4 780 944	5 190 792
<i>Of which:</i>							
Admin fees	3 299 623	3 454 626	3 624 800	4 055 352	4 512 719	4 780 944	5 190 792
Interest	89 905	34 738	91 469	-	-	-	-
Other non-tax revenue	-	124 349	167 820	-	-	-	-
<b>Transfers received</b>	<b>143 000</b>	<b>-</b>	<b>-</b>	<b>300 000</b>	<b>300 000</b>	<b>300 000</b>	<b>318 000</b>
<b>Sale of capital assets</b>	<b>1 837</b>	<b>22 017</b>	<b>11 392</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total revenue</b>	<b>3 534 365</b>	<b>3 635 730</b>	<b>3 895 481</b>	<b>4 355 352</b>	<b>4 812 719</b>	<b>5 080 944</b>	<b>5 508 792</b>

	Revenue/Expenditure Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06
R Thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>Expenses</b>							
<b>Current expense</b>	<b>4 199 795</b>	<b>3 889 492</b>	<b>3 858 226</b>	<b>4 465 265</b>	<b>4 360 762</b>	<b>4 661 130</b>	<b>5 058 666</b>
Compensation of employees	2 453 567	2 176 167	2 376 062	2 637 970	2 484 213	2 453 756	2 650 057
Use of goods and services	1 510 112	1 489 391	1 273 082	1 528 433	1 549 042	1 838 801	1 986 495
Depreciation	191 646	184 856	170 197	239 862	251 154	274 856	296 845
Interest, dividends and rent on land	44 470	39 078	38 885	59 000	76 353	93 717	125 269
Interest	44 470	39 078	38 885	59 000	76 353	93 717	125 269
Rent on land	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>258 500</b>	<b>257 832</b>	<b>359 027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>4 458 295</b>	<b>4 147 324</b>	<b>4 217 253</b>	<b>4 465 265</b>	<b>4 360 762</b>	<b>4 661 130</b>	<b>5 058 666</b>
<b>Surplus / (Deficit)</b>	<b>(923 930)</b>	<b>(511 594)</b>	<b>(321 772)</b>	<b>(109 913)</b>	<b>451 957</b>	<b>419 814</b>	<b>450 126</b>
<b>Cash flow summary</b>							
Adjust surplus / (deficit) for accrual transactions	169 287	(128 819)	(483 176)	295 862	325 507	365 573	420 114
<b>Operating surplus / (deficit) before changes in working capital</b>	<b>(754 643)</b>	<b>(640 413)</b>	<b>(804 948)</b>	<b>185 949</b>	<b>777 464</b>	<b>785 387</b>	<b>870 240</b>
Changes in working capital	387 062	341 751	435 963	47 028	(10 713)	(6 107)	(12 469)
<b>Cash flow from operating activities</b>	<b>(367 581)</b>	<b>(298 662)</b>	<b>(368 985)</b>	<b>232 977</b>	<b>766 751</b>	<b>779 280</b>	<b>857 771</b>
Of which: Transfers from government	147 608	600 000	300 000	300 000	300 000	300 000	318 000
<b>Cash flow from investing activities</b>	<b>(42 679)</b>	<b>107 588</b>	<b>226 662</b>	<b>146 154</b>	<b>337 950</b>	<b>308 525</b>	<b>312 500</b>
<b>Cash flow from financing activities</b>	<b>(132 581)</b>	<b>600 000</b>	<b>300 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(542 841)</b>	<b>408 926</b>	<b>157 677</b>	<b>379 131</b>	<b>1 104 701</b>	<b>1 087 805</b>	<b>1 170 271</b>

Data provided by the South African Post Office

## Telkom SA Ltd

Telkom SA Ltd is a government business enterprise established in terms of section 3 of the Post Office Act (44 of 1958). Its main objective is to provide fixed line telephone services to the South African public. In 1997, the Ministry of Post, Telecommunications and Broadcasting awarded Telkom a licence which granted the company the exclusive right to provide public switched telecommunications services for a period of no less than five years. This exclusivity expired on 7 May 2002.

In May 1997, government sold a 30,0 per cent equity share to a strategic partner, Thintana Communications LLC, which is a consortium of SBC Communications Inc. and Telekom Malaysia Berhad. This brought an infusion of skills and expertise, and funding of R1,7 billion. On 4 March 2003, Telkom offered 30,7 per cent of its shares for sale through an initial public offering, resulting in proceeds of R4,1 billion. The remaining 39,3 per cent of Telkom is owned by government.

## South African Broadcasting Corporation

The South African Broadcasting Corporation (SABC) was established in terms of the Broadcasting Act (22 of 1936) as a government business enterprise to provide radio and television broadcasting services to the country. The Broadcasting Act (4 of 1999), as amended, provides for the SABC to be incorporated into a limited liability company as well for the split of SABC into two operational divisions, namely the public broadcasting service and the commercial broadcasting service. The legislative framework also encourages the development of programmes that advance South

African expression in all official languages as well as the development and promotion of local content.

The SABC's executive management is accountable to the SABC Board, which in turn reports to the Minister of Communications. The SABC receives government funding for public broadcasting. A further allocation of R40,0 million was made to the SABC to close down Bophuthatswana Broadcasting Corporation, as the organisation was not financially sustainable.

The organisation will receive R47,4 million in 2004/05, R50,5 million in 2005/06 and R53,5 million in 2006/07 for broadcasting educational programmes. Funding for the former TBVC broadcasters was terminated in 2001/02. One of the primary focus areas for the medium term is to increase the production of educational programmes for broadcast by the SABC.

### **Sentech (Pty) Ltd**

Sentech (Pty) Ltd was established in terms of section 4 of the Sentech Act (63 of 1996) as a public company. Its main business is to provide, as a common carrier, broadcasting signal distribution for broadcasting licensees. To ensure more efficient utilisation of its resources, Sentech was awarded two telecommunication service licences during May 2002, namely the Carrier of Carriers Licence and the Multimedia Services License. The former allows Sentech to carry international telecommunication voice traffic to and from licensed public switched terminal services and mobile operators, and the latter is aimed at providing multimedia telecommunication services to profitable market segments in South Africa. Sentech will maximise the business opportunities generated by both licences. Sentech reports to the Minister of Communications through its board of directors.

The company does not receive any government funding apart from the R54,0 million that was allocated in 2002/03 for the settlement of the loan made by the SABC to the company for start-up capital costs.

### **Independent Communications Authority of South Africa**

The Independent Communications Authority of South Africa (Icasa) was established in terms of section 3 of the Independent Communications Authority of South Africa Act (13 of 2000) as a constitutional institution. Icasa results from the merger of the previous Independent Broadcasting Authority and the South African Telecommunications Regulatory Authority. The organisation is responsible for regulating the broadcasting industry in the public's interest to ensure fairness and a diversity of views broadly representing South African society. It is also responsible for regulating the telecommunications industry in the public interest. Icasa is responsible for collecting licence fees from telecommunications and broadcasting operators. This revenue is deposited into the National Revenue Fund.

The increase in the 2002/03 budget is due to the organisation receiving an additional R36,6 million to settle a tax liability with the South African Revenue Services on transfers Icasa received from the department. Icasa's allocation is R140,9 million in 2004/05, R144,5 million in 2005/06 and R154,7 million in 2006/07. Icasa relies solely on government funding.

**Table 27.9 Summary of revenue and expenses for the Independent Communications Authority of SA**

	Revenue/Expenditure outcome			Estimated outcome	Medium-term estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03		2003/04	2004/05	2005/06
R Thousand							
<b>Revenue</b>							
<b>Tax revenue</b>	-	-	-	-	-	-	-
<b>Non-tax revenue</b>	-	126	49	-	-	-	-
Sale of goods and services other than capital assets	-	-	-	-	-	-	-
<i>Of which:</i>							
Admin fees	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other non-tax revenue	-	126	49	-	-	-	-
<b>Transfers received</b>	74 122	118 236	122 180	131 146	140 947	144 489	154 738
<b>Sale of capital assets</b>	-	581	65	-	-	-	-
<b>Total revenue</b>	74 122	118 943	122 294	131 146	140 947	144 489	154 738
<b>Expenses</b>							
<b>Current expense</b>	80 928	101 399	128 101	132 564	134 651	144 489	154 738
Compensation of employees	41 342	51 179	61 486	60 951	65 827	71 093	76 781
Use of goods and services	34 235	44 695	61 835	66 772	62 634	66 085	69 802
Depreciation	5 351	5 509	4 751	4 841	6 190	7 311	8 155
Interest, dividends and rent on land	-	16	29	-	-	-	-
Interest	-	16	29	-	-	-	-
Rent on land	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	137	147	76	-	-	-	-
<b>Total expenses</b>	81 065	101 546	128 177	132 564	134 651	144 489	154 738
<b>Surplus / (Deficit)</b>	(6 943)	17 397	(5 883)	(1 418)	6 296	-	-
<b>Cash flow summary</b>							
Adjust surplus / (deficit) for accrual transactions	6 522	5 401	4 740	-	-	-	-
<b>Operating surplus / (deficit) before changes in working capital</b>	(421)	22 798	(1 143)	(1 418)	6 296	-	-
Changes in working capital	-	(9 985)	23 576	-	-	-	-
<b>Cash flow from operating activities</b>	(421)	12 813	22 433	(1 418)	6 296	-	-
<i>Of which: Transfers from government</i>	74 122	118 236	122 180	131 146	140 947	144 489	154 738
<b>Cash flow from investing activities</b>	(610)	(5 128)	(4 551)	(10 522)	(12 486)	(7 123)	(7 057)
<b>Cash flow from financing activities</b>	-	-	-	-	-	-	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	(1 031)	7 685	17 882	(11 940)	(6 190)	(7 123)	(7 057)

Data provided by the Independent Communications Authority of South Africa

## Universal Service Agency

The Universal Service Agency was established in terms of section 58 of the Telecommunications Act (103 of 1996). The agency is mainly responsible for promoting the goal of universal service, performing the following functions: make recommendations to the Minister to determine what constitutes universal access for all areas and communities in South Africa; encourage the adoption of new methods of attaining universal access and service; encourage, facilitate and offer guidance in relation to any scheme to provide universal access and service; encourage the provision of telecommunications services as part of reconstruction and development projects as contemplated in section 3(a) of the Reconstruction and Development Programme Fund Act (7 of 1994); stimulate public awareness of the benefits of telecommunications services; and manage the Universal Service Fund as discussed in Chapter VIII of the Telecommunications Act.

The organisation will receive R15,9 million, R17,5 million and R20,1 million over the MTEF period to carry out its mandate. These funds are used for its operational costs. In the medium term, the agency will focus on increasing teledensity (the proportion of households with a telephone), and extending telecommunication services in under-serviced areas.

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

The National Electronic Media Institute of South Africa (Nemisa) was established as a non-profit organization in terms of the Companies Act (61 of 1973). It is a training institution for the broadcasting industry. Nemisa's vision is to become a practical, fully-fledged educational institute in electronic media skills development. Nemisa reports directly to the Minister of Communications through its board.

Nemisa is funded from monies appropriated by Parliament and included in the department's vote. Nemisa's baseline allocation is R16,9 million in 2004/05, R18,2 million in 2005/06 and R19,2 million in 2006/07. Funds are utilised for training programmes, acquisition of capital assets and student costs. The primary target for the institute over the medium term is to achieve a 10 per cent increase in the number of new graduates in the fields of multimedia, ICT, webcasting and broadcasting.

## **Annexure**

### **Vote 27: Communications**

Table 27.10: Summary of expenditure trends and estimates per programme

Table 27.11: Summary of expenditure trends and estimates per economic classification

Table 27.12: Summary of personnel numbers and compensation of employees

Table 27.13: Summary of expenditure on training

Table 27.14: Summary of information and communications technology expenditure

Table 27.15: Summary of official development assistance expenditure

Table 27.16: Summary of expenditure on infrastructure



**Table 27.10: Summary of expenditure trends and estimates per programme**

	Expenditure outcome					Medium-term expenditure estimate				
	Audited		Preliminary outcome		Revised estimate	2003/04		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03	2003/04		Main appropriation	Adjusted appropriation			
R thousand	64 225	80 399	96 204	83 607	88 607	84 198	91 269	95 292	101 008	
1 Administration	81 559	110 431	123 068	135 900	146 796	144 062	134 649	142 670	151 230	
2 Telecommunications Policy	18 918	631 389	321 570	353 082	1 090 186	1 088 027	356 490	372 199	394 531	
3 Postal Services	287 839	302 709	340 354	263 244	49 704	312 319	285 668	296 904	316 298	
4 Multi-Media Services Policy	3 296	3 410	3 392	6 682	-	6 682	7 124	7 438	7 884	
5 Auxiliary and Associated Services										
<b>Total</b>	<b>455 837</b>	<b>1 128 338</b>	<b>884 588</b>	<b>842 515</b>	<b>1 645 219</b>	<b>1 634 962</b>	<b>875 200</b>	<b>914 503</b>	<b>970 951</b>	
Change to 2003 Budget Estimate					802 704	792 447	8 357	7 374		

**Table 27.11: Summary of expenditure trends and estimates per economic classification**

	Expenditure outcome				Medium-term expenditure estimate					
	Audited		Preliminary outcome		Revised estimate	2003/04		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03	2003/04		Main appropriation	Adjusted appropriation			
R thousand	32 969	49 712	54 592	71 451	61 194	70 538	70 538	74 816	78 728	
<b>Current payments</b>										
Compensation of employees	28 589	42 919	47 692	63 289	54 355	62 977	62 977	66 649	70 004	
- Salaries and wages	4 380	6 793	6 900	8 162	6 839	7 561	7 561	8 167	8 724	
- Social contributions	69 134	108 771	123 259	116 358	153 962	131 925	131 925	149 681	163 441	
Goods and services	-	-	-	-	-	-	-	-	-	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
- Interest	-	-	-	-	-	-	-	-	-	
- Rent on land	-	-	-	-	-	-	-	-	-	
Financial transactions in assets and liabilities	-	219	65	-	-	-	-	-	-	
Unauthorised expenditure	-	-	-	-	-	-	-	-	-	
<b>Total current payments</b>	<b>102 103</b>	<b>158 702</b>	<b>177 916</b>	<b>187 809</b>	<b>215 156</b>	<b>202 463</b>	<b>202 463</b>	<b>224 497</b>	<b>242 169</b>	

Table 27.11: Summary of expenditure trends and estimates per economic classification (continued)

	Expenditure outcome				2003/04			2004/05			2005/06		2006/07
	Audited	Audited	Preliminary outcome		Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate					
	2000/01	2001/02	2002/03						2004/05	2005/06	2006/07		
<b>Transfers and subsidies to:</b>													
<b>Provinces and municipalities</b>	101	154	145		137	-	137	137	200	206	261		
- Provinces	-	-	-		-	-	-	-	-	-	-		
- Provincial revenue funds	-	-	-		-	-	-	-	-	-	-		
- Provincial agencies and funds	-	-	-		-	-	-	-	-	-	-		
- Municipalities	101	154	145		137	-	137	137	200	206	261		
- Municipalities	101	154	145		137	-	137	137	200	206	261		
- Municipal agencies and funds	-	-	-		-	-	-	-	-	-	-		
<b>Departmental agencies and accounts</b>	133 031	143 156	172 408		155 495	7 600	163 095	163 095	169 527	176 689	189 202		
- Social security funds	-	-	-		-	-	-	-	-	-	-		
- Departmental agencies (non-business entities)	133 031	143 156	172 408		155 495	7 600	163 095	163 095	169 527	176 689	189 202		
<b>Universities and technicians</b>	-	6 200	-		-	-	-	-	-	-	-		
<b>Foreign governments &amp; international organisations</b>	-	-	-		-	-	-	-	-	-	-		
<b>Public corporations and private enterprises</b>	174 343	772 862	458 878		449 005	762 100	1 211 105	1 211 105	444 735	449 826	470 245		
- Public corporations	174 343	772 862	458 878		449 005	762 100	1 211 105	1 211 105	444 735	449 826	470 245		
- Subsidies on production	-	600 000	300 000		300 000	750 000	1 050 000	1 050 000	300 000	300 000	318 000		
- Other transfers	174 343	172 862	158 878		149 005	12 100	161 105	161 105	144 735	149 826	152 245		
<b>- Private enterprises</b>	-	-	-		-	-	-	-	-	-	-		
- Subsidies on production	-	-	-		-	-	-	-	-	-	-		
- Other transfers	-	-	-		-	-	-	-	-	-	-		
<b>Non-profit institutions</b>	26 641	22 847	23 914		24 964	4 400	29 364	29 364	32 762	35 663	39 299		
<b>Households</b>	-	52	15		-	-	-	-	-	-	-		
- Social benefits	-	52	15		-	-	-	-	-	-	-		
- Other transfers to households	-	-	-		-	-	-	-	-	-	-		
<b>Total transfers and subsidies</b>	334 116	945 271	655 360		629 601	774 100	1 403 701	1 403 701	647 224	662 384	699 007		

**Table 27.11: Summary of expenditure trends and estimates per economic classification (continued)**

	Expenditure outcome				Medium-term expenditure estimate			
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03	Main appropriation 2003/04	Additional appropriation 2003/04	Adjusted appropriation 2004/05	Revised estimate 2005/06	2006/07
<b>Payments on capital assets</b>								
<b>Buildings and other fixed structures</b>								
- Buildings	-	-	-	-	-	-	-	-
- Other fixed structures	-	-	-	-	-	-	-	-
<b>Machinery and equipment</b>	19 618	24 365	51 312	25 105	(9 000)	16 105	16 105	29 775
- Transport equipment	-	-	-	692	-	692	692	793
- Other machinery and equipment	19 618	24 365	51 312	24 413	(9 000)	15 413	15 413	28 982
<b>Cultivated assets</b>								
<b>Software and other intangible assets</b>								
<b>Land and subsoil assets</b>								
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-	-
<b>Total payments on capital assets</b>	19 618	24 365	51 312	25 105	(9 000)	16 105	16 105	29 775
<b>Total</b>	455 837	1 128 338	884 588	842 515	802 704	1 645 219	1 634 962	970 951

**Table 27.12: Summary of personnel numbers and compensation of employees<sup>1</sup>**

Personnel numbers	2000/01	2001/02	2002/03	2003/04	2004/05
1 Administration	97	98	99	164	172
2 Telecommunications Policy	41	57	60	71	76
3 Postal Services	23	29	29	35	39
4 Multi-Media Services Policy	12	12	13	19	23
5 Auxiliary and Associated Services	13	13	13	3	7
<b>Total</b>	<b>186</b>	<b>209</b>	<b>214</b>	<b>292</b>	<b>317</b>
Total compensation of employees (R thousand)	32 969	49 712	54 592	71 451	70 538
Unit cost (R thousand)	177.3	237.9	255.1	244.7	222.5

<sup>1</sup> Full-time equivalent

**Table 27.13: Summary of expenditure on training**

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
1 Administration	3 102	1 568	1 471	2 290	2 394	2 506	2 650
2 Telecommunications Policy	140	1 879	360	1 569	1 640	1 722	1 825
3 Postal Services	-	397	97	455	475	500	520
4 Multi-Media Services Policy	-	69	287	126	132	142	150
5 Auxiliary and Associated Services	273	105	1 667	330	344	364	356
<b>Total</b>	<b>3 515</b>	<b>4 018</b>	<b>3 882</b>	<b>4 770</b>	<b>4 985</b>	<b>5 234</b>	<b>5 501</b>

**Table 27.14: Summary of information and communications technology expenditure**

R thousand	Expenditure outcome				Adjusted appropriation 2003/04	Medium-term expenditure estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03			2004/05	2005/06	2006/07
<b>1 Administration</b>	-	1 875	1 149		1 174	1 249	1 662	1 762
Technology	-	1 755	1 023		1 043	1 112	1 497	1 587
IT services	-	120	126		131	137	165	175
<b>2 Telecommunications Policy</b>	-	12 611	9 362		1 392	1 422	3 859	4 090
Technology	-	12 611	9 362		1 392	1 422	3 859	4 090
IT services	-	-	-		-	-	-	-
<b>3 Postal Services</b>	-	536	204		268	298	1 464	1 552
Technology	-	536	204		268	298	1 464	1 552
IT services	-	-	-		-	-	-	-
<b>4 Multi-Media Services Policy</b>	-	247	32		43	45	136	144
Technology	-	247	32		43	45	136	144
IT services	-	-	-		-	-	-	-
<b>5 Auxiliary and Associated Services</b>	-	387	291		162	171	420	445
Technology	-	387	291		162	171	420	445
IT services	-	-	-		-	-	-	-
<b>Total</b>	-	15 656	11 038		3 039	3 185	7 541	7 993

**Table 27.15: Summary of official development assistance expenditure**

Donor	Programme / project name	Cash or Kind	Expenditure Outcome				Medium-term expenditure estimate			
			2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	
R thousand		Kind								
Sentech	ISSA student projects		-	-	2 240	-	-	-	-	-
SA Post Office	ISSA student projects		-	-	3 560	-	-	-	-	-
<b>Total</b>			-	-	5 800	-	-	-	-	-

Table 27.16: Summary of expenditure on infrastructure

	Expenditure outcome							Medium-term expenditure estimate			Long-term planning		
	Audited		Preliminary outcome		Adjusted appropriation	2006/07		2007/08		2008/09		2009/10	
	2000/01	2001/02	2002/03	2004/05		2005/06	2006/07	2007/08	2008/09	2009/10			
R thousand													
Projects													
Infrastructure programmes or large infrastructure projects	4 350	-	36 710	13 005	20 000	21 000	22 472	25 000	28 000	31 000			
Small project groups	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>4 350</b>	<b>-</b>	<b>36 710</b>	<b>13 005</b>	<b>20 000</b>	<b>21 000</b>	<b>22 472</b>	<b>25 000</b>	<b>28 000</b>	<b>31 000</b>			
Fixed installations transferred to households	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance on infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4 350</b>	<b>-</b>	<b>36 710</b>	<b>13 005</b>	<b>20 000</b>	<b>21 000</b>	<b>22 472</b>	<b>25 000</b>	<b>28 000</b>	<b>31 000</b>			