Vote 26

Communications

	2005/06			2006/07	2007/08
	To be appropriated				
MTEF allocations	**R1 017 503 000**			**R1 128 951 000**	**R1 182 499 000**
of which:	***Current payments***	***Transfers***	***Capital payments***		
	R247 141 000	**R763 882 000**	**R6 480 000**		
Statistical 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 develop Information and Communication Technology (ICT) policies and legislation that stimulate and enhance the sustainable economic development of the South African 1st and 2nd economy and positively impact on the social well-being of all our people and to exercise oversight on state-owned telecommunications entities.

Programme purpose and measurable objective

Programme 1: Administration

Purpose: Provide strategic leadership and overall management of the department, and provide professional support and administrative services.

Programme 2: Strategic Policy Co-ordination and Integration

Purpose: Give strategic direction to international relations, stakeholder relations, intergovernmental relations and empowerment.

Measurable objective: Improve stakeholder relations and service delivery by timeously developing and co-ordinating strategic business plans.

Programme 3: Policy Unit

Purpose: Develop ICT and related policies that will create optimal conditions for investment and the rollout of ICT infrastructure and services, and contribute to nation-building and social cohesion to achieve sustainable economic development.

Measurable objective: Promote investment and rollout of infrastructure and services in the ICT sector by continuously developing, reviewing and implementing ICT policies.

Programme 4: Finance and Shareholder Management

Purpose: Provide support services to stakeholders and manage government's shareholding interest in ICT related state-owned entities.

Measurable objective: Develop and implement policies and best practices in order to provide overall financial and supply chain management to the department, and to manage shareholding in and improve governance of public entities.

Programme 5: Innovative Applications and Research

Purpose: Improve government's delivery of services by promoting ICT mediums and increasing the use of ICT applications.

Measurable objective: Build capacity for a sustainable ICT sector to improve the delivery of services by implementing and managing knowledge-based ICT projects.

Programme 6: Presidential National Commission

Purpose: Advise government on the development of an overall government ICT policy framework, and recommend strategies to bridge the digital divide.

Measurable objective: Co-ordinate and assess the impact of government ICT policies and programmes on the different spheres of government, and provide strategies to bridge the digital divide and define an information society for the country with clear targets and milestones.

Strategic overview and key policy developments: 2001/02 – 2007/08

The strategic thrust of the Department of Communications can be summarised in its vision statement: 'A global leader in harnessing ICT for socio-economic development'.

Department re-engineering

The Department of Communications is currently engaged in a major re-engineering exercise, having revised its mandate, delivery programmes, structures, performance measures and value systems. The re-engineering has identified four key areas: strategic policy co-ordination and integration; policy; finance and shareholder management; innovative applications and research. This restructuring will allow the department to better focus on achieving its objectives over the next three years.

Over the last three years, the department's overall strategy has been to develop policies and legislation aimed at liberalising the telecommunications sector to grow the economy, attract foreign direct investment, increase competition, encourage broad-based BEE and develop and sustain SMMEs. The Telkom IPO was one of the first steps. Liberalisation should also improve service delivery and expand the provision of telecommunications services. The introduction of the under-serviced area licences will enable marginalised communities to receive telecommunications services while creating telecommunications SMMEs in the rural areas.

Increased competition

Increased competition in the sector is expected to bring down the cost of telecommunications, remove constraints to growth, accelerate growth, and reduce the cost of communications. Liberalisation of the telecommunications sector will become effective from 1 February 2005. A number of policies have been implemented, including a policy that mobile operators may use any fixed lines that may be required for providing both voice and data transmission services. Previously, only Telkom fixed lines could be used. Value added networks (VAN) may now carry voice over the internet using any protocol; private telecommunications network facilities operators may resell spare capacity and facilities which would increase access to communities and consumers; and the cost of telecommunications services has been discounted by 50 per cent to internet service providers of public schools and further education and training institutions.

Considerable progress was made in repositioning the Post Office as an agent of ICT service delivery in line with the universal service mandate. ICT infrastructure rollout in remote areas of rural South Africa through the Post Office is evidence of this. With the re-introduction of the post office subsidy in 2002/03, access to postal services for the vast majority of South Africans is bound to improve even further. Over and above the provision of postal services, the Post Office, through its subsidiary, the Postbank, is positioning itself to provide a reliable deposit, savings and money transfer facility for the majority of the population that previously had no access to financial services.

Restructuring the SABC

In line with its corporatisation as a public company in October 2003, SABC Ltd is now made up of two divisions, the public broadcasting service division and the commercial broadcasting service division. The two divisions reflect the SABC's mandate as both a public broadcaster and a private, revenue-generating service provider. Policies governing the operations of the SABC (including the promotion of South African broadcasting content in previously, marginalised African languages) have been submitted to the Independent Communications Authority of South Africa (ICASA).

To increase the provision of broadcasting services internationally, government resolved to restructure and corporatise Channel Africa into a subsidiary of SABC Ltd. Channel Africa will ensure that South Africa's foreign policy objectives are communicated to the rest of Africa, and will also play a key role in communicating the objectives of the AU and NEPAD.

Promoting ICT growth

Supporting economic growth in the ICT sector will serve as a catalyst for facilitating economic growth in other sectors through the use of ICTs. This will be achieved by creating an environment that will: raise investments in the ICT sector and minimise input costs; introduce competition and a managed programme of licensing new players; allow existing players to play a bigger role by introducing legislation and policy directives; address regulatory constraints on infrastructure; and promote the development of the SMME sector through appropriate interventions, including the BEE charter.

The following policy interventions will be undertaken:

- The Convergence Bill, aimed at removing policies that hinder the development of cross-sector applications, services and businesses, will be finalised. Once promulgated, the legislation will reflect the integration of telecommunications with IT, broadcasting and broadcasting signal distribution. Convergence legislation will ensure that citizens are empowered with better access to knowledge and information at competitive prices, and encourage investment and economic growth.
- A national e-strategy framework, to facilitate the use and adoption of ICTs across all South African economic sectors, will be developed.
- A digital migration policy framework, to facilitate the introduction of new diverse digital services, will be developed. Digitisation will enable South Africa to be integrated into the global community and align itself with the broadly accepted overarching principles that underpin digital migration.

The department's strategy is to manage transformation from analogue to digital environments and to make sure that digital migration processes and activities are negotiated and aligned with multilateral institutions such as the ITU, the World Trade Organisation and the AU.

The department also focuses on developing the necessary capacity for human resource development in the ICT sector. Apart from training initiatives, the department is involved with other government departments in launching the African Advanced Institute for ICT.

Governance of state-owned entities

The department aims to ensure improved governance of state-owned entities and the harnessing of their capacity to make strategic interventions in expanding the economy, especially in meeting the challenges of the second economy. This includes meeting government's objectives of restructuring the state-owned entities in the ICT sector to achieve financial excellence, and, more importantly, improved efficient service delivery.

Strategy for the future

The department's strategy for the next MTEF period remains the creation of policy and legislation that are conducive to creating a favourable ICT environment that ensures that South Africa has the capacity to advance its socio-economic developmental goals and support the renewal of Africa. Further, policy is aimed at creating an ICT environment that is conducive to the growth and development of a globally competitive ICT sector.

Expenditure estimates

Table 26.1: Communications

Programme	Expenditure outcome					Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation	Revised estimate			
R thousand	2001/02	2002/03	2003/04	2004/05		2005/06	2006/07	2007/08
1. Administration	40 587	42 648	40 510	47 914	48 034	83 598	90 320	94 297
2. Strategic Policy Co-ordination and Integration	34 344	31 472	15 144	40 443	19 751	33 343	36 026	37 918
3. Policy Unit	50 442	37 676	37 566	46 260	42 060	56 489	61 134	64 283
4. Finance and Shareholder Management	904 226	645 761	638 425	1 406 774	1 406 774	727 376	823 876	862 420
5. Innovative Applications and Research	98 739	117 706	97 041	130 238	148 322	88 237	86 842	91 213
6. Presidential National Commission	–	9 325	8 653	8 288	3 856	28 460	30 753	32 368
Total	**1 128 338**	**884 588**	**837 339**	**1 679 917**	**1 668 797**	**1 017 503**	**1 128 951**	**1 182 499**
Change to 2004 Budget estimate				804 717	793 597	103 000	158 000	163 000
Economic classification								
Current payments	**158 702**	**177 914**	**181 410**	**233 260**	**228 053**	**247 141**	**266 080**	**279 314**
Compensation of employees	49 712	54 592	57 265	70 783	65 913	79 111	84 955	89 636
Goods and services	108 771	123 257	124 127	162 477	162 140	168 030	181 125	189 678
of which:								
Consultants and contractors	*24 439*	*32 086*	*35 462*	*66 221*	*65 884*	*54 370*	*58 464*	*61 443*
Travel and subsistence	*16 691*	*20 488*	*23 031*	*22 434*	*22 434*	*26 482*	*28 545*	*29 946*
Communication	*4 282*	*250*	*8 025*	*7 534*	*7 534*	*8 341*	*9 103*	*9 545*
Inventory	*2 975*	*4 377*	*2 718*	*2 618*	*2 618*	*3 604*	*3 891*	*3 982*
Leases and rentals	*9 079*	*10 608*	*13 700*	*13 492*	*13 492*	*11 350*	*12 216*	*12 853*
Professional bodies and membership fees	*442*	*9 142*	*4 903*	*3 520*	*3 520*	*3 357*	*3 624*	*3 814*
Financial transactions in assets and liabilities	219	65	18	–	–	–	–	–

R thousand	Expenditure outcome Audited 2001/02	Audited 2002/03	Preliminary outcome 2003/04	Adjusted appropriation 2004/05	Revised Estimate 2004/05	Medium-term expenditure estimate 2005/06	2006/07	2007/08
Transfers and subsidies to:	**945 271**	**655 361**	**640 266**	**1 440 144**	**1 440 144**	**763 882**	**855 507**	**895 454**
Provinces and municipalities	154	146	323	273	273	204	261	274
Departmental agencies and accounts	153 361	183 119	177 306	229 672	229 672	194 189	214 302	229 767
Universities and technikons	6 200	–	–	–	–	–	–	–
Public corporations and private enterprises	772 862	458 878	447 031	1 193 321	1 193 321	551 326	621 745	645 255
Non-profit institutions	12 642	13 203	15 153	16 878	16 878	18 163	19 199	20 158
Households	52	15	453	–	–	–	–	–
Payments for capital assets	**24 365**	**51 313**	**15 663**	**6 513**	**600**	**6 480**	**7 364**	**7 731**
Machinery and equipment	24 365	51 313	15 663	6 513	600	6 480	7 364	7 731
Total	**1 128 338**	**884 588**	**837 339**	**1 679 917**	**1 668 797**	**1 017 503**	**1 128 951**	**1 182 499**

Expenditure trends

The department's expenditure has shown no consistent trend over the last four years, due to significant variations in spending on the Post Office subsidy. The subsidy was reintroduced in 2001/02 at R600 million to cover two years' losses and then at R300 million in 2002/03. The substantial increase in 2004/05 is due to the one-off allocation of R750 million that was made to reimburse the Postbank for depositors' funds that had been used by the Post Office to fund its own operations. From a high of R1,7 billion in 2004/05, expenditure is expected to fall to R1,0 billion in 2005/06, and then rise slowly in the following years, to reach R1,2 billion in 2007/08.

A one-off allocation of R54 million was made in 2002/03 to Sentech to settle an outstanding loan from the South African Broadcasting Corporation and to accommodate start-up costs. There was also an allocation of R36,7 million in 2002/03 to purchase infrastructure for the new 112 Emergency Call Centre. In 2003/04, R40 million was allocated to the South African Broadcasting Corporation to fund the closure of the Bophuthatswana Broadcasting Corporation.

The 2005 Budget set out additional allocations of R103 million for 2005/06, R158 million for 2006/07 and R163 million for 2007/08 to fund the newly established deputy ministry, the recapitalisation of the SABC and the activities of ICASA.

Departmental receipts

The licence fees collected by ICASA from telecommunication operators and broadcasters have been deposited with the department since 2003/04, and make up most of the receipts. Previously, ICASA submitted the licence fees directly to the South African Revenue Services. There was a significant increase in licence fee revenue in 2004/05 due to an increase in the licence fees paid by cellular operators, which are a fixed proportion of turnover. Licence fee revenue is expected to increase steadily over the next three years.

The department also receives dividends from its shares in Telkom. Amounts of R186,8 million were received in 2003/04 and R228,3 million in 2004/05. Dividends are projected to increase steadily over the next three years.

Table 26.2: Departmental receipts

	Receipts outcome				Medium-term receipts estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Sales of goods and services produced by department	47	25 368	768 974	1 038 132	1 090 039	1 144 540	1 201 766
Sales of scrap, waste and other used current goods	–	3	1	2	2	2	3
Transfers received	150	2 707	333	2 700	2 835	2 977	3 126
Interest, dividends and rent on land	16 510	24 289	202 690	292 626	267 268	280 543	294 481
Financial transactions in assets and liabilities	161	604	1 011	565	593	623	654
Total	**16 868**	**52 971**	**973 009**	**1 334 025**	**1 360 737**	**1 428 685**	**1 500 030**

Programme 1: Administration

Administration conducts the overall management of the department, including policy formulation by the minister and director-general. The programme has been restructured so that it provides strategic operational support, enabling the department to deliver on its mandate. Under its *Management* subprogramme, the executive management provides support for the offices of the minister, deputy minister, director-general and chief operations officer. The *Operations* subprogramme is responsible for organisational performance excellence. By co-ordinating the strategic and business planning process of the department, it ensures alignment, and integration with the rest of government.

Expenditure estimates

Table 26.3: Administration

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Minister [1]	544	672	707	791	843	898	942
Deputy Minister [2]	–	–	–	585	623	696	731
Management	19 177	13 682	13 413	16 057	29 563	31 914	33 371
Operations	20 866	28 294	26 390	30 481	52 569	56 812	59 253
Total	**40 587**	**42 648**	**40 510**	**47 914**	**83 598**	**90 320**	**94 297**
Change to 2004 Budget estimate				1 454	3 000	3 000	2 611

1 Payable as from 1 April 2004. Salary: R633 061. Car allowance: R158 265.

2 Payable as from 1 April 2004. Salary: R467 765. Car allowance: R116 941.

Economic classification							
Current payments	**38 734**	**40 820**	**39 415**	**46 760**	**81 258**	**87 652**	**91 495**
Compensation of employees	13 324	13 916	14 873	19 115	32 503	35 060	36 588
Goods and services	25 191	26 904	24 524	27 645	48 755	52 592	54 907
of which:							
Consultants and contractors	*5 440*	*6 645*	*3 332*	*3 455*	*5 688*	*6 135*	*6 404*
Travel and subsistence	*5 992*	*5 359*	*5 109*	*5 697*	*9 751*	*10 518*	*10 976*
Communication	*1 366*	*25*	*1 899*	*1 926*	*3 250*	*3 505*	*3 658*
Inventory	*924*	*1 897*	*821*	*652*	*813*	*877*	*815*
Professional bodies and membership fees	*9*	*114*	*16*	*23*	*36*	*43*	*45*
Financial transactions in assets and liabilities	219	–	18	–	–	–	–

	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Transfers and subsidies to:	**28**	**99**	**593**	**117**	**72**	**91**	**96**
Provinces and municipalities	–	99	140	117	72	91	96
Households	28	–	453	–	–	–	–
Payments for capital assets	**1 825**	**1 729**	**502**	**1 037**	**2 268**	**2 577**	**2 706**
Machinery and equipment	1 825	1 729	502	1 037	2 268	2 577	2 706
Total	**40 587**	**42 648**	**40 510**	**47 914**	**83 598**	**90 320**	**94 297**

Expenditure trends

Expenditure increased steadily between 2001/02 and 2004/05, rising from R40,6 million to R47,9 million, an annual average increase of 5,7 per cent. The very large expected increase in expenditure from 2005/06 is due to the department providing for a fully staffed deputy-minister's office, a chief operations office and a government information technology officer.

The 2005 Budget set out additional funding of R3 million for each of the next three years to fund the newly established deputy ministry.

Programme 2: Strategic Policy Co-ordination and Integration

Strategic Policy Co-ordination and Integration has been restructured to focus on strategic international relations and to give policy direction to the department's activities.

There are three subprogrammes:

- *Co-ordination and Integration* is responsible for international relations, stakeholder management, intergovernmental relations, special projects and broad-based BEE, with the aim of advancing and enhancing the department's delivery mandate.
- The *Postal Regulator* subprogramme is responsible for monitoring the provision of a universal postal service, including regulating reserved and unreserved postal services.
- The *International* subprogramme is responsible for ensuring the timely, effective and comprehensive co-ordination of functions and responsibilities of the department to meet the country's ICT international obligations.

Expenditure estimates

Table 26.4: Strategic Policy Coordination and Integration

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Co-ordination and Integration	2 929	2 417	2 390	3 974	3 334	3 603	3 792
Postal Regulator	8 391	9 932	6 596	28 707	23 674	25 578	26 922
International	23 024	19 123	6 158	7 762	6 335	6 845	7 204
Total	**34 344**	**31 472**	**15 144**	**40 443**	**33 343**	**36 026**	**37 918**
Change to 2004 Budget estimate				12	–	–	91

	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Economic classification							
Current payments	**32 564**	**30 513**	**14 749**	**39 707**	**32 407**	**34 958**	**36 798**
Compensation of employees	7 061	7 885	7 535	10 445	6 157	6 642	6 991
Goods and services	25 503	22 628	7 214	29 262	26 250	28 316	29 807
of which:							
Consultants and contractors	*5 318*	*5 217*	*1 051*	*16 420*	*13 287*	*14 332*	*15 087*
Travel and subsistence	*2 696*	*3 928*	*2 986*	*4 095*	*3 240*	*3 495*	*3 679*
Communication	*527*	*16*	*796*	*757*	*648*	*699*	*736*
Inventory	*257*	*324*	*110*	*534*	*324*	*349*	*367*
Leases and rentals	*–*	*–*	*66*	*150*	*130*	*139*	*147*
Professional bodies and membership fees	*433*	*8 692*	*–*	*150*	*130*	*139*	*147*
Transfers and subsidies to:	**24**	**9**	**24**	**37**	**29**	**37**	**38**
Provinces and municipalities	–	9	24	37	29	37	38
Households	24	–	–	–	–	–	–
Payments for capital assets	**1 756**	**950**	**371**	**699**	**907**	**1 031**	**1 082**
Machinery and equipment	1 756	950	371	699	907	1 031	1 082
Total	**34 344**	**31 472**	**15 144**	**40 443**	**33 343**	**36 026**	**37 918**

Expenditure trends

Expenditure fell between 2001/02 and 2003/04, due to the decrease in the cost of the department's international activities. However, there was a substantial increase in expenditure in 2004/05 due to increased spending on the postal regulator to provide for an enforcement and monitoring unit and for the postal inspectors stationed in each province. Expenditure falls back in 2005/06 and is then expected to increase steadily.

Service delivery objectives and indicators

Recent outputs

In line with the department's restructuring, a new five-year strategic plan has been developed and approved. The plan takes into consideration innovations and advancements in ICT as well as the new regulatory and policy environments required to benefit from these changes. The department has had to realign itself in response to changes in its sector so that it can develop and implement new policies that will promote technological development and improve service delivery.

NEPAD

The department has made substantial progress with its activities in Africa within the context of NEPAD. It organised and participated in several meetings of African ministers in preparation for the World Summit on Information Society, and co-organised the first inter-ministerial meeting on ICTs under the auspices of the AU. NEPAD's eAfrica Commission flagship project is the e-schools programme, which aims to provide schools with internet connectivity. In addition, progress has been made on the East African submarine cable system and corresponding infrastructure for landlocked countries, which are crucial to reducing the costs of communications in Africa.

The postal regulator

The postal regulator's monitoring and enforcement unit has been established, and progress has been made in monitoring the Post Office's service standards and delivery. The regulator has successfully handled 21 of the 33 customer complaints. This is a 50 per cent reduction on the 77 complaints recorded last year. The regulator has been instrumental in revising the postal service regulations, which provide for the registration of postal operators. Further, the pricing and tariffs regulation unit conducted a detailed analysis of the Post Office's tariffs. A 3 per cent increase in tariffs was consequently approved by the minister.

Selected medium-term output targets

Strategic Policy Co-ordination and Integration

Measurable objective: Improve stakeholder relations and service delivery by timeously developing and co-ordinating strategic business plans.

Subprogramme	Output	Measure/Indicator	Target
Co-ordination and Integration	Improved awareness of the department's policies among stakeholders	Frequency of meetings with CEOs and managers in the ICT sector	Quarterly
	Strategic partnerships between South African business and international stakeholders	Number of ICT partnerships	2 business partnerships by December 2006
Postal Regulator	Improvement in the standards of the postal service	Percentage reduction in average time to deliver 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 June 2006 to provide unreserved postal service
International	Increased international investment in the local ICT sector	Number of international investors in the ICT sector	5% increase in international investments

Programme 3: Policy Unit

The *Policy Unit* programme comprises the policy units of the previous telecommunications, postal and multimedia units. The new programme will focus on the development and realignment of existing policies. It is envisaged that these policies will create optimal conditions for investment and the rollout of infrastructure to provide efficient and cost-effective communications services.

The programme provides strategic advice and professional support to the executive and other government structures on a wide range of significant and rapidly changing policy areas, including: telecommunications and internet policy, competition and market dominance policy, and World Trade Organisation standard issues.

Expenditure estimates

Table 26.5: Policy Unit

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Telecommunications Policy	16 882	8 633	10 803	11 873	11 298	12 227	12 857
Postal Policy	21 605	9 500	13 206	19 846	19 771	21 397	22 499
Multimedia Policy	11 955	19 543	13 557	14 541	14 122	15 284	16 071
IT Policy	–	–	–	–	5 649	6 113	6 428
Economic Modeling	–	–	–	–	5 649	6 113	6 428
Total	**50 442**	**37 676**	**37 566**	**46 260**	**56 489**	**61 134**	**64 283**
Change to 2004 Budget estimate				(6 729)	–	–	92

	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Economic classification							
Current payments	**31 372**	**36 953**	**37 040**	**36 439**	**34 186**	**36 890**	**38 827**
Compensation of employees	10 999	10 994	10 799	11 810	11 281	12 174	12 813
Goods and services	20 373	25 959	26 241	24 629	22 905	24 716	26 014
of which:							
Consultants and contractors	*6 545*	*12 155*	*3 943*	*5 561*	*5 128*	*5 534*	*5 824*
Travel and subsistence	*3 324*	*3 864*	*5 574*	*5 343*	*4 786*	*5 165*	*5 436*
Communication	*504*	*7*	*1 740*	*1 264*	*1 025*	*1 107*	*1 165*
Inventory	*448*	*169*	*222*	*215*	*205*	*221*	*233*
Leases and rentals	*2 724*	*3 781*	*4 570*	*2 498*	*2 393*	*2 582*	*2 718*
Professional bodies and membership fees	*–*	*58*	*4 715*	*3 160*	*3 077*	*3 320*	*3 494*
Transfers and subsidies to:	**17 910**	**12**	**33**	**9 146**	**21 331**	**23 139**	**24 296**
Provinces and municipalities	–	12	33	36	31	39	41
Departmental agencies and accounts	3 410	–	–	630	2 800	3 300	3 465
Public corporations and private enterprises	14 500	–	–	8 480	18 500	19 800	20 790
Payments for capital assets	**1 160**	**711**	**493**	**675**	**972**	**1 105**	**1 160**
Machinery and equipment	1 160	711	493	675	972	1 105	1 160
Total	**50 442**	**37 676**	**37 566**	**46 260**	**56 489**	**61 134**	**64 283**

Details of transfers and subsidies:							
Departmental agencies and accounts							
Current	**3 410**	**–**	**–**	**630**	**2 800**	**3 300**	**3 465**
Information System, Electronics and Communication Technologies Authority	3 410	–	–	630	2 800	3 300	3 465
Total departmental agencies and accounts	**3 410**	**–**	**–**	**630**	**2 800**	**3 300**	**3 465**
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	**14 500**	**–**	**–**	**8 480**	**18 500**	**19 800**	**20 790**
South African Post Office: Public Internet Terminals	8 000	–	–	8 480	10 000	10 800	11 340
South African Post Office: Extension of Services	6 000	–	–	–	8 500	9 000	9 450
Multipurpose Community Centres	500	–	–	–	–	–	–
Total public corporations and private enterprises	**14 500**	**–**	**–**	**8 480**	**18 500**	**19 800**	**20 790**

Expenditure trends

Expenditure fell in 2002/03 due to a reduction in the transfers made to the South African Post Office for public Internet terminals, citizens' post offices and multipurpose centres. Expenditure is expected to increase steadily over the next three years, having increased from a low of R37,6 million in 2003/04, to reach R64,3 million in 2007/08. Future expenditure increases are targeted at two new subprogrammes: *Information Technology Policy* and *Economic Modelling*.

Service delivery objectives and indicators

Recent outputs

Telecommunications policy

One of the highlights for 2003 was the successful sale of over half of government's shares in Telkom SA Ltd. Government is continuing with its overall policy of privatising and liberalising the telecommunications industry. The revenue generated from the listing amounted to R4,1 billion. The minister has awarded the second fixed line network licence to a consortium of Nexus Connexion, Transtel, Esi-tel, WIP Investments Nine (Pty) Ltd (trading as Communitel), Two Telecom Consortium (Pty) Ltd, and an as yet unnamed equity partner. The award of the licence is conditional on the companies accepting the proposed shareholder structure and finalising a business plan. A new company, Sepco, will be incorporated to hold 51 per cent of the second national operator's (SNO) share capital, with Transtel and Esi-tel each holding 15 per cent and Nexus Connexion holding 19 per cent. In preparation, Esi-tel has invested R2 billion in the rollout of a fibre-optic network across the country.

ICT charter

The ICT sector set in motion a process for developing the ICT charter, which addresses issues relating to broad-based BEE in the sector. The charter will advance economic transformation in the sector, provide an enabling environment for transparency, fairness and consistency when adjudicating on matters related to BEE.

Convergence bill

The department, in consultation with the ICT sector and other relevant stakeholders, has drafted a convergence bill this financial year (2004/05). A key objective is to promote convergence in the broadcasting, telecommunications and broadcasting signal distribution sectors. The bill also addresses the regulation of communication services and issuing new licences, and provides for the control of the radio frequency spectrum.

Digital migration strategy

The department made substantial progress in developing a digital migration strategy in 2004/05, a process of encouraging broadcasters and independent producers to convert both their current production and archive material to digital formats.

Broadcasting content and language development strategy

Significant progress was also made in developing a broadcasting content and language development strategy between 2003 and 2004, aimed at encouraging the development and growth of content across the entire audio-visual field, including full recognition and operational status for all South African languages. The strategy will result in an increase in broadcast material in all official languages as well as broadcast material with local content.

The department hosted a national summit on broadcasting content and languages in November 2003 to promote the use of indigenous languages in the broadcasting system in South Africa. The recommendations from the summit include that:

- a guaranteed minimum programme content per week should be allocated to all official languages during peak viewing time to ensure the diversity of broadcasts
- structures should be developed in the SABC via which the public can submit their views on broadcast content

- broadcasting in multicultural and multilingual television services should be available to all citizens and in all languages, to contribute to unity.

In addition to creating a policy framework for promoting South African content and production in the broadcasting system, the department resolved to create a policy framework for equal coverage of the country's currently marginalised official languages and the coverage of regional issues. The SABC Ltd has submitted its application to ICASA for a licence to launch regional language television services. Government is currently working on a funding model for the regional TV services. The Department of Communications is busy exploring the possibility of private involvement in setting up regional television broadcasting services. The department expects that the rolling out phase of the regional language television services will be implemented in early 2006/07.

E-strategy

A departmental task team is currently finalising an e-strategy, which will be ready to be adopted in late 2005. The strategy covers all elements of electronic accessibility, including the government portals (e-health, e-government, e-education and e-cities), for which it will develop a framework and practical methods for making sure that they are all integrated and function properly. The strategy also includes human resources deployment and job-creation.

Multimedia services

The department, working with Government Communication and Information Service (GCIS), the Department of Trade and Industry and other stakeholders, commissioned research on the advertising and marketing industry in South Africa. The objective was to analyse advertising expenditure, and to determine total media spending by government and the private sector. The results indicate that media achieved an annual growth rate of 13,5 per cent in advertising. This comprises radio and newspaper growth rates of 13,9 per cent and 12,7 per cent respectively, while television advertising grew by 17,4 per cent and magazines only at 3,8 per cent. The department will consider these results and the report will then be presented to Parliament for hearings.

Selected medium-term output targets

Policy Unit

Measurable objective: Promote investment and rollout of infrastructure and services in the ICT sector by continuously developing, reviewing and implementing ICT policies.

Subprogramme	Output	Measure/Indicator	Target
Telecommunications Policy	Policy framework which will address an infrastructure map (telecommunications, postal and multi-media) of South African ICTs and population distribution on the use of ICTs	Approved policy document	November 2005
	National e-strategy	Fully developed and approved national e-strategy framework	September 2008
	Policy strategy to ensure that all operators have access to ICT networks and information services at affordable costs and lowering the cost of doing business	Research and benchmarking of ICT costs	September 2005
Postal Policy	Policy framework for postal services that addresses regulatory issues and provides greater consumer and social benefits, as well as lowering costs and promoting competition	Approved policy document	September 2008

Subprogramme	Output	Measure/Indicator	Target
Multimedia Policy	Convergence Bill	Approved convergence policy which will address the convergence of broadcasting and telecommunications technologies	June 2006
	Digital migration policy framework to facilitate the introduction of new diverse digital services	Approved policy document	September 2008
IT Policy	Broadband policy framework that will facilitate the introduction of more advanced communications services	Approved policy document	September 2008
	Policy framework to support job-creation, SMMEs, education and health through ICTs	Approved policy framework	September 2008
Economic Modelling	Comprehensive research and impact analysis on the use of ICTs	Finalised research	November 2006

Programme 4: Finance and Shareholder Management

Finance and Shareholder Management comprises two domains, finance and shareholder management. The finance side is responsible for the overall internal financial management system and processes to ensure proper maintenance and effective use of the organisation's resources. This includes asset and supply chain management. The shareholder management side is responsible for executing shareholder responsibilities such as drafting shareholder compacts as well as controlling the transfers to portfolio organisations. This will include providing a framework for restructuring state-owned entities in the department's portfolio, and monitoring and evaluating the entities' performance in achieving government's targets.

There are eight subprogrammes:

- *Financial Management* provides overall financial management services to the department.
- *Universal Services Agency* promotes the goal of universal services.
- *Universal Fund* is managed by the Universal Services Agency to construct infrastructure in under-serviced areas.
- *South African Post Office Subsidy* is utilised to fund postal outlets in rural areas that do not generate sufficient revenue to cover their expenses.
- *South African Broadcasting Corporation*: *Public Broadcaster* provides radio and television services including the broadcasting of educational programmes.
- *South African Broadcasting Corporatio*n: *Channel Africa* provides a broadcasting service to communicate South Africa's foreign policies to the African continent.
- *Independent Communications Authority of South Africa* regulates the broadcasting industry in the public's interest to ensure fairness and diversity of views representing the country's society.
- *National Electronic Media Institute of South Africa* is responsible for providing training in the broadcasting industry, especially to historically disadvantaged groups.

Expenditure estimates

Table 26.6: Finance and Shareholder Management

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Financial Management	22 529	26 059	34 961	35 589	37 753	40 800	42 942
Universal Service Agency	10 205	10 711	14 211	15 884	17 500	20 100	21 105
Universal Services Fund	22 486	23 679	24 745	26 230	29 400	31 164	32 722
South African Post Office Subsidy	600 000	300 000	300 000	300 000	300 000	318 000	333 900
South African Post Office Recapitalisation	–	–	–	750 000	–	–	–
South African Broadcasting Corporation : Public Broadcaster	92 361	42 930	84 717	47 400	150 455	203 482	206 156
South African Broadcasting Corporation: Channel Africa	26 743	26 450	26 288	27 865	29 616	31 393	32 962
Independent Communications Authority of South Africa	117 260	148 729	138 350	186 928	144 489	159 738	172 475
National Electronic Media Institute of South Africa	12 642	13 203	15 153	16 878	18 163	19 199	20 158
Sentech	–	54 000	–	–	–	–	–
Total	**904 226**	**645 761**	**638 425**	**1 406 774**	**727 376**	**823 876**	**862 420**
Change to 2004 Budget estimate				762 909	58 745	110 930	113 827
Economic classification							
Current payments	**21 783**	**25 343**	**34 619**	**34 646**	**36 683**	**39 580**	**41 661**
Compensation of employees	7 784	8 278	9 769	11 301	12 095	12 665	13 749
Goods and services	13 999	17 000	24 850	23 345	24 588	26 915	27 912
of which:							
Consultants and contractors	*3 787*	*1 354*	*7 908*	*5 962*	*6 236*	*6 729*	*7 082*
Travel and subsistence	*1 286*	*1 827*	*1 690*	*1 747*	*1 834*	*1 979*	*2 083*
Communication	*981*	*189*	*828*	*809*	*734*	*910*	*958*
Inventory	*417*	*549*	*581*	*595*	*733*	*792*	*833*
Leases and rentals	*4 017*	*4 841*	*6 079*	*5 749*	*5 869*	*6 333*	*6 666*
Professional bodies and membership fees	–	*3*	–	–	–	–	–
Financial transactions in assets and liabilities	–	65	–	–	–	–	–
Transfers and subsidies to:	**881 851**	**619 717**	**603 546**	**1 371 223**	**689 656**	**783 118**	**819 522**
Provinces and municipalities	154	10	82	38	33	42	44
Departmental agencies and accounts	149 951	183 119	177 306	229 042	191 389	211 002	226 302
Public corporations and private enterprises	719 104	423 380	411 005	1 125 265	480 071	552 875	573 018
Non-profit institutions	12 642	13 203	15 153	16 878	18 163	19 199	20 158
Households	–	5	–	–	–	–	–
Payments for capital assets	**592**	**701**	**260**	**905**	**1 037**	**1 178**	**1 237**
Machinery and equipment	592	701	260	905	1 037	1 178	1 237
Total	**904 226**	**645 761**	**638 425**	**1 406 774**	**727 376**	**823 876**	**862 420**
Details of transfers and subsidies:							
Departmental agencies and accounts							
Current	**149 951**	**183 119**	**177 306**	**229 042**	**191 389**	**211 002**	**226 302**
Universal Service Agency	10 205	10 711	14 211	15 884	17 500	20 100	21 105
Universal Service Fund	22 486	23 679	24 745	26 230	29 400	31 164	32 722
Independent Communications Authority of South Africa	117 260	148 729	138 350	186 928	144 489	159 738	172 475
Total departmental agencies and accounts	**149 951**	**183 119**	**177 306**	**229 042**	**191 389**	**211 002**	**226 302**

	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Public corporations and private enterprises							
Public corporations							
Subsidies on production							
Current	**600 000**	**300 000**	**300 000**	**300 000**	**300 000**	**318 000**	**333 900**
South African Post Office: Subsidy	600 000	300 000	300 000	300 000	300 000	318 000	333 900
Other transfers							
Current	**119 104**	**69 380**	**111 005**	**825 265**	**180 071**	**234 875**	**239 118**
South African Broadcasting Corporation: Public Broadcaster	92 361	42 930	84 717	47 400	150 455	203 482	206 156
South African Broadcasting Corporation: Channel Africa	26 743	26 450	26 288	27 865	29 616	31 393	32 962
South African Post Office: Recapitalisation	–	–	–	750 000	–	–	–
Capital	**–**	**54 000**	**–**	**–**	**–**	**–**	**–**
Sentech	–	54 000	–	–	–	–	–
Total public corporations and private enterprises	**719 104**	**423 380**	**411 005**	**1 125 265**	**480 071**	**552 875**	**573 018**
Non-profit institutions							
Current	**12 642**	**13 203**	**15 153**	**16 878**	**18 163**	**19 199**	**20 158**
National Electronic Media Institute of South Africa	12 642	13 203	15 153	16 878	18 163	19 199	20 158
Total non-profit institutions	**12 642**	**13 203**	**15 153**	**16 878**	**18 163**	**19 199**	**20 158**

Expenditure trends

The bulk of the department's expenditure flows through this programme, as it funds the department's transfer payments, which in turn make up most of the programme's expenditure. The programme's expenditure trends track that of the department.

The 2005 Budget set out additional allocations of R100 million for 2005/06, R150 million for 2006/07 and R150 million for 2007/08, for the SABC, to enable it to start implementing its broadcasting modernisation and IT plan, which includes the migration from an analogue to a digital technology platform.

Additional allocations of R5 million for 2006/07 and R10 million for 2007/08 were made for ICASA.

Service delivery objectives and indicators

Recent outputs

Supply change management

The *Finance Management* subprogramme has established a supply chain management system as prescribed by the Public Finance Management Act (1999) (PFMA). This also entails the implementation of related policies.

Under-serviced areas

The Minister of Communications has approved four under-serviced area licences for telecommunication companies that will roll out infrastructure in rural areas. These companies have members of their communities as shareholders. The Universal Service Agency will fund each of these companies from the Universal Service Fund at R5 million per year for three years. The agency will monitor their compliance with the licence conditions. An additional 27 under-serviced area licences will be issued in the next MTEF period, all at nodal points that have been identified by the President as needing development.

Post Office

Together with National Treasury, the department has finalised a restructuring strategy for the Post Office. This involves the corporatisation of the Postbank as a stand-alone entity with its own board and executive management. A memorandum of understanding between the Minister of Communications and the Minister of Finance is ready for signature. It spells out the process for corporatising the Postbank as well as how the R750 million for the recapitalisation of the Post Office will be used.

A successful campaign to promote a culture of saving was launched in 2004. The number of new Postbank accounts increased at an average of 51 000 a month compared to 47 000 a month in 2003/04. The total number of Postbank accounts was 3,2 million at the end of November 2004, a 22,2 per cent increase from November 2003.

The Post Office has been positioned to play a leading role in providing electronic communications services through mechanisms such as the public internet terminals (PiTs) and Citizens' Post Offices (CPOs). There are currently 14 CPOs operating in various parts of the country. So far, 700 PiTs have been rolled out in post offices and multipurpose community centres. The second phase will include a billing service to ensure that PiTs become self-sufficient. Billing will not apply to free e-mails and government websites.

A framework for the national address system has been developed. As part of the framework, a pilot project was completed in the village of Garasai in North West province. The entire community received street addresses. A further project is taking place in rural Eastern Cape.

Channel Africa

Channel Africa is currently broadcasting 24 hours a day, which resulted in viewership increase of more than 5 per cent during the year. The station is now broadcasting on a satellite platform.

Independent Communications Authority of South Africa

In pursuit of liberalising the broadcasting industry, ICASA completed several key broadcasting policies, which include:

- the review of ownership and control of broadcasting services and existing commercial sound broadcasting licences
- policy and regulations on sports broadcasting rights, including a list of national sporting events for broadcasting on free-to-air television
- a policy and licensing framework for public regional television (ICASA is currently considering the SABC's application for two regional television stations)
- the code of conduct for broadcasting services.

In addition to these policy developments, ICASA also: renewed the SABC's radio and television licences; renewed the commercial radio licences of YFM, Cape Talk, Jacaranda FM, Kaya FM, P4 Cape Town and Classic FM; published a discussion paper that will develop a policy and licensing framework for subscription broadcasting; began considering amendments to all SABC radio and television licences; and proposed amendments to M-Net's broadcasting licence. ICASA also completed the licensing of four-year community broadcasting applicants in Gauteng.

National Electronic Media Institute of South Africa

Out of 88 students who graduated from the National Electronic Media Institute (NEMISA) 90 per cent have been absorbed into the industry. NEMISA also conducted a radio training project, which focused on community radio stations providing independent coverage of the 2004 national elections. At the same time, the project focused on informing and educating communities about the importance of elections and the voting process. NEMISA also designed internet portals, in the 11 official languages, which provide contemporary information on health, education, SMMEs and agriculture.

Selected medium-term output targets

Finance and Shareholder Management

Measurable objective: Develop and implement policies and best practices in order to provide overall financial and supply chain management to the department, and to manage shareholding in and improve governance of public entities.

Subprogramme:	Output	Measure/Indicator	Target
Financial Management	Efficient management of the department's finances	Unqualified audit reports and no unauthorised expenditures	Annually
	Improved shareholding of state-owned entities	Annual improvement of financial status and governance of entities	Annually
Universal Service Agency and Universal Fund	Increased teledensity (the proportion of households with a phone)	Rate of teledensity	Raise average teledensity in South Africa from 10 % to 20% by December 2005
	Access to telecommunication facilities	Percentage of eligible people and small businesses provided with telecommunication services	10% increase in the number of people assisted by the end of 2005/06
South African Broadcasting Corporation: Public Broadcaster	Educational programmes	Number of educational programmes of local content and acceptable to the public	4 educational programmes per year
South African Broadcasting Corporation: Channel Africa	External broadcasting services to promote South Africa's image internationally	Increase in the proportion of external viewers	Increase of 5% in external viewership per year
Independent Communications Authority of South Africa	Well regulated broadcasting and telecommunications sectors	Number of licences issued to provide telecommunication services	3 telecommunication licences annually
		Frequency of compliance review and renewal of broadcasting licences	Every 4 years for community radio stations Every 8 years for commercial radio stations
		Number of broadcasting licences reissued per year	
National Electronic Media Institute of South Africa	Trained individuals in multimedia, ICT, webcasting and traditional broadcasting	Increase in number of individuals trained	10% increase every year

Programme 5: Innovative Applications and Research

Innovative Applications and Research is responsible for managing knowledge and applications for improving service delivery through ICT projects that build capacity for a sustainable ICT sector.

There are six subprogrammes:

- The *Applications and Research* subprogramme is responsible for: technology research and analysis; applications and content development; analysing the legal environment to promote infrastructure technologies; and managing the usage of the spectrum.
- The *African Advanced Institute for ICT* will research and develop ICT applications that will benefit all citizens.
- The *112 Emergency Call Centre* provides a single national emergency number, from which all emergency calls will be rerouted to the most suitable local response unit.
- The *.za Domain Name Authority* is responsible for administering and managing the .za domain

name space.

- The *Community Radio Stations* establishes community radio stations and makes fiscal transfers to these.
- The *SABC: Programme Production* subprogramme produces local content on issues relating to youth, women, children, the disabled, and HIV and Aids for commercial and community radio stations.

Expenditure estimates

Table 26.7: Innovative Applications and Research

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Applications and Research	59 481	45 498	48 128	69 662	17 282	18 800	19 845
African Advanced Institute for ICT	–	–	8 262	13 000	7 000	–	–
112 Emergency Call Centre	–	36 710	12 887	1 000	21 200	22 472	23 596
.za Domain Name Authority	–	–	–	1 500	1 500	1 500	1 500
South African Broadcasting Corporation : Community Radio Stations	14 858	5 459	1 964	16 576	10 255	10 870	11 412
South African Broadcasting Corporation: Programme Production	24 400	30 039	25 800	28 500	31 000	33 200	34 860
Total	**98 739**	**117 706**	**97 041**	**130 238**	**88 237**	**86 842**	**91 213**
Change to 2004 Budget estimate				47 072	41 255	44 070	46 302
Economic classification							
Current payments	**34 249**	**36 109**	**47 438**	**67 805**	**34 948**	**37 162**	**39 126**
Compensation of employees	10 544	10 961	11 202	15 076	6 428	6 776	7 246
Goods and services	23 705	25 148	36 236	52 729	28 520	30 386	31 880
of which:							
Consultants and contractors	*3 349*	*6 635*	*17 715*	*33 473*	*19 329*	*20 659*	*21 707*
Travel and subsistence	*3 393*	*5 086*	*6 290*	*4 268*	*2 446*	*2 614*	*2 747*
Communication	*904*	*11*	*2 507*	*2 473*	*1 578*	*1 686*	*1 772*
Inventory	*929*	*1 425*	*523*	*253*	*146*	*156*	*164*
Leases and rentals	*2 338*	*644*	*2 985*	*5 095*	*2 958*	*3 162*	*3 322*
Professional bodies and membership fees	*–*	*275*	*171*	*185*	*107*	*114*	*120*
Transfers and subsidies to:	**45 458**	**35 521**	**36 061**	**59 606**	**52 771**	**49 091**	**51 469**
Provinces and municipalities	–	13	35	30	16	21	22
Universities and technikons	6 200	–	–	–	–	–	–
Public corporations and private enterprises	39 258	35 498	36 026	59 576	52 755	49 070	51 447
Households	–	10	–	–	–	–	–
Payments for capital assets	**19 032**	**46 076**	**13 542**	**2 827**	**518**	**589**	**618**
Machinery and equipment	19 032	46 076	13 542	2 827	518	589	618
Total	**98 739**	**117 706**	**97 041**	**130 238**	**88 237**	**86 842**	**91 213**
Details of transfers and subsidies:							
Universities and technikons							
Current	**6 200**	**–**	**–**	**–**	**–**	**–**	**–**
University of Stellenbosch	6 200	–	–	–	–	–	–
Total universities and technikons	**6 200**	**–**	**–**	**–**	**–**	**–**	**–**

	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	**39 258**	**35 498**	**36 026**	**59 576**	**52 755**	**49 070**	**51 447**
African Advanced Institute for ICT	–	–	8 262	13 000	7 000	–	–
Multipurpose Community Centre	–	–	–	–	3 000	3 500	3 675
.za Domain Name Authority	–	–	–	1 500	1 500	1 500	1 500
South African Broadcasting Corporation : Community Radio Stations	14 858	5 459	1 964	16 576	10 255	10 870	11 412
South African Broadcasting Corporation: Programme Production	24 400	30 039	25 800	28 500	31 000	33 200	34 860
Total public corporations and private enterprises	**39 258**	**35 498**	**36 026**	**59 576**	**52 755**	**49 070**	**51 447**

Expenditure trends

Expenditure on the programme shows no consistent trend, and in general is driven by allocations for specific functions and systems.

The Emergency 112 Call Centre saw significant expenditure in 2002/03 and a further allocation in 2003/04, to fund its development. Over the next three years, further allocations are made, peaking at R23,6 million in 2007/08 for the final stage of the infrastructure rollout. Funds were also provided in 2003/04 for a feasibility study into the establishment of an advanced institute for ICT.

Service delivery objectives and indicators

Recent outputs

Applications and research

The unit has established statistics and benchmarking indicators for the communications sector. It has recently developed a corporate geographic information system to provide a spatial map of the provinces, indicating related infrastructure such as schools, post offices, public internet terminals and community density.

The African Advanced Institute for ICT

In 2004, the African Advanced Institute for ICT (AAIICT) developed the national accessibility portal demonstrator in collaboration with the CSIR that is aimed at providing people with disabilities access to information and services via the internet and intermediaries. The institute is also involved in a joint research and development programme with a Senegalese mobile operator, Manobi, to develop applications for SMMEs, especially in the agricultural sector.

112 Emergency Call Centre

The 112 Emergency Call Centre is currently operational in the Western Cape province, which has been taking approximately 35 000 emergency calls from the public and directing these to the South African Police Services and provincial medical services. The department expects to roll out services across all provinces within the 2005 MTEF period.

.za Naming Authority

The Internet Corporation for Assigned Names and Numbers (ICANN) has re-delegated the responsibility for the .za domain name space to the .za Domain Name Authority. Registering and establishing internet websites will now be easier and will increase the commercial use of the internet. The registration of the authority as a public entity is under way.

SABC community radio stations

The community and development cluster within the multimedia unit has successfully equipped 37 four-year licensed community radio stations and 6 non-broadcasting institutions to provide training. Included in the licensed stations are broadcasting hubs for the production of local content programming. Further, the department has purchased equipment earmarked for allocation to seven stations in Gauteng and Western Cape.

SABC programme production

In 2004, the unit signed contracts with 50 community radio stations committing them to produce and flight community radio programmes, in the following community programming areas: Children, Women, Disability, Health (HIV and Aids and other communicable diseases) as well as crime prevention.

Selected medium-term output targets

Innovative Applications and Research

Measurable objective: Build capacity for a sustainable ICT sector in order to improve the delivery of services by implementing and managing knowledge-based ICT projects.

Subprogramme	Output	Measure/Indicator	Target
Applications and Research	Policy to initiate South Africa's convergence process	Approved policy to manage convergence process and to analyse convergence technologies	December 2005
	Regional broadcasting services	Number of regional channels	Two regional channels established by December 2007
	ICT applications for e-government	Percentage of municipalities adopting e-government applications	50% of municipalities adopting e-applications by December 2006
African Advanced Institute for ICT	Institute that focuses on studying, researching and developing ICT that benefits citizens equitably	Institute fully functional	March 2007
112 Emergency Call Centre	A national emergency call centre	Established, fully operational call centre	December 2005
.za Domain Name Authority	A non-profit organisation that will assume responsibility for the .za domain name	Established, fully operational administrator	March 2006
South African Broadcasting Corporation: Community Radio Stations	Functional community radio stations	Increase in number of community radio stations established and maintained	5% increase by December 2006
South African Broadcasting Corporation: Programme Production	Producing awareness programmes for women, youth, children and the disabled, and on HIV and Aids	Increase in number of radio programmes produced and broadcasted	Five programme productions per annum

Programme 6: Presidential National Commission

In his State of the Nation address in 2000, the president established the Presidential National

Commission on Information Society and Development. The commission was tasked to advise on the establishment of a government policy framework on ICT on strategies to bridge the digital divide. Further, the commission will investigate government ICT strategies for developing and supporting ICT-related SMMEs and for encouraging SMMEs to use ICT.

Expenditure estimates

Table 26.8: Presidential National Commission

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Policy Planning and Foresight	–	9 325	8 653	8 288	11 384	12 301	12 947
Policy Co-ordination and Integration	–	–	–	–	12 807	13 839	14 566
Policy Evaluation and Impact Assessment	–	–	–	–	4 269	4 613	4 855
Total	**–**	**9 325**	**8 653**	**8 288**	**28 460**	**30 753**	**32 368**
Change to 2004 Budget estimate				(1)	–	–	77
Economic classification							
Current payments	**–**	**8 176**	**8 149**	**7 903**	**27 659**	**29 838**	**31 407**
Compensation of employees	–	2 558	3 087	3 036	10 647	11 638	12 249
Goods and services	–	5 618	5 062	4 867	17 012	18 200	19 158
of which:							
Consultants and contractors	–	*80*	*1 513*	*1 350*	*4 702*	*5 075*	*5 339*
Travel and subsistence	–	*424*	*1 382*	*1 284*	*4 425*	*4 774*	*5 025*
Communication	–	*2*	*255*	*305*	*1 106*	*1 196*	*1 256*
Inventory	–	*13*	*461*	*369*	*1 383*	*1 496*	*1 570*
Leases and rentals	–	*1 342*	–	–	–	–	–
Professional bodies and membership fees	–	–	*1*	*2*	*7*	*8*	*8*
Transfers and subsidies to:	**–**	**3**	**9**	**15**	**23**	**31**	**33**
Provinces and municipalities	–	3	9	15	23	31	33
Payments for capital assets	**–**	**1 146**	**495**	**370**	**778**	**884**	**928**
Machinery and equipment	–	1 146	495	370	778	884	928
Total	**–**	**9 325**	**8 653**	**8 288**	**28 460**	**30 753**	**32 368**

Expenditure trends

The Presidential National Commission (PNC) was created in 2002/03 and funded at R9,3 million. The funds were used for conducting provincial workshops and consultative forums to engage the public in finding ways to use ICT in promoting education, health and SMMEs. Expenditure is expected to triple in 2005/06, and then increase steadily. The increased expenditure will fund two new subprogrammes, and will see matching increases in expenditure on the compensation of employees, travel and subsistence, and consultants and contractors.

Service delivery objectives and indicators

Recent outputs

The Presidential National Commission (PNC) has been engaged in a number of international and national activities to recommend strategies to bridge the digital divide.

It was involved in the first phase of the World Summit on Information Society in December 2003, which adopted a number of guiding principles for creating an equitable information society based on shared knowledge. These principles were translated by the PNC into a plan of action that would aim to achieve the internationally agreed developmental goal of eradicating poverty by promoting the use of ICT-based products, networks, services and applications, and to help countries overcome the digital divide.

Consultative forums were conducted on how to increase government's capacity to improve service delivery using ICT, as well as on the role of ICT in governance, education, health and SMMEs. The Department of Education has since advanced substantially with the publication of the draft policy on e-education. The PNC commissioned research on SMMEs, e-literacy and open source software, which will be published by the first quarter of 2005. Further, the results of an ongoing preliminary study investigating the status of ICT in different government departments will be released early in 2005.

Selected medium-term output targets

Presidential National Commission

Measurable objective: Co-ordinate and assess the impact of government ICT policies and programmes on the different spheres of government, and provide strategies to bridge the digital divide and define an information society for the country with clear targets and milestones.

Subprogramme	Output	Measure/Indicator	Target
Policy Planning and Foresight	Document integrating ICT policy into country's development plans	Approved document	December 2005
Policy Co-ordination and Integration	Programmes at national level Integrated to programmes at provincial level	Percentage increase in number of integrated programmes	10% increase
Policy Evaluation and Impact Assessment	Report on the impact of ICT policies and initiatives	Annual review	5 assessments per annum 2005 first report by December 2006

Public entities reporting to the Minister

South African Post Office

The South African Post Office Ltd (SAPO) was established in accordance with the Post Office Act (1958) as a government business enterprise to provide postal and related services to the South African public. SAPO was granted an exclusive mandate to conduct postal services in the country by the Postal Services Act (1998). This Act makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations. It also makes provision for the Postbank and national savings certificates.

SAPO has undergone a series of processes that are gradually transforming the organisation into a dynamic, reliable and profit making service provider. These processes include cost-cutting measures, adoption of new technologies, involvement in e-commerce and improving efficiency of the mail delivery system. Success of these turnaround strategies is evident in the decrease in time to deliver mail. SAPO's operating profits have increased by R229,7 million which resulted in the net loss of R74,7 million for the 2003/04 financial year, as compared to the R127,5 million loss for the previous financial year. The deficit is expected to decrease further, by approximately 60 per cent, at the end of the 2004/2005 financial year.

The Government subsidy to the Post Office (which was terminated in 2000) was re-introduced in 2002/03 at a level of R300 million per annum. The subsidy is allocated to the Post Office to fund postal outlets, especially in the rural areas, that do not generate adequate revenue in relation to their expenses. A further R750 million was provided in 2004/05 to reimburse the Postbank for depositors' funds that the Post Office utilised to fund its operations during its loss making years. The transfer of the funds, which have been rolled over from the previous financial year, is subject to conditions stipulated in a Memorandum of Understanding between the Minister of Communications and the Minister of Finance, which effectively endorses SAPO's restructuring strategy, which includes the functioning of the Post Office and the Postbank as separate business units.

The financial summary below outlines some important features of the business of SAPO.

- Compensation of employees and benefits is showing a declining trend as a result of ongoing staff reduction initiatives, in line with streamlining of processes. Provision for Medical Aid for retired employees has been reduced as from 2004/05, with the intention of phasing it out, resulting in a decrease in the post retirement benefits. This has also resulted in the reduction of reserves earmarked for discharging the post retirement liability of the company.
- Goods and services consist mainly of transportation of mail, which is increasing in line with the projected increase in mail revenue, as well as building maintenance costs on the ageing retail infrastructure.
- Capital expenditure mainly represents investment in new technology and retail infrastructure, the bulk of which will be acquired in the 2005/06 and 2006/07 period. Projects in the pipeline include network upgrade and enhanced banking technology for the Postbank.
- Trade and other payables are increasing due to the further expansion in the business and extension of the range of products offered by the Post Office, which involves an increase in operational expenses commensurate with corresponding increases in revenue.
- Cash and cash equivalents is high because SAPO holds substantial money market instruments to ensure sufficient liquidity for cash demands that may be made by the Postbank depositors.

Table 26.9: Financial summary for the South African Post Office (SAPO)

	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated outcome			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	**2 837 352**	**3 677 089**	**3 881 192**	**4 005 031**	**4 278 487**	**4 726 774**	**5 231 221**
Sales of postal goods and services	2 832 038	3 636 770	3 840 726	3 960 519	4 227 298	4 665 346	5 163 651
Interest	5 314	40 319	40 466	44 513	51 189	61 427	67 570
Transfers received[1]	**600 000**	**207 000**	**300 000**	**1 050 000**	**318 500**	**319 800**	**320 790**
Sale of capital assets	**22 017**	**11 392**	**2 727**	**–**	**–**	**–**	**–**
Total revenue	**3 459 369**	**3 895 481**	**4 183 919**	**5 055 031**	**4 596 987**	**5 046 574**	**5 552 011**
Expenses							
Current expense	**4 146 796**	**4 022 957**	**4 258 642**	**4 334 290**	**4 386 686**	**4 712 150**	**5 049 066**
Compensation of employees	2 503 407	2 735 089	2 602 299	2 587 234	2 522 362	2 505 340	2 678 698
Goods and services	1 288 543	916 124	1 295 281	1 293 313	1 390 886	1 696 940	1 819 559
Depreciation	186 141	170 197	152 489	231 524	233 441	248 934	265 205
Interest	168 705	201 547	208 573	222 219	239 997	260 936	285 604
Total expenses	**4 146 796**	**4 022 957**	**4 258 642**	**4 334 290**	**4 386 686**	**4 712 150**	**5 049 066**
Surplus / (Deficit)	**(687 427)**	**(127 476)**	**(74 723)**	**720 741**	**210 301**	**334 424**	**502 945**

1. Excludes capital transfers recorded directly on the balance sheet.

	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated Outcome			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
BALANCE SHEET SUMMARY							
Carrying value of assets	1 093 088	928 683	847 767	1 000 083	1 265 371	1 216 143	1 150 731
of which: Acquisition of assets	*88 195*	*62 755*	*72 225*	*411 884*	*499 417*	*200 291*	*200 291*
Long-term investments	32 877	39 466	73 957	38 944	39 723	40 517	41 733
Inventory	–	84 321	90 054	–	–	–	–
Receivables and prepayments	458 387	381 140	507 074	428 540	428 896	427 451	436 079
Cash and cash equivalents	770 905	966 346	1 536 666	2 713 294	3 261 540	3 804 836	4 387 402
Total assets	**2 355 257**	**2 399 956**	**3 055 518**	**4 180 861**	**4 995 530**	**5 488 947**	**6 015 945**
Capital and reserves	(665 634)	(1 440 297)	(1 515 020)	(199 583)	443 674	558 747	753 211
Borrowings	–	–	2 143	–	–	–	–
Post retirement benefits	696 947	996 847	1 229 494	950 000	750 000	750 000	750 000
Trade and other payables	2 113 045	2 290 615	3 022 746	3 298 700	3 673 960	4 059 506	4 404 972
Provisions	210 899	552 791	316 155	131 744	127 896	120 694	107 762
Total equity and liabilities	**2 355 257**	**2 399 956**	**3 055 518**	**4 180 861**	**4 995 530**	**5 488 947**	**6 015 945**

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 (1958). However, in October 1991, the promulgation of the Post Office Amendment Act (1991) ensured the separation of the telecommunications from postal services. The main objective of Telkom is to provide fixed line telephone services to the South African public.

Telkom has three operating licences: public switched telecommunications, transmission of radio frequencies and value-added network services. In exchange for these, it has to meet rollout and service quality targets. These include new exchange lines, new lines for priority customers such as hospitals, schools, local authorities and village communities without an exchange, as well as the upgrade to digital lines.

Government sold part of its stake in Telkom through an initial public offering on the Johannesburg and New York Stock Exchanges on 4 March 2003. Government is currently still the majority shareholder, owning 38,3 per cent of Telkom shares. Thintana Communications LLC, which is a consortium of SBC Communications Inc. and Telekom Malaysia Berhad, owns another 15,1 per cent of the shares, while minority shareholders own the remaining 46,6 per cent.

South African Broadcasting Corporation

The South African Broadcasting Corporation (SABC) was established in terms of the Broadcasting Act (1936) as a government enterprise to provide radio and television broadcasting services to the country. As provided for in the Broadcasting Amendment Act (64 of 2002), the SABC has been incorporated into a limited liability company with two operational divisions: public broadcasting services and commercial broadcasting services with effect from 1 October 2004.

The SABC is the country's national public service broadcaster. It operates 17 radio stations to a daily listener group of 19 million, while its three free-to-air television channels have a daily viewership of 18 million. The operations of the corporation are based on the broadcasting charter, which guarantees independence and freedom of expression in creative, journalistic and programming terms. The charter also requires the SABC to encourage true South African expression by providing a wide range of programming in the official languages so that these reflect

South African attitudes, opinions, ideas, values and artistic creativity. There should also be a variety of programmes reflecting local talent.

The SABC has made significant strides in addressing its universal service obligations. In 1999, some 5 million people, mostly those living in rural areas, could not receive radio or television signals. The department and the SABC committed themselves to halving this number by 2003. This target has been reached, with radio now reaching an additional 4,8 million people. A further 2 million people are now able to receive a television signal. Other highlights include contracts secured for the Olympic Games in 2008, the 2006 soccer world cup, and the 2007 rugby world cup.

Going forward, the SABC is embarking on a vigorous technology upgrade, which entails mainly migration from the outdated analogue system to a modern world-class digital broadcasting system. This upgrade involves revamping television production studios, control centres, and radio facilities and in the process digital satellite news gathering units, electronic news gathering units, and digital wireless cameras will be introduced. The upgrade will cost approximately R1,2 billion, about 60 per cent of which will be funded by government. Of this amount, R400 million will be allocated over the MTEF.

The organisation has also managed to curb costs by negotiating that medical aid for retired employees be restricted as from 2004/05, with the intention of phasing it out. This results in a decrease in the post retirement benefits as well as reserves earmarked to discharge this liability.

The SABC has four main revenue sources, namely, commercial revenue (including sponsorships), licence revenue, government grants and other income, which includes rights sales. Sponsorship income increased by 80 per cent in 2003/04, mainly from the SABC Education programmes.

The SABC will receive R50,5 million in 2005/06, R53,5 million in 2006/07 and R56,2 million in 2007/08 for broadcasting educational programmes and a further R100 million, R150 million and R150 million will be provided over the same period for the broadcasting and IT upgrade.

Table 26.10: Financial summary for the South African Broadcasting Corporation (SABC)

	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated outcome			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	**2 228 848**	**2 442 588**	**2 712 383**	**3 004 041**	**3 198 264**	**3 439 127**	**3 690 864**
Advertising	1 345 260	1 534 424	1 778 733	2 006 322	2 183 464	2 437 841	2 622 914
Licence fees	351 935	361 007	395 287	426 721	502 000	527 100	553 455
Interest	54 328	54 805	29 848	13 018	–	–	–
Other non-tax revenue	477 325	492 352	508 515	557 980	512 800	474 186	514 495
Transfers received	**60 930**	**64 285**	**75 607**	**47 400**	**150 455**	**203 482**	**206 156**
Total revenue	**2 289 778**	**2 506 873**	**2 787 990**	**3 051 441**	**3 348 719**	**3 642 609**	**3 897 020**
Expenses							
Current expense	**2 285 316**	**2 654 914**	**2 784 549**	**3 093 504**	**3 250 219**	**3 577 129**	**3 869 586**
Compensation of employees	617 332	656 688	770 686	799 799	851 173	907 352	967 238
Goods and services	1 582 095	1 894 301	1 916 097	2 191 282	2 244 806	2 442 532	2 596 744
Depreciation	73 502	91 008	83 842	94 068	146 603	200 485	250 135
Interest and dividends	12 387	12 917	13 924	8 355	7 637	26 760	55 469
Total expenses	**2 285 316**	**2 654 914**	**2 784 549**	**3 093 504**	**3 250 219**	**3 577 129**	**3 869 586**
Surplus / (Deficit)	**4 462**	**(148 041)**	**3 441**	**(42 063)**	**98 500**	**65 480**	**27 434**

	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated outcome			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
BALANCE SHEET SUMMARY							
Carrying value of assets	422 359	439 964	467 674	569 169	793 424	962 939	1 052 804
of which: Acquisition of assets	*177 860*	*222 848*	*207 908*	*440 136*	*601 716*	*690 000*	*670 000*
Inventory	307 190	349 374	398 635	369 565	369 940	449 031	456 478
Receivables and prepayments	581 809	508 562	521 673	478 704	448 885	501 796	608 424
Cash and cash equivalents	394 885	279 720	298 566	130 420	94 856	60 295	43 956
Total assets	**1 706 243**	**1 577 620**	**1 686 548**	**1 547 858**	**1 707 105**	**1 974 061**	**2 161 662**
Capital and reserves	980 188	822 583	828 275	759 855	858 836	925 047	952 995
Borrowings	11 986	57 907	41 511	32 100	129 931	328 480	543 857
Post retirement benefits	273 001	216 509	223 129	30 000	32 500	34 000	36 564
Trade and other payables	391 873	429 452	532 004	725 903	685 838	686 534	628 246
Provisions	49 195	51 169	61 629	–	–	–	–
Total equity and liabilities	**1 706 243**	**1 577 620**	**1 686 548**	**1 547 858**	**1 707 105**	**1 974 061**	**2 161 662**

Data provided by the South African Broadcasting Corporation

Sentech (Pty) Ltd

Sentech (Pty) Ltd was established in terms of section 4 of the Sentech Act (1996) as a public company. Its main business is to provide, as a common carrier, broadcasting signal distribution for broadcasting licensees. Operating under the common carrier category licence, Sentech is Africa's largest signal distributor and forms the backbone of the broadcasting industry in Southern Africa.

In terms of the Telecommunications Amendment Act of 2001, Sentech was awarded two new licences: the Carrier of Carriers licence, to carry international telephony for current domestic operators, and the Multimedia Services licence, which allows Sentech to provide e-commerce, internet and value–added telecommunications services to end users. Through partnership with the Universal Service Agency (USA) Sentech has also connected telecentres and schools to the internet.

The Sentech terrestrial network consists of 210 stations, 718 FM radio stations, 11 medium and 15 shortwave radio transmitters and 607 television transmitters. Satellite equipment also provides direct-to-home downlink beam coverage of most of Africa south of the equator.

The company does not receive government funding, apart from the R54 million that was allocated in 2002/03 for settlement of the loan made by the SABC to the company for start-up capital costs. Sentech's income is derived from its signal distribution activities - providing signal carrier services to broadcasters.

Independent Communications Authority of South Africa

The Independent Communications Authority of South Africa Act (2000) provided for the merger of the South African Telecommunications Regulatory Authority and the Independent Broadcasting Authority to form the Independent Communications Authority of South Africa (ICASA). ICASA is responsible for regulating telecommunications and broadcasting in the public interest to ensure affordable services of a high quality to all South Africans. In addition to developing regulations and policies, ICASA issues licences to telecommunication and broadcasting service providers; enforces compliance with rules and regulations; protects consumers from unfair business practices and poor quality services; hears and decides on disputes and complaints brought against licensees; and controls and manages the frequency spectrum.

ICASA, through appropriate policies, has played a crucial role in transforming the broadcasting sector from state monopoly control to a competitive sector that plays a vital role in promoting local content and freedom of expression. During 2004, ICASA completed some important broadcasting policies, including a policy and licensing framework for public regional broadcasting and the code of conduct for broadcasting services. In line with its promotion of universal access to communication systems, it also approved four under-serviced area licences.

It collects licence fees from all telecommunications and broadcasting operators, and that revenue is deposited into the National Revenue Fund. For the 2003/04 financial year, ICASA collected an amount of R742,3 million for licence fees from telecommunication operators and broadcasters. This amount also includes fees for providing equipment permits. Revenue for 2004/05 is projected to be in the region of R1 billion. The substantial increase results from the projected increase in licence fees, collected from cellular operators, which are based on their turnovers.

ICASA's baseline allocation over the medium term grows by an average of 9,3 per cent per annum from 2005/06. An additional allocation of R45,3 million has been made to ICASA in 2004/05 in order to settle a tax liability with the South African Revenue Services.

Table 26.11: Financial summary for the Independent Communications Authority of South Africa (ICASA)

	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated outcome			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	**126**	**49**	**–**	**–**	**–**	**–**	**–**
Other non-tax revenue	126	49	–	–	–	–	–
Transfers received	**118 236**	**106 198**	**123 954**	**186 928**	**144 489**	**159 738**	**172 475**
Sale of capital assets	**581**	**65**	**–**	**–**	**–**	**–**	**–**
Total revenue	**118 943**	**106 312**	**123 954**	**186 928**	**144 489**	**159 738**	**172 475**
Expenses							
Current expense	**100 229**	**127 130**	**115 638**	**132 611**	**139 267**	**152 553**	**160 759**
Compensation of employees	50 287	61 486	57 932	64 700	67 935	71 332	74 898
Goods and services	44 417	60 864	48 407	63 396	66 951	77 690	83 098
Depreciation	5 509	4 751	4 622	4 453	4 349	3 498	2 727
Interest	16	29	4 677	62	32	34	35
Transfers and subsidies	**1 317**	**1 047**	**1 311**	**1 126**	**1 182**	**1 241**	**1 303**
Total expenses	**101 546**	**128 177**	**116 949**	**133 736**	**140 449**	**153 794**	**162 062**
Surplus / (Deficit) [1]	**17 397**	**(21 865)**	**7 005**	**53 192**	**4 040**	**5 944**	**10 413**

1 The estimated surpluses over the MTEF will be used for capital expenditure

Data provided by the Independent Communications Authority of South Africa (ICASA)

National Electronic Media Institute of South Africa

The National Electronic Media Institute of South Africa (NEMISA) was established as a non-profit organisation in terms of the Companies Act (1973). It provides skills training at an advanced level for the broadcasting industry.

NEMISA is accredited by the Council for Higher Education and offers diploma courses, short courses and internships in three subjects: TV production, radio production and creative multimedia. The emphasis is on equipping students to be market-ready in a wide range of broadcasting disciplines and to have the ability to work effectively in constantly changing conditions.

NEMISA has also been involved in projects to train students for private television companies, production of a radio programme in conjunction with SABC Education and the language and heritage portals project. This project is the first of its nature through which all 11 of the South

African languages have been put on the internet portal. The portal focuses on contemporary information on health, education, SMME development and agricultural issues.

NEMISA is funded by government, with transfers amounting to R18,2 million in 2005/06, R19,2 million in 2006/07 and R20,2 million in 2007/08.

Universal Service Agency

The Universal Service Agency (USA) was established in terms of Section 58 of the Telecommunications Act (1996). The main role of the USA is to promote universal service and access to communications technologies and services for all South Africans. The USA is mandated to investigate and recommend ways in which this objective can be accomplished. In terms of changes in policy direction, USA also facilitates and offers guidance in evaluating, monitoring and implementing schemes, which propose to enhance universal access and service. In addition, USA is involved in setting up telecentres, which provide ICT services, especially in rural areas, on a cost recovery basis.

The USA is also mandated by the Telecommunications Act (1996) to manage the Universal Service Fund. This is in response to the funds collected by ICASA from telecommunication operators, which forms part of their universal service obligations. The fund is utilised for infrastructure for the universal service area licensees, as well as providing infrastructure for telecentres and school cyberlabs (computer laboratories with ICT equipment which enable access to the internet and provide multimedia services).

During 2004/05, ICASA approved four under-serviced area licences (USALs). These will be funded by the USA through the Universal Services Fund (USF) at a rate of R5 million per annum per USAL for three years.

The USA is funded by government, and will receive transfers of R17,5 million in 2005/06, R20,1 million in 2006/07 and R21,1 million in 2007/08. The allocations increase at an average rate of 9,9 per cent over the MTEF period to make provision for the expanded mandate of the agency.

Annexure

Vote 26: Communications

Table 26.A: Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Preliminary	Appropriation			Revised
	Main	Adjusted	outcome	Main	Additional	Adjusted	estimate
R thousand	2003/04			2004/05			
1. Administration	39 187	44 188	40 510	46 460	1 454	47 914	48 034
2. Strategic Policy Co-ordination and Integration	22 630	22 630	15 144	40 431	12	40 443	19 751
3. Policy Unit	51 303	38 407	37 566	52 989	(6 729)	46 260	42 060
4. Finance and Shareholder Management	625 560	1 425 264	638 425	605 825	800 949	1 406 774	1 406 774
5. Innovative Applications and Research	97 176	108 072	97 041	121 207	9 031	130 238	148 322
6. Presidential National Commission	6 659	6 658	8 653	8 288	–	8 288	3 856
Total	**842 515**	**1 645 219**	**837 339**	**875 200**	**804 717**	**1 679 917**	**1 668 797**
Economic classification							
Current payments	**187 946**	**225 550**	**181 410**	**202 462**	**30 798**	**233 260**	**228 053**
Compensation of employees	71 244	71 244	57 265	70 538	245	70 783	65 913
Goods and services	116 702	154 306	124 127	131 924	30 553	162 477	162 140
Financial transactions in assets and liabilities	–	–	18	–	–	–	–
Transfers and subsidies	**629 464**	**1 403 564**	**640 266**	**647 225**	**792 919**	**1 440 144**	**1 440 144**
Municipalities	–	–	323	201	72	273	273
Departmental agencies and accounts	166 706	177 306	177 306	185 411	44 261	229 672	229 672
Public corporations	449 005	1 211 105	447 031	444 735	748 586	1 193 321	1 193 321
Non-profit institutions	13 753	15 153	15 153	16 878	–	16 878	16 878
Households	–	–	453	–	–	–	–
Payments for capital assets	**25 105**	**16 105**	**15 663**	**25 513**	**(19 000)**	**6 513**	**600**
Machinery and equipment	25 105	16 105	15 663	25 513	(19 000)	6 513	600
Transport equipment	*–*	*–*	*–*	*600*	*–*	*600*	*600*
Other machinery and equipment	*25 105*	*16 105*	*15 663*	*24 913*	*(19 000)*	*5 913*	*–*
Total	**842 515**	**1 645 219**	**837 339**	**875 200**	**804 717**	**1 679 917**	**1 668 797**

Table 26.B: Summary of personnel numbers and compensation of employees per programme[1]

Programme	2001/02	2002/03	2003/04	2004/05	2005/06
1. Administration	64	65	80	85	145
2. Strategic Policy Co-ordination and Integration	16	17	28	30	60
3. Policy Unit	40	41	50	52	53
4. Finance and Shareholder Management	37	38	45	55	68
5. Innovative Applications and Research	52	53	59	60	24
6. Presidential National Commission	–	–	30	35	45
Total	**209**	**214**	**292**	**317**	**395**
Total personnel cost (R thousand)	49 712	54 592	57 265	70 783	79 111
Unit cost (R thousand)	238	255	196	223	200

1 Budgeted full-time equivalent

Table 26.C: Summary of expenditure on training per programme

	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
1. Administration	1 256	1 326	1 370	719	755	793	832
2. Strategic Policy Co-ordination and Integration	400	146	391	1 215	1 276	1 340	1 407
3. Policy Unit	335	612	348	300	315	331	347
4. Finance and Shareholder Management	242	160	184	238	250	262	276
5. Innovative Applications and Research	1 785	1 041	554	482	506	531	558
6. Presidential National Commission	–	9	33	40	42	44	46
Total	**4 018**	**3 294**	**2 880**	**2 994**	**3 144**	**3 301**	**3 466**

Table 26.D: Summary of information and communications technology expenditure per programme

	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
1. Administration	**2 531**	**3 336**	**417**	**1 173**	**1 232**	**1 355**	**1 490**
Technology	2 256	1 662	415	1 019	1 070	1 177	1 295
IT services	275	1 674	2	154	162	178	196
2. Strategic Policy Co-ordination and Integration	**1 307**	**1 773**	**320**	**565**	**593**	**653**	**718**
Technology	1 057	1 070	319	265	278	306	337
IT services	250	703	1	300	315	347	381
3. Policy Unit	**1 983**	**1 388**	**368**	**889**	**933**	**1 027**	**1 129**
Technology	1 833	499	365	855	898	988	1 086
IT services	150	889	3	34	36	39	43
4. Finance and Shareholder Management	**2 750**	**1 810**	**350**	**1 642**	**1 724**	**1 897**	**2 086**
Technology	2 500	340	72	90	95	104	114
IT services	250	1 470	278	1 552	1 630	1 793	1 972
5. Innovative Applications and Research	**6 500**	**7 044**	**1 128**	**2 648**	**2 780**	**3 058**	**3 364**
Technology	5 500	5 442	273	2 538	2 665	2 931	3 225
IT services	1 000	1 602	855	110	116	127	140
6. Presidential National Commission	**–**	**–**	**673**	**270**	**284**	**312**	**343**
Technology	–	–	415	260	273	300	330
IT services	–	–	258	10	11	12	13
Total	**15 071**	**15 351**	**3 256**	**7 187**	**7 546**	**8 301**	**9 131**

Table 26.E: Summary of official development assistance expenditure

Donor	Project	Cash/	Outcome				Medium-term expenditure estimate		
R thousand		kind	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Local									
Sentech	ISSA student project		–	2 240	–	–	–	–	–
SA Post Office	ISSA student project		–	3 560	–	–	–	–	–
Total			**–**	**5 800**	**–**	**–**	**–**	**–**	**–**

Table 26.F: Summary of expenditure on infrastructure

Projects	Description	Expenditure outcome				Medium-term expenditure estimate		
		Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand		2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Infrastructure programmes or large infrastructure projects								
Emergency call centres		–	36 710	12 887	–	–	–	–
Infrastructure transfers								
SABC digital infrastructure		–	–	–	–	100 000	150 000	150 000
Total		**–**	**36 710**	**12 887**	**–**	**100 000**	**150 000**	**150 000**